

# 恒投证券

HENGTOU SECURITIES

(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "恒泰证券股份有限公司" and carrying on business in Hong Kong as "恒投證券" (in Chinese) and "HENGTOU SECURITIES" (in English))

**Stock Code: 1476**

# 2024

Annual Report

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# Important Notice

The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company undertake that the content of this report is true, accurate, complete and without any false record, misrepresentation or material omission and are severally and jointly liable therefor.

This report has been considered and approved at the fourth meeting of the fifth session of the Board and the fourth meeting of the fifth session of the Supervisory Committee where all the Directors and Supervisors were present, respectively. No Directors, Supervisors or senior management of the Company declared that they could not guarantee or had any objection to the truthfulness, accuracy and completeness of this report.

The financial report for 2024 prepared by the Company, in accordance with the International Financial Reporting Standards and China's Accounting Standard for Business Enterprises, has been audited by Grant Thornton Hong Kong Limited and Grant Thornton (Special General Partnership), respectively, each of whom had issued a standard unqualified audit report. All amounts set out in this report are stated in RMB unless otherwise stated.

Mr. Zhu Yanhui (the chairman of the Board), Mr. Yin Guohong (the president) and Mr. Sun Hang (the chief financial officer) declared that they undertake the financial statements in this report are true, accurate and complete.

The forward-looking statements including future plans and development strategies involved in this report do not constitute the Company's substantive commitment to investors. The investors are advised to pay attention to investment risks.

# Chairman's Statement

In 2024, the State Council issued the “Several Opinions on Strengthening Regulation, Forestalling Risks, and Promoting the High Quality Development of the Capital Market (《關於加強監管防範風險推動資本市場高質量發展的若干意見》)” (hereinafter referred to as the “Opinions”), which reflects the determination to further enhance the intrinsic stability of the capital market, improves the quality of listed companies from the source, and boosts investor confidence, as well as outlines the main lines of the securities industry of strengthening supervision, preventing risks and promoting high-quality development. The Opinions emphasizes the need to drive the high-quality development of securities and fund institutions in order to guide industry organizations to adopt correct operational philosophies, with balance of functionality and profitability. The Opinions also calls for strengthening investment banking and wealth management capabilities within industry. Leading institutions would be supported to enhance their core competitiveness through mergers, acquisitions, and organizational innovation, while small and medium-sized institutions would be encouraged to pursue differentiated and specialized development. With the ongoing deepening of capital market reforms, in order to meet the needs of long-term development, the Company leveraged shareholder resources in 2024 to strengthen business synergies. The Company focused on deepening expertise in specific industries and regions, with the transformation of business and management models, together with the enhanced operational capabilities to build up core competitiveness to achieve notable results. In 2024, through the collective efforts of all employees, the Company's management capabilities improved significantly, with asset allocation becoming more rational and progress of major initiatives such as capital increases for subsidiaries has been made. The management framework for branch offices has already begun to take shape. By establishing new business models, encouraging innovation, strengthening corporate culture, and enhancing brand image, the Company actively expanded operations and promoted the high-quality development of all business lines. As a result, the Company's overall operating performance recorded substantial improvements.

In 2025, the Company will enter a pivotal year of forging into the future with its next five-year strategic plan to be formulated. The Company will adhere to Party leadership as a guiding principle and deepen the integration of Party building with business operations and management. The Company will resolutely implement regulatory requirements for integrity in the securities industry by conducting integrity education and fostering a culture of integrity. The Company will continue to enhance compliance and risk management standards across all levels, strengthening awareness of compliance and risk management in business operations. The Company will further strengthen brand building, uphold the corporate culture of steady and sustainable development, optimize workforce structure, and focus on talent development. The Company will continuously improve business and management capabilities, laying a solid foundation for sustainable growth. All business lines will focus on enhancing medium- and long-term core competitiveness, clarifying strategies, prioritizing key areas, and actively exploring new business opportunities to improve the ability to provide high-quality services to clients. Facing new market and competitive environments, the Company will unite as one, remain true to its original aspirations, forge ahead with determination, and collectively write a brilliant new chapter!

**Zhu Yanhui**  
*Chairman*

Beijing, the PRC  
24 March 2025

# Section 1 Definitions

In this report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

APP	application, which generally refers to mobile applications
Articles of Association	the articles of association of the Company, as amended from time to time
Baotou Huazi	Baotou Huazi Industry Co., Ltd. (包頭華資實業股份有限公司), listed on the Shanghai Stock Exchange (stock code: 600191), a substantial shareholder of the Company
Board	the board of Directors
Company or Hengtou Securities	a company established as a limited liability company in the PRC on 28 December 1998 and converted into a joint stock company with limited liability under the PRC laws on 3 November 2008 under the corporate name “恒泰证券股份有限公司” (Hengtai Securities Co., Ltd.), and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English) as approved by and registered with the Registrar of Companies in Hong Kong on 27 April 2015, and whose H shares are listed on the Main Board of the Hong Kong Stock Exchange
Corporate Governance Code	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
Director(s)	director(s) of the Company
Domestic Share(s)	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for or credited as paid-up in RMB
end of the Reporting Period	31 December 2024
Finance Street Capital	Beijing Financial Street Capital Operation Investment (Group) Co., Ltd. (北京金融街資本運營集團有限公司), formerly known as Beijing Finance Street Capital Management Centre (北京金融街資本運營中心), which holds 62.06% equity interest in Finance Street Investment and a subsidiary of SASAC Xicheng District

## Section 1 Definitions (Continued)

Finance Street Investment	Beijing Finance Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司), formerly known as Beijing Finance Street Construction Group Co., Ltd. (北京金融街建設集團), a subsidiary of SASAC Xicheng District
Finance Street Xihuan Properties	Beijing Finance Street Xihuan Properties Co., Ltd. (北京金融街西環置業有限公司), formerly known as Beijing Xihuan Properties Co., Ltd. (北京西環置業有限公司), a shareholder of the Company
FOF	Fund of Fund, a fund which specially invests in other securities investment funds
GDP	gross domestic product
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Hong Kong Stock Exchange
Hangzhou Ruisi	Hangzhou Ruisi Industrial Co., Ltd. (杭州瑞思實業有限公司), which holds 98.67% equity interest in Shaanxi Tianchen
Hengtai Capital	Hengtai Capital Investment Co., Ltd. (恒泰資本投資有限責任公司), 100% equity interest of which is held by the Company
Hengtai Changcai	Hengtai Changcai Securities Co., Ltd. (恒泰長財證券有限責任公司), 100% equity interest of which is held by the Company
Hengtai Futures	Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司), 95.10% and 4.90% equity interest of which is held by the Company and Hengtai Pioneer, respectively
Hengtai Pioneer	Hengtai Pioneer Investment Co., Ltd. (恒泰先鋒投資有限公司), 100% equity interest of which is held by the Company
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC

## Section 1 Definitions (Continued)

Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hongzhi Huitong	Beijing Hongzhi Huitong Industrial Co., Ltd. (北京鴻智慧通實業有限公司), a shareholder of the Company
Huarong Infrastructure	Beijing Huarong Infrastructure Investment Co., Ltd. (北京華融基礎設施投資有限責任公司), which holds 90% equity interest in Finance Street Xihuan Properties
Huarong Zonghe Investment	Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司), formerly known as Beijing Huarong Zonghe Investment Company (北京華融綜合投資公司), a subsidiary of Finance Street Investment and a substantial shareholder of the Company
Huifa Technology	Zhejiang Free Trade Zone Huifa Technology Co., Ltd. (浙江自貿區匯發科技有限公司), formerly known as Tibet Dazi Huifa Technology Co., Ltd. (西藏達孜匯發科技有限公司) and Tibet Dazi Huifa Investment Co., Ltd. (西藏達孜匯發投資有限公司), a shareholder of the Company
IPO	Initial Public Offering
Listing	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange on the Listing Date
Listing Date	15 October 2015
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
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
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
NEEQ	National Equities Exchange and Quotations
New China Fund	New China Fund Management Co., Ltd. (新華基金管理股份有限公司), 52.99% equity interest of which is held by the Company

## Section 1 Definitions (Continued)

PRC or China	for the purpose of this report, the People's Republic of China (excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
Prospectus	the H Shares prospectus of the Company dated 30 September 2015
Reporting Period	the year ended 31 December 2024
RMB	Renminbi, the lawful currency of China, the basic unit of which is Yuan
SASAC Xicheng District	The State-owned Assets Supervision and Administration Commission of Xicheng District People's Government of Beijing Municipality (北京市西城區人民政府國有資產監督管理委員會), which holds 100% and 37.94% equity interest in each of Finance Street Capital and Finance Street Investment, respectively
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shaanxi Tianchen	Shaanxi Tianchen Technology Trading Co., Ltd. (陝西天宸科貿有限公司), which holds 97.67% equity interest in Hongzhi Huitong
stock pledged repurchase transaction	a transaction in which eligible funds receivers get financing from eligible funds givers by pledging the stocks or other securities they hold and agree to return the funds and cancel the pledge some day in the future
substantial shareholder(s)	has the meaning ascribed thereto under the Listing Rules
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Suzhou Bingtai	Suzhou Bingtai Trading Co., Ltd. (蘇州秉泰貿易有限公司), which holds 100% equity interest in Hangzhou Ruisi
this report	the 2024 annual report of the Company
Tianfeng Securities	Tianfeng Securities Co., Ltd. (天風證券股份有限公司), listed on the Shanghai Stock Exchange (stock code: 601162), and is a substantial shareholder of the Company
Wind Info	Wind Info Co., Ltd. (萬得信息技術股份有限公司), a joint stock company incorporated in the PRC with limited liability and a service provider of financial data, information and software, being an independent third party of the Company



## Section 2    Material Risks

The Company's business is highly dependent on economy and market conditions of China. China's capital market conditions may change suddenly and dramatically, which could materially and adversely affect the Company's business, financial conditions and results of operation. Further, the Company's business is also susceptible to changes under relevant PRC government policies, such as monetary policies, fiscal policies, foreign exchange policies, interest rate fluctuations, costs of funding, taxation policies, availability of short-term and long-term market funding sources, and legislations and regulations affecting the financial securities industry.

The major risks faced by the Company include: strategic risks in formulating the Company's strategic plans in the face of changes in the macro-economy and the capital markets and management risks arising from internal operations; credit risks resulting from the inability of a debtor or a counterparty to timely perform its contractual obligations; market risks of loss or revenue decline resulting from the overall or partial changes of the market, including the risk of price volatility in equity assets, interest rate risk and exchange rate risk; liquidity risks of the Company's inability to raise funds on a timely basis at a reasonable cost to settle liabilities as they fall due, fulfil other payment obligations and satisfy other funding demands of normal business development; operation risks of financial loss resulting from the improper operation in transactional processes or the management system; legal and compliance risks resulting from the failure of making timely adjustment to the Company's operation and relevant standards corresponding to the adjustment to laws, regulations and provisions set by regulatory authorities, etc.

In view of the above-mentioned risks, the Company has established internal control and risk management system, compliance management system and risk control indicators monitoring system to prevent and reduce various risks the Company is exposed to in the course of operation.

## Section 3 Company Profile

### I. BASIC INFORMATION ABOUT THE COMPANY

#### 1. Name of Company

Chinese name: 恒泰证券股份有限公司, being the corporate name in the PRC (carrying on business in Hong Kong as “恒投證券”)

English name: HENGTAI SECURITIES CO., LTD., being English translation of the corporate name in the PRC (carrying on business in Hong Kong as “HENGTOU SECURITIES”)

#### 2. Board of Directors

##### Executive Director

Mr. Zhu Yanhui (*Chairman*)

##### Non-executive Directors

Mr. Pang Jiemin

Mr. Wang Linjing

Mr. Li Ye

Ms. Yang Qin

Mr. Li Yanyong

##### Independent Non-executive Directors

Mr. Chen Xin

Mr. Xu Hongcai

Ms. Cheng Zhuo

##### Special Committees of the Board

##### Strategy and Investment Committee

Mr. Zhu Yanhui (*Chairman of the Committee*)

Mr. Xu Hongcai

Mr. Li Ye

##### Risk Control and Supervisory Committee

Mr. Zhu Yanhui (*Chairman of the Committee*)

Mr. Wang Linjing

Mr. Li Yanyong

## Section 3 Company Profile (Continued)

### **Audit Committee**

Mr. Chen Xin (*Chairman of the Committee*)

Mr. Wang Linjing

Ms. Cheng Zhuo

### **Remuneration and Nomination Committee**

Mr. Chen Xin (*Chairman of the Committee*)

Mr. Xu Hongcai

Mr. Zhu Yanhui

### **3. Supervisory Committee**

Ms. Yu Lei (*Chairlady of the Supervisory Committee*)

Mr. Chen Feng

Mr. Wang Hui

- 4. Legal Representative:** Mr. Zhu Yanhui  
**President:** Mr. Yin Guohong

- 5. Registered capital:** RMB2,604,567,412  
**Net capital:** RMB5,903,664,780.64

### **6. Qualifications for Businesses in China**

Securities and futures business operation, financial advice business on activities related to security investment, proprietary securities business, foreign exchange business, access to national inter-bank funding business, online securities commission business, entrusted investment management business, proxy sale of open-end investment funds, chief agency broker in the agency system, provision of intermediary services for futures companies, margin financing and securities lending business, distribution of financial products, refinancing business, stock pledged repurchase transaction business, online account opening business, stock option brokerage and proprietary business, market-making activities on the NEEQ, lending business for margin and securities refinancing, Southbound Trading under the Shanghai-Hong Kong Stock Connect, pilot over-the-counter ("OTC") trading, administration of overseas securities investment of qualified domestic institutional investors, trial Internet-based securities services, custodian business for securities investment funds and Southbound Trading under the Shenzhen-Hong Kong Stock Connect.

## Section 3 Company Profile (Continued)

### 7. Head Office in China

Registered address: Manshishangdu Office and Commercial Complex, Hailaer East Street, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC (post code: 010051)

Head office address: 12/F, Tower B, Desheng International Center, No. 83 Deshengmenwai Street, Xicheng District, Beijing, the PRC (post code: 100088)

Website: [www.cnht.com.cn](http://www.cnht.com.cn)

Email: [dongban@cnht.com.cn](mailto:dongban@cnht.com.cn)

### 8. Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

### 9. Secretary of the Board

Mr. Zhang Jingshun

Tel: +86 10 8327 0999

Fax: +86 10 8327 0998

Email: [zhangjingshun@cnht.com.cn](mailto:zhangjingshun@cnht.com.cn)

Address: 12/F, Tower B, Desheng International Center, No. 83 Deshengmenwai Street, Xicheng District, Beijing, the PRC (post code: 100088)

### 10. Chief Compliance Officer and Chief Risk Officer

Mr. Liu Zhanjun

Tel: +86 10 8327 0999

Fax: +86 10 8327 0998

Email: [liuzhanjun@cnht.com.cn](mailto:liuzhanjun@cnht.com.cn)

Address: 12/F, Tower B, Desheng International Center, No. 83 Deshengmenwai Street, Xicheng District, Beijing, the PRC (post code: 100088)

## Section 3 Company Profile (Continued)

### 11. Joint Company Secretaries

Mr. Zhang Jingshun, Dr. Ngai Wai Fung

### 12. Authorised Representatives

Mr. Zhu Yanhui, Dr. Ngai Wai Fung

### 13. Auditors

International accounting firm: Grant Thornton Hong Kong Limited

Domestic accounting firm: Grant Thornton (Special General Partnership)

### 14. Hong Kong Legal Advisor

Guantao & Chow Solicitors and Notaries

### 15. Principal Bankers

Industrial Bank Co., Ltd., Hohhot Branch

China Construction Bank Corporation, Saihan District Branch of Hohhot

Ordos Bank Co., Ltd., Hohhot Branch

Bank of Communications Co., Ltd., Beijing Branch Business Department

### 16. H Share Registrar

Computershare Hong Kong Investor Services Limited

### 17. Stock Code (H Shares)

01476

## Section 3 Company Profile (Continued)

### II. DEVELOPMENT HISTORY

The Company's predecessor is Inner Mongolia Autonomous Region Securities Company (內蒙古自治區證券公司), which was established upon the approval of the People's Bank of China in 1992. In 1998, the Company was converted into a Inner Mongolia Securities Limited Liability Company as approved by the CSRC with the Reply on the Approval of Capital Increase and Conversion of Inner Mongolia Autonomous Region Securities Company (Zheng Jian Ji Gou Zi [1998] No.39) 《關於核准內蒙古自治區證券公司增資改制的批覆》(證監機構字[1998]39號)).

On 2 July 2002, upon approval by the CSRC with the Reply on the Approval of the Capital Injection of Inner Mongolia Securities Limited Liability Company (內蒙古證券有限責任公司) (Zheng Jian Ji Gou Zi [2002] No. 194) 《關於核准內蒙古證券有限責任公司增資擴股的批覆》(證監機構字[2002]194號)), Inner Mongolia Securities Limited Liability Company completed the capital increase with its registered capital increased from RMB94,000,000 to RMB655,569,950. On 9 October 2002, upon approval by the Inner Mongolia Administration for Industry and Commerce, the Company was re-named as Hengtai Securities Limited Liability Company (恒泰證券有限責任公司).

On 3 November 2008, upon approval by the CSRC with the Reply on the Approval of Conversion into a Joint Stock Company with Limited Liability and the Change of Registered Capital of Hengtai Securities Limited Liability Company (Zheng Jian Ji Gou Zi [2008] No. 1148) 《關於核准恒泰證券有限責任公司變更為股份有限公司以及變更註冊資本的批覆》(證監機構字[2008]1148號)), Hengtai Securities Limited Liability Company was converted into a joint stock company with limited liability under the name of Hengtai Securities Co., Ltd. (恒泰證券股份有限公司), with its registered capital increased to RMB2,006,247,412.

On 10 March 2009, upon approval by the CSRC with the Reply on the Approval of Hengtai Securities Co., Ltd.'s Acquisition of Changcai Securities Brokerage Co., Ltd. (Zheng Jian Xu Ke [2009] No. 223) 《關於核准恒泰證券股份有限公司收購長財證券經紀有限公司的批覆》(證監許可[2009]223號)), the Company acquired Changcai Securities Brokerage Co., Ltd. The registered capital of the Company was increased to RMB2,194,707,412 upon the completion of the acquisition. Hengtai Changcai became a wholly-owned subsidiary of the Company, and its registered capital was RMB200,000,000.

On 22 May 2009, upon approval by the CSRC with the Reply on the Approval of Change in Equity Interest in Shanghai Yongda Futures Brokerage Co., Ltd. (Zheng Jian Xu Ke [2009] No. 423) 《關於核准上海永大期貨經紀有限公司變更股權的批覆》(證監許可[2009]423號)), the Company acquired Shanghai Yongda Futures Brokerage Co., Ltd., and Shanghai Yongda Futures Brokerage Co., Ltd. became a wholly-owned subsidiary of the Company. Shanghai Yongda Futures Brokerage Co., Ltd. changed its name to Hengtai Futures Brokerage Co., Ltd. in August 2010, and then to Hengtai Futures Co., Ltd. in May 2011. On 30 June 2015, the registered capital of Hengtai Futures was increased from RMB100 million to RMB125 million. Hengtai Capital subscribed for the additional registered capital in a cash consideration of RMB50 million, at the price of RMB2 for RMB1 registered capital. Hengtai Futures was held by the Company and Hengtai Capital as to 80% and 20%, respectively, upon completion of the capital increase. On 16 September 2015, Hengtai Futures was converted into a joint stock company with limited liability as a whole through converting its original net asset value into shares. On 21 October 2021, Hengtai Capital transferred 15.10% equity interest in Hengtai Futures to the Company with RMB30,414,775.34, 4.90% equity interest in Hengtai Futures to Hengtai Pioneer with RMB9,869,695.31, upon the completion of

## Section 3 Company Profile (Continued)

transfer, the Company held 95.10% equity interest in Hengtai Futures, and Hengtai Pioneer held 4.90% equity interest in Hengtai Futures. On 25 December 2024, the Company agreed to subscribe for the new registered capital of Hengtai Futures of RMB97,981,800 at a consideration of RMB161,670,000, and Hengtai Pioneer subscribed for the new registered capital of Hengtai Futures of RMB5,048,500 at a consideration of RMB8,330,000, at a price of RMB1.65 per share. After the capital increase, the registered capital of Hengtai Futures was increased from RMB125,000,000 to RMB228,030,300, and the shareholding percentage of the Company and Hengtai Pioneer remained unchanged.

On 25 January 2013, the Company established Hengtai Pioneer Investment Co., Ltd. (恒泰先鋒投資有限公司) as a wholly-owned subsidiary of the Company, with a registered capital of RMB100 million.

On 3 June 2013, the Company established Hengtai Capital Investment Co., Ltd. (恒泰資本投資有限責任公司) as a wholly-owned subsidiary of the Company, with a registered capital of RMB200 million. On 29 January 2016, Hengtai Capital increased its registered capital from RMB0.2 billion to RMB1 billion in order to supplement working capital. On 10 November 2016, Hengtai Capital further increased its registered capital from RMB1 billion to RMB1.5 billion in order to supplement working capital. On 22 August 2018, Hengtai Capital changed its registered capital from RMB1.5 billion to RMB1.2 billion. On 11 March 2019, Hengtai Capital changed its registered capital from RMB1.2 billion to RMB0.8 billion.

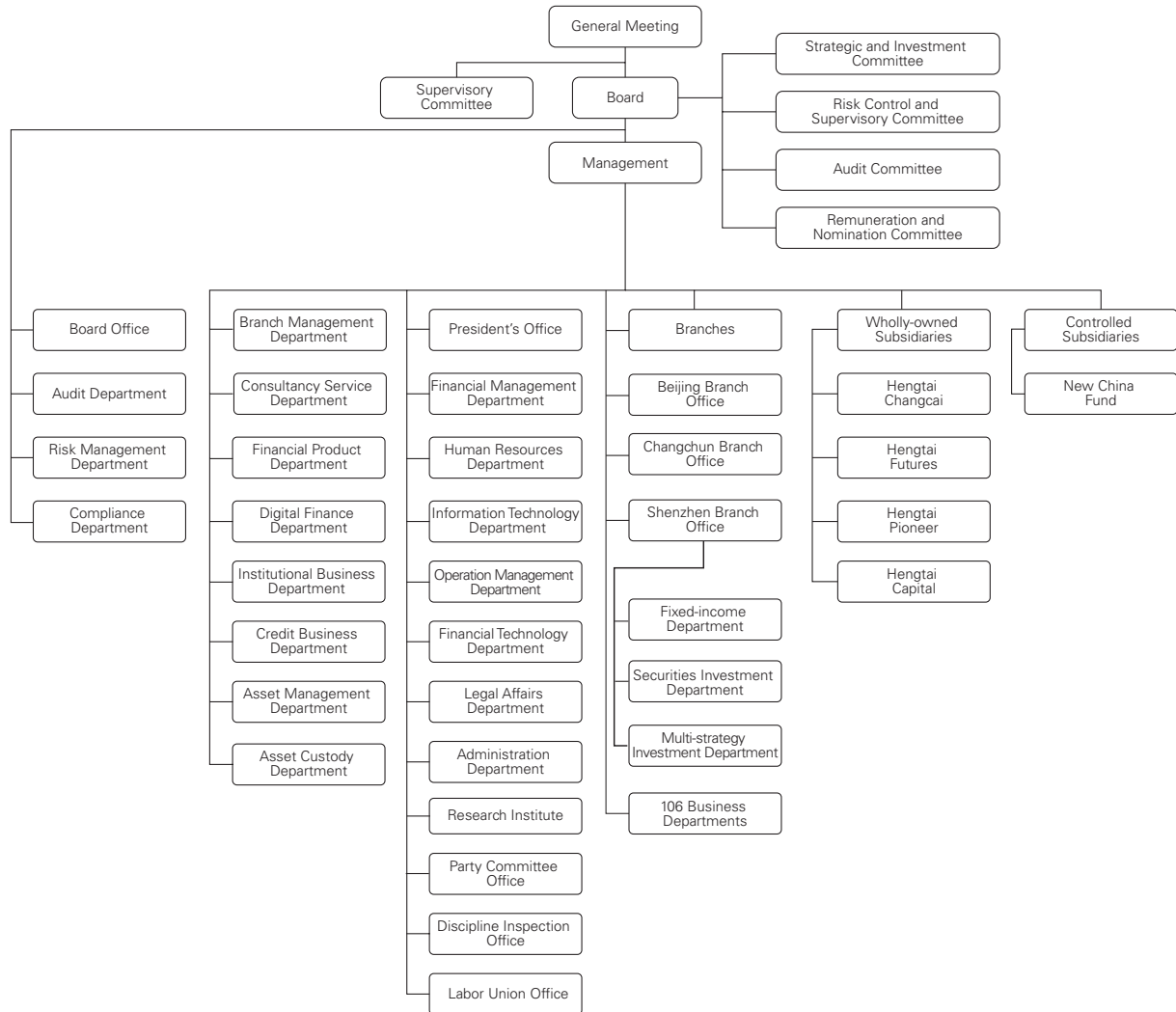
On 30 October 2013, upon approval by the CSRC with the Reply on the Approval of Change in Equity Interest in New China Fund Management Co., Ltd. (Zheng Jian Xu Ke [2013] No. 1376) 《關於核准新華基金管理有限公司變更股權的批覆》(證監許可[2013]1376號)), the Company acquired 43.75% equity interest in New China Fund and became the second largest shareholder of New China Fund. On 29 July 2015, upon approval by the CSRC with the Reply on the Approval of Change in Equity Interest in New China Fund (Zheng Jian Xu Ke [2015] No. 1669) 《關於核准新華基金管理有限公司變更股權的批覆》(證監許可[2015]1669號)), the Company completed the subscription for additional 57,500,000 shares (representing 14.87% equity interest in New China Fund) at a consideration of RMB97,750,000. Upon completion of the capital increase, New China Fund was held by the Company as to 58.62% and became a non-wholly-owned controlling subsidiary of the Company. On 28 September 2015, New China Fund was converted into a joint stock company with limited liability as a whole by converting its original net asset value into shares. On 25 December 2024, the Company agreed that the Company and Huarong Zonghe Investment subscribed for the new registered capital of New China Fund of RMB205,128,205 at a consideration of RMB399,999,999.75, respectively, at a price of RMB1.95 per share. Upon the increase in registered capital, New China Fund was held as to 52.99% by the Company and its registered capital increased to RMB627,756,410.

On 9 September 2015, the Company received the Reply on the Approval of Issue of Overseas-Listed Foreign-Invested Shares by Hengtai Securities Co., Ltd. (Zheng Jian Xu Ke [2015] No. 2089) 《關於核准恒泰证券股份有限公司發行境外上市外資股的批覆》(證監許可[2015]2089號)) from the CSRC, which approved the Company to publicly issue the overseas listed foreign-invested shares (H Shares) and the listing of such shares on the Main Board of the Hong Kong Stock Exchange. On 15 October 2015, the overseas-listed shares of the Company were officially listed on the Hong Kong Stock Exchange (stock code: 01476). The Company issued an aggregate of 450,846,000 H Shares (including the portion of reduced state-owned shares) (all being ordinary shares) with a nominal value of RMB1 each. The total share capital of Company was 2,604,567,412 shares upon completion of the issue.

## Section 3 Company Profile (Continued)

### III. ORGANIZATION STRUCTURE

As of 31 December 2024, the Company's organizational structure was as follows:





## Section 3 Company Profile (Continued)

### IV. SUBSIDIARIES

As at 31 December 2024, major subsidiaries of the Company, all of which conduct business in China, are as follows:

#### (I) Wholly-owned and Controlled Subsidiaries

No.	Name	Address (in China)	Principal business	Date of establishment	Type of legal entity registered	Place of incorporation	Registered capital (RMB'0'000)	Shareholding percentage	Legal representative	Telephone (+86)
1	Hengtai Changcai Securities Co., Ltd. (恒泰長財證券有限公司)	Room 717, 719, 720, 721, 723, 725, 7/F, Zone C, Runde Building, No. 3333 Xiantai Street, the north of Weixing Road, the west of Xiantai Street, Economic and Technological Development Zone, Chang Chun, Jilin Province (吉林省长春市經濟技術開發區衛星路以北·仙台大街以西仙台大街3333號潤德大廈C區七層717、719、720、721、723、725室)	Securities underwriting and sponsoring	10 January 2002	Limited liability company	PRC	20,000	100%	Wang Linjing (王琳晶)	010-56673702
2	Hengtai Pioneer Investment Co., Ltd. (恒泰先鋒投資有限公司)	Building 5, No. 25 Shuntong Road, Shunyi District, Beijing (北京市順義區順通路25號5幢)	Investment of equity and financial products other than those stated in the List of Securities Investment Products for the Proprietary Trading of Securities Companies (《證券公司證券自營投資品種清單》) with its own funds	25 January 2013	Limited liability company	PRC	10,000	100%	Hu Sanming (胡三明)	010-83270868
3	Hengtai Capital Investment Co., Ltd. (恒泰資本投資有限公司)	Building 4-323, Hengsheng Plaza, North of Helan Road, East of Europe Road, Tianjin Free Trade Pilot Zone (Dongjiang Free Trade Zone) (天津自貿試驗區(東疆綜合保稅區)) (custody No. 918 of Tianjin Quanzhiquanyi Business Secretary Service Co., Ltd., No. 918) (天津全新意商務秘書服務有限公司託管第918號)	Equity investment; equity-related debt investment; funds management; financial information consultation	3 June 2013	Limited liability company	PRC	80,000	100%	Zhang Jingshun (張景順)	010-83270886

## Section 3 Company Profile (Continued)

No.	Name	Address (in China)	Principal business	Date of establishment	Type of legal entity registered	Place of incorporation	Registered capital	Shareholding percentage	Legal representative	Telephone (+86)
(RMB'000)										
4	Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司) <sup>1</sup>	Unit 201, 2/F, No. 120 Block 91, E'shan Road, China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區峨山路91弄120號2層201單元)	Commodity futures brokerage; financial futures brokerage; advisory services related to futures investment and asset management	20 December 1992	Joint stock limited company	PRC	12,500	95.10%	Yin Guohong (銀國宏)	021-68405902
5	New China Fund Management Co., Ltd. (新華基金管理股份有限公司) <sup>2</sup>	19/F, Building 2, Lifan Centre, No. 6 Juxiyan Square, Jiangbei District, Chongqing (重慶市江北區聚賢岩廣場6號力帆中心2號辦公樓第19層)	Fund raising, fund distribution, asset management and other business as permitted by the CSRC	9 December 2004	Joint stock limited company	PRC	21,750	58.62%	Yin Guohong (銀國宏)	010-68779666

### Notes:

- The Company's shareholding percentage in Hengtai Futures is presented as direct shareholding percentage. Hengtai Futures completed the industrial and commercial registration of change in its registered capital to RMB228,030,300 on 24 January 2025.
- New China Fund completed the industrial and commercial registration of change in its registered capital to RMB627,756,410 on 10 March 2025. The Company's shareholding percentage in New China Fund was changed to 52.99%.

## (II) Major Subsidiary of Hengtai Futures

No.	Name	Address (in China)	Principal business	Date of establishment	Type of legal entity registered	Place of incorporation	Registered capital	Shareholding percentage	Legal representative	Telephone (+86)
(RMB'000)										
1	Hengtai Yingwo Asset Management Co., Ltd. (恒泰沃實資產管理有限公司)	Room 915, No.857 Laolu Road, Lingang Special Area, The China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區臨港新片區老蘆公路857號915室)	Asset management, investment management, industrial investment, venture capital investment, investment consulting, corporate management services, financial consulting, planning of corporate asset reorganisation and merger and acquisition, marketing planning, etc.	5 February 2016	Limited liability company	PRC	5,000	100%	Xin Ying (辛穎)	021-60212795

## Section 3 Company Profile (Continued)

### (III) Major Subsidiary of New China Fund

No.	Name	Address (in China)	Principal business	Date of establishment	Type of legal entity registered	Place of incorporation	Registered capital (RMB'000)	Shareholding percentage	Legal representative	Telephone (+86)
1	Beijing New China Fushi Asset Management Co., Ltd. (北京新華富時資產管理有限公司)	Room 3-01 Building 6, Ronghuiyuan, Airport Economic Core Zone, Shunyi District, Beijing (北京市順義區臨空經濟核心區融慧園6號樓3-01)	Asset management for specific customers and other businesses as approved by CSRC	10 April 2013	Limited liability company	PRC	30,800	76.62%	Sun Kun (孫坤)	010-68779712

## V. BRANCH OFFICES

As at 31 December 2024, the Company had three branch offices in Shenzhen, Changchun and Beijing, details of which are as follows:

No.	Name	Address (in China)	Date of establishment	Person in charge	Telephone (+86)
1	Hengtai Securities Co., Ltd, Shenzhen Branch Office (恒泰證券股份有限公司深圳分公司)	Rooms 2501-2506, 25/F, China Life Building, No.123, Fuhua First Road, Fu An Community, Futian Sub-district, Futian District, Shenzhen (深圳市福田區福田街道福安社區福華一路123號中國人壽大廈25樓2501-2506室)	17 August 2009	Hu Sanming (胡三明)	0755-82033486
2	Hengtai Securities Co., Ltd, Changchun Branch Office (恒泰證券股份有限公司長春分公司)	Rooms 2501 and 2502, Office Building 11, Weifeng New Ecological City, Jingyue Development Zone, Changchun City (長春市淨月開發區偉峰生態新城11#辦公樓2501、2502號房)	27 May 2014	She Tan (佘倓)	0431-82970822
3.	Hengtai Securities Co., Ltd, Beijing Branch Office (恒泰證券股份有限公司北京分公司)	1102, 11/F, No. 338, Guang'anmennei Street, Xicheng District, Beijing (北京市西城區廣安門內大街338號11層1102)	8 May 2024	Xie Yueqing (謝岳卿)	010-63355568

## Section 3 Company Profile (Continued)

### VI. DISTRIBUTION OF SECURITIES BRANCHES

As at 31 December 2024, the Company had a total of 106 securities branches (please refer to Appendix to this report). Number and distribution of securities branches of the Company are as follows:

Location (PRC)	Number of securities branches	Location (PRC)	Number of securities branches
Inner Mongolia Autonomous Region	25	Hubei Province	1
Shanghai	16	Guangxi Zhuang Autonomous Region	1
Jilin Province	14	Shanxi Province	1
Guangdong Province	11	Hebei Province	1
Beijing	10	Chongqing	1
Zhejiang Province	9	Shaanxi Province	1
Shandong Province	5	Henan Province	1
Liaoning Province	2	Hunan Province	1
Fujian Province	2	Tianjin	1
Jiangsu Province	2	Sichuan Province	1

## Section 4 Summary of Accounting Data and Financial Indexes

### I. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDEXES

Accounting data and financial indexes set out in this report are prepared in accordance with the International Financial Reporting Standards.

#### (I) Principal Accounting Data and Financial Indexes for the Recent Three Years

Item	2024	2023	Increase/ (decrease) from last period	2022
<b>Operating results (RMB'000)</b>				
Revenue and other income	<b>2,786,214</b>	2,513,314	10.86%	2,725,455
Profit/(loss) before tax	<b>144,476</b>	16,665	766.94%	(2,008,380)
Profit/(loss) for the year-attributable to ordinary shareholders of the Company	<b>176,283</b>	64,145	174.82%	(1,286,372)
Net cash (used in)/generated from operating activities	<b>(1,124,942)</b>	(201,798)	(457.46%)	2,104,616
<b>Earnings per share (RMB/share)</b>				
Basic earnings/(loss) per share <sup>1</sup>	<b>0.07</b>	0.02	250.00%	(0.49)
Diluted earnings/(loss) per share <sup>1</sup>	<b>0.07</b>	0.02	250.00%	(0.49)
<b>Profitability index</b>				
Weighted average rate of return on net assets (%) <sup>2</sup>	<b>2.16</b>	0.80	Increased by 1.36 percentage points	(14.86)

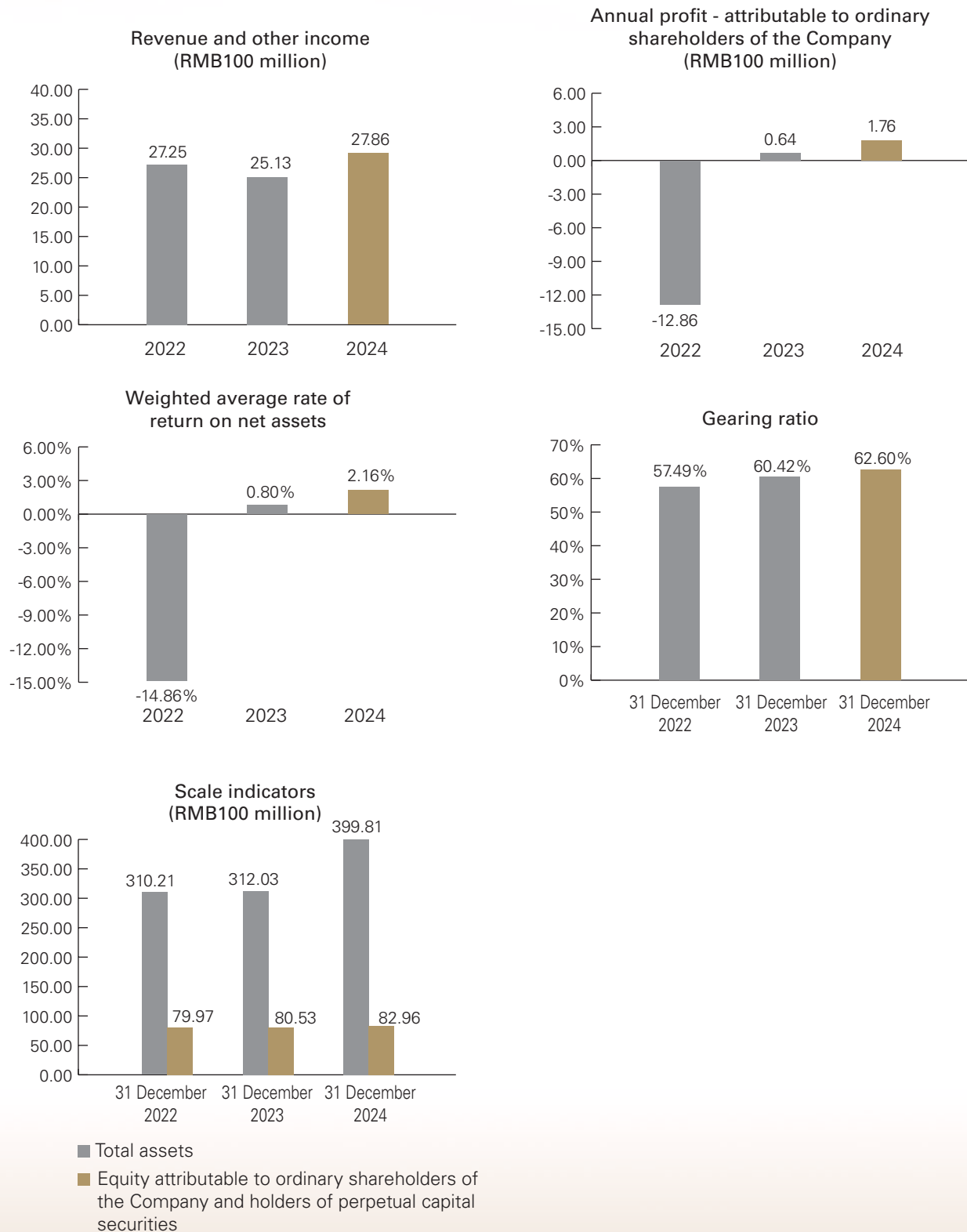
## Section 4 Summary of Accounting Data and Financial Indexes (Continued)

Item	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period	31 December 2022
<b>Scale indicators (RMB'000)</b>				
Total assets	<b>39,981,081</b>	31,202,650	28.13%	31,021,248
Total liabilities	<b>31,274,058</b>	23,012,586	35.90%	22,835,492
Accounts payable to brokerage clients	<b>16,700,618</b>	10,510,125	58.90%	11,765,079
Equity attributable to ordinary shareholders and holders of perpetual capital securities	<b>8,295,533</b>	8,053,415	3.01%	7,997,126
<b>Total share capital ('000 shares)</b>	<b>2,604,567</b>	2,604,567	0.00%	2,604,567
<b>Net assets per share attributable to ordinary shareholders<sup>3</sup> (RMB/share)</b>	<b>3.18</b>	3.09	2.91%	3.07
<b>Gearing ratio (%)<sup>4</sup></b>	<b>62.60</b>	60.42	3.61%	57.49

Notes:

1. The index is calculated based on the assumption of deducting the dividends of the holders of cumulative perpetual capital securities.
2. Weighted average rate of return on net assets (%) =  $P / (E_0 + P \div 2 + E_i \times M_i \div M_0 - E_j \times M_j \div M_0)$ , in which P represents net profit attributable to ordinary shareholders of the Company during the Reporting Period; E<sub>0</sub> represents net assets attributable to ordinary shareholders of the Company at the beginning of the period; E<sub>i</sub> represents additional net assets from issuance of new shares or from debt to equity attributable to ordinary shareholders of the Company during the Reporting Period; E<sub>j</sub> represents reduced net assets from repurchase or from cash dividend attributable to ordinary shareholders of the Company during the Reporting Period; M<sub>0</sub> represents the number of months of the Reporting Period; M<sub>i</sub> represents the accumulative number of months calculated from the month following the increase in net assets to the end of the Reporting Period; M<sub>j</sub> represents the accumulative number of months calculated from the month following the reduction in net assets to the end of the Reporting Period.
3. Net assets per share attributable to ordinary shareholders = (Equity attributable to ordinary shareholders and holders of perpetual capital securities – perpetual capital securities) ÷ total share capital.
4. Gearing ratio (%) = (Total liabilities – accounts payable to brokerage clients) / (total assets – accounts payable to brokerage clients).

## Section 4 Summary of Accounting Data and Financial Indexes (Continued)



## Section 4 Summary of Accounting Data and Financial Indexes (Continued)

### (II) Principal Accounting Data and Financial Indexes for the Recent Five Years

#### Earnings (RMB'000)

Item	2024	2023	2022	2021	2020
Revenue and other income	<b>2,786,214</b>	2,513,314	2,725,455	3,824,610	3,680,835
Total operating expenses	<b>(2,641,738)</b>	(2,496,649)	(4,733,835)	(3,448,270)	(3,082,300)
Profit/(loss) before tax	<b>144,476</b>	16,665	(2,008,380)	376,340	598,535
Profit/(loss) for the year – attributable to ordinary shareholders of the Company	<b>176,283</b>	64,145	(1,286,372)	279,248	474,086

#### Assets, liabilities and equity (RMB'000)

Item	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Total assets	<b>39,981,081</b>	31,202,650	31,021,248	37,243,056	33,596,031
Total liabilities	<b>31,274,058</b>	23,012,586	22,835,492	27,519,396	24,160,266
Accounts payable to brokerage clients	<b>16,700,618</b>	10,510,125	11,765,079	13,867,467	11,392,900
Equity attributable to ordinary shareholders and holders of perpetual capital securities	<b>8,295,533</b>	8,053,415	7,997,126	9,318,940	9,031,233
Total share capital ('000 shares)	<b>2,604,567</b>	2,604,567	2,604,567	2,604,567	2,604,567

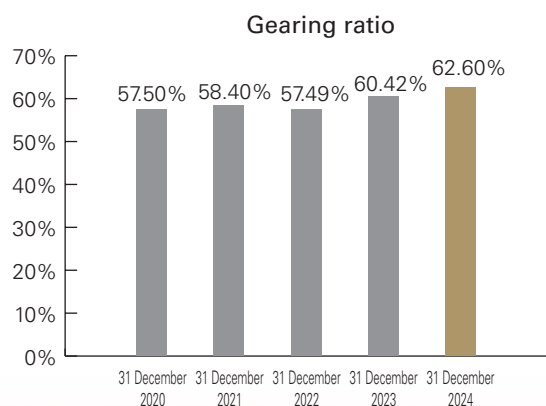
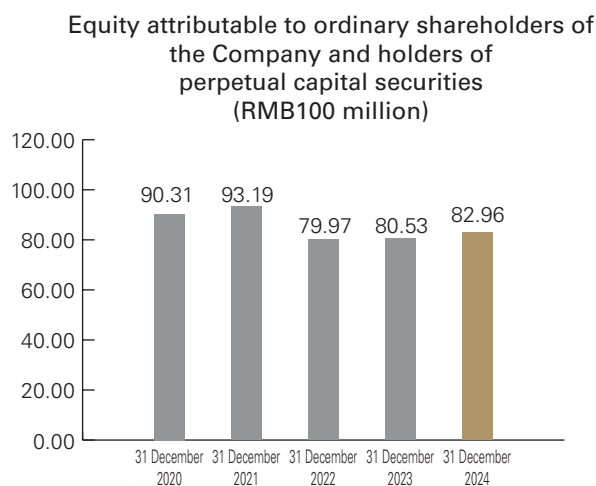
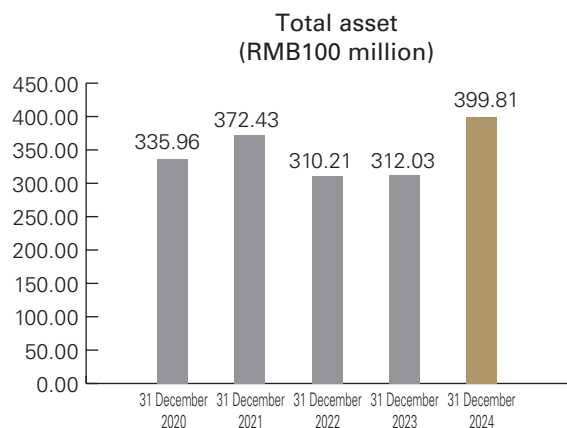
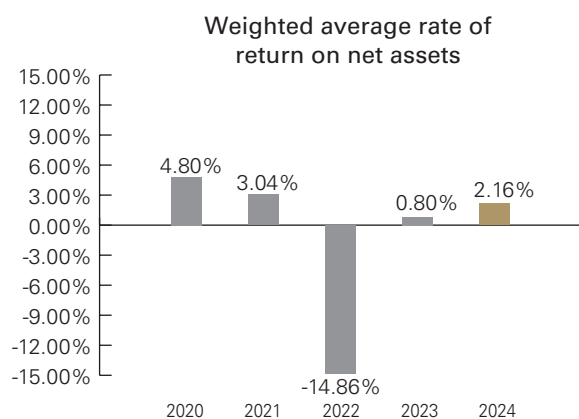
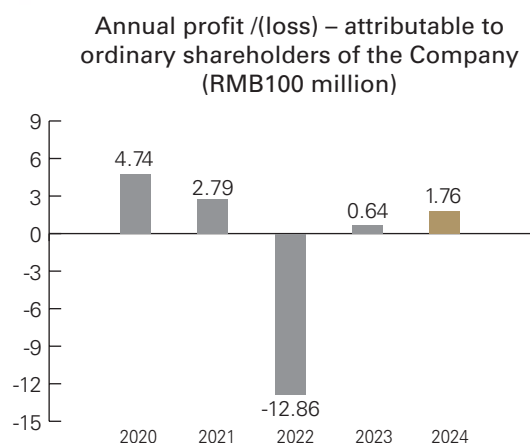
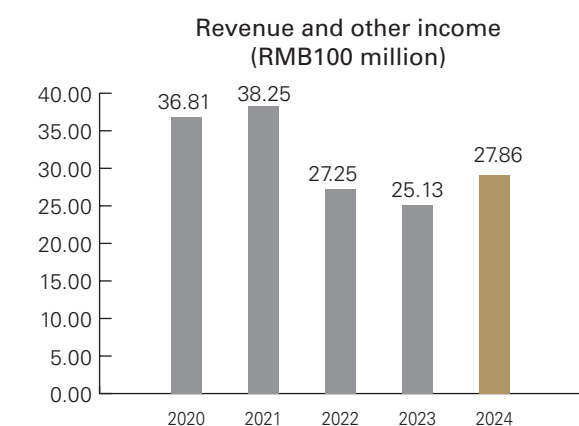


## Section 4 Summary of Accounting Data and Financial Indexes (Continued)

### Key financial indexes

Item	2024	2023	2022	2021	2020
Basic earnings/(loss) per share (RMB/share)	0.07	0.02	(0.49)	0.11	0.16
Diluted earnings/(loss) per share (RMB/share)	0.07	0.02	(0.49)	0.11	0.16
Weighted average rate of return on net assets (%)	2.16	0.80	(14.86)	3.04	4.80
	31 December 2024	31 December 2023	31 December 2022	31 December 2021	31 December 2020
Gearing ratio (%)	62.60	60.42	57.49	58.40	57.50
Net assets per share attributable to ordinary shareholders (RMB/share)	3.18	3.09	3.07	3.58	3.47

## Section 4 Summary of Accounting Data and Financial Indexes (Continued)



## Section 4 Summary of Accounting Data and Financial Indexes (Continued)

### II. DIFFERENCES OF ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

There is no material difference as to Company's net profit for 2024 and 2023 and net assets as at 31 December 2024 and 31 December 2023 shown on the consolidated financial statements prepared under the International Financial Reporting Standards and those shown on the consolidated financial statements prepared under China's Accounting Standards for Business Enterprises.

### III. THE COMPANY'S NET CAPITAL AND RELATED RISK CONTROL INDEXES

As at 31 December 2024, the Company's net capital amounted to RMB5,903.67 million, representing a decrease of RMB480.38 million as compared with RMB6,384.05 million at the end of 2023. During the Reporting Period, related risk control indexes including the Company's net capital met the regulatory requirements.

Unit: in RMB'000

Item	31 December 2024	31 December 2023	Regulatory standard
Net capital	<b>5,903,665</b>	6,384,045	N/A
Including: Net core capital	<b>5,153,665</b>	5,334,045	N/A
Net supplement capital	<b>750,000</b>	1,050,000	N/A
Net assets	<b>8,274,815</b>	7,958,245	N/A
Total risk capital provision	<b>3,359,516</b>	3,214,802	N/A
Total assets on and off statement of financial position	<b>22,342,377</b>	19,611,842	N/A
Risk coverage ratio	<b>175.73%</b>	198.58%	≥100%
Capital leverage ratio	<b>23.62%</b>	27.82%	≥8%
Liquidity coverage ratio	<b>182.28%</b>	312.69%	≥100%
Net stable funding ratio	<b>173.37%</b>	192.25%	≥100%
Net capital/net assets	<b>71.34%</b>	80.22%	≥20%
Net capital/liabilities	<b>44.21%</b>	59.20%	≥8%
Net assets/liabilities	<b>61.97%</b>	73.80%	≥10%
Proprietary equity securities and securities derivatives/net capital	<b>22.61%</b>	8.26%	≤100%
Proprietary non-equity securities and securities derivatives/net capital	<b>147.18%</b>	119.10%	≤500%

## Section 5 Management Discussion and Analysis

### I. ECONOMIC AND MARKET ENVIRONMENT DURING THE REPORTING PERIOD

During the Reporting Period, with increasing external pressures and growing internal difficulties, the overall operation of the national economy remained steady and achieved new progress in high-quality development. In particular, a package of incremental policies was promptly implemented to effectively boost consumers' confidence and significantly revitalize the economy. China's annual GDP was RMB134,908.4 billion, representing a year-on-year increase of 5.00% calculated at constant prices. By industries, the added values of the primary industry, the secondary industry and the tertiary industry were RMB9,141.4 billion, RMB49,208.7 billion and RMB76,558.3 billion, respectively, representing increases of 3.50%, 5.30% and 5.00%, respectively. By quarters, the first quarter, the second quarter, the third quarter and the fourth quarter recorded an increase of 5.30%, an increase of 4.70%, an increase of 4.60% and an increase of 5.40%, respectively. The added value of industries above designated size in the whole year increased by 5.80% compared with the previous year, and the added value of the service industry increased by 5.00% compared with the previous year. The total retail sales of consumer goods for the whole year amounted to RMB48,789.5 billion, representing a year-on-year increase of 3.50%. China's fixed asset investment (excluding agriculture) for the whole year was RMB51,437.4 billion, representing a year-on-year increase of 3.20%. The consumer price index (CPI) for the whole year represents a year-on-year increase of 0.20%. During the Reporting Period, the People's Bank of China adhered to a supportive monetary policy stance and implemented four major adjustments to monetary policy, supporting the economy to maintain a positive trend and promoting high-quality development. The balance of broad measure of money supply (M2) was RMB313.53 trillion, representing a year-on-year increase of 7.30%. The balance of RMB loans was RMB255.68 trillion, representing a year-on-year increase of 7.60%. The annual increase in social financing scale was RMB32.26 trillion, representing a year-on-year decrease of RMB3.32 trillion.

During the Reporting Period, the Chinese A-share market experienced series of processes from volatility, with most of the main indexes rebound. The Shanghai Stock Exchange Composite Index opened at 2,972.78 points at the beginning of 2024 and closed at 3,351.76 points at the end of 2024, an increase of 12.67% compared with the end of 2023. The Shenzhen Stock Exchange Component Index opened at 9,527.11 points at the beginning of 2024 and closed at 10,414.61 points at the end of 2024, an increase of 9.34% compared with the end of 2023. The Growth Enterprise Index opened at 1,889.02 points at the beginning of 2024 and closed at 2,141.60 points at the end of 2024, an increase of 13.23% compared with the end of 2023. During the Reporting Period, the trading volumes of stocks and funds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange amounted to RMB137,880,627 million and RMB154,984,683 million, respectively, and the trading volume of stocks and funds on both stock exchanges totaled RMB292,865,310 million, representing a year-on-year increase of 22.03%. (Information sources: websites of National Bureau of Statistics, The People's Bank of China, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and Wind Info)

## Section 5 Management Discussion and Analysis (Continued)

### II. ANALYSIS OF PRINCIPAL BUSINESS

During the Reporting Period, the Group recorded revenue and other income of RMB2,786.21 million, representing an increase of 10.86% as compared with 2023, and net profit of RMB73.01 million, representing an increase of 500.41% as compared with 2023.

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

During the Reporting Period, the revenue and other income from brokerage and wealth management business amounted to RMB1,651.81 million, representing an increase of 10.01% as compared with 2023.

##### 1. Securities brokerage

During the Reporting Period, the Company adhered to the customer-centric service philosophy and deepened the construction of the wealth management ecosystem, enhancing diversified customer development channels and realising precision marketing services. The Company continued to iterate and optimise online trading platforms including mobile APP and PC terminal, advanced the implementation of the digital operation system, actively promoted the upgrade of customer service models and innovation in user operation models, and utilised various service means to attract new account openings and increase assets. The Company actively strengthened the management of its branches and continuously optimised the comprehensive business strength of its branches based on resource endowment, development potential and competitive landscape; it continued to build a professional investment advisory team, accelerated the transformation of the buy-side investment advisory model, enriched product offerings, improved service ecosystems, and established a platform-based advisory wealth management model with technology empowerment to enhance overall competitiveness.

During the Reporting Period, the number of new accounts opened reached 220,900 and the total number of clients reached 3,990,700, representing an increase of 5.87% as compared with the end of 2023. The total assets under custody for clients reached RMB179,330.34 million, representing an increase of 19.79% as compared with the end of 2023. The turnover of stocks and funds reached RMB2,233,888.02 million, representing an increase of 21.16% as compared with the corresponding period of 2023, while the market share of stocks and funds was 0.38%, representing a decrease of 0.82% as compared with the corresponding period of 2023.

## Section 5 Management Discussion and Analysis (Continued)

### Prospects for 2025

The Company will seize market opportunities and business transformation opportunities, continuously adapt to market developments, rely on a complete full business chain, further optimise revenue structure, customer structure, and transaction structure, enhance investment in innovative businesses, actively promote diversified development of brokerage business types, and increase the scale and market share of brokerage business. The Company will continue to optimise and expand the customer development channels cooperation mechanism, deeply explore the needs of target customers, thoroughly implement the customer-centric business philosophy, strengthen customer management capabilities, actively promote multi-channel cooperation, focus on enhancing buyer service capabilities, and increase investment in customer inflow; continuously improve the investment advisory service system, strengthen investment advisory technology empowerment, comprehensively enhance the investment advisory service system and effectively promote wealth management transformation. Adhering to the bottom line of compliance and promoting high-quality development of brokerage business on the basis of effectively implementing investor suitability management and comprehensively promoting the organic integration of investor education and the business.

### 2. Futures brokerage

During the Reporting Period, Hengtai Futures focused on the lay out of financial institution businesses, accelerated the implementation of reserve projects and the development of new resource which effectively promoted the increase of overall equity scale; adjusted customer structure and revenue composition to hedge against the impact of exchange policies, optimising fee income structure and overall volume increase; through the “market + research + investor education” model, Hengtai Futures focused on strengthening competitive advantages in key regions in order to opening up new business opportunities of serving local industries. Building on its continuous and solid foundation of brokerage business, Hengtai Futures has been creating strong guarantee for the subsequent development of new businesses in the future. During the Reporting Period, Hengtai Futures had 3,566 new clients.

### Prospects for 2025

Hengtai Futures will scientifically grasp the regulatory policy orientation and seize the opportunities for development in the futures market. Strictly adherence to the bottom lines of compliance, Hengtai Futures will focus on financial institution businesses, strengthen competitive advantages in key regions, and consolidate its main brokerage business. By enhancing accumulation of business innovation and continuously improving precision management levels enable to enhance a comprehensively strong guarantee, with quality and efficiency of development, for the subsequent development of new businesses in the future.

## Section 5 Management Discussion and Analysis (Continued)

### 3. Wealth management

During the Reporting Period, the Company made significant progress in advancing the development of buyer wealth management business models, established an asset allocation evaluation team with independent product research and evaluation capabilities, trying to combine advisory services with commitment to preserving and increasing value of customer wealth. At the same time, the Company made significant breakthroughs in the public fund brokerage settlement model business, enriched the Company's securities settlement product system and provided a new track for the high-quality development of institutional financial management and wealth management businesses, reflecting the Company's practice of the concept of customer oriented and courageous spirit of pursuing innovation. During the Reporting Period, a total of 2,747 financial products were sold, with sales volume of RMB12,301.61 million. As at the end of the Reporting Period, the existing scale of its financial products was RMB17,952.47 million.

#### Prospects for 2025

The Company will continue to uphold a customer-centric philosophy, respect changes in market trends and the environment, deepen the mindset of buyer wealth management business, establish a complete advisory wealth service system, continuously enrich and explore product innovation, provide wealth management services for customers in different scenarios, and establish a unique company wealth management brand image.

## Section 5 Management Discussion and Analysis (Continued)

### 4. Capital-Based Intermediary

During the Reporting Period, the Company's margin financing and securities lending business developed steadily. The Company provided credit clients with quality capital-based intermediary services by optimising day-to-day business management, strengthening internal controls, enhancing risk control capabilities, launching specialised activities, providing ongoing empowerment support, expanding the "radius" of its business services, and improving the efficiency of its business operations. As at the end of the Reporting Period, the balance of the margin financing and securities lending business amounted to RMB5,891.39 million.

#### Prospects for 2025

The capital-based intermediary business will continue to adapt to market developments, uphold compliance standards, and promote high-quality business development. The Company will further deepen the empowerment of margin financing and securities lending businesses, explore more effective empowerment methods and content, enhance risk management capabilities, and optimise credit business risk management models to provide customers with professional and high-quality services.

### 5. Asset custody

During the Reporting Period, the Company diligently fulfilled its responsibilities as a custodian, continuously strengthened internal control construction with increasing system investments, to focus on preventing business risks in order to actively promote business synergy, continuously improve service efficiency and quality, and strive to create a one-stop service model for customers. The Company focused on conducting custody business for standardised products such as public funds, asset management schemes and private equity investment funds. As at the end of the Reporting Period, the Company offered a total of over 1,354 products for custody services, fund services and fund-raising supervision services. The total scale of asset custody, fund services and fund-raising supervision amounted to RMB124,016 million.

#### Prospects for 2025

The Company will uphold the service philosophy of efficiency, professionalism, and compliance, continuously enhance service quality, strengthen business synergy among departments base on preventing business risks, select high-quality fund managers, and promote the development of custodial services for standardised products such as public funds, asset management schemes, private equity investment funds, and other products.



## Section 5 Management Discussion and Analysis (Continued)

### (II) Investment Banking Business

During the Reporting Period, the revenue and other income from investment banking business amounted to RMB141.86 million, representing a decrease of 33.55% as compared with 2023.

#### 1. Equity financing

During the Reporting Period, influenced by regulatory policies, Hengtai Changcai's equity business witnessed a slight decline, with the completion of 2 financial advisory projects for listed companies. Hengtai Changcai has been focusing on maintaining and strengthening its core clients, continuously enhancing deep cooperation with them, establishing strong customer loyalty and a stable business scale, effectively boosting the reserve of equity projects. Currently, several refinancing and merger & acquisition restructuring projects are steadily progressing. Hengtai Changcai actively seized market development opportunities, constantly refining itself, enhancing its professional capabilities, with compliance as the baseline. Hengtai Changcai continued to strengthen core capabilities in research, value discovery, transaction design, integrated matching, and other areas, to build a full-service investment banking chain, leading the equity business towards new development directions.

#### Prospects for 2025

Hengtai Changcai will continue to seize opportunities in capital market reforms, focusing on national strategies and customer demands; concentrate on industries such as new energy, new technology, and high-end manufacturing, intensifying industry research and customer market analysis efforts; strategically plan its business initiatives, providing professional service solutions to clients and supporting the deep and practical implementation of the registration system reform. Hengtai Changcai will deepen its service to existing high-quality clients, exploring the potential business opportunities while continuously expanding and servicing new clients and projects. Through ongoing internal collaboration, Hengtai Changcai will leverage the comprehensive services and platform advantages of the group to diversify project sources through multiple channels, harnessing synergies to create an all-encompassing service system integrating investment, financing, and research, thus empowering investment banking operations. At the same time, Hengtai Changcai will continuously enhance its own professional competence, build a proficient equity business team and steadily improve its professional competitiveness with the aims of providing clients with more comprehensive and high-quality investment banking services and assisting enterprises in realising greater value.

## Section 5 Management Discussion and Analysis (Continued)

### 2. Debt financing

During the Reporting Period, with the “package of debt resolution (一攬子化債)” proposals continuously to be promoted, core debt reduction measures and corresponding supporting policies were successively introduced including a new round of debt replacement support has also been successively launched and implemented. The financing scale of corporate bonds and urban investment bonds have both declined, which have had a significant impact on Hengtai Changcai’s credit bond underwriting business. Despite the current market environment, Hengtai Changcai endeavored to maintain its business advantages in issuance of municipal bond, completing 28 bond underwriting projects with an underwriting amount of RMB9,746 million, all of which were corporate bonds.

#### Prospects for 2025

The bond business needs to shift its focus from internal optimisation to external breakthroughs. At the current stage, Hengtai Changcai’s collaborative business is showing initial scale. Hengtai Changcai will further improve the collaborative business mechanism and increase the types of collaborative businesses that can generate revenue. Hengtai Changcai will simultaneously conduct in-depth interactions with local industrial platforms in order to gradually explore business opportunities on various regional industrial platforms. By leveraging its professional expertise, Hengtai Changcai will use collaborative business as a link to establish business channels with local industry platforms.

### 3. NEEQ recommendation business

During the Reporting Period, the National Equities Exchange and Quotations System Co., Ltd. prioritised the high-quality development of the NEEQ as its top priority, continued to deepen reforms and accelerated the implementation of key reform measures, which had encountered both market opportunities and challenges. Following the three-year strategic plan set by the Company, Hengtai Changcai focused on the local market, fully leveraging the advantages of existing projects on the NEEQ. During the Reporting Period, Hengtai Changcai completed 2 listing projects, 1 merger and acquisition and restructuring project, and 3 NEEQ financing projects. At the end of the Reporting Period, Hengtai Changcai continued to supervise 134 projects.

#### Prospects for 2025

According to the work guideline of “adhering to seeking progress while maintaining stability, using progress to promote stability, closely focusing on risk prevention, strengthening supervision, and promoting high-quality development” proposed by the China Securities Regulatory Commission, and in accordance with the three-year strategy plan of the Company, Hengtai Changcai will adhere to market orientation and quality priority, deeply tap into the potential of the NEEQ business and expand its business scope, make itself a training base for projects on the Beijing Stock Exchange, and continue to steadily provide more comprehensive and high-quality services for small and medium-sized enterprises.

## Section 5 Management Discussion and Analysis (Continued)

### (III) Investment Management Business

During the Reporting Period, the revenue and other income from investment management business amounted to RMB279.57 million, representing of a decrease of 37.85% as compared with 2023.

#### 1. Assets management

During the Reporting Period, the asset management business maintained a positive, steady, and improving development trend. The scale of the asset management business steadily increased and the qualifications for asset securitization business were smoothly restored. Institutional safeguards and comprehensive risk controls have been improving and the product line of asset management diversified while market channels and innovative partnerships expanded continuously, and the performance of fixed-income products remained at the forefront of the market. In 2024, the asset management business received favorable market reputation and customer recognition in terms of customer experience, product performance, risk management, and innovative services. It was honored with the “Best Customer Experience Award” at the inaugural Wealth Management Huazun Awards by CLS, the “Golden Hazel Award for Brokers’ Outstanding Fixed Income Asset Management Plan” by CLS, and the “Annual Innovative Service Brokerage Asset Management Award” by the Eastmoney Awards. Additionally, the “Risk Management Practice in Hengtai Securities Asset Management Business” received the “2024 Outstanding Practice Award” at the second Tianyi Awards.

As at the end of the Reporting Period, the total scale of asset management business was RMB15,812.81 million, of which the scale of collective asset management schemes amounted to RMB4,135.52 million, the scale of single asset management schemes amounted to RMB2,209.84 million, the scale of the asset-backed securities special schemes amounted to RMB9,467.45 million.

As at the end of the Reporting Period, the numbers of subsisting products of the collective, single asset management schemes and the asset-backed securities special schemes were 32, 10 and 5, respectively.

#### Prospects for 2025

In 2025, the asset management business will rely on the Group’s resources and brand support to strengthen its management foundation and enhance its market-oriented professional capabilities. With asset securitization business and fixed income products as the dual-round business driver, and taking advantage of the favorable opportunities arising from the standardisation and development of the capital market, the business will strategically lay out “fixed income + equity” products, so as to steadily expand its scale, continue to create results for investors, and build up an excellent asset management brand of Hengtai Securities.

## Section 5 Management Discussion and Analysis (Continued)

### 2. Fund management

During the Reporting Period, New China Fund's business development was steady and positive. New China Fund successfully issued two new equity and bond products, reshaped product strategies and sales tactics, bottomed out in management scale, continued to promote the upgrading of the investment and research system, successfully completed the change of shareholding and capital increase, and effectively strengthened corporate governance and management. According to Haitong Securities' "Performance Rankings of Equity and Fixed Income Assets of Fund Managers", New China Fund's performance of equity assets ranked among the top 50 in the industry in the past ten, seven and five years, with steady performance in the medium and long term. The fixed income funds showed excellent performance over the past year, securing a prominent position in the market rankings.

In 2024, the public offering management scale of New China Fund increased. As at the end of the Reporting Period, New China Fund had 45 publicly-raised funds with management scale of RMB55,791 million, representing a year-on-year increase of RMB7,692 million or 15.99%. The special account business is in strict accordance with the regulatory requirements, reducing the scale of historical stock products. As at the end of the Reporting Period, the management scale of the special accounts of New China Fund was RMB711 million, representing a year-on-year decrease of RMB209 million or 22.72%.

#### Prospects for 2025

New China Fund has been committed to be keeping pace with the development of times, anchoring its strategic direction, refining its tactical approaches, and striving for better development and breakthroughs in its business operations. In terms of research, the company aims to build a diversified research team, establish and solidify distinct and stable product styles, optimise research assessment mechanisms, and continuously enhance research performance. In terms of products, New China Fund plans to address any shortcomings, with a focus on promoting business development through passive index products. In terms of sales, the company will continue to optimise its sales system and establish a standardised sales management mechanism. Simultaneously, New China Fund will persist in strengthening governance practices, enhancing internal control levels and operational efficiency, continuously improving its capacity building, and creating greater value for investors.

## Section 5 Management Discussion and Analysis (Continued)

### 3. Private equity investment

During the Reporting Period, Hengtai Capital completed the establishment of 1 private equity fund. As at the end of the Reporting Period, there were 2 existing private equity funds in compliance with regulatory requirements, with a fund scale amounting to RMB2,900 million. Regarding new business expansion, Hengtai Capital will continue to focus on strategic directions such as synergising green industry development, empowering new energy and new infrastructure projects, and investments in mining and energy sectors.

#### Prospects for 2025

Hengtai Capital will continue to excel in managing existing funds while accelerating project investment progress. Following a strategy that combines short and long-term cycles and diversifies across various sectors, the company will continuously enrich its project reserve pool to form a structured approach to project expansion. Furthermore, Hengtai Capital will persist in refining its institutional framework, optimising management processes, enhancing overall staff business acumen, and continuously improving its professional investment capabilities.

### 4. Alternative investment

During the Reporting Period, Hengtai Pioneer continued to strengthen post-investment management of projects, carried out special post-investment investigation on invested projects, and conducted in-depth research on the invested projects through review of materials, research, interviews, etc. According to the principles of seeking truth from facts, people-oriented and horizontal comparison, Hengtai Pioneer analyzed the development of enterprises and assessed the investment value of the projects. In 2024, Hengtai Pioneer conducted on-site visits to some projects, closely monitoring the operational status of invested enterprises in real-time. As at the end of the Reporting Period, Hengtai Pioneer had 22 direct investment projects.

#### Prospects for 2025

Hengtai Pioneer will put further efforts into the management of investment projects financed by self-owned capital, intensify internal control, improve team building, and safeguard the company's interests as much as possible under the premise of ensuring the smooth landing and normal operation of projects. Regarding business, it will focus on post-investment management of invested projects and continue to strengthen post-investment management and comprehensive control of project risks.

## Section 5 Management Discussion and Analysis (Continued)

### (IV) Proprietary Trading Business

During the Reporting Period, the revenue and other income from the proprietary trading business amounted to RMB660.39 million, representing an increase of 120.04% as compared with 2023.

Since the beginning of 2024, China's A-share market has shown an overall 'W-shaped' trend. At the beginning of the year, the A-share market experienced a certain degree of adjustment under the micro liquidity pressure, and then with the active policies, the micro liquidity pressure eased and the A-share market rebounded. Starting from late May 2024, the A-share market underwent another adjustment as market sentiment fell. Since September 2024, the "People's Bank of China, the National Financial Regulatory Administration, and the China Securities Regulatory Commission (一行一局一會)" introduced a package of financial policies, including quota cuts, interest rate cuts, and reductions in the interest rate on housing loans, etc., and the A-share market came out of the strong uptrend under the impetus of the favourable policies.

In terms of stock investment business, the Company reduced portfolio volatility, enhanced return stability, and established a layered equity investment system to achieve scaled return on equity investments. By actively investing in high dividend investments and participating in high dividend products in the Hong Kong stock market, the Company was able to receive dividend income constantly. Through participation in stock index futures, the Company effectively saved capital costs and boosted investment returns. In the refinancing market, through rigorous selection, the Company's participation in private placements has retained relatively good positive returns.

In terms of fixed income business, under the accommodative monetary and fiscal policies throughout the year, the interest rate market experienced downward trends, with only a brief adjustment in the bond market at the end of the third quarter of 2024, driven by a rapid rebound in the equity market. The Company successfully captured the trading pace and significantly increased positions in interest rate bonds at the beginning of 2024 and after the interest rate market adjustment in the fourth quarter of the year, which resulted in a better return. Meanwhile, the Company's allocation of fixed income assets and interest rate derivatives arbitrage trading also yielded good returns.

In terms of the share transfer market-making business, the overall NEEQ market was relatively weak due to the slowdown of A-share IPOs in 2024 and lower investor enthusiasm for the pre-IPO market. In terms of the Beijing Stock Exchange, with support from various policies, it experienced a favorable market trend at the end of 2024. The Company intensified its research work on stocks which were eligible for IPO on the Beijing Stock Exchange and actively explored investment opportunities therein.

## Section 5 Management Discussion and Analysis (Continued)

### Prospects for 2025

In terms of stock investment business, the Company will focus on core assets and adhere to long-term investment mindset by selecting premium stocks for investment. At the same time, the Company will flexibly adjust the proportion of its position in various products according to market changes, with continuous dynamic adjustments to positions to capture market trends, thereby enriching returns. The Company will closely monitor the progress of private placement projects and the reserves of high-quality projects, and flexibly seize investment opportunities in the private placement market based on market trends, market positions and project quality. Based on the macro trend, the Company will actively track investment opportunities in the Hong Kong stock market and participate in them through ETF investment in a timely and appropriate manner. In the secondary market, the Company will focus on selecting stocks in high-growth industries and sectors to increase the concentration of individual stocks.

In terms of fixed income business, the trend of weak economic recovery remains unchanged. It is expected that the first half of 2025 will still be characterized by accommodative monetary and fiscal policies. The Company will continue to enhance its analyses on macroeconomic and policy, and maintain a flexible duration operation strategy against the backdrop of low interest rates. At the same time, the Company will intensify its allocation to fixed income assets and expand the scope of its fixed income business, so as to maintain the sustainable and steady development of the business.

In terms of the share transfer market-making business, with the improvement in the valuation and liquidity of the stocks on the Beijing Stock Exchange, the number and quality of enterprises listed on the NEEQ have been increased, and this trend is expected to continue in 2025. The Company will continue to strengthen its investment and research to capture the investment opportunities therein.

## Section 5 Management Discussion and Analysis (Continued)

### III. FINANCIAL STATEMENTS ANALYSIS

#### (I) Analysis on the Profitability during the Reporting Period

During the Reporting Period, the Group recorded revenue and other income of RMB2,786.21 million in aggregate, representing a year-on-year increase of 10.86%. Net profit attributable to shareholders of the Company amounted to RMB176.28 million, representing a year-on-year increase of 174.82%. Earnings per share amounted to RMB0.07, representing a year-on-year increase of 250.00%. Weighted average return on net assets was 2.16%, representing a year-on-year increase of 1.36 percentage points.

#### (II) Asset Structure and Asset Quality

As at the end of the Reporting Period, total assets of the Group amounted to RMB39,981.08 million, up by 28.13% as compared to RMB31,202.65 million as at the end of 2023. Total liabilities amounted to RMB31,274.06 million, increased by 35.90% as compared to RMB23,012.59 million as at the end of 2023. Equity attributable to shareholders of the Company amounted to RMB8,295.53 million, increased by 3.01% as compared to RMB8,053.42 million as at the end of 2023.

The Group's asset structure remained stable with sound asset quality and liquidity. As at the end of the Reporting Period, the total assets of the Group comprised of: cash assets, which primarily included cash and bank balances (including cash held on behalf of brokerage clients), clearing settlement funds and refundable deposits, amounted to RMB20,052.48 million, representing 50.15% of the Group's total assets; margin assets, which primarily included margin accounts receivable, financial asset held under resale agreements and placements with a financial institution, amounted to RMB6,076.14 million, representing 15.20% of the Group's total assets; financial investment assets, which primarily included investment in financial assets, amounted to RMB12,063.60 million, representing 30.17% of the Group's total assets; save for the above items, assets of other categories amounted to RMB1,788.86 million, representing 4.48% of the Group's total assets.

The Group's gearing ratio and operating leverage ratio remained relatively stable. As at the end of the Reporting Period, liabilities after deducting accounts payable to brokerage clients amounted to RMB14,573.44 million, representing a year-on-year increase of RMB2,070.98 million or 16.56%. The gearing ratio of the Group was 62.60%, up by 2.18 percentage points from 60.42% 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 2.81 folds, increased by 9.34% from 2.57 folds as at the end of 2023 (Note: operating leverage ratio = (total assets – accounts payable to brokerage clients)/equity attributable to shareholders of the Company).



## Section 5 Management Discussion and Analysis (Continued)

### **(III) Financing Channels and Financing Ability**

During the Reporting Period, the Company met its operating capital requirement through debt financing. Debt financing of the Company included margin and securities refinancing, beneficiary certificates, etc. During the Reporting Period, accumulated placements from China Securities Finance Corporation Limited amounted to RMB5,200 million, and accumulated capital inflow from beneficiary certificates amounted to RMB3,081 million. Meanwhile, the Company received comprehensive credit line with greater limit granted by several banks.

### **(IV) Liquidity Management**

The Company focuses on its liquidity management. It has established a specific department responsible for liquidity management. The Company's liquidity management focused on the organic combination of the security, liquidity and profitability of capital. As requested by the CSRC, the Company established sound management system and contingency measure for liquidity risks. The Company has prepared monthly liquidity monitor statement. The liquidity monitor index of the Company in each month throughout the Reporting Period complied with the regulatory requirements.

### **(V) Cash Flow**

Net cash flow arising from operating activities for 2024 amounted to RMB-1,124.94 million, decreased by RMB923.15 million from RMB-201.79 million in the corresponding period in 2023. Net cash flow arising from investing activities for 2024 amounted to RMB-315.01 million, decreased by RMB892.39 million from RMB577.38 million in the corresponding period in 2023. Net cash flow arising from financing activities for 2024 amounted to RMB1,647.38 million, up by RMB2,019.20 million from RMB-371.82 million in the corresponding period in 2023. Net increase in cash and cash equivalents for 2024 amounted to RMB207.43 million, increased by RMB203.66 million from RMB3.77 million in the corresponding period in 2023.

### **(VI) Changes in Significant Accounting Policies and Estimates**

There were no changes in the Company's significant accounting policies and estimates during the Reporting Period.

## Section 5 Management Discussion and Analysis (Continued)

### (VII) Analysis on Operating Revenue and Profit

#### 1. Items under statement of profit or loss

During the Reporting Period, the Group's profit before tax amounted to RMB144.47 million, representing a year-on-year increase of 766.94%. The main financial results are as follow:

*Unit: in RMB million*

Item	2024	2023	Increase/ (decrease) from last period Amount	Increase/ (decrease) from last period Percentage
<b>Revenue</b>				
Fees and commission income	<b>1,377.51</b>	1,377.85	(0.34)	(0.02%)
Interest income	<b>745.79</b>	783.29	(37.50)	(4.79%)
Net investment income	<b>558.26</b>	117.49	440.77	375.16%
Other income and gains	<b>104.65</b>	234.68	(130.03)	(55.41%)
<b>Total revenue and other income</b>	<b>2,786.21</b>	2,513.31	272.90	10.86%
Total operating expenses	<b>(2,641.74)</b>	(2,496.65)	145.09	5.81%
<b>Profit before tax</b>	<b>144.47</b>	16.66	127.81	766.94%
Income tax expense	<b>(71.46)</b>	(4.50)	66.96	1,488.00%
<b>Profit/(loss) for the year</b>	<b>73.01</b>	12.16	60.85	500.41%
Net profit attributable to shareholders of the Company	<b>176.28</b>	64.15	112.13	174.82%

## Section 5 Management Discussion and Analysis (Continued)

### **Revenue structure**

During the Reporting Period, total revenue and other income of the Group amounted to RMB2,786.21 million, representing a year-on-year increase of 10.86%. Among which, the proportion of commission and fee income was 49.44%, representing a year-on-year decrease of 5.38 percentage points. The proportion of interest income was 26.77%, representing a year-on-year decrease of 4.40 percentage points. The proportion of net investment gains was 20.04%, representing a year-on-year increase of 15.37 percentage points. The revenue structures of the Group in the past five years are as follow:

Items	2024	2023	2022	2021	2020
Fees and commission income	<b>49.44%</b>	54.82%	60.49%	58.34%	52.98%
Interest income	<b>26.77%</b>	31.17%	30.14%	21.92%	19.72%
Net investment income	<b>20.04%</b>	4.67%	6.54%	16.33%	24.81%
Other income and gains	<b>3.75%</b>	9.34%	2.83%	3.41%	2.49%
<b>Total</b>	<b>100.00%</b>	100.00%	100.00%	100.00%	100.00%

## Section 5 Management Discussion and Analysis (Continued)

### ***Fees and commission income***

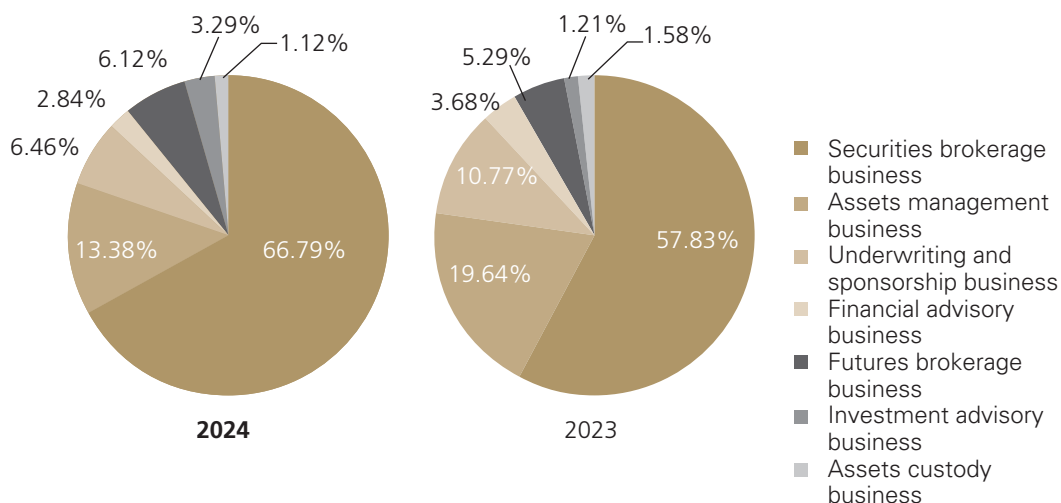
During the Reporting Period, the Group's fees and commission income consists of the following:

*Unit: in RMB million*

Item	2024	2023	Increase/ (decrease) from last period Amount	Increase/ (decrease) from last period Percentage
<b>Fees and commission income</b>				
Securities brokerage business	<b>920.10</b>	796.76	123.34	15.48%
Assets management business	<b>184.32</b>	270.55	(86.23)	(31.87%)
Underwriting and sponsorship business	<b>88.93</b>	148.44	(59.51)	(40.09%)
Financial advisory business	<b>39.13</b>	50.69	(11.56)	(22.81%)
Futures brokerage business	<b>84.33</b>	72.87	11.46	15.73%
Investment advisory business	<b>45.30</b>	16.67	28.63	171.75%
Assets custody business	<b>15.40</b>	21.87	(6.47)	(29.58%)
<b>Total fees and commission income</b>	<b>1,377.51</b>	1,377.85	(0.34)	(0.02%)
<b>Fees and commission expenses</b>	<b>181.59</b>	163.96	17.63	10.75%
<b>Net fees and commission income</b>	<b>1,195.92</b>	1,213.89	(17.97)	(1.48%)

## Section 5 Management Discussion and Analysis (Continued)

The Group's fees and commission income consists of:



During the Reporting Period, fees and commission income of the Group amounted to RMB1,377.51 million, representing a year-on-year decrease of 0.02%.

Fees and commission income generated from securities brokerage business increased by RMB123.34 million or 15.48% year-on-year, the year-on-year increase in fees and commission income was primarily attributable to new assets under custody and active accounts in 2024 as well as an increase in the market trading volume.

Fees and commission income generated from assets management business decreased by RMB86.23 million or 31.87% year-on-year, primarily attributable to a year-on-year decrease in income from fund management business.

Fees and commission income generated from underwriting and sponsorship business decreased by RMB59.51 million or 40.09% year-on-year, primarily attributable to a year-on-year decrease in the underwriting business.

## Section 5 Management Discussion and Analysis (Continued)

### Interest income

During the Reporting Period, interest income of the Group amounted to RMB745.79 million, representing a year-on-year decrease of 4.79%. The Group's interest income for 2024 consists of the following:

*Unit: in RMB million*

Items	2024	2023	Increase/ (decrease) from last period Amount	Increase/ (decrease) from last period Percentage
<b>Interest income</b>				
Deposits in financial institutions	<b>323.85</b>	307.95	15.90	5.16%
Margin financing and securities lending	<b>343.65</b>	342.92	0.73	0.21%
Financial assets held under resale agreements	<b>11.62</b>	19.19	(7.57)	(39.45%)
Financial assets at fair value through other comprehensive income	<b>62.50</b>	102.44	(39.94)	(38.99%)
Debt investments measured at amortised cost	<b>0.70</b>	10.79	(10.09)	(93.51%)
Others	<b>3.47</b>	0.00	3.47	N/A
<b>Total interest income</b>	<b>745.79</b>	783.29	(37.50)	(4.79%)
<b>Interest expense</b>	<b>405.23</b>	430.79	(25.56)	(5.93%)
<b>Net interest income</b>	<b>340.56</b>	352.50	(11.94)	(3.39%)

Interest income from financial assets at fair value through other comprehensive income decreased by RMB39.94 million, or 38.99%, year on year. The decrease in interest income was mainly due to the decline in market interest rates.

Interest income from debt investments measured at amortised cost decreased by RMB10.09 million, or 93.51% year on year, mainly due to the decrease in the scale of debt investments measured at amortised.

Interest expenses decreased by RMB25.56 million or 5.93% year on year, primarily due to the decrease in interest expenses on debt instruments.

## Section 5 Management Discussion and Analysis (Continued)

### **Net investment income**

During the Reporting Period, net investment income of the Group amounted to RMB558.26 million, representing a year-on-year increase of 375.16%. The Group's net investment income for 2024 consists of the following:

*Unit: in RMB million*

Items	2024	2023	Increase/ (decrease) from last period Amount	Increase/ (decrease) from last period Percentage
<b>Net investment income</b>				
Dividend and interest income from financial assets at fair value through profit or loss and other comprehensive income	<b>244.46</b>	175.49	68.97	39.30%
Net realised profit/(losses) from disposal of financial assets at fair value through profit or loss and other comprehensive income and debt investments	<b>313.80</b>	(58.00)	371.80	641.03%
<b>Total</b>	<b>558.26</b>	117.49	440.77	375.16%

## Section 5 Management Discussion and Analysis (Continued)

### *Operating expenses*

During the Reporting Period, operating expenses of the Group (excluding fees and commission expenses and interest expenses) amounted to RMB2,013.81 million, representing a year-on-year increase of 8.51%. The Group's operating expenses primarily consist of the following:

*Unit: in RMB million*

Items	2024	2023	Increase/ (decrease) from last period Amount	Increase/ (decrease) from last period Percentage
Staff costs	<b>995.62</b>	1,036.05	(40.43)	(3.90%)
Depreciation and amortisation expenses	<b>198.92</b>	224.28	(25.36)	(11.31%)
Other operating expenses and tax and surcharges	<b>444.58</b>	503.82	(59.24)	(11.76%)
Impairment losses on assets	<b>374.69</b>	91.74	282.95	308.43%
<b>Total</b>	<b>2,013.81</b>	1,855.89	157.92	8.51%

Impairment losses on assets increased by RMB282.95 million or 308.43% year on year, primarily attributable to the increase in provision for impairment as a result of risk issues.



## Section 5 Management Discussion and Analysis (Continued)

### **Impairment losses on assets**

Impairment losses on assets amounted to RMB374.69 million, representing a year-on-year increase of RMB282.95 million. Details are as follows:

*Unit: in RMB million*

Items	2024	2023	Increase/ (decrease) from last period Amount	Increase/ (decrease) from last period Percentage
<b>Impairment losses on assets</b>				
Margin financing	<b>9.46</b>	1.22	8.24	675.41%
Financial assets at fair value through other comprehensive income	<b>41.81</b>	12.41	29.40	236.91%
Financial assets held under resale agreements	<b>95.45</b>	10.67	84.78	794.56%
Debt investment measured at amortised cost	<b>(0.67)</b>	0.08	(0.75)	(937.50%)
Placements with a financial institution	<b>0.00</b>	34.54	(34.54)	(100.00%)
Other current assets	<b>228.64</b>	32.82	195.82	596.65%
<b>Total</b>	<b>374.69</b>	91.74	282.95	308.43%

Impairment losses on assets primarily included provision for impairment losses on financial assets at fair value through other comprehensive income and other current assets. Among which, impairment losses on financial assets at fair value through other comprehensive income during the Reporting Period were RMB41.81 million, impairment losses on financial assets held under resale agreements accrued during the Reporting Period were RMB95.45 million, and impairment losses on other current assets during the Reporting Period were RMB228.64 million.

## Section 5 Management Discussion and Analysis (Continued)

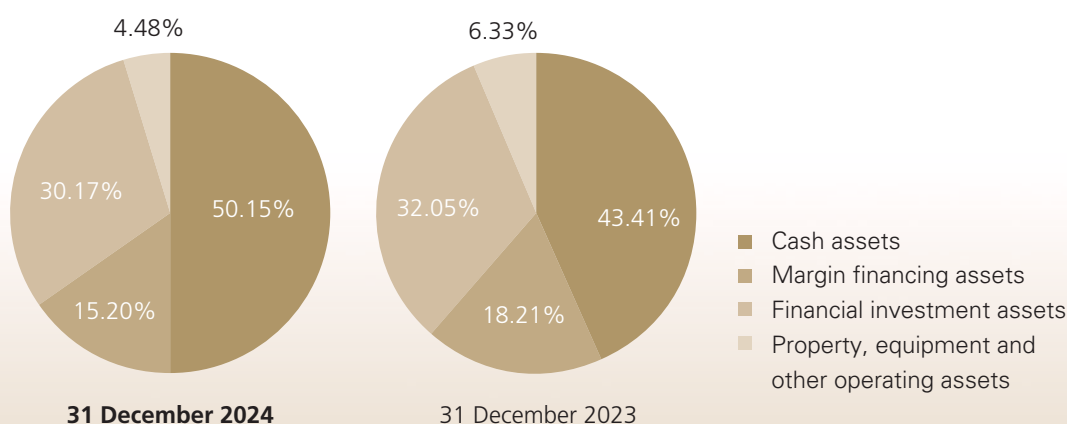
### 2. Assets

As at the end of the Reporting Period, total assets of the Group amounted to RMB39,981.08 million, representing a year-on-year increase of 28.13%, of which, cash assets amounted to RMB20,052.48 million, representing a year-on-year increase of 48.05%; margin financing assets amounted to RMB6,076.14 million, representing a year-on-year increase of 6.93%; financial investment assets amounted to RMB12,063.60 million, representing a year-on-year increase of 20.64%; and property, equipment and other operating assets amounted to RMB1,788.86 million, representing a year-on-year decrease of 9.50%. Changes in the total major assets of the Group are as follows:

Unit: in RMB million

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
<b>Total assets</b>				
Cash assets	<b>20,052.48</b>	13,544.40	6,508.08	48.05%
Margin financing assets	<b>6,076.14</b>	5,682.25	393.89	6.93%
Financial investment assets	<b>12,063.60</b>	9,999.29	2,064.31	20.64%
Property, equipment and other operating assets	<b>1,788.86</b>	1,976.71	(187.85)	(9.50%)
<b>Total</b>	<b>39,981.08</b>	31,202.65	8,778.43	28.13%

Total assets of the Group consist of:



## Section 5 Management Discussion and Analysis (Continued)

### Cash assets

As at the end of the Reporting Period, cash assets of the Group increased by RMB6,508.08 million or 48.05% year-on-year, representing 50.15% of the Group's total assets. The Group's cash assets consist of the following:

*Unit: in RMB million*

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
<b>Cash assets</b>				
Cash and bank balances (including cash held on behalf of brokerage clients)	<b>18,085.77</b>	11,827.32	6,258.45	52.92%
Clearing settlement funds	<b>964.24</b>	618.33	345.91	55.94%
Refundable deposits	<b>1,002.47</b>	1,098.75	(96.28)	(8.76%)
<b>Total</b>	<b>20,052.48</b>	13,544.40	6,508.08	48.05%

Changes in cash assets primarily were reflected in cash and bank balances (including cash held on behalf of brokerage clients). Cash and bank balances (including cash held on behalf of brokerage clients) increased by RMB6,258.45 million, representing an increase of 52.92%, which was mainly due to the increase in settlement funds for customer transactions as at the end of the Reporting Period.

## Section 5 Management Discussion and Analysis (Continued)

### **Margin financing assets**

As at the end of the Reporting Period, margin financing assets of the Group increased by RMB393.89 million or 6.93% year-on-year, representing 15.20% of the Group's total assets. The Group's margin financing assets consist of the followings:

*Unit: in RMB million*

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
<b>Margin financing assets</b>				
Margin accounts receivable	<b>5,840.30</b>	5,092.46	747.84	14.69%
Financial assets held under resale agreements	<b>152.88</b>	481.90	(329.02)	(68.28%)
Placements with a financial institution	<b>82.96</b>	107.89	(24.93)	(23.11%)
<b>Total</b>	<b>6,076.14</b>	5,682.25	393.89	6.93%

Margin financing assets amounted to RMB6,076.14 million, representing a year-on-year increase of 6.93%, which was mainly due to the increase in margin accounts receivable.

## Section 5 Management Discussion and Analysis (Continued)

### **Financial investment assets**

As at the end of the Reporting Period, financial investment assets of the Group increased by RMB2,064.31 million or 20.64% year-on-year, representing 30.17% of the Group's total assets. The following table sets forth the composition of the Group's financial investment assets:

*Unit: in RMB million*

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
<b>Financial investment assets</b>				
Debt investment at amortised cost	<b>0.00</b>	219.33	(219.33)	(100.00%)
Financial assets at fair value through other comprehensive income	<b>2,418.12</b>	2,125.47	292.65	13.77%
Financial assets at fair value through profit or loss	<b>9,645.48</b>	7,654.49	1,990.99	26.01%
<b>Total</b>	<b>12,063.60</b>	9,999.29	2,064.31	20.64%

## Section 5 Management Discussion and Analysis (Continued)

### ***Financial assets at fair value through profit or loss***

As at the end of the Reporting Period, the financial assets at fair value through profit or loss of the Group increased by RMB1,990.99 million or 26.01% year on year, representing 24.13% of the Group's total assets. The Group's financial assets at fair value through profit or loss consist of the following:

*Unit: in RMB million*

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
<b>Financial assets at fair value through profit or loss</b>				
Debt securities	<b>5,696.16</b>	5,407.10	289.06	5.35%
Equity securities	<b>1,734.03</b>	1,296.56	437.47	33.74%
Investment funds	<b>1,839.49</b>	807.12	1,032.37	127.91%
Asset management plan	<b>342.02</b>	87.96	254.06	288.84%
Trust schemes	<b>33.78</b>	55.75	(21.97)	(39.41%)
<b>Total</b>	<b>9,645.48</b>	7,654.49	1,990.99	26.01%

## Section 5 Management Discussion and Analysis (Continued)

### ***Property, equipment and other operating assets***

As at the end of the Reporting Period, property, equipment and other operating assets of the Group amounted to RMB1,788.86 million, decreasing by RMB187.85 million or 9.50% year on year, representing 4.48% of the Group's total assets. The following table sets forth the composition of the Group's property, equipment and other operating assets for the dates indicated:

*Unit: in RMB million*

<b>Items</b>	<b>31 December 2024</b>	<b>31 December 2023</b>	<b>Increase/ (decrease) from the end of last period amount</b>	<b>Increase/ (decrease) from the end of last period percentage</b>
<b>Property, equipment and other operating assets</b>				
Property and equipment, investment properties and right-of-use assets	<b>424.27</b>	500.13	(75.86)	(15.17%)
Goodwill	<b>43.74</b>	43.74	0.00	0.00%
Intangible assets	<b>161.62</b>	168.49	(6.87)	(4.08%)
Deferred tax assets	<b>708.01</b>	792.05	(84.04)	(10.61%)
Other current assets and other non-current assets	<b>451.22</b>	472.30	(21.08)	(4.46%)
<b>Total</b>	<b>1,788.86</b>	1,976.71	(187.85)	(9.50%)

## Section 5 Management Discussion and Analysis (Continued)

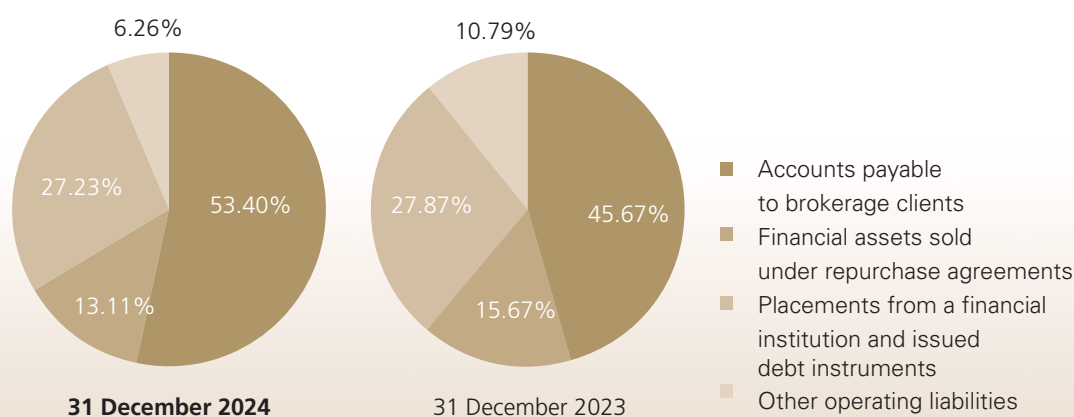
### 3. Liabilities

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB31,274.06 million, representing a year-on-year increase of RMB8,261.47 million or 35.90%. As at the end of the Reporting Period, accounts payable to brokerage clients amounted to RMB16,700.62 million, representing a year-on-year increase of 58.90%. Financial assets sold under repurchase agreements amounted to RMB4,099.60 million, representing a year-on-year increase of 13.66%, mainly due to the increase in the size of pledged repurchase. Placements from financial institution and debt instruments issued amounted to RMB8,514.90 million, representing a year-on-year increase of 32.78%. Major changes in the Group's total liabilities are as follows:

Unit: in RMB million

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
<b>Liabilities</b>				
Accounts payable to brokerage clients	<b>16,700.62</b>	10,510.13	6,190.49	58.90%
Financial assets sold under repurchase agreements	<b>4,099.60</b>	3,607.03	492.57	13.66%
Placements from financial institution and issued debt instruments	<b>8,514.90</b>	6,412.64	2,102.26	32.78%
Other operating liabilities	<b>1,958.94</b>	2,482.79	(523.85)	(21.10%)
<b>Total</b>	<b>31,274.06</b>	23,012.59	8,261.47	35.90%

The Group's total liabilities consist of:





## Section 5 Management Discussion and Analysis (Continued)

### *Placements from financial institution and debt instruments*

*Unit: in RMB million*

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
<b>Placements from financial institution and issued debt instruments</b>				
Placements from financial institution	<b>2,700.00</b>	2,100.00	600.00	28.57%
Debt instruments	<b>5,814.90</b>	4,312.64	1,502.26	34.83%
<b>Total</b>	<b>8,514.90</b>	6,412.64	2,102.26	32.78%

Placements from financial institution increased by RMB600 million year-on-year, primarily attributable to the increase in the loans of the Company from other financial institutions during the year. Debt instruments increased by RMB1,502.26 million year-on-year, primarily attributable to the issuance of beneficiary certificates.

## Section 5 Management Discussion and Analysis (Continued)

### *Other operating liabilities*

*Unit: in RMB million*

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
<b>Other operating liabilities</b>				
Staff welfare payables	<b>468.30</b>	489.47	(21.17)	(4.33%)
Contract liabilities	<b>0.12</b>	0.15	(0.03)	(20.00%)
Lease liabilities	<b>113.25</b>	166.15	(52.90)	(31.84%)
Other liabilities	<b>1,377.26</b>	1,827.01	(449.75)	(24.62%)
Deferred tax liabilities	<b>0.01</b>	0.01	0.00	0.00%
<b>Total</b>	<b>1,958.94</b>	2,482.79	(523.85)	(21.10%)

Other liabilities decreased by RMB449.75 million, representing a year-on-year decrease of 24.62%, which was mainly due to the decrease in third-party interests in consolidated asset management schemes and provision of compensation.

## Section 5 Management Discussion and Analysis (Continued)

### 4. Equity items

As at the end of the Reporting Period, total equity of the Group amounted to RMB8,707.02 million, representing a year-on-year increase of 6.31%, primarily attributable to the increase in profit of the Company and the increase in minority shareholders' shareholdings in subsidiaries. The following table sets forth the composition of the Group's equity for the dates indicated:

*Unit: in RMB million*

Items	31 December 2024	31 December 2023	Increase/ (decrease) from the end of last period amount	Increase/ (decrease) from the end of last period percentage
Share capital	<b>2,604.57</b>	2,604.57	0.00	0.00%
Share premium	<b>1,665.24</b>	1,665.24	0.00	0.00%
Reserve	<b>4,025.72</b>	3,783.61	242.11	6.40%
Non-controlling interests	<b>411.49</b>	136.64	274.85	201.15%
<b>Total</b>	<b>8,707.02</b>	8,190.06	516.96	6.31%

## Section 5 Management Discussion and Analysis (Continued)

### 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.

The Group has five principal business lines: (i) brokerage and wealth management, (ii) investment banking, (iii) investment management, (iv) proprietary trading, and (v) others. The following discussions of the Group's segment revenue and other income, segment expenses and segment results include the Group's inter-segment revenue and inter-segment expenses.

The following table sets forth the Group's segment revenue and other income (including inter-segment revenue) for the years indicated:

*Unit: in RMB million*

Items	2024		2023	
	Amount	Percentage	Amount	Percentage
Brokerage and wealth management	<b>1,651.81</b>	<b>59.29%</b>	1,501.49	59.74%
Investment Banking	<b>141.86</b>	<b>5.09%</b>	213.48	8.49%
Proprietary trading	<b>660.39</b>	<b>23.70%</b>	300.12	11.94%
Investment management	<b>279.57</b>	<b>10.03%</b>	449.85	17.90%
Others	<b>52.58</b>	<b>1.89%</b>	48.37	1.93%
<b>Total</b>	<b>2,786.21</b>	<b>100.00%</b>	2,513.31	100.00%

## Section 5 Management Discussion and Analysis (Continued)

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

*Unit: in RMB million*

Items	2024		2023	
	Amount	Percentage	Amount	Percentage
Brokerage and wealth management	1,395.22	52.81%	1,336.84	53.55%
Investment Banking	120.24	4.55%	184.13	7.38%
Proprietary trading	324.01	12.27%	288.35	11.55%
Investment management	534.92	20.25%	472.50	18.93%
Others	267.35	10.12%	214.83	8.59%
<b>Total</b>	<b>2,641.74</b>	<b>100.00%</b>	<b>2,496.65</b>	<b>100.00%</b>

The following table sets forth the Group's segment operating profit/(loss) (including inter-segment profit) for the years indicated:

*Unit: in RMB million*

Items	2024		2023	
	Amount	Percentage	Amount	Percentage
Brokerage and wealth management	256.59	177.61%	164.65	988.30%
Investment Banking	21.62	14.97%	29.35	176.17%
Proprietary trading	336.38	232.84%	11.77	70.65%
Investment management	(255.35)	(176.75%)	(22.65)	(135.95%)
Others	(214.77)	(148.67%)	(166.46)	(999.17%)
<b>Total</b>	<b>144.47</b>	<b>100.00%</b>	<b>16.66</b>	<b>100.00%</b>

## Section 5 Management Discussion and Analysis (Continued)

### (VIII) Contingent Liability, Capital Commitment and Other Commitment

Please refer to Note 54 to the consolidated financial statements in this report for particulars of contingent liability.

Please refer to Note 52 to the consolidated financial statements in this report for particulars of capital commitment and other commitment.

Please refer to the sub-section headed “VI. Material Assets Disposal, Acquisition, Merger, Division, External Guarantee, Mortgage, Pledge and Material Contingent Liabilities” under Section 5 “Management Discussion and Analysis” for particulars of the Group’s mortgaged assets as at 31 December 2024.

## IV. CHANGES IN BRANCHES AND SUBSIDIARIES AND IMPACT ON RESULTS

### (I) Branches of the Company

#### 1. Establishment of and changes in securities branches

##### (1) Newly-established securities branches

None in the Reporting Period.

## Section 5 Management Discussion and Analysis (Continued)

### (2) Relocation of securities branches

During the Reporting Period, 21 securities branches of the Company were relocated, details of which are as follows:

No.	Name of securities branch before relocation	Name of securities branch after relocation	Address of securities branch after relocation (PRC)
1	Hengtai Securities Co., Ltd. Shanghai Wusong Road Securities Branch (恒泰证券股份有限公司上海吴淞路證券營業部)	Hengtai Securities Co., Ltd. Shanghai Hailun Road Securities Branch (恒泰证券股份有限公司上海海倫路證券營業部)	Unit 03 & 04, 22/F, No.440 Helen Road, Hongkou District, Shanghai (上海市虹口區海倫路440號22層03、04單元)
2	Hengtai Securities Co., Ltd. Beijing Guanghua Road Securities Branch (恒泰证券股份有限公司北京光華路證券營業部)	Hengtai Securities Co., Ltd. Beijing Jianguo Road Securities Branch (恒泰证券股份有限公司北京建國路證券營業部)	No.1105, 10/F, No.10 Building, No.93 Jianguo Road, Chaoyang District, Beijing (北京市朝陽區建國路93號院10號樓10層1105號)
3	Hengtai Securities Co., Ltd. Hangzhou Xixi Road Securities Branch (恒泰证券股份有限公司杭州西溪路證券營業部)	Hengtai Securities Co., Ltd. Hangzhou Minhe Road Securities Branch (恒泰证券股份有限公司杭州民和路證券營業部)	Rooms 2810–2811, 28/F, Zhongke Baosheng Science and Technology Park, Building 1, Baosheng Century Centre, No. 800 Minhe Road, Yingfeng Street, Xiaoshan District, Hangzhou, Zhejiang (浙江省杭州市蕭山區盈豐街道民和路800號寶盛世紀中心1幢中科寶盛科技園28層2810–2811室)
4	Hengtai Securities Co., Ltd. Shanghai Shaanxi North Road Securities Branch (恒泰证券股份有限公司上海陝西北路證券營業部)	Hengtai Securities Co., Ltd. Shanghai Shaanxi North Road Securities Branch (恒泰证券股份有限公司上海陝西北路證券營業部) <sup>1</sup>	Rooms 2403, 2405 & 2406, No. 1438 Shaanxi North Road, Putuo District, Shanghai (上海市普陀區陝西北路1438號2403、2405、2406室)
5	Hengtai Securities Co., Ltd. Dongguan Dongcheng Yingbin Road Securities Branch (恒泰证券股份有限公司東莞東城迎賓路證券營業部)	Hengtai Securities Co., Ltd. Dongguan Nancheng Hongbei Road Securities Branch (恒泰证券股份有限公司東莞南城宏北路證券營業部)	Room 317, No. 8, Huijin Fourth Street, Nancheng Street, Dongguan City, Guangdong (廣東省東莞市南城街道匯金四街8號317室)
6	Hengtai Securities Co., Ltd. Changsha Xiaoxiang North Road Securities Branch (恒泰证券股份有限公司長沙瀟湘北路證券營業部)	Hengtai Securities Co., Ltd. Changsha Xiaoxiang North Road Securities Branch (恒泰证券股份有限公司長沙瀟湘北路證券營業部) <sup>1</sup>	No. 1102–1101, Dingheng Building, No. 20 Chazishan East Road, Yuelu District, Changsha City, Hunan (湖南省長沙市嶽麓區茶子山東路20號鼎衡大廈1102–1101)

## Section 5 Management Discussion and Analysis (Continued)

No.	Name of securities branch before relocation	Name of securities branch after relocation	Address of securities branch after relocation (PRC)
7	Hengtai Securities Co., Ltd. Beijing Financial Street Second Securities Branch (恒泰证券股份有限公司北京金融大街第二證券營業部)	Hengtai Securities Co., Ltd. Beijing Deshengmenwai Street Securities Branch (恒泰证券股份有限公司北京德勝門外大街證券營業部)	301, 3/F, No. 83, Deshengmenwai Street, Xicheng District, Beijing (北京市西城區德勝門外大街83號3層301)
8	Hengtai Securities Co., Ltd. Beijing Guang'anmenwai Street Securities Branch (恒泰证券股份有限公司北京廣安門外大街證券營業部)	Hengtai Securities Co., Ltd. Beijing Guang'anmennei Street Securities Branch (恒泰证券股份有限公司北京廣安門內大街證券營業部)	Rooms 1128, 1105, 1106, 1107 & 1109, 11th Floor, No. 338 Guang'anmennei Street, Xicheng District, Beijing (北京市西城區廣安門內大街338號11層1128、1105、1106、1107、1109室)
9	Hengtai Securities Co., Ltd. Nanning Minzu Avenue Securities Branch (恒泰证券股份有限公司南寧民族大道證券營業部)	Hengtai Securities Co., Ltd. Nanning Minzu Avenue Securities Branch (恒泰证券股份有限公司南寧民族大道證券營業部) <sup>1</sup>	Office Nos. 403, 405 and 406, 4/F, Tianlong Fortune Center, No. 180 Minzu Avenue, Qingxiu District, Nanning City, Guangxi Zhuang Autonomous Region (廣西壯族自治區南寧市青秀區民族大道180號天龍財富中心四層403、405、406號辦公)
10	Hengtai Securities Co., Ltd. Shenzhen Fuhua First Road Securities Branch (恒泰证券股份有限公司深圳福華一路證券營業部)	Hengtai Securities Co., Ltd. Shenzhen OCT Tower Securities Branch (恒泰证券股份有限公司深圳華僑城證券營業部)	1305, Block A, OCT Tower, No. 9018 Shennan Avenue, Zhongxin Street Community, Shahe Street, Nanshan District, Shenzhen, Guangdong Province (深圳市南山區沙河街道中新街社區深南大道9018號華僑城大廈A座1305)
11	Hengtai Securities Co., Ltd. Zhalantun Fanrong Street Securities Branch (恒泰证券股份有限公司紮蘭屯繁榮街證券營業部)	Hengtai Securities Co., Ltd. Zhalantun Fanrong Street Securities Branch (恒泰证券股份有限公司紮蘭屯繁榮街證券營業部) <sup>1</sup>	Office area on the third floor of No. 01005, Building No. 4, Commercial Service, Runtengjiayuan Phase III, Xinfengju, Fanrongban, Zhalantun, Hulunbeir, Inner Mongolia (內蒙古自治區呼倫貝爾市紮蘭屯市繁榮辦新風居潤騰家園三期4號樓商服01005號三層辦公區)



## Section 5 Management Discussion and Analysis (Continued)

No.	Name of securities branch before relocation	Name of securities branch after relocation	Address of securities branch after relocation (PRC)
12	Hengtai Securities Co., Ltd. Chifeng Pingzhuanghahe Street Securities Branch (恒泰证券股份有限公司赤峰平莊哈河街證券營業部)	Hengtai Securities Co., Ltd. Chifeng Pingzhuanghahe Street Securities Branch (恒泰证券股份有限公司赤峰平莊哈河街證券營業部) <sup>1</sup>	#Subbuilding-0-DT02-1, Xintiandi District, Pingzhuang Xicheng Street, Yuanbaoshan District, Chifeng City, Inner Mongolia(內蒙古自治區赤峰市元寶山區平莊西城街道新天地小區2#副樓-0-DT02-1)
13	Hengtai Securities Co., Ltd. Shanghai Quyang Road Securities Branch (恒泰证券股份有限公司上海曲陽路證券營業部)	Hengtai Securities Co., Ltd. Shanghai Feihong Road Securities Branch (恒泰证券股份有限公司上海飛虹路證券營業部)	Rooms 1911–1914, 19/F (nominal floor), Building 2, No. 118 Feihong Road, Hongkou District, Shanghai (上海市虹口區飛虹路118號2號樓19樓(名義樓層)1911–1914室)
14	Hengtai Securities Co., Ltd. Xi'an Keji 2nd Road Securities Branch (恒泰证券股份有限公司西安科技二路證券營業部)	Hengtai Securities Co., Ltd. Xi'an Keji 4th Road Securities Branch (恒泰证券股份有限公司西安科技四路證券營業部)	Room 08, 34/F, T3 Office Building, Gaoxin Xintiandi, No. 35 Tuanjie South Road, Hi-tech District, Xi'an, Shaanxi (陝西省西安市高新區團結南路35號高新新天地T3寫字樓34層08室)
15	Hengtai Securities Co., Ltd. Guangzhou Tianhe North Road Securities Branch (恒泰证券股份有限公司廣州天河北路證券營業部)	Hengtai Securities Co., Ltd. Guangzhou Tianrun Road Securities Branch (恒泰证券股份有限公司廣州天潤路證券營業部)	112, No. 96 Tianrun Road, Tianhe District, Guangzhou, Guangdong (廣東省廣州市天河區天潤路96號112)
16	Hengtai Securities Co., Ltd. Taiyuan Pingyang Road Securities Branch (恒泰证券股份有限公司太原平陽路證券營業部)	Hengtai Securities Co., Ltd. Taiyuan Nanzhonghuan Street Securities Branch (恒泰证券股份有限公司太原南中環街證券營業部)	No. 1207, 12th Floor, Block B, No. 455 South Zhonghuan Street, Xuefu Industrial Park, Shanxi Transformation Comprehensive Reform Demonstration Zone, Shanxi Province Hengtai Securities Co., Ltd. Shenzhen Longcheng Avenue Securities Branch (山西省山西轉型綜合改革示範區學府產業園南中環街455號1幢B座12層1207號)

## Section 5 Management Discussion and Analysis (Continued)

No.	Name of securities branch before relocation	Name of securities branch after relocation	Address of securities branch after relocation (PRC)
17	Hengtai Securities Co., Ltd. Beijing Jiancaicheng West Road Securities Branch (恒泰证券股份有限公司北京建材城西路證券營業部)	Hengtai Securities Co., Ltd. Beijing Yayuncun Securities Branch(恒泰证券股份有限公司北京亞運村證券營業部)	No.1603 and No.1605, Room 1601, 16th Floor, No. 1 Building, No. 8 Beichen East Road, Chaoyang District, Beijing (北京市朝陽區北辰東路8號院1號樓16層1601內1603、1605號)
18	Hengtai Securities Co., Ltd. Erdos Xuejiawan Junggar Road Securities Branch (恒泰证券股份有限公司鄂爾多斯薛家灣准格爾路證券營業部)	Hengtai Securities Co., Ltd. Erdos Xuejiawan Wulan Road Securities Branch (恒泰证券股份有限公司鄂爾多斯薛家灣烏蘭路證券營業部)	3/F, Shopping Center, Wulan District, Tabei District, Lantian Street, Zhunger Banner, Erdos City, Inner Mongolia (內蒙古自治區鄂爾多斯市準格爾旗藍天街道鐵北區烏蘭小區商場三樓)
19	Hengtai Securities Co., Ltd. Qingdao Securities Branch (恒泰证券股份有限公司青島證券營業部)	Hengtai Securities Co., Ltd. Qingdao Securities Branch (恒泰证券股份有限公司青島證券營業部) <sup>1</sup>	Unit 101, Unit 1, No.7 Building, No.1B, Haier Road, Laoshan District, Qingdao, Shandong Province (山東省青島市嶗山區海爾路1號乙7號樓1單元101戶)
20	Hengtai Securities Co., Ltd. Ningbo Yongjiang Avenue Securities Branch (恒泰证券股份有限公司寧波甬江大道證券營業部)	Hengtai Securities Co., Ltd. Ningbo Jingjia Road Securities Branch (恒泰证券股份有限公司寧波驚駕路證券營業部)	15-8, No.565, Jingjia Road, Yinzhou District, Ningbo City, Zhejiang (浙江省寧波市鄞州區驚駕路565號15-8)
21	Hengtai Securities Co., Ltd. Rui'an Gongruishan Road Securities Branch (恒泰证券股份有限公司瑞安拱瑞山路證券營業部)	Hengtai Securities Co., Ltd. Rui'an Gongruishan Road Securities Branch (恒泰证券股份有限公司瑞安拱瑞山路證券營業部) <sup>1</sup>	No.422, 424 Gongruishan Road, Anyang Street, Rui'an, Zhejiang (浙江省瑞安市安陽街道拱瑞山路422、424號)

*Note:*

1. Name of the securities branches remained unchanged after relocation.

## Section 5 Management Discussion and Analysis (Continued)

### (3) Deregistration of securities branches

During the Reporting Period, according to the Company's development strategy, in order to further optimize the distribution of business outlets, a total of 1 securities branch completed the deregistration, details of which are as follows:

No.	Name of securities branch	Region (PRC)
1	Hengtai Securities Co., Ltd. Shaoxing Jiefang Avenue Securities Branch (恒泰证券股份有限公司绍兴解放大道证券营业部)	Shaoxing, Zhejiang

### 2. Establishment of new branch offices and changes in branch offices

The establishment of new branch offices and changes in branch offices during the Reporting Period are set out below:

In order to further expand the scale of the Company's brokerage business in the Beijing region, enhance the regional brand influence and co-ordinate regional resources, the Company decided to establish the Beijing Branch. The Beijing Branch obtained its business licence on 8 May 2024 and securities and business operation licence on 24 July 2024.

Hengtai Securities Co., Ltd. Jinan West Road of Yanzi Mountain Securities Branch (恒泰证券股份有限公司济南燕子山西路证券营业部) was upgraded to Hengtai Securities Co., Ltd. Shandong Branch. On 19 December 2024, Shandong Branch obtained the business licence. On 3 January 2025, Shandong Branch obtained the securities and business operation licence.

## Section 5 Management Discussion and Analysis (Continued)

### (II) Subsidiaries of the Company

The changes in major subsidiaries during the Reporting Period are set out below:

On 7 June 2024, Hengtai Capital completed the registration of industrial and commercial change of registered address to “Building 4-323, Hengsheng Plaza, North of Helan Road, East of Europe Road, Tianjin Free Trade Pilot Zone (Dongjiang Free Trade Zone) (天津自貿試驗區(東疆綜合保稅區)) (custody No. 918 of Tianjin Quanxinquanyi Business Secretary Service Co., Ltd., No. 918) (天津全新全意商務秘書服務有限公司託管第918號)”.

On 10 December 2024, New China Fund completed the registration of industrial and commercial change of legal representative to Mr. Yin Guohong.

### (III) Impact on Results

During the Reporting Period, the Company decided to establish two branches in Beijing and Shandong. The establishment of the branch offices is conducive to co-ordinating regional resources, strengthening regional management, enhancing regional business development capabilities, reducing management radius, lowering operating costs and effectively controlling business risks, so as to increase the scale of the brokerage business and increase the Company’s business revenue.

## Section 5 Management Discussion and Analysis (Continued)

### V. MAJOR INVESTMENT AND FINANCING

#### (I) Equity Financing

None in the Reporting Period.

#### (II) Major Debt Financing

##### 1. Issuance of corporate bonds

In 2024, the Company did not issue any corporate bonds. As at 31 December 2024, the outstanding balance of the corporate bonds amounted to RMB1,950 million.

##### 2. Issuance of beneficiary certificates

In 2024, the Company raised a total of RMB3,081 million through issuing beneficiary certificates. As at 31 December 2024, the outstanding balance of the beneficiary certificates amounted to RMB2,420 million. Details of beneficiary certificates issued by the Company in 2024 are set out below:

Name	Size of the Issuance (RMB'00 million)	Interest rate	Term (days)	Issue date	Maturity date
Hengchuangtaifu No. 49	4.00	3.30%	363	2024-01-26	2025-01-23
Hengchuangtaifu No. 50	4.00	3.25%	363	2024-01-26	2025-01-23
Hengfu No. 35	0.40	3.30%	364	2024-02-08	2025-02-06
Hengfu No. 36	0.61	2.47%	160	2024-05-24	2024-10-31
Hengchuangtaifu No. 51	3.00	2.38%	103	2024-06-27	2024-10-08
Hengchuangtaifu No. 52	4.00	2.79%	187	2024-08-02	2025-02-05
Hengchuangtaifu No. 53	3.00	2.38%	120	2024-08-06	2024-12-04
Hengfu No. 38	0.50	2.60%	185	2024-08-30	2025-03-03
Hengchuangtaifu No. 54	2.60	2.90%	365	2024-09-24	2025-09-24
Hengfu No. 39	0.30	2.80%	365	2024-09-25	2025-09-25
Hengfu No. 40	0.10	2.90%	365	2024-09-25	2025-09-25
Hengchuangtaifu No. 55	2.00	2.85%	365	2024-10-17	2025-10-17
Hengchuangtaifu No. 56	3.00	2.95%	273	2024-10-23	2025-07-23
Hengchuangtaifu No. 57	0.30	2.85%	364	2024-10-25	2025-10-24
Hengchuangtaifu No. 58	3.00	2.50%	97	2024-12-17	2025-03-24

## Section 5 Management Discussion and Analysis (Continued)

### 3. Issuance of subordinated bonds

In 2024, the Company did not issue any subordinated bonds. As at 31 December 2024, the outstanding balance of the subordinated bonds amounted to RMB1,500 million.

### (III) Equity Investment

During the Reporting Period, the Company's equity investments were as follows:

1. On 25 December 2024, the resolution regarding the "Resolution in relation to the Capital Increase in New China Fund Management Co., Ltd.\* and Related Party (Connected) Transactions" was considered and approved at the 19th extraordinary meeting of the fifth session of the Board, it was agreed that the Company would increase capital in New China Fund at a price of RMB1.95 per share. The Company subscribed for the new registered capital of New China Fund in the amount of RMB205,128,205 by way of cash contribution, with a total investment of RMB399,999,999.75; and Huarong Zonghe Investment subscribed for the new registered capital of New China Fund in the amount of RMB205,128,205 by way of cash contribution, with a total investment of RMB399,999,999.75. Upon completion of the capital increase, the registered capital of New China Fund increased from RMB217,500,000 to RMB627,756,410, and the Company's shareholding percentage in New China Fund changed from 58.62% to 52.99%. On 10 March 2025, New China Fund completed the change in the industrial and commercial registration of its registered capital to RMB627,756,410.
2. On 25 December 2024, the resolution regarding the "Capital Increase in Hengtai Futures Co., Ltd." was considered and approved at the 19th extraordinary meeting of the fifth session of the Board, it was agreed that the Company would increase its capital in Hengtai Futures at a price of RMB1.65 per share. The total amount of capital increase to Hengtai Futures was RMB299,970,000, which will be completed in two stages, with the first capital increase in the amount of RMB170,000,000 completed by the end of 2024; and the second capital increase in the amount of RMB129,970,000 to be completed at an opportune time during 2025. For the first capital increase, the Company subscribed for the new registered capital of Hengtai Futures in the amount of RMB97,981,800 by way of cash contribution, with a total investment of RMB161,670,000; and Hengtai Pioneer subscribed for the new registered capital of Hengtai Futures in the amount of RMB5,048,500 by way of cash contribution, with a total investment of RMB8,330,000. The registered capital of Hengtai Futures increased from RMB125,000,000 to RMB228,030,300. The shareholding ratio of Hengtai Futures remains unchanged, i.e. the Company holds 95.10% and Hengtai Pioneer holds 4.90%. On 24 January 2025, Hengtai Futures completed the change in industrial and commercial registration of its registered capital to RMB228,030,300.

## Section 5 Management Discussion and Analysis (Continued)

### VI. MATERIAL ASSETS DISPOSAL, ACQUISITION, MERGER, DIVISION, EXTERNAL GUARANTEE, MORTGAGE, PLEDGE AND MATERIAL CONTINGENT LIABILITIES

Save for the matters stated above in IV and V under this Section 5 “Management Discussion and Analysis”, the Company had no other material assets disposal, acquisition, merger, division or reorganization of other companies. During the Reporting Period, there was no material contingent liabilities that may affect the Company’s financial position and operating results.

During the Reporting Period, the Company’s external guarantee, mortgage and pledge are as follows:

On 21 September 2023, Finance Street Investment (as guarantor), the Company (as counter-guarantor) and New China Fund (as debtor) entered into the Counter-Guarantee Agreement, particulars of which are set out in the sub-section headed “IV. Connected Transactions” under Section 7 “Other Material Particulars” in this report. Pursuant to the Counter-Guarantee Agreement, the Company shall mortgage or pledge the following assets of the Company to Finance Street Investment as security in relation to the Guaranteed Amount to be guaranteed by Finance Street Investment in accordance with the Implementation Settlement Agreement, the Guarantee Agreement and the Guarantee Letter:

1. an immovable property, being a residential property of the Company located at Unit 1, Building 2, Block 6, Dongjing Road, Xicheng District, Beijing, with a gross floor area of 1,658.56 square meters and an appraisal value of approximately RMB130 million. It is currently leased to an individual, being an independent third party;
2. an immovable property, being the Manshi Shangdu Office and Commercial Complex Building of the Company located at Hailar East Street, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region, with a gross floor area of 15,106.98 square meters and an appraisal value of approximately RMB120 million. It is currently used by the Company as its office; and
3. 50% equity and derivative interest of Hengtai Changcai (a wholly-owned subsidiary of the Company) with an appraisal value of approximately RMB550 million (being 50% of approximately RMB1,100 million).

The period of Counter-Guarantee shall be 2 years from the date when Finance Street Investment actually assumes its guarantee obligations.

## Section 5 Management Discussion and Analysis (Continued)

### VII. BUSINESS INNOVATION AND ITS IMPACT AND RISK CONTROL

#### (I) Business Innovation and its Impact

During the Reporting Period, the Company actively developed new business and management models in order to seize market opportunities and business transformation prospects and advance the high-quality development of its various business segments. In the securities brokerage business, the Company promoted the implementation of a digital operational system, actively upgraded customer service models and innovated user operation models, and established a technology-enabled platform-based advisory wealth management model to enhance competitiveness. In the futures brokerage business, the Company focused on strengthening its advantages in key regions, with accumulated expertise in innovative businesses to expand its financial institution business, and continuously improved its refined management capabilities. In the investment banking business, the Company continued to strengthen its core capabilities in research, value discovery, transaction design, and integration facilitation, aiming to build a full-service investment banking chain. In the asset management business, the Company resolved to be improving institutional safeguards and comprehensive risk control processes, enriching its asset management product line, expanding market channels and collaborative innovation, and thus driving the growth of its business scale.

#### (II) Risk Control of Business Innovation

The Company formulated the New Business and New Products Risk Management Measures of Hengtai Securities Co., Ltd. (《恒泰证券股份有限公司新業務和新產品風險管理辦法》) and other internal control systems to integrate innovative businesses into the comprehensive risk management system. Under the premise of compliance, the Company followed the principle of “system first, prudent evaluation and steady development” to promote the carrying out of innovative businesses. The business department of the Company is the primary responsible person for the risk management of innovative businesses. Through intervening in major business processes, the risk management department controlled key risk points, achieving the overall management and control of the risks relating to innovative businesses at the Company level.

The Company strengthened pre-management of risks relating to new businesses by adhering to its risk preference and risk quota management, improving the construction of risk monitoring system, deepening stress test mechanism, promoting new project review quality and evaluation and ensuring the independence of risk review opinions. The Company continued to promote the development of a comprehensive risk management system, and improved the risk management relating to the innovative businesses by establishing and perfecting the mechanism for risk identification, evaluation, monitoring and control from the perspectives of credit risk, market risk, liquidity risk, operational risk and reputational risk.



## Section 5 Management Discussion and Analysis (Continued)

### (III) Prospects of Business Innovation

In 2025, the Company will adopt a sustainable mindset to build its business models, striving for excellence and strength through continuous business innovation, leveraging the synergies of its full business chain and implementing group-based operations. With the goal of enhancing the Company's medium- and long-term core competitiveness, the Company will strengthen business capability accumulation and brand cultivation to achieve high-quality business development, which will be reflected in the following aspects:

1. In terms of the securities brokerage business, leveraging its comprehensive full business chain, the Company will further optimize its revenue structure, client structure, and trading structure, increase investment in innovative businesses, and actively promote the diversified development of brokerage services. The Company will deeply explore the needs of target customer groups, thoroughly implement a customer-centric business philosophy, continuously improve the investment advisory service system, enhance technology empowerment for investment advisors, and comprehensively upgrade the investment advisory service framework.
2. In terms of the proprietary business, the Company will adhere to a long-term investment approach, carefully select investment targets and flexibly adjust portfolio allocations based on market changes. The Company will actively track investment opportunities in the Hong Kong stock market and participate in these opportunities through ETF investments at appropriate times and levels. The Company will continue to strengthen macroeconomic and policy analysis, increase allocations to fixed-income assets, expand the scope of fixed-income business, and ensure sustained and stable business development.
3. In terms of the investment banking business, focusing on national strategies and client needs, the Company will focus on industries such as new energy, new technology, and high-end manufacturing, intensifying industry research and client market analysis to strategically position its business. The Company will also engage in in-depth interactions with local industrial platforms to gradually uncover business opportunities across regions. The investment banking business will strive to create a synergistic effect, building a comprehensive service system that integrates investment, financing, and research to provide clients with more holistic and high-quality investment banking services.
4. In terms of the asset management business, the Company will adopt a dual-drive strategy centered on asset securitization and fixed-income products, strategically positioning "fixed income + equity" products by taking advantage of the favorable opportunities presented by the standardized development of the capital market. The Company will steadily expand its scale, continuously deliver performance for investors, and build Hengtai Securities into an outstanding asset management brand.

## Section 5 Management Discussion and Analysis (Continued)

5. In terms of the futures business, the Company will focus on expanding its financial institution business, strengthen its advantages in key regions and industrial sectors, and solidify its core brokerage business. At the same time, the Company will enhance its accumulation of innovative businesses, continuously improve refined management capabilities, and comprehensively elevate the quality and efficiency of its development.

### VIII. RISK FACTORS AND COUNTERMEASURES

#### (I) Credit Risk

Credit risk is the possibility of loss caused by our counterparty's failure to perform a contract or a change in its credit rating or ability to perform. Credit risk of the Company is mainly generated from two aspects: (i) financing business such as margin financing and securities lending and stock pledged repurchase transaction; and (ii) proprietary credit bond and other investment business.

Credit risk from financing activities can be controlled by (i) carrying out credit application and collateral risk grading for clients via the credit rating system and the risk stock layering system; and (ii) continuously managing the risk potentials in the process of business development through client suitability management, margin translation, daily mark to market, risk reminders and forced liquidation of client's positions. Credit risks from investment business can be managed by establishing internal credit rating, blacklist and whitelist mechanism, credit management, daily risk monitoring, risk monitoring indicator limit, identification of the same customer and other measures.

#### (II) Market Risk

Market risk refers to risk of unexpected potential value losses of the financial assets held by the Company resulting from adverse changes in securities price, interest rate and exchange rate. In particular, risk of adverse price fluctuations refers to the risk that the stock market may fluctuate and cause the prices of stocks and other securities products to change, which may incur losses for the Company. Interest rate risk refers to the risk of loss to the Company arising from changes in market interest rates and credit spread that could result in changes in the prices of bonds and other fixed-income securities. Exchange rate risk refers to possibility that the Company may incur losses due to changes in exchange rates during operating activities involving possession or use of foreign exchanges. Market risk of the Company mainly derives from proprietary businesses including equity securities investment, fixed income securities investment, financial derivatives investment and NEEQ market making business.

## Section 5 Management Discussion and Analysis (Continued)

Market risk is mainly managed by the Company through implementation of limit management, securities pool system, daily mark to market, stress test, monitoring and warning, stop-loss, risk hedge, risk report and other systems and measures. Based on risk tolerance preferences, the Company sets the annual overall limits of market risk for proprietary businesses which are decomposed and assigned to the respective business departments level by level. The Company has established a market risk indicator system including Value at Risk (VaR), Dollar Value of All 01 (DV01) and Max Drawdown. The risk management department conducts a daily monitoring over the proprietary position risk and regularly carries out stress test to estimate the losses under extreme circumstances and timely make risk warning and urge relevant business department to handle it when the risk control indicator exceeds the warning threshold.

### **(III) Liquidity Risk**

Liquidity risk refers to risk where the Company fails to obtain sufficient funds in time at reasonable costs in order to repay mature debts, fulfill other payment obligations and satisfy the funding needs for carrying on normal business. The financial management department of the Company takes the lead in liquidity risk management. The Company constantly monitors Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and other liquidity risk control indicators and conducts semi-annual liquidity risk stress tests through which its liquidity risk level under the extreme circumstance is evaluated and the risk emergency plans are established. The Company has set threshold values for liquidity risk control indicators, and a risk warning will be sent to the relevant department of the Company based on the monitoring of the indicators. The Company monitors and analyzes the matching of the Company's assets and liabilities from various time periods under both normal and stressed situations, the diversification and stability of the Company's capital resources, the capability of high-quality liquid assets and market liquidity and at the same time strengthens the management of the Company's liquidity during operating hours and makes reasonable arrangements for financing activities to maintain adequate intraday liquidity position.

### **(IV) Compliance Risk**

Compliance risk refers to risk of a securities company being subject to legal sanctions, regulatory measures and self-discipline penalties due to violations of laws, regulations or rules in its business activities or employee conducts. The Company has established an effective and sound compliance management system and compliance management framework. In accordance with regulatory requirements, the compliance management department of the Company manages compliance risk through compliance review, compliance monitoring, compliance examination, compliance supervision and compliance training.

## Section 5 Management Discussion and Analysis (Continued)

### **(V) Operational Risk**

Operational risk is possibility of losses caused by the failures of internal systems and procedures, improper employee behaviors, information system defect and the influence of external events. The Company has formulated operational risk management system and internal management system of various businesses and regulated its business activities. It has established an identification, assessment and control system for operational risk that fully covers the Company's business activities. The Company mainly managed operational risks through risk and control self-assessment (RCSA), loss data collection (LDC), key risk indicator (KRI), operational risk events accountability management and other monitoring measures.

### **(VI) Reputational Risk**

Reputational risk refers to the risk to form negative opinions of investors, issuers, regulatory authorities, self-regulatory organizations, the public and the media on the Company as a result of the business act or external events of the Company and the violation of integrity requirements, professional ethics, business norms, rules and regulations by its employees, thereby damaging the Company's brand value, posing detrimental impact to its normal operations and even affecting market stability and social stability. The Company's management, led by the chief risk officer, is responsible for and establishes a reputational risk management team, which is composed of the office of the Board, the risk management department, the president's office, the compliance management department and the human resources department. The Company has established a sound reputation risk management system and workflow, to provide guarantee for the improvement of the all-round risk management system, the enhancement of the reputation risk management capability and the maintenance and promotion of the reputation and image of the Company. The Company dynamically monitors the evolution and development of various reputational risk events through public sentiment monitoring system, organizes the information about the overall situation of the reputational risk events and the corresponding measures to be taken and reports the same to the Company in a timely manner. The reputational risk management team reviews and determines the final solution.

## Section 5 Management Discussion and Analysis (Continued)

### IX. CONSTRUCTION OF RISK MANAGEMENT SYSTEM AND COMPREHENSIVE RISK MANAGEMENT IMPLEMENTATION

During the Reporting Period, the Company actively implemented various requirements of the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》), conducted routine risk management and various key projects based on the requirements of full coverage, detectability, measurability, analysis and risk-response ability on risk management and continuously improved the comprehensive risk management system.

#### (I) Management System

In accordance with the Securities Law of the PRC (《中華人民共和國證券法》), the Regulations on the Supervision and Administration of Securities Companies (《證券公司監督管理條例》), the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》) and other laws, regulations and regulatory provisions, the Company has formulated the Measures for Comprehensive Risk Management of Hengtai Securities Co., Ltd. (《恒泰证券股份有限公司全面風險管理辦法》) and the Risk Management and Cultural Manual of Hengtai Securities Co., Ltd. (《恒泰证券股份有限公司風險管理文化手冊》), which sets overall requirements on the comprehensive risk management, and establishes special risk management systems on liquidity risks, market risks, credit risks, operation risks, reputation risks and other risks. In 2024, the Company revised and improved certain contents of the systems after comprehensively sorting out the existing risk management systems, revised and issued 4 systems throughout the year, including the Risk Limit Management of Hengtai Securities Co., Ltd. (《恒泰证券股份有風險限額管理辦法》) and the Regulations on Operational Risk Management of Hengtai Securities Co., Ltd. (《恒泰证券股份有限公司操作風險管理規定》).

#### (II) Framework

The Company established a four-level risk management system including the Board, the Party Committee, the management, the risk management department and business departments. It specified the responsibilities of the Board, the Party Committee, the Supervisory Committee, the management, all departments, branches and subsidiaries in performing the comprehensive risk management and established a multi-layered and inter-connected operation mechanism with effective balances. Meanwhile, the Company has gradually incorporated all subsidiaries into the comprehensive risk management system and guided subsidiaries in establishing and improving the governance structure, setting risk preference and perfecting the risk monitoring, reporting and response mechanism. It specified the responsible person for the risk management of subsidiaries and the chief risk officer of the Company conducts appraisal on the responsible person.

## Section 5 Management Discussion and Analysis (Continued)

### (III) Information Technology

Combined with business practice, the Company has established a securities risk monitoring and management platform with the integration of dynamic risks monitoring on net capitals, market risk management, credit risk management, operation risk management, liquidity risk management, abnormal transaction monitoring and other functions. It supports the collection, identification, measurement, appraisal, monitoring and reporting of various risk information and can meet the demands of the Company in risk management and decision-making. In 2024, the Company promoted and launched the “same business, same client” risk monitoring system, formulated the criteria for identifying the same client, and realised the measurement of the credit risk exposure of the same client of the parent company and subsidiaries through the system, so as to continuously strengthen the vertical penetration and control of the risks of subsidiaries.

### (IV) Indicator System

The Company has established a risk preference indicator system with net capital and liquidity as the core covering market risks, credit risks, operation risks and concentration risks. The risk preference of the Company can cover all business lines, including proprietary investment business, asset management business, securities brokerage business, investment banking business and other business. Based on the development strategy, operation targets and financial conditions of the Company, it sets management and control quota on major risks, including but not limited to risk quota, business scale, value at risk, sensitivity indicator, concentration, stop loss and take profit. It also regularly appraises the risk tolerance through stress test and other methods and guides resources allocation.

### (V) Talent Team

The risk management department of the Company has established four secondary department professional teams for market risk, credit risk, operation risk and comprehensive risks. The financial management department and the Board office designate special persons to be responsible for the management of liquidity risks and reputation risks. Currently, risk management staff with over three years of relevant working experience account for over 2% of the total staff at the head office of the Company, which provided talent guarantees to effectively conducting the comprehensive risk management work. Each business department of the Company has set risk management positions as an integral part of the risk management system. They accept the business guidance of the risk management department and serve as the bridge link.

## Section 5 Management Discussion and Analysis (Continued)

### (VI) Response Mechanism

The Company established working mechanisms on net assets trend monitoring, risk authorization, regular risk reporting, regular stress test and risk management meeting to identify significant potential risks in the business process in a timely manner and actively take prevention and response measures. The Company also has risk emergency preplans on significant risks and emergencies, specified the emergency triggering conditions, the organizational system, measures, methods and procedures in risk disposal and continuously improved them through emergency exercises. The Company has established a performance appraisal and accountability mechanism linked to risk management results. It regularly appraises the risk management performance of all business departments, subsidiaries and branches and the appraisal results are included in the performance appraisal system. Meanwhile, the audit department regularly appraised the comprehensive risk management system to guarantee the effectiveness of the comprehensive risk management.

## X. COMPETITION AND POSITION IN THE INDUSTRY AND CORE COMPETITIVENESS

### (I) Competition in the Industry

In 2024, the State Council issued the “Several Opinions on Strengthening Regulation, Forestalling Risks and Promoting the High-Quality Development of the Capital Market 《關於加強監管防範風險推動資本市場高質量發展的若干意見》” (the “Opinions”) to state that there will be continuing the deepening of capital market reforms. Regulatory focus of the securities industry has been concentrated on strengthening law enforcements, by establishing a strict and standardized legal environment with relaxing market entry and expanding openness. The standardization of the securities industry and financial markets has been continuously improving. The Opinions proposes to “support leading institutions in enhancing core competitiveness through mergers and acquisitions, organizational innovation, and encourage differentiated development and specialized operations for small and medium-sized institutions”. Driven by top-down policies, the pace of mergers and acquisitions among securities firms significantly accelerated during the Reporting Period, with expectations that the pace will further quicken in 2025, leading to increased concentration in the securities industry. Large brokerages can leverage their advantages in scale, platform, brand, and policy support to enhance their leading position and continually improve their overall strength. Small and medium-sized brokerages face significant growth pressures and need to develop their core competitiveness in line with their inherent strengths and the specialized needs of the regions in which they are located.

## Section 5 Management Discussion and Analysis (Continued)

### (II) Market Position

In view of the industry data during the Reporting Period, the Company remains positioned among the small and medium-sized securities firms. As regulatory policies become increasingly refined and profound, classified regulation has become the norm, and the requirements for risk control and business compliance for securities firms will gradually increase. A regulated and reshaped market environment is conducive to the smooth advancement of capital market reforms, where securities firms with strong capital and smooth financing channels still possess relative competitive advantages. Competition in the securities industry will be based on the positioning of each firm in niche markets. As a small and medium-sized securities company, the Company must seek competitive advantages through differentiated development based on its resource endowments. The Company should integrate shareholder resources, business synergies, and the specialized needs of the regions in which it operates in order to cultivate in specific industries and regions, enhance business capabilities, create core competitiveness, and gradually expand its path of differentiated and specialized development.

### (III) Core Competitiveness

#### 1. Professional and stable management team

The management team of the Company has extensive experience in the securities and financial service industry. The management team with extensive management experience in the industry and continued outstanding business development capabilities will enable the Company to quickly respond to the changes in the regulatory requirements and the competitive conditions in the market and make prompt adjustments of the business strategy of the Company, thus ensuring long-term stable development of the Company.



## Section 5 Management Discussion and Analysis (Continued)

### 2. Implementation of effective risk management and internal control systems

The long-term implementation of effective risk management and internal control systems enables the Company to carry out compliance work and foster compliance awareness in full coverage, and to identify, assess, reduce and manage various risks in the course of business. The Board has always been dedicated to strengthening risk management, internal control and corporate governance, building corporate compliance culture, and continuously optimizing the risk management and internal control systems in accordance with regulatory requirements to enhance the ability of the Company in identifying the risks and correcting the shortcomings in risk management and internal control in a prompt manner, and continuously improving the Company's risk management and internal control systems by means of quantifying control over risk management and operational risks, thus ensuring sound and stable growth of the Company's business.

### 3. Sound capability in continuous innovation

The continuous and initiative innovation capability plays a key role in the development of the Company. The innovation work of the Company has focused on continuous understanding, research and satisfaction of different demands of the customers. The Company proactively responds to the competition in the market through initiative innovation. In addition, the Company has always attached importance to innovative application in the fields of Internet and fintech. The traditional securities business has been transformed to the online business model due to cooperation with third party Internet service suppliers based on compliance and effective risk control, thus allowing the Company to access and get more customer resources. The Company also provides one-stop comprehensive online diversified financial services including brokerage business, wealth management, asset management, margin financing and securities lending business and others to satisfy the customer demands.

### 4. Effective business layout to promote transformation and upgrade

The Company highly values the future development and reform of the securities industry and proactively explores and deepens transformation and upgrade of the Company's businesses. The brokerage business has been actively transformed by the Company to the wealth management with preliminary results. Through adjusting the organizational structure and optimizing the network layout, the Company further improved the online + offline, retail + institutional whole-chain business system. Facing future challenges in the market, on the basis of intensifying compliance management and control and prevention of risks, the Company will continue to deepen the innovation and transformation of businesses to enhance the advantages of characteristic and differentiated businesses and gradually expand its business scale and market influence.

## Section 5 Management Discussion and Analysis (Continued)

### 5. Excellent corporate culture

The Company always holds the core value of “integrity, innovation, being practical and cooperation”. The constant promotion of corporate culture construction further enhances staff’s recognition of corporate culture and cohesiveness and ensures the smooth implementation of the Company’s overall strategy and specific businesses. At the same time, the open cooperation mechanism also laid a favorable foundation for the Company to attract excellent talents and intensify its cooperation with external parties.

### 6. Talent strategy centered, market-oriented staff incentive mechanism

The Company always insists on the development approach centering on talent strategy, and pays great attention to the introduction, absorption, stability and promotion of the talents, especially the stability of the core talents. The Company has continuously improved the construction of human resources system and remuneration incentive system. At the same time, the Company will increase the introduction of market-oriented excellent talents and build a more efficient human resources platform.

## XI. PROSPECTS FOR FUTURE DEVELOPMENT OF THE COMPANY

In 2025, the Company will continue to enhance its business and management capabilities, laying the foundation for sustainable development. Adherence with the leadership of the Party building, the Company will deepen the integration of Party building efforts with business operations and management, fostering a corporate culture that emphasizes steady and long-term growth. The Company will resolutely implement regulatory requirements for integrity in the securities industry, conduct integrity education, and build a culture of integrity. The Company will further advance the transformation and innovation of its business models, cultivate its brand, strengthen talent development, and enhance its core competitiveness to provide clients with high-quality, diversified, and comprehensive services.

## Section 5 Management Discussion and Analysis (Continued)

The Company will continue to enhance the compliance and risk control management levels across all employees, strengthen compliance awareness and risk management awareness in business operations, and implement various risk prevention measures while adhering to compliance bottom lines. With the goal of improving medium- and long-term core competitiveness as the fundamental direction, all business lines will innovate business models, enhance business synergy and improve profitability. In terms of the securities brokerage business, the Company will further optimize its revenue structure, client structure, and trading structure, increase investment in innovative businesses, continuously improve the investment advisory service system, strengthen technology empowerment for investment advisors, and actively promote the diversified development of brokerage services. In terms of the proprietary business, the Company will adhere to a long-term investment approach, carefully select investment targets, continuously strengthen macroeconomic and policy analysis, flexibly seize investment opportunities based on market changes, and ensure sustained and stable business development. In terms of the investment banking business, the Company will strengthen team building, expand business scope, and build a comprehensive service system that integrates investment, financing and research. In terms of the asset management business, the Company will adopt a dual-drive strategy centered on asset securitization and fixed-income products, strategically positioning “fixed income + equity” products. The Company is committed to building Hengtai Securities into an outstanding asset management brand, making it a vital allocation tool for clients’ wealth management. In terms of the futures business, the Company will focus on strengthening its advantages in key regions and industrial sectors, solidify its core brokerage business, and enhance its accumulation of innovative businesses. The Company will continuously improve refined management capabilities and comprehensively elevate the quality and efficiency of its development. The middle and back office departments of the Company will clarify their roles, empower business operations and continuously enhance service awareness and service levels.

## Section 6 Report of the Board of Directors

### I. INFORMATION ON THE PRINCIPAL ACTIVITIES AND PRINCIPAL SUBSIDIARIES

Relevant information on the principal activities is set out in the sub-section headed “II. Analysis of Principal Business” under Section 5 “Management Discussion and Analysis” and forms a part of this Report of the Board of Directors.

The relevant information on the principal subsidiaries is set out in the sub-section headed “IV. Subsidiaries” under Section 3 “Company Profile” and forms a part of this Report of the Board of Directors.

### II. ANALYSIS OF MAJOR FINANCIAL PERFORMANCE INDICATORS

The relevant information is set out in the sub-section headed “III. Financial Statements Analysis” under Section 5 “Management Discussion and Analysis” and forms a part of this Report of the Board of Directors.

### III. ANALYSIS OF PRINCIPAL RISKS AND UNCERTAINTIES

The relevant information is set out in the sub-section headed “VIII. Risk Factors and Countermeasures” under Section 5 “Management Discussion and Analysis” and forms a part of this Report of the Board of Directors.

### IV. PROFIT DISTRIBUTION AND PROFIT DISTRIBUTION PLAN

#### (I) Formulation, Implementation or Adjustment of the Profit Distribution Policy

The Company has been attaching great importance to reasonable investment return to its shareholders, and emphasising the stability and continuity of investment return. According to the order of profit distribution specified in the Articles of Association, the Company may distribute dividend by way of cash or shares. When the Board proposes declaration of dividends, the Board has formulated its profit distribution plan on a reasonable basis to safeguard shareholders’ interests in accordance with relevant requirements of the Articles of Association and with reference to the Group’s financial performance, overall financial position, expected working capital needs and surplus, future development plan and external financing environment. The annual profit distribution plan shall be proposed by the Board and subject to consideration and approval at the general meeting of the Company. During the Reporting Period, the profit distribution policy was strictly implemented by the Company without any adjustment.

## Section 6 Report of the Board of Directors (Continued)

### **(II) Implementation of the 2023 Profit Distribution Plan**

The Company held the 2023 annual general meeting on 14 May 2024 to consider and approve the resolution in relation to the 2023 Profit Distribution Plan, which approved the Company not to conduct profit distribution for the year ended 31 December 2023.

### **(III) The 2024 Annual Profit Distribution Plan**

The Board did not recommend the profit distribution for the year ended 31 December 2024.

## **V. DIRECTORS AND SUPERVISORS**

Details of the Directors and the Supervisors during the Reporting Period and as at the date of this report are set out in “Section 9 Directors, Supervisors, Senior Management and Employees”, which forms a part of this Report of the Board of Directors.

The Company has received the annual written independence confirmation prepared by each independent non-executive Director pursuant to Rule 3.13 of the Listing Rules and believes that all the independent non-executive Directors are independent of the Company.

## **VI. DIRECTOR AND SUPERVISOR SERVICE CONTRACT**

No Director or Supervisor has entered into any service contract with the Company or its subsidiaries which shall be compensated (except for statutory compensation) upon termination within one year.

## **VII. INTERESTS OF DIRECTORS, SUPERVISORS AND CONTROLLING SHAREHOLDERS**

### **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 or its subsidiaries was a party and in which any Director or Supervisor or an entity connected with any Director or Supervisor had a material interest, whether directly or indirectly, has been entered into and subsisted during the Reporting Period.

### **Controlling Shareholders' Interests in Contracts of Significance**

Save as disclosed in this report, during the Reporting Period, there is no any other contract of significance to which the Company or any of its subsidiaries was a party to and in which a controlling shareholder had a material interest, whether directly or indirectly, has been entered into and subsisted.

## Section 6 Report of the Board of Directors (Continued)

### **VIII. DIRECTORS' INTERESTS IN THE BUSINESS COMPETING WITH THE COMPANY**

None of the Directors has interest in business competing with the Company during the Reporting Period.

### **IX. DIRECTORS AND SUPERVISORS' RIGHT TO PURCHASE SHARES OR DEBENTURES**

During the Reporting Period, no Directors, Supervisors of the Company or their respective spouses or children under the age of 18 purchased the shares or debentures of the Company to obtain rights, nor did such persons exercise any such rights; and no arrangements have been made by the Company or any of its subsidiaries to enable any Directors, Supervisors of the Company or their respective spouses or children under the age of 18 to obtain such rights from any other body corporate.

### **X. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ANY OF ITS ASSOCIATED CORPORATIONS**

As at 31 December 2024, based on the information acquired by the Company and to the knowledge of the Directors, none of the Directors, Supervisors and chief executives of the Company has (i) interests or short positions (including the interests or short positions considered or deemed to have according to such provisions of the SFO) which shall be notified to the Company and the Hong Kong Stock Exchange in accordance with Sections 7 and 8 of Part XV under the SFO; (ii) interests or short positions which shall be recorded in the interests register in accordance with section 352 of the SFO; or (iii) interests or short positions which shall be notified to the Company and the Hong Kong Stock Exchange in accordance with the requirements of the Model Code in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO).

## Section 6 Report of the Board of Directors (Continued)

### XI. COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, each of Baotou Huazi, Beijing Qingyun Intercontinental Technology Co., Ltd. (北京慶雲洲際科技有限公司), Finance Street Xihuan Properties, Beijing Huijin Jiaye Investment Co., Ltd. (北京匯金嘉業投資有限公司), Finance Street Investment, Huarong Infrastructure, Huifa Technology, Hongzhi Huitong, Zhongchang Hengyuan Holdings Co., Limited (中昌恒遠控股有限公司), Shanghai Yida Technology Investment Co., Ltd. (上海怡達科技投資有限責任公司) and Tomorrow Holding Limited Company (明天控股有限公司) has signed a non-competition undertaking (collectively, the “Non-competition Undertakings”). Pursuant to the Non-competition Undertakings:

- (a) each of Baotou Huazi, Beijing Qingyun Intercontinental Technology Co., Ltd., Beijing Huijin Jiaye Investment Co., Ltd., Huifa Technology and Hongzhi Huitong has undertaken that (i) it and its controlled entities do not currently engage in any business which competes with our business; and (ii) after the Listing, it and its controlled entities will not engage in any competing business that is the same as or similar with our business;
- (b) each of Finance Street Xihuan Properties, Finance Street Investment and Huarong Infrastructure has undertaken that (i) it and its controlled entities do not currently engage in any business which requires approvals from CSRC and competes with our primary business; and (ii) after the Listing, it and its respective controlled entities will not directly or indirectly hold any equity interests in other securities companies by establishment or acquisition of companies; and
- (c) each of Zhongchang Hengyuan Holdings Co., Limited, Shanghai Yida Technology Investment Co., Ltd. and Tomorrow Holding Limited Company has undertaken that, other than their shareholding interests in New Times Securities Co., Ltd, (i) it and its controlled entities do not currently engage in any business which requires approvals from CSRC and competes with our primary business; and (ii) after the Listing, it and its respective controlled entities will not directly or indirectly hold any equity interests in other securities companies by establishment or acquisition of companies.

From March 2020 to April 2020, Zhongchang Hengyuan Holdings Co., Limited, Shanghai Yida Technology Investment Co., Ltd. and Beijing Huijin Jiaye Investment Co., Ltd. transferred their respective shares in the Company to Tianfeng Securities. Upon completion of the transfer, Zhongchang Hengyuan Holdings Co., Limited, Shanghai Yida Technology Investment Co., Ltd. and Beijing Huijin Jiaye Investment Co., Ltd. no longer held any shares of the Company. In February 2023, Finance Street Investment and Huarong Infrastructure transferred their shares in the Company to Huarong Zonghe Investment at nil consideration. Upon completion of the gratuitous transfer, Huarong Infrastructure ceased to directly hold any shares of the Company, and Finance Street Investment ceased to directly hold any shares of the Company.

## Section 6 Report of the Board of Directors (Continued)

### **XII. EQUITY-LINKED AGREEMENTS**

During the Reporting Period, the Company did not enter into any equity-linked agreement.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities (including the disposal of treasury shares (as defined in the Listing Rules)) during the Reporting Period. At the end of the Reporting Period, the Company did not hold any treasury shares.

### **XIV. OTHER DISCLOSURES**

#### **(I) Share Capital**

Information on share capital is contained in Note 49(a) to the consolidated financial statements of this report and forms a part of this Report of the Board of Directors.

#### **(II) Pre-emptive Rights Arrangements**

According to the PRC laws and the Articles of Association, currently, the Company has no pre-emptive rights arrangements.

#### **(III) Sufficiency of Public Float**

According to the information publicly available to the Company and within the knowledge of the Directors, as at 24 March 2025, being the latest practicable date prior to the issue of this report, the public shareholding of H Shares has satisfied the minimum percentage as modified in the waiver granted by the Hong Kong Stock Exchange from strict compliance with Rule 8.08(1)(d) of the Listing Rules.

#### **(IV) Management Contract**

During the Reporting Period, no management and administration contracts relating to all or any substantial part of the business of the Company was entered into or existed.



## Section 6 Report of the Board of Directors (Continued)

### (V) Data on Tax Reduction and Exemption by the Shareholders of H Shares

#### Individual investors

In accordance with the Individual Income Tax Law of the People's Republic of China (2018 Amendment) (《中華人民共和國個人所得稅法》(2018修正)) and the Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China (2018 Revision) (《中華人民共和國個人所得稅法實施條例》(2018修訂)), the dividends paid by Chinese companies shall be subject to the withholding tax at a uniform rate of 20%. Non-Chinese resident foreign individuals shall be imposed 20% of individual income tax on the dividends gained from Chinese companies, except for specific exemptions allowed by the tax authorities of the State Council or special deductions in accordance with an applicable tax treaty.

According to the Notice on the Management of Individual Income Tax Impose after the Abolition of Guo Shui Fa [1993] No. 045 Document (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徵管問題的通知》(國稅函[2011]348號)) issued by the State Administration of Taxation and effective on 28 June 2011, for domestic non-foreign-invested enterprises making public offering in Hong Kong, the foreign resident individual shareholders are entitled to the associated tax preference according to the provisions in the taxation treaties signed between their nations and China as well as the taxation arrangements between Mainland China and Hong Kong (Macao). The dividends paid by domestic non-foreign-invested enterprises which have made the public offering in Hong Kong to foreign resident H Shares individual holders shall be imposed individual income tax at the rate of 10%, without having to make applications to the Chinese tax authorities. If the tax rate of 10% is not applicable, (1) for a foreign resident who is H Shares individual holder to receive dividend, if his country has signed income tax treaty at the rate of less than 10% with China, non-foreign invested enterprises which have made public offering in Hong Kong may, on behalf of such holder, apply for lower tax rate preference; upon approved by the tax authorities, the excessive part of withholding tax paid heir nations a will be refunded; (2) for a foreign resident who is H Shares individual holder to receive dividend, if his country has signed income tax treaty at the rate of higher than 10% but less than 20% with China, non-foreign-invested enterprises which have made public offering in Hong Kong shall pay withholding tax in accordance with the treaty and no need to make an application; and (3) for a foreign resident who is H Share individual holder to receive dividend, if his country has not signed any tax treaty or otherwise, non foreign-invested enterprises which have made public offering in Hong Kong shall pay withholding tax at the rate of 20%.

## Section 6 Report of the Board of Directors (Continued)

### Enterprise

According to the Enterprise Income Tax law of the People's Republic of China (2018 Amendment) 《中華人民共和國企業所得稅法》(2018修正)) and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (2019 Amendment) 《中華人民共和國企業所得稅法實施條例》(2019修訂)), if non-resident enterprises do not establish organizations and sites within the territory of China, or though establishing organizations and sites but the income received have no real connection to the organizations and sites established, such enterprises shall pay the corporate income tax at the rate of 10% of its income from the Chinese territory.

According to the Circular concerning Questions on Withholding and Payment of Enterprise Income Tax when PRC Resident Enterprises Distribute Dividends to Non-resident Corporate Shareholders of Foreign H Shares (Guo Shui Han [2008] No. 897) 《關於中國居民企業向境外H股非居民企業股東派發股利代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the State Administration of Taxation, which became effective on 6 November 2008, PRC resident enterprises should withhold enterprise income tax at a unified rate of 10% when they distribute dividends for the year of 2008 and beyond to non-resident corporate shareholders of foreign H Shares. After receiving dividends, non-resident corporate shareholders may apply to the relevant tax authorities for enjoying treatment of taxation agreements (arrangement), in person or by proxy or by a person who has obligation for withholding or paying dividend and provide materials to prove it is an actual beneficiary under the requirement of taxation agreements (arrangement). After the relevant tax authorities have verified that there is no error, it shall refund tax with reference to the tax levied and the difference in the amount of tax payable calculated at the tax rate under the taxation agreements (arrangement).

### (VI) Reserves and Reserves Available for Distribution to Shareholders

The changes in reserves and reserves available for distribution to shareholders of the Group during the Reporting Period are set out in Note 50 to the consolidated financial statements and the "consolidated statement of changes in equity" in this report, and the reserves available for distribution to shareholders equals the undistributed profit of the Company, which forms a part of the Report of the Board of Directors.

## Section 6 Report of the Board of Directors (Continued)

### **(VII) Relationship with Key Stakeholders**

#### **1. Employees**

Employees are regarded as the most important and valuable assets of the Group. The Group has established complete systems and procedures of human resource management in order to regulate the use of human resources and realistically protect employees' rights and interests. Through compensation and welfare schemes and annual appraisal plans, the Company has awarded and commended outstanding employees while enhancing employees' vocational capabilities and widening their room for promotion by way of training and others.

Details of the employees are contained in "VI. Details and Remuneration of Staff" under Section 9 "Directors, Supervisors, Senior Management and Employees", which forms a part of this Report of the Board of Directors.

#### **2. Major customers and suppliers**

The Company provides services for the various individual customers and institutional customers. The Company's large customers include financial institutions, large, small and medium enterprises, institutional investors and individual customers. Most customers of the Company are located in China, mainly in Inner Mongolia. As at 31 December 2024, revenue and other income generated from the top five customers accounted for 2.87% of the revenue and other income of the Group, and revenue and other income generated from the largest customer accounted for 0.80% of the revenue and other income of the Group. During the Reporting Period, as far as the Directors are aware, none of the Directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers.

Due to the nature of the business, the Company does not have major suppliers.

### **(VIII) Property and Equipment**

The relevant information is set out in Note 22 to the consolidated financial statements of this report, which forms a part of this Report of the Board of Directors.

## Section 6 Report of the Board of Directors (Continued)

### (IX) Fulfillment of Social Responsibilities

#### 1. Investor education

The Company actively undertakes the corporate mission of performing social responsibilities and attaches great importance to investor education in protecting the legitimate interests of investors and promoting the standardized, healthy and orderly development of the market.

During the Reporting Period, the Company strived to build an investor education base which is “top in the region and first-class in the country”. Currently, the Company has one state-level entity investor education base and one provincial-level Internet investor education base. The Company’s investor education bases follow the principles of professionalism, specialization, diversification and non-profit, developing senior investor team and striving to become a long-term, professional, systematic and non-profit learning platform which are accessible to investors, to effectively enhance investors’ financial literacy and risk prevention awareness.

In order to popularise knowledge on securities and promote concepts of rational investment, the Company adhered to the “people-centered” philosophy and organised a series of investor education activities in villages, communities, pastoral areas, campuses, enterprises and business districts in the PRC. During the Reporting Period, investor education activities such as the “Walk in Summer Day for Investor Education and Fitness Run with Campaign to Prevent Illegal Securities and Futures – Hengtai Securities Launched the Fourth Investor Protection Fitness Walk Activity in the Securities and Futures Industry in Inner Mongolia”, the “5·15 Face-to-Face” investor rights and interests protection themed exchange forum, and the “5·15 National Investor Protection Awareness Day” outdoor promotional activities, have achieved significant public outreach impact. The Company actively collaborated with the economic investigation department of the public security sector and other departments to jointly carry out large-scale activities such as preventing illegal securities and futures activities and combating illegal fundraising publicity activities, and strengthened the joint force of large-scale investor protection and education campaigns through the innovative new mode of “police-enterprise cooperation” in investor protection and education. The 2024 “Hengtai Cup” Final of the Financial Knowledge Competition for Universities in Inner Mongolia helped university students learn financial knowledge and develop risk awareness. In addition, the Company’s publication on youth financial literacy, “The Adventure of Wealth (《財富”箏”途奇遇記》)”, has been warmly welcomed and highly praised by teachers and students.

## Section 6 Report of the Board of Directors (Continued)

During the Reporting Period, the Company's state-level entity investor education base received an "Excellent" rating in the annual assessment by the CSRC, and the provincial-level internet investor education base received an "Excellent" rating in the annual assessment by Securities Regulatory Bureau of Inner Mongolia. The Company received various awards, including the "Annual Stock Connect Investor Education Active Broker Award" from the Hong Kong Stock Exchange, the "Best Organisation Award for the 'Striving with Vigor and Enthusiasm' Investor Education Campaign" and the "Outstanding Investor Education Work Award for the Comprehensive Registration System" from the Shenzhen Stock Exchange, the "Innovative Investor Education Work Award" of "Cailian Star Citation Cup" from Cailianshe, and the "Outstanding Physical Investor Education Base" and "Outstanding Investor Education Work" awards of the JRJ. The Company was awarded the "Best Organisation Award" for the Fitness Run with Campaign to Prevent Illegal Securities and Futures by the Inner Mongolia Securities and Futures Association, and a number of investor education works were awarded the "Best Micro-video Award" and the "Outstanding Micro-video Award" by the Inner Mongolia Securities and Futures Association.

In the future, the Company will uphold its original aspirations, work even harder and improve various work on investor education in a practical and effective way, put the work of investors education into real effect to provide investors with meaningful education products and services that may satisfy their needs, continue to expand the coverage and depth of investor education, and protect the legitimate interests of investors.

## Section 6 Report of the Board of Directors (Continued)

### 2. Social activities and public benefit donations

#### *Carrying out the "One Enterprise for One County" pairing assistance*

The Party Committee adheres to the concept of coordinated regional development of the Party Central Committee and actively creates the "Beijing-Inner Mongolia Model" for East-West Cooperation. With a high sense of social responsibility and mission, the Company has solidly carried out the "One Enterprise for One County" pairing assistance, and implemented targeted help for five pairing counties in Inner Mongolia, namely, Siziwang Banner, Chayuzhong Banner, Taipusi Banner, Oroqen Autonomous Banner and Arxan City, in accordance with the annual assistance plan. The Company has carried out three to four targeted and substantive assistance initiatives, with a cumulative investment of RMB900,000 in assistance. The Company has worked closely with the local government to explore development paths that are in line with local realities. These measures not only consolidated the results of poverty alleviation, but also advanced the implementation of the rural revitalisation strategy, fully demonstrating the Company's social responsibility and mission-driven commitment.

#### *Carrying out the "Healthy Kids" series of activities*

In June 2024, the Company officially launched the "Healthy Kids" public welfare activities and invested a special fund of RMB268,000 to purchase a child endocrine growth and development auxiliary diagnostic system, which was donated to Hohhot Huimin District Maternity and Child Care Centre for use. In August 2024, the Company invested a special fund of RMB175,000 to purchase a child endocrine growth and development auxiliary diagnostic system and medical equipment, which was donated to the People's Hospital of Oroqen Autonomous Banner for use. Meanwhile, the Company has organised many doctors' training, health knowledge seminars, charity clinics and other activities, which have effectively promoted the downward delegation of quality medical resources, consolidated and improved the system of primary care of labours, two-way referral and tiered diagnosis and treatment, expanded the scope of the Company's social responsibility, and enhanced the Company's service standard and social image.

## Section 6 Report of the Board of Directors (Continued)

### *Carrying out a series of public welfare activities*

Firstly, launching a series of investor education activities. The Party Committee made full use of the resource advantages of the investor education base to organise and carry out the “Investor Education in One Hundred Schools”, “Entity + Internet” investor education base, financial knowledge competitions, etc., to popularise financial knowledge for the public. Secondly, launching public welfare donation activities. The Party Committee donated 195 sets of school uniforms and 2 large-scale printing equipment to the First Primary School of Arxan City, and provided caring schoolbags and school supplies to 10 students from economically disadvantaged families. Thirdly, dispatching village cadres. In accordance with the requirements of the Inner Mongolia Autonomous Region Government, the Party Committee sent a party member to Jilantai Town, Alxa Left Banner, to serve as the resident secretary and the head of the task force, and has been in office for two years. In 2024, the Party Committee twice organised in-depth visits to Shariburidugacha to care for village cadres, and consoled seriously ill and difficult households in the village, and provided the village cadres with job protection in the aspects of policy, manpower, financial and material resources.

### *Carrying out poverty alleviation through intelligence activities*

In 2024, the Company actively fulfilled its social responsibility by carefully planning and organising a financial knowledge seminar in Oroqen Autonomous Banner of Inner Mongolia together with its subsidiaries, Hengtai Futures and Hengtai Changcai. Meanwhile, the Company jointly held a financial knowledge seminar with its subsidiary Hengtai Capital in Chayuzhong Banner. In addition, the Company’s business department organised a number of financial knowledge seminars in Siziwang Banner, Taipusi Banner and the Arxan region, which further enhanced the financial literacy and risk awareness of local residents and enterprises, and thus promoted the harmonious and stable development of the local economy and society.

## Section 6 Report of the Board of Directors (Continued)

### **(X) Material Events after the Reporting Period**

The relevant information is set out in “VIII. Other Important Particulars and Subsequent Events” under Section 7 “Other Material Particulars”, which forms a part of this Report of the Board of Directors.

### **(XI) Compliance of Laws and Regulations**

The Company operated in strict compliance with requirements of laws, regulations and regulatory documents of the PRC and jurisdictions where the Company’s shares are listed, including the Company Law of the PRC, the Securities Law of the PRC, the Regulations on the Supervision and Administration of Securities Companies, the Corporate Governance Rules for Securities Companies, the Listing Rules and the SFO, to standardize the operation of the Company and improve the management system. For punishment or public censure on the Company during the Reporting Period, please refer to the subsection headed “I. Punishment or Public Censure in the Reporting Period” under Section 7 “Other Material Particulars” of this report.

### **(XII) Environmental Policies and Performance**

The Group has been attaching importance to environmental protection and reducing the impact on the environment through measures as resource protection, resource recycling as well as energy conservation and emission reduction. The Group constantly carries out internal recycling measures in terms of its consumables (e.g. toner cartridge and paper) in order to lessen its impact on consumption of resources and impact on environment resulting from the operating activities. Furthermore, the Company encourages employees to adopt the duplex printing when printing and collect one-side paper for recycling.

The Group implements energy saving measures in its offices, securities branches and other areas, encourages its employees to reduce unnecessary use of lighting and air conditioning, and actively promotes green travel.

For more details, please refer to the “2024 Environmental, Social and Governance Report” to be published separately.



## Section 6 Report of the Board of Directors (Continued)

### **(XIII) Business Review**

The relevant information is set out in Section 5 “Management Discussion and Analysis”, which forms a part of this Report of the Board of Directors.

### **(XIV) Future Development**

The relevant information is set out in XI. “Prospects for Future Development of the Company” under Section 5 “Management Discussion Analysis”, which forms a part of this Report of the Board of Directors.

### **(XV) Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

The relevant information is set out in Section 5 “Management Discussion and Analysis”, which forms a part of this Report of the Board of Directors.

### **(XVI) Donations**

During the Reporting Period, the Group made charitable donations amounting to approximately RMB1,140,800. Please refer to (IX) “Fulfillment of Social Responsibilities” under XIV. “Other Disclosures” in this section.

### **(XVII) Bonds**

The relevant information is set out in V. “Major Investment and Financing” under Section 5 “Management Discussion and Analysis”, which forms a part of this Report of the Board of Directors.

By order of the Board

**Zhu Yanhui**

*Chairman*

Beijing, the PRC

24 March 2025

## Section 7 Other Material Particulars

### I. PUNISHMENT OR PUBLIC CENSURE IN THE REPORTING PERIOD

During the Reporting Period, the Directors, Supervisors and senior management of the Company were not punished or subject to any public censure. The punishments or public censures against the Company are set out below:

1. On 5 July 2024, due to the fact that the Company's Shanghai Hailun Road Securities Branch failed to implement the personnel qualification management requirements and failed to ensure that the fund sales personnel were qualified to engage in fund business, the CSRC Shanghai Securities Regulatory Bureau issued a decision letter of administrative regulatory measures, namely the Decision on Regulatory Measures of Issuing a Warning Letter to Hengtai Securities Co., Ltd. Shanghai Hailun Road Securities Branch (Hu Zheng Jian Jue [2024] No. 287) 《關於對恒泰證券股份有限公司上海海倫路證券營業部採取出具警示函措施的決定》(滬證監決[2024] 287號)).

The Company attached great importance to the issue and organised to sort out the qualification management process and carry out self-inspection of employees' qualification management and practice behaviours. Meanwhile, the Company has held the personnel involved in the violation in accordance with the Company's accountability system, and the rectification has been completed.

2. On 27 December 2024, due to the imperfect internal control management, lax staff behavioural control and inadequate client management in the course of the Company's business, the CSRC Inner Mongolia Securities Regulatory Bureau issued a decision letter of administrative regulatory measures, namely the Decision on the Regulatory Measures of Issuing a Warning Letter to Hengtai Securities Co., Ltd. (Decision on Administrative Supervisory Measures [2024] No. 26). 《關於對恒泰證券股份有限公司採取出具警示函措施的決定》(行政監管措施決定書[2024]26號)).

The Company attached great importance to the problem and organised relevant departments to carry out rectification work in earnest. At the same time, the Company conducted case propaganda in the Company's president's office meeting and brokerage business lines, arranged to carry out a comprehensive self-examination, and initiated the investigation and accountability procedures for the relevant personnel, and the problem involved have been rectified.

## Section 7 Other Material Particulars (Continued)

### II. SIGNIFICANT LAWSUITS AND ARBITRATIONS

#### (I) New Significant Lawsuits and Arbitrations in the Reporting Period

None in the Reporting Period.

#### (II) Subsequent Progress of the Significant Lawsuits and Arbitrations in the Previous Years

1. The dispute with regard to the Qinghui Leasing asset-backed special scheme Phase I under the management of the Company

For details of the case, please refer to II. “Significant Lawsuits and Arbitrations” in Section 7 “Other Material Particulars” of the 2018 annual report, 2019 annual report, 2020 annual report, 2021 annual report, 2022 annual report and 2023 annual report of the Company.

##### ***(1) Complaints filed by the priority holders of the special scheme against the Company***

In April 2021, the Company received a civil complaint from Beijing Xinrisheng Investment Management Co., Ltd., a priority holder of Qinghui Leasing asset-backed special scheme Phase I, requesting the Company to repay its principal amount of RMB10 million, income loss and related expenses. The People’s Court of Xicheng District, Beijing issued first-instance judgment on 30 June 2022, ruled the Company to compensate the principal of RMB10 million and relevant losses. The Company subsequently filed an appeal against the judgement. The second-instance judgement against the case of Beijing Xinrisheng Investment Management Co., Ltd. has been issued by the Beijing Financial Court on 29 December 2023, the original judgment shall be revoked, and the Company was sentenced to bear the total loss of 70% of the investment principal and interest of Beijing Xinrisheng Investment Management Co., Ltd.. On 27 May 2024, the Company filed a retrial with the Beijing Higher People’s Court in respect of the case, and the Beijing High People’s Court ruled on such case and rejected the retrial application made by the Company on 11 November 2024.

## Section 7 Other Material Particulars (Continued)

On 15 June 2022, China Resources SZITIC Trust Co., Ltd., the priority holder of Qinghui Leasing asset-backed special scheme Phase I, filed a lawsuit against the Company, requesting the Company to repay the outstanding subscription principal of RMB30 million, income loss and related expenses. On 17 January 2023, the People's Court of Xicheng District, Beijing ruled the Company to compensate China Resources SZITIC Trust Co., Ltd. the outstanding subscription principal of RMB30 million and income loss. The Company has appealed to the Beijing Financial Court on 31 January 2023. On 6 July 2023, the Beijing Financial Court ruled on such case and rejected the application made by the Company, the original judgment shall be upheld. On 28 December 2023, the Company filed a retrial with the Beijing High People's Court, and the Beijing High People's Court ruled on such case and rejected the retrial application made by the Company on 22 April 2024.

### **(2) *Complaints filed by the Company against Hongyuan Petrochemical and Qinghui Leasing***

As the manager, the Company set up the Qinghui Leasing asset-backed special scheme Phase I (the "Project", the "Special Scheme") on 7 January 2016. The basic assets are the rent claim and other rights under a single lease contract and their collateral security interests. The Project was originally scheduled to expire on 4 November 2018. In December 2017, the Company learned that Xianyang Hongyuan Petrochemical Co., Ltd. (咸陽鴻元石油化工有限公司) ("Hongyuan Petrochemical"), the single lessee of the Special Scheme, was in a state of suspension of production, and Hongyuan Petrochemical had been taken legal procedures by many financial institutions to collect debts. The early termination of the Special Scheme was triggered by the risk that Hongyuan Petrochemical could not pay the rent in full. In order to safeguard the legitimate rights and interests of the priority holders of this Project, on 15 January 2018, the Company filed a lawsuit with the Beijing High People's Court, suing Qinghui Leasing Co., Ltd. (慶匯租賃有限公司) ("Qinghui Leasing"), the equity originator of the Special Scheme, and Hongyuan Petrochemical with a total amount of approximately RMB530 million, and the Beijing High People's Court filed the case on 22 January 2018. On 17 November 2021, the Beijing High People's Court ruled on such case and suspended the trial as involving criminal cases. In December 2021, the High People's Court of Shaanxi Province made a final judgment on the criminal cases involved. On 11 August 2022, the Company agreed to Qinghui Leasing's application to add King & Wood Mallesons, China Chengxin Certification and Evaluation Information Technology Co., Ltd. (中誠信證評資料科技有限公司) and BDO China Shu Lun Pan CPAs as defendants, and applied to the Beijing High People's Court to change the litigation request to order the defendants to jointly bear the losses and legal fees of the Company. On 14 July 2023, Beijing High People's Court ruled on such case and rejected the application made by the Company. On 25 July 2023, the Company filed an

## Section 7 Other Material Particulars (Continued)

appeal to the Supreme People's Court through the Beijing Higher People's Court, and the Company received a notice of acceptance of the case from the Supreme People's Court on 8 March 2024.

### 2. The lawsuit filed by the Company against six clients in relation to stock pledged repurchase transaction

For details of the case, please refer to II. "Significant Lawsuits and Arbitrations" in Section 7 "Other Material Particulars" of the 2019 annual report, the 2020 annual report, the 2021 annual report, the 2022 annual report and the 2023 annual report of the Company.

In October 2024, the Company received the Enforcement Ruling issued by the Intermediate People's Court of Hohhot, which ruled that the 25,765,574 shares and cash dividends of Modern Avenue held by Mr. Jiang Dehu, the 23,446,674 shares and cash dividends of Modern Avenue held by Mr. Li Enping, and the 11.2 million shares and the additional 6.72 million shares and dividends of Modern Avenue held by Mr. He Lin, respectively, were vested in the Company. The aforesaid shares have been transferred to the Company's name and the relevant dividends totalling RMB893,664 have been credited to the Company's own reserve account.

The judicial auction of 25,600,000 shares and cash dividends of Modern Avenue held by Mr. Weng Huayin and 10,048,565 shares and cash dividends of Modern Avenue held by Guangzhou Ruide Jinsheng Investment Management Partnership (Limited Partnership) (廣州瑞德金晟投資管理合夥企業(有限合夥)) was completed, and the Company received a total of RMB44,057,896.39 in liquidation proceeds. In addition, the judicial disposal of the shares of GF Securities held by Mr. Weng Huayin was completed and the Company received RMB1,267,599.64 in liquidation proceeds. The Company obtained RMB114,561.69 from the execution of a transfer of funds from a bank account in the name of Mr. Jiang Dehu.

## Section 7 Other Material Particulars (Continued)

### III. SIGNIFICANT CONTRACTS AND CONTRACT FULFILLMENT

The Company entered into a property lease contract with China Life Real Estate Co., Limited on 1 March 2016, pursuant to which the Company leased from China Life Real Estate Co., Limited the space of 11/F, China Life Center, Finance Street, Xicheng District, Beijing, China for a term of 3 years commencing from 1 March 2016. The property lease contract was renewed from 1 March 2019, and for a term of 3 years commencing from 1 March 2019. The property lease contract was renewed from 1 March 2022 again, and for a term of 2 years commencing from 1 March 2022. The property lease contract was renewed from 1 March 2024, and has expired on 28 June 2024. The rental paid by the Company for the Reporting Period was RMB13,117,200. The property lease contract has expired, and the address of the head office of the Company in the PRC has been changed. For details, please refer to the announcement of the Company dated 21 June 2024.

### IV. CONNECTED TRANSACTIONS

The Group carried out connected transactions in strict compliance with the Listing Rules and requirements of the Group's internal regulations under the principles of impartiality, openness and fairness.

#### 1. Connected transactions – Guarantee and counter-guarantee agreement

On 21 September 2023, Finance Street Investment (as guarantor) entered into a guarantee agreement with New China Fund (as guaranteed), pursuant to which, Finance Street Investment agreed to provide joint liability guarantee in favour of ICBC Beijing branch in respect of 58.6207% of the indebtedness owed by New China Fund; and Finance Street Investment (as guarantor), the Company (as counter-guarantor) and New China Fund (as debtor) entered into a counter-guarantee agreement, pursuant to which, the Company agreed to mortgage or pledge its assets to Finance Street Investment as security in relation to the guaranteed amount to be guaranteed by Finance Street Investment in accordance with the implementation of settlement agreement, the guarantee agreement and the guarantee letter. Please refer to the announcements published by the Company on 13 August 2023 and 9 October 2023 for further details. Finance Street Investment is indirectly interested in 29.99% of the issued share capital of the Company and therefore a substantial shareholder of the Company and hence a connected person of the Company. Accordingly, each of the transactions (namely the guarantee and the counter-guarantee) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios is more than 5%, and the guaranteed amount under the guarantee and the counter-guarantee value under the counter-guarantee respectively is above HK\$10 million, each of the guarantee and the counter-guarantee constitutes a discloseable and connected transaction, and is subject to (1) the reporting and announcement requirements under Chapter 14 and Chapter 14A of the Listing Rules; and (2) the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company convened the 2023 third extraordinary general meeting on 20 September 2023 to consider and approve the above connected transactions.

## Section 7 Other Material Particulars (Continued)

### 2. Connected transactions – Tenancy agreement

On 16 December 2023, Beijing Finance Street Securities Branch of the Company entered into the Tenancy Agreement with the lessor, Finance Street Xihuan Properties, pursuant to which, the Group agreed to lease the Premise from the lessor for a term of 60 months commencing from 16 December 2023 to 15 December 2028 (both days inclusive) at a total rental of RMB8,250,000. Please refer to the announcement published by the Company on 17 December 2023 for further details. The SASAC Xicheng District, through Finance Street Group (collectively referred to for Finance Street Xihuan Properties, Finance Street Capital, Finance Street Investment and Huarong Zonghe Investment, each being subsidiaries of SASAC Xicheng District), is interested in approximately 29.99% of the total issued share capital of the Company, and therefore a substantial shareholder of the Company. Pursuant to Rule 14A.07 of the Listing Rules, the lessor (being a 30%-controlled company indirectly held by SASAC Xicheng District) is an associate of SASAC Xicheng District and therefore is a connected person of the Company. Accordingly, the transaction contemplated under the Tenancy Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were all otherwise related. The Group and Finance Street Group had entered into other tenancy agreements within a 12-month period preceding the Tenancy Agreement. Accordingly, these transactions shall be aggregated and treated as if they were one transaction. As the highest applicable percentage ratio (as defined under the Listing Rules) in relation to the total rentals under (i) the Tenancy Agreement (standing alone) and (ii) the other tenancy agreements entered between the Group and Finance Street Group during the previous 12 months (in aggregate) exceeds 0.1% but is less than 5%, the Tenancy Agreement is therefore subject to the reporting, announcement and annual review requirements, but is exempted from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## Section 7 Other Material Particulars (Continued)

### 3. Continuing connected transactions – Framework agreement for property leasing and related services (the “Framework Agreement”)

Beijing Desheng Investment Co., Ltd. (“Desheng Investment”) has been leasing various premises, which mainly comprises of offices, to the Group. The leases entered into between the Group and Desheng Investment prior to the Framework Agreement were previously de minimis continuing connected transactions of the Company. As the number of premises to be leased by the Group and the total amount of rentals and property service fees payable are expected to increase, the Company entered into the Framework Agreement on 27 September 2022 with Desheng Investment to govern the leases which have been (including the Existing Leasing) or to be entered into between the Group and Desheng Investment under the Framework Agreement (the “Leases”) for a period of three years from 1 January 2022 to 31 December 2024. For details, please refer to the announcement of the Company dated 27 September 2022. Tianfeng Securities held approximately 26.49% (as at the date of the Framework Agreement) of the Company’s total issued share capital, and therefore is a substantial shareholder of the Company. Tianfeng (Shanghai) Securities Asset Management Co., Ltd.\* (天風(上海)證券資產管理有限公司) (“Tianfeng Asset Management”) is a wholly-owned subsidiary of Tianfeng Securities and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. Tianfeng Asset Management is the issuer and manager of the ABS Scheme (Tianfeng-Desheng Asset-backed Special Scheme, managed by the Tianfeng Asset Management to securitize the properties owned by Desheng Investment by issuing ABS, details of the scheme are disclosed in the Company’s announcement dated 14 September 2021) which, through a private equity investment fund, holds Desheng Investment which in turn holds the properties that have been leasing and will be leased by Desheng Investment to the Group under the Framework Agreement (“Properties”). As such, the Company considered it appropriate to treat Desheng Investment as a “deemed connected person” of the Company in respect of the Framework Agreement pursuant to the Articles of Association, the connected transactions management system of the Company and Rule 14A.20 of the Listing Rules. Accordingly, transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the highest proposed annual caps for the Framework Agreement exceed 0.1% but do not exceed 5%, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. The estimated annual caps for the value of right-of-use assets related to the Leases for the three years ended 31 December 2024 are RMB15,000,000, RMB96,000,000 and nil, respectively; and the estimated annual caps for the property service fees related to the Leases for the three years ended 31 December 2024 are RMB1,500,000, RMB4,000,000 and RMB7,000,000, respectively. During the Reporting Period, the value of right-of-use assets and property service fees were RMB0 and RMB3,360,483 respectively, not exceeding the 2024 annual caps as disclosed.

\* For identification purpose only



## Section 7 Other Material Particulars (Continued)

The independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such continuing connected transactions and the transactions contemplated thereunder:

- (1) are in the ordinary and usual course of business of the Group;
- (2) are conducted on normal commercial terms or better; and
- (3) are conducted in accordance with the relevant agreement governing such transactions on terms that are fair and reasonable and in the interests of the Group and shareholders of the Company as a whole.

The Board has received a letter from the auditors of the Company in respect of the continuing connected transactions mentioned above, and in which the auditors have expressed the following opinion on the disclosed continuing connected transactions:

Based on the foregoing and for the continuing connected transactions disclosed:

- a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. with respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the 2024 annual cap as set by the Company in the Announcement.

## Section 7 Other Material Particulars (Continued)

### 4. Connected transaction – Deemed Disposal of Equity Interest in a Subsidiary

On 25 December 2024, the Company, Huarong Zonghe Investment and New China Fund entered into the Capital Increase Agreement, in relation to, among others, (i) the Company agreed to make a capital contribution by way of injection of RMB399,999,999.75 into New China Fund by way of cash contribution for holding approximately 52.99% of the enlarged registered capital in New China Fund, and (ii) Huarong Zonghe Investment agreed to make a capital contribution by way of injection of RMB399,999,999.75 into New China Fund by way of cash contribution for holding approximately 43.18% of the enlarged registered capital in New China Fund. Upon completion of the capital increase, the registered capital of New China Fund increased from RMB217,500,000 to RMB627,756,410. The Company will continue to be the controlling shareholder of the New China Fund and the financial results of New China Fund will continue to be consolidated into the Company. For details, please refer to the announcement of the Company dated 25 December 2024. Huarong Zonghe Investment is interested in approximately 21.88% of the Company's total issued share capital, and therefore a substantial Shareholder. New China Fund, being a 30%-controlled company directly held by Huarong Zonghe Investment, is an associate of Huarong Zonghe Investment and therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. As the capital increase will result in the dilution of the Company's equity interest in New China Fund from approximately 58.62% to approximately 52.99%, the capital increase constitutes a deemed disposal under Rule 14.29 of the Listing Rules. The Capital Increase Agreement and the transaction contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios as defined under Rule 14.07 of the Listing Rules are higher than 0.1% but all applicable percentage ratios are less than 5%, according to Rule 14A.76 of the Listing Rules, the transaction contemplated under the Capital Increase Agreement is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements and is only subject to the announcement and reporting requirements under the Listing Rules.

Save as disclosed above, other transactions set out in Note 55 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions or are exempt from compliance with reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## Section 7 Other Material Particulars (Continued)

### V. ATTAINED QUALIFICATIONS FOR SINGLE BUSINESS

The Company did not obtain any new business qualifications during the Reporting Period.

### VI. SHARE OPTION SCHEME AND EQUITY INCENTIVE SCHEME

During the Reporting Period, the Company did not adopt nor implement any share option scheme or equity incentive scheme.

### VII. ENGAGEMENT OF ACCOUNTING FIRMS

The Company appointed Grant Thornton (Special General Partnership) and Grant Thornton Hong Kong Limited as its external auditors for 2024 for providing correlated audit and review services, based on China's Accounting Standards for Business Enterprises and International Financial Reporting Standards, respectively.

Whether appointed other accounting firms in the past three years: No.

1. Domestic accounting firms, signing accountants and service lengths:

Grant Thornton (Special General Partnership), Mr. Zhang Wei and Ms. Deng Bingqing, 5.5 years.

2. International accounting firms and service lengths:

Grant Thornton Hong Kong Limited, 5 years.

## Section 7 Other Material Particulars (Continued)

### 3. Remunerations for accounting firm

	<b>Remuneration for 2024</b> (RMB'000)
<b>Service provided by annual auditor engaged</b>	
– audit and review services for the Group's annual financial report and interim financial report	3,745
– special audits services	1,623
– other review services	377
<b>Services provided by other accounting firms engaged</b>	
– other assurance services	1,171
<b>Total</b>	<b>6,916</b>

## VIII. OTHER IMPORTANT PARTICULARS AND SUBSEQUENT EVENTS

### (I) Change of Shareholders, Directors, Supervisors and Senior Management of the Company after the Reporting Period

#### 1. Change of Directors after the Reporting Period

On 10 January 2025, the resolution regarding the “election of Mr. Pang Jiemin as a non-executive Director of the fifth session of the Board” was considered and approved at the 2025 first extraordinary general meeting. Mr. Pang Jiemin was appointed as a non-executive Director of the fifth session of the Board for a term commencing from 10 January 2025 until the expiration of the term of office of the fifth session of the Board. Mr. Yu Lei resigned as a non-executive Director of the fifth session of the Board with effect from 10 January 2025.

### (II) Annual Profit Distribution Plan of the Company

Please refer to IV. “Profit Distribution and Profit Distribution Plan” under Section 6 “Report of the Board of Directors” of this report.

## Section 7 Other Material Particulars (Continued)

### (III) Major Investment and Financing after the Reporting Period

#### 1. Major investment of the Company

Nil.

#### 2. Major financing of the Company

Details of beneficiary certificates issued by the Company are as follows:

Name	Size of the Issuance (RMB'00 million)	Interest rate	Term (days)	Issue date	Maturity date
Hengchuangtaifu No. 59	3.00	2.30%	91	2025-01-22	2025-04-23
Hengchuangtaifu No. 60	4.00	2.80%	356	2025-02-11	2026-02-02

### (IV) Significant Litigations and Arbitrations after the Reporting Period

Nil.

### (V) Merger or Disposal of Subsidiaries after the Reporting Period

Nil.

### (VI) Changes in Subsidiaries after the Reporting Period

On 24 January 2025, Hengtai Futures completed the registration of the industrial and commercial change of registered capital from RMB125,000,000 to RMB228,030,300. The Company's shareholding percentage in Hengtai Futures remained unchanged.

On 10 March 2025, New China Fund completed the registration of the change of registered capital from RMB217,500,000 to RMB627,756,410. The Company's shareholding percentage in New China Fund was changed from 58.62% to 52.99%.

### (VII) Other Major Subsequent Events which may Affect the Financial Conditions, Operating Results, and Cash Flow of the Company

Nil.

## Section 8 Equity (Capital) Changes and Substantial Shareholders

### I. SHAREHOLDING STRUCTURE

At the end of the Reporting Period, the Company's share capital was 2,604,567,412 shares, among which 2,153,721,412 shares was held by holders of Domestic Shares, representing 82.69% of the total issued share capital, and 450,846,000 shares was held by holders of H Shares, representing 17.31% of the total issued share capital.

### II. CHANGES IN SHARES

None in the Reporting Period.

### III. SHAREHOLDERS

At the end of the Reporting Period, the Company had 44 registered shareholders, including 19 registered holders of Domestic Shares and 25 registered holders of H Shares.

#### (I) At the End of the Reporting Period, the Shareholding of More than 5% Shares or Top 10 Shareholders is as Follows:

No.	Name of shareholders	Nature of shareholders	Class of shares	Number of shares held	Percentage	Number of shares changed during the Reporting Period	Number of shares held without sale limitations	Number of shares held with sale limitations	Pledge or freezing status of shares	Number
1	Beijing Huarong Zonghe Investment Co., Ltd.	State-own legal person	Domestic Shares	569,895,304	21.8806%	0	569,895,304	0	-	-
2	HKSCC Nominees Limited <sup>1</sup>	Overseas legal person	H Shares	450,787,707	17.3076%	-200	450,787,707	0	-	-
3	Tianfeng Securities Co., Ltd.	State-own legal person	Domestic Shares	440,618,114	16.9171%	0	440,618,114	0	-	-
4	Baotou Huazi Industry Co., Ltd.	Social legal person	Domestic Shares	308,000,000	11.8254%	0	308,000,000	0	Pledged	56,045,700
5	Beijing Finance Street Xihuan Properties Co., Ltd.	State-own legal person	Domestic Shares	211,472,315	8.1193%	0	211,472,315	0	-	-
6	Zhejiang Free Trade Zone Huifa Technology Co., Ltd.	Social legal person	Domestic Shares	154,000,000	5.9127%	0	154,000,000	0	-	-
7	Beijing Hongzhi Huitong Industrial Co., Ltd.	Social legal person	Domestic Shares	123,500,000	4.7417%	0	123,500,000	0	Pledged	123,500,000
8	Jinan Bojie Narong Information Technology Co., Ltd.	Social legal person	Domestic Shares	68,980,000	2.6484%	0	68,980,000	0	Pledged	68,980,000
9	Tengye Holding Group Co., Ltd.	Social legal person	Domestic Shares	59,000,000	2.2653%	0	59,000,000	0	-	-
10	Xi'an Qujiang Investment Management Co., Ltd.	State-own legal person	Domestic Shares	46,485,600	1.7848%	0	46,485,600	0	-	-

## Section 8 Equity (Capital) Changes and Substantial Shareholders (Continued)

*Note:*

1. Shares held by HKSCC Nominees Limited are owned by non-registered H shareholders.

### **(II) Company's Controlling Shareholder and De Facto Controller**

The controlling shareholder of the Company is Beijing Huarong Zonghe Investment Co. Ltd. and the de facto controller of the Company is Beijing Finance Street Investment (Group) Co., Ltd..

On 30 January 2023, the Reply on Approval for the Change of Shareholder of Hengtai Securities Co., Ltd. and De Facto Controller of Hengtai Changcai Securities Co., Ltd. and New China Fund Management Co., Ltd. (Zheng Jian Xu Ke [2023] No. 198) 《關於核准恒泰证券股份有限公司變更股東及恒泰長財證券有限責任公司、新華基金管理股份有限公司變更實際控制人的批覆》(證監許可[2023]198號)) was issued by CSRC, pursuant to which, Beijing Huarong Zonghe Investment Co. Ltd. was approved as a substantial shareholder of the Company and Beijing Finance Street Investment (Group) Co., Ltd. was approved as the de facto controller of the Company.

## Section 8 Equity (Capital) Changes and Substantial Shareholders (Continued)

### (III) Status of Shareholders Holding more than 10% of the Company's Shares as at the end of the Reporting Period

Excluding HKSCC Nominees Limited, the shares held by which were owned by non-registered H shareholders.

No.	Name of shareholders	Legal representative	Date of establishment	Registered capital (RMB'000)	Registered address	Principal business
1	Beijing Huarong Zonghe Investment Co., Ltd.	Zhu Yanhui (祝豔輝)	8 July 1992	651,692.786765	East Zone, 11/F Block B, Tongtai Mansion, No. 33 Finance Street, Xicheng District, Beijing	Investment management; assets management; investment consultancy; economic and trade consultancy; financial consultancy; technology development and service
2	Tianfeng Securities Co., Ltd.	Pang Jiemin (龐介民)	29 March 2000	866,575.7464	20/F, Tianfeng Securities Building, No.446 Gaoxin Avenue, East Lake High-Tech Development Zone, Wuhan, Hubei	Provisions of intermediary business for futures companies; securities brokerage; securities investment and consultation; financial advisor related to securities transactions and securities investment activities; proxy sale of securities investment funds; securities under writing and sponsorship; securities dealing; securities margin trading; proxy sale of financial products
3	Baotou Huazi Industry Co., Ltd.	Li Yanyong (李延永)	30 November 1998	48,493.20	No. 40 Lyve Avenue, Donghe District, Baotou City, Inner Mongolia Autonomous Region	Food production; food additive production; food sales; grain processing and food production; production of wine products; animal feeding and breeding; grain purchase; grain and oil storage service; food additives sales; wholesale of edible agricultural products, etc.



## Section 8 Equity (Capital) Changes and Substantial Shareholders (Continued)

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

As at 31 December 2024, to the knowledge of the Directors after having made all reasonable enquiries, the following persons (excluding the Directors, Supervisors or senior management of the Company) had interests or short positions in the shares or underlying shares of the Company which had to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and were recorded, pursuant to Section 336 of the SFO, in the register referred to therein:

Name of substantial shareholders	Class of Shares	Nature of interest	Number of shares held (shares)	Approximate percentage of total number of issued shares of the Company <sup>1</sup> (%)	Approximate percentage of the Company's total issued Domestic Shares/ H Shares <sup>1</sup> (%)	Long positions/ short positions/ shares available for lending
Huarong Zonghe Investment <sup>2</sup>	Domestic Shares	Beneficial owner	569,895,304	21.8806	26.4610	Long positions
Finance Street Xihuan Properties <sup>3</sup>	Domestic Shares	Beneficial owner	211,472,315	8.1193	9.8189	Long positions
Huarong Infrastructure <sup>3</sup>	Domestic Shares	Interests of controlled corporation	211,472,315	8.1193	9.8189	Long positions
Finance Street Investment <sup>2,3,4</sup>	Domestic Shares	Interests of controlled corporation	781,367,619	29.9999	36.2799	Long positions
Finance Street Capital <sup>2,3,4</sup>	Domestic Shares	Interests of controlled corporation	781,367,619	29.9999	36.2799	Long positions
SASAC Xicheng District <sup>2,3,4</sup>	Domestic Shares	Interests of controlled corporation	781,367,619	29.9999	36.2799	Long positions
Tianfeng Securities	Domestic Shares	Beneficial owner	440,618,114	16.9171	20.4585	Long positions
Baotou Huazi	Domestic Shares	Beneficial owner	308,000,000	11.8254	14.3008	Long positions
Huifa Technology <sup>5</sup>	Domestic Shares	Beneficial owner	154,000,000	5.9127	7.1504	Long positions
Ms. Chen Shan <sup>5</sup>	Domestic Shares	Interests of controlled corporation	154,000,000	5.9127	7.1504	Long positions
Mr. Shen Weimin <sup>5</sup>	Domestic Shares	Interests of controlled corporation	154,000,000	5.9127	7.1504	Long positions
Hongzhi Huitong <sup>6</sup>	Domestic Shares	Beneficial owner	123,500,000	4.7417	5.7343	Long positions
Shaanxi Tianchen <sup>6</sup>	Domestic Shares	Interests of controlled corporation	123,500,000	4.7417	5.7343	Long positions
Hangzhou Ruiqi <sup>6</sup>	Domestic Shares	Interests of controlled corporation	123,500,000	4.7417	5.7343	Long positions
Suzhou Bingtai <sup>6</sup>	Domestic Shares	Interests of controlled corporation	123,500,000	4.7417	5.7343	Long positions
Mr. Zhou Zhiqiang <sup>6</sup>	Domestic Shares	Interests of controlled corporation	123,500,000	4.7417	5.7343	Long positions
Ravi Global Limited <sup>7</sup>	H Shares	Beneficial owner	123,206,000	4.7304	27.3277	Long positions

## Section 8 Equity (Capital) Changes and Substantial Shareholders (Continued)

Name of substantial shareholders	Class of Shares	Nature of interest	Number of shares held (shares)	Approximate percentage of total number of issued shares of the Company <sup>1</sup> (%)	Approximate percentage of the Company's total issued Domestic Shares/ H Shares <sup>1</sup> (%)	Long positions/ short positions/ shares available for lending
Quick Idea Investments Limited <sup>7</sup>	H Shares	Interests of controlled corporation	123,206,000	4.7304	27.3277	Long positions
G-Resources Group Limited <sup>7</sup>	H Shares	Interests of controlled corporation	123,206,000	4.7304	27.3277	Long positions
Glowing Lane Limited <sup>8</sup>	H Shares	Beneficial owner	77,522,000	2.9764	17.1948	Long positions
KUO YUNG CHUN <sup>8</sup>	H Shares	Interests of controlled corporation	77,522,000	2.9764	17.1948	Long positions
Guotai Fund Management Co., Ltd. (國泰基金管理有限公司)	H Shares	Investment manager	72,161,000	2.7706	16.0057	Long positions

### Notes :

- As at 31 December 2024, there was a total of 2,604,567,412 shares of the Company in issue, comprising 2,153,721,412 Domestic Shares and 450,846,000 H Shares.
- Huarong Zonghe Investment is wholly-owned by Finance Street Investment. Therefore, Finance Street Investment is deemed to be interested in 569,895,304 Domestic Shares held by Huarong Zonghe Investment.
- 90.00% of the equity interest in Finance Street Xihuan Properties is held by Huarong Infrastructure, and 100% of the equity interest in Huarong Infrastructure is held by Finance Street Investment. Therefore, each of Huarong Infrastructure and Finance Street Investment is deemed to be interested in 211,472,315 Domestic Shares held by Finance Street Xihuan Properties.
- 62.06% and 37.94% of the equity interest in Finance Street Investment is held by Finance Street Capital and SASAC Xicheng District, respectively, and 100% of the equity interest of Finance Street Capital is held by SASAC Xicheng District. Therefore, each of Finance Street Capital and SASAC Xicheng District is deemed to be interested in 781,367,619 Domestic Shares held indirectly by Finance Street Investment.
- 53.33% and 46.67% of the equity interest in Huifa Technology is held by Mr. Shen Weimin (沈為民) and Ms. Chen Shan (陳嫻), respectively. Therefore, each of Mr. Shen Weimin (沈為民) and Ms. Chen Shan (陳嫻) is deemed to be interested in 154,000,000 Domestic Shares held by Huifa Technology.
- 97.67% of the equity interest in Hongzhi Huitong is held by Shaanxi Tianchen. 98.67% of the equity interest in Shaanxi Tianchen is held by Hangzhou Ruisi. 100% of the equity interest in Hangzhou Ruisi is held by Suzhou Bingtai. 81.82% of the equity interest in Suzhou Bingtai is held by Mr. Zhou Zhiqiang (周志強). Therefore, each of Shaanxi Tianchen, Hangzhou Ruisi, Suzhou Bingtai and Mr. Zhou Zhiqiang (周志強) is deemed to be interested in 123,500,000 Domestic Shares held by Hongzhi Huitong.

## Section 8 Equity (Capital) Changes and Substantial Shareholders (Continued)

7. 100% of the equity interest in Ravi Global Limited is held by Quick Idea Investments Limited. 100% of the equity interest in Quick Idea Investments Limited is held by G-Resources Group Limited. Therefore, each of Quick Idea Investments Limited and G-Resources Group Limited is deemed to be interested in the 123,206,000 H Shares held by Ravi Global Limited.
8. 100.00% of the equity interest in Glowing Lane Limited is held by KUO YUNG CHUN. Therefore, KUO YUNG CHUN is deemed to be interested in 77,522,000 H Shares held by Glowing Lane Limited.

Save as disclosed above, as at 31 December 2024, the Company is not aware of any other persons (excluding the Directors, Supervisors and senior management of the Company) having any interest or short position in the shares or underlying shares of the Company which will be required to be recorded in the register under Section 336 of the SFO.

### V. PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the relevant PRC laws which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## Section 9 Directors, Supervisors, Senior Management and Employees

### I. BASIC INFORMATION ABOUT INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THOSE LEAVING OFFICE DURING THE REPORTING PERIOD

#### (I) Directors

No.	Name	Gender	Age	Positions	Term of office	Total remuneration (before tax) received from the Company during the Reporting Period	Remarks
						(RMB in thousand)	
1	Zhu Yanhui (祝豔輝)	Male	50	Chairman of the Board and executive Director	8 September 2023 to 7 September 2026	0	–
2	Pang Jiemin (龐介民)	Male	53	Non-executive Director	10 January 2025 to 7 September 2026	0	–
3	Wang Linjing (王琳晶)	Male	50	Non-executive Director	8 September 2023 to 7 September 2026	75	–
4	Li Ye (李曄)	Male	50	Non-executive Director	8 September 2023 to 7 September 2026	0	–
5	Yang Qin (楊琴)	Female	44	Non-executive Director	8 September 2023 to 7 September 2026	0	–
6	Li Yanyong (李延永)	Male	58	Non-executive Director	8 September 2023 to 7 September 2026	75	–
7	Chen Xin (陳欣)	Male	49	Independent non-executive Director	8 September 2023 to 7 September 2026	150	–
8	Xu Hongcai (徐洪才)	Male	60	Independent non-executive Director	8 September 2023 to 7 September 2026	150	–
9	Cheng Zhuo (程茁)	Female	50	Independent non-executive Director	8 September 2023 to 7 September 2026	150	–
10	Yu Lei (余磊)	Male	47	Non-executive Director (resigned)	8 September 2023 to 10 January 2025	75	Resigned as a non-executive Director with effect from 10 January 2025.

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

*Note:*

1. According to the resolution on “Allowance of the Directors of the Fifth Session of the Board of Directors and the Supervisors of the Fifth Session of the Supervisory Committee” considered and approved at the 2023 second extraordinary general meeting, Mr. Zhu Yanhui, being an executive Director, did not receive any remuneration or allowance as a Director from the Company. Non-executive Directors is proposed to receive the annual fixed allowance of RMB75,000 (tax inclusive) per person per annum. Among them, Mr. Li Ye and Ms. Yang Qin, both being non-executive Directors, waived their allowances as Directors of the Company. Independent non-executive Directors is proposed to receive the annual fixed allowance of RMB150,000 (tax inclusive) per person per annum.

### (II) Supervisors

No.	Name	Gender	Age	Positions	Term of office	Total remuneration (before tax) received from the Company during the Reporting Period (RMB in thousand)	Remarks
1	Yu Lei (于蕾)	Female	52	Chairman of the Supervisory Committee	8 September 2023 to 7 September 2026	1,455	–
2	Chen Feng (陳風)	Male	45	Shareholder representative Supervisor	8 September 2023 to 7 September 2026	60	–
3	Wang Hui (王慧)	Male	51	Employee representative Supervisor	8 September 2023 to 7 September 2026	1,266	–

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

### (III) Senior Management

No.	Name	Gender	Age	Positions	Term of office	Total remuneration (before tax) received from the Company during the Reporting Period	Remarks
						(RMB in thousand)	
1	Yin Guohong (銀國宏)	Male	51	President	8 September 2023 to 7 September 2026	1,937	–
2	Zhang Wei (張偉)	Male	54	Vice president	8 September 2023 to 7 September 2026	3,575	–
3	Yang Shufei (楊淑飛)	Female	51	Vice president	8 September 2023 to 7 September 2026	1,830	–
4	Tang Jun (唐軍)	Male	55	Vice president	8 September 2023 to 7 September 2026	1,965	–
5	Sun Hang (孫航)	Male	59	Chief financial officer	8 September 2023 to 7 September 2026	1,782	–
6	Zhang Jingshun (張景順)	Male	41	Secretary of the Board and joint company secretary	8 September 2023 to 7 September 2026	1,872	–
7	Liu Zhanjun (劉占軍)	Male	48	Chief compliance officer and chief risk officer	8 September 2023 to 7 September 2026	1,860	–
8	Cheng Wendong (程文東)	Male	54	Chief information officer	28 September 2023 to 7 September 2026	1,393	–

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

### II. APPOINTMENT OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHAREHOLDERS' COMPANIES AND OTHER COMPANIES

#### (I) Appointment in Shareholders' Companies

No.	Name	Position in the Company	Employing unit	Position in shareholders' company	Term of office
1	Zhu Yanhui (祝豔輝)	Chairman of the Board and executive Director	Beijing Finance Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司)	Deputy Secretary of the Party Committee, vice chairman and general manager	September 2023 to present
			Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司)	Legal representative, chairman of the board and general manager	October 2022 to present
2	Pang Jiemin (龐介民)	Non-executive Director	Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	Secretary of the Party Committee	October 2024 to present
			Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	Chairman of the board	February 2024 to present
3	Wang Linjing (王琳晶)	Non-executive Director	Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	Director	November 2020 to present
			Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	President	December 2019 to present
4	Li Ye (李曄)	Non-executive Director	Beijing Finance Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司)	Deputy general manager	May 2024 to president
			Beijing Finance Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司)	Investment director	November 2017 to May 2024
5	Yang Qin (楊琴)	Non-executive Director	Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司)	Director and deputy general manager	October 2022 to present
			Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司)	Secretary of the General Party Committee	June 2024 to present
6	Li Yanyong (李延永)	Non-executive Director	Beijing Finance Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司)	General manager of the strategic development department	January 2023 to August 2024
			Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司)	Deputy general manager	September 2022 to present
7	Chen Feng (陳風)	Shareholder representative Supervisor	Beijing Finance Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司)	General manager of the financial management department	August 2024 to present
			Baotou Huazi Industry Co., Ltd. (包頭華資實業股份有限公司)	Legal representative and chairman	May 2022 to present
7	Chen Feng (陳風)	Shareholder representative Supervisor	Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	Assistant to the president	July 2020 to November 2024
			Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	General manager of the investment banking strategic customer department	September 2020 to February 2024
			Tianfeng Securities Co., Ltd. (天風證券股份有限公司)	General manager of the investment banking strategic customer department	November 2024 to present

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

### (II) Appointment in other Units

No.	Name	Position in the Company	Employing unit	Position in other units	Term of office
1	Zhu Yanhui (祝豔輝)	Chairman of the Board and executive Director	Beijing Xicheng Charity Association (北京西城慈善協會)	Director	May 2018 to present
			Greatwall Life Insurance Co., Ltd. (長城人壽保險股份有限公司)	Director	November 2021 to August 2024
			The Board of Inner Mongolia Securities and Futures Industry Association (內蒙古證券期貨業協會理事會)	President	February 2023 to July 2024
			China Structural Reform Fund Co., Ltd* (中國國有企業結構調整基金股份有限公司)	Director	December 2023 to present
			Beijing Financial Street Chamber of Commerce (北京金融街商會)	Executive vice chairman	May 2024 to present
			Beijing Xicheng District Enterprise and Entrepreneur Association (北京市西城區企業和企業家聯合會)	President of the third session of the board of directors	December 2024 to present
2	Li Ye (李曄)	Non-executive Director	Greatwall Wealth Insurance Asset Management Co., Ltd. (長城財富保險資產管理股份有限公司)	Director	December 2019 to present
			Finance Street Holdings Co., Ltd. (金融街控股股份有限公司)	Director	September 2023 to November 2024
3	Yang Qin (楊琴)	Non-executive Director	Greatwall Life Insurance Co., Ltd. (長城人壽保險股份有限公司)	Supervisor	August 2018 to present
			Greatwall Wealth Insurance Asset Management Co., Ltd. (長城財富保險資產管理股份有限公司)	Chairman of the supervisory committee	March 2024 to present
4	Li Yanyong (李延永)	Non-executive Director	Shandong Yuanjun Real Estate Co., Ltd. (山東元駿置業有限公司)	Supervisor	August 2013 to present
			Hainan Shengtai Chuangfa Industrial Co., Ltd. (海南盛泰創發實業有限公司)	Legal representative, executive director and chief financial officer	October 2020 to present
			Shenzhen Guoer Investment Co., Ltd. (深圳國而投資有限公司)	Legal representative, executive director and general manager	August 2007 to present



## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

No.	Name	Position in the Company	Employing unit	Position in other units	Term of office
5	Chen Xin (陳欣)	Independent non-executive Director	Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學上海高級金融學院)	Professor	January 2017 to January 2025
			Xiamen Bank Co., Ltd. (廈門銀行股份有限公司)	Independent director	July 2021 to present
			Guangdong Qunxing Toys Joint-Stock Co., Ltd. (廣東群興玩具股份有限公司)	Independent director	October 2022 to present
			Da Ming International Holdings Limited (大明國際控股有限公司)	Independent director	December 2021 to present
			Yunnan Investment Holding Group Co., Ltd. (雲南省投資控股集團有限公司)	Director	January 2021 to present
			Shengsheng Supply CHAIN Management (Ningbo) Co., Ltd. (上海生生醫藥冷鏈科技股份有限公司)	Director	January 2022 to February 2025
			Shanghai Lingang Holdings Co., Ltd. (上海臨港控股股份有限公司)	Independent director	October 2024 to present
			Dishui Lake Advanced Finance Institute of Shanghai University of Finance and Economics (上海財經大學滴水湖高級金融學院)	Professor and director of the capital market research center	February 2025 to present
6	Cheng Zhuo (程茁)	Independent non-executive Director	School of Accounting and Finance of The Hong Kong Polytechnic University (香港理工大學會計金融學院)	Associate professor	July 2012 to present
7	Xu Hongcai (徐洪才)	Independent non-executive Director	China Association of Policy and Science (中國政策科學研究會)	Deputy director of the economic policy committee	April 2019 to present
			China Everbright Group Ltd.* (中國光大集團股份公司)	Independent director	January 2022 to present
			China Life Asset Management Company Ltd. (中國人壽資產管理公司)	Independent director	December 2020 to present
			Hanhua Financial Holding Co., Ltd.* (瀚華金控股份有限公司)	Independent director	October 2022 to present
			Yunnan Jinggu Forestry Co., Ltd. (雲南景谷林業股份有限公司)	Independent director	May 2023 to present

\* For identification purpose only

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

### III. BIOGRAPHICAL DETAILS OF INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) Directors

**Mr. Zhu Yanhui (祝豔輝) ("Mr. Zhu")**, aged 50, has been the Chairman of the Board and an executive Director since December 2022. Mr. Zhu is currently the chairman and general manager of Huarong Zonghe Investment, the deputy secretary to the Party Committee, vice chairman and general manager of Finance Street Investment, the director of China Structural Reform Fund Co., Ltd.\* (中國國有企業結構調整基金股份有限公司), the executive vice chairman of the Beijing Financial Street Chamber of Commerce (北京金融街商會), a director of Beijing Xicheng Charity Association (北京西城慈善協會) and the president of the third session of the board of directors of Beijing Xicheng District Enterprise and Entrepreneur Association (北京市西城區企業和企業家聯合會). Previously, Mr. Zhu worked at Beijing Anhua Real Estate Company\* (北京安華房地產公司) and Beijing Chaoshifa Management Co., Ltd.\* (北京市超市發管理有限公司). Mr. Zhu successively served as an engineer and the project manager of the engineering department, an assistant to the general manager and the deputy general manager of the manager office of Finance Street Holdings Co., Ltd. (金融街控股股份有限公司), as well as the general manager of the manager office and an executive director of Financial Street (Beijing) Real Estate Co., Ltd.\* (金融街(北京)置業有限公司) and Financial Street (Tianjin) Real Estate Co., Ltd. (金融街(天津)置業有限公司). Mr. Zhu served as the chairman of the supervisory committee, secretary to the Party Committee and a director of Greatwall Life Insurance Co., Ltd. (長城人壽保險股份有限公司). Mr. Zhu also served as the member to the Party Committee, deputy general manager and director of Finance Street Investment. Mr. Zhu graduated from the Beijing Institute of Civil Engineering and Architecture (北京建築工程學院) in July 1996 with a bachelor's degree majoring in civil engineering.

**Mr. Pang Jiemin (龐介民) ("Mr. Pang")**, aged 53, has been a non-executive Director since January 2025. Mr. Pang is currently the secretary of the Party Committee and chairman of Tianfeng Securities (天風證券) (a company listed on the Shanghai Stock Exchange, stock code: 601162). Mr. Pang worked at the Beijing Branch of the People's Bank of China (中國人民銀行北京分行), the institutional supervision department of China Securities Regulatory Commission (中國證監會機構監管部), and the Financial Services Office of Xicheng District, Beijing (北京市西城區金融服務辦公室). Mr. Pang served as the deputy general manager of Beijing Financial Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司), and chief operating officer and general manager of compliance and risk control department of China Galaxy Financial Holdings Company Limited (中國銀河金融控股有限責任公司). Mr. Pang served as the chairman of the Company from December 2010 to December 2020. From January 2024 to September 2024, Mr. Pang served as the deputy secretary of the Party Committee of Tianfeng Securities. Mr. Pang graduated from Hebei College of Finance and Economics (河北財經學院) (now known as Hebei University of Economics and Business (河北經貿大學)) with a bachelor's degree in finance in July 1993; obtained a master's degree in economics from Central Institute of Finance and Banking (中央財政金融學院) (now known as Central University of Finance and Economics (中央財經大學)) in March 1996; and obtained a doctor's degree in economics in Southwestern University of Finance and Economics (西南財經大學) in January 2005.

\* For identification purpose only

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

**Mr. Wang Linjing (王琳晶) ("Mr. Wang")**, aged 50, has been a non-executive Director since September 2019. Mr. Wang is currently the president and a director of Tianfeng Securities (listed on the Shanghai Stock Exchange, stock code: 601162). Mr. Wang has been the chairman and a legal representative of Hengtai Changcai since October 2020. Mr. Wang worked at National Development and Reform Commission and China Tongda Electronic Network System Company (中國通達電子網絡系統公司). Mr. Wang obtained his doctorate degree from the Chinese Academy of Social Sciences (中國社會科學院) in July 2005.

**Mr. Li Ye (李曄) ("Mr. LiY")**, aged 50, has been a non-executive Director since December 2022. Mr. LiY is currently the deputy general manager of Finance Street Investment, a director, deputy general manager and secretary of the general Party Committee of Huarong Zonghe Investment, and a director of Greatwall Wealth Insurance Asset Management Co., Ltd (長城財富保險資產管理股份有限公司). Mr. LiY previously worked at Zhonglu, a subsidiary of State Development & Investment Corporation (國家開發投資總公司), Greencool (China) Investment Co., Ltd.\* (格林柯爾(中國)投資有限公司), Tianjiao Technology Venture Capital Co., Ltd.\* (天驕科技創業投資有限公司). Mr. LiY successively served as investment management manager, deputy general manager and general manager in the asset management department of Finance Street Investment and the investment director of Finance Street Investment. Mr. LiY served as an executive director and general manager of Huarong Zonghe Investment. Mr. LiY served as a director of Huarong Infrastructure Investment, and a director of Finance Street Holdings Co., Ltd.\* (金融街控股股份有限公司). Mr. LiY graduated from Shandong Agricultural University (山東農業大學) in July 1997 with a bachelor's degree majoring in agricultural economics and management and from Renmin University of China (中國人民大學) in July 2002 with a master's degree majoring in agricultural economy management.

**Ms. Yang Qin (楊琴) ("Ms. YangQ")**, aged 44, has been a non-executive Director since September 2023. Ms. YangQ is currently the general manager of the financial management department of Finance Street Investment, a deputy general manager of Huarong Zonghe Investment, a supervisor of Greatwall Life Insurance Co., Ltd. (長城人壽保險股份有限公司) and the chairman of the supervisory committee of Greatwall Wealth Insurance Asset Management Co., Ltd (長城財富保險資產管理股份有限公司). Ms. YangQ successively served as the head of each of the corporate planning development department, the corporate development office of the corporate management department, the strategic planning office and the planning and analysis office of the corporate management department of Greatwall Life Insurance Co., Ltd. (長城人壽保險股份有限公司). Ms. YangQ successively served as a deputy general manager of the finance and insurance department and a deputy general manager as well as general manager of the strategic development department of Finance Street Investment. Ms. YangQ served as a director of Beijing Financial Street Insurance Agency Co., Ltd. (北京金融街保險經紀股份有限公司), and a director of Beijing Financial Street Group Finance Company Limited (北京金融街集團財務有限公司). Ms. YangQ graduated from Beijing Technology and Business University (北京工商大學) in July 2002 with a bachelor's degree majoring in marketing, and subsequently obtained a master's degree in June 2005 majoring in business management from Beijing Technology and Business University.

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

**Mr. Li Yanyong (李延永) ("Mr. Li")**, aged 58, has been a non-executive Director since September 2023. Mr. Li is currently the legal representative and chairman of Baotou Huazi (listed on the Shanghai Stock Exchange, stock code: 600191), the legal representative, an executive director and the general manager of Shenzhen Guoer Investment Co., Ltd. (深圳國而投資有限公司), a supervisor of Shandong Yuanjun Real Estate Co., Ltd. (山東元駿置業有限公司) and the legal representative, an executive director and the chief financial officer of Hainan Shengtai Chuangfa Industrial Co., Ltd. (海南盛泰創發實業有限公司). Mr. Li was the deputy director of the securities department of Shengli Oilfield Daming Group Co., Ltd. (勝利油田大明集團股份有限公司), the general manager of Shenzhen Bojie Investment Development Co., Ltd. (深圳博傑投資發展有限公司), the legal representative of Shenzhen Guoxin Guarantee Co., Ltd. (深圳國信擔保有限公司), the secretary to the board of directors of Shandong Huiying Technology Co., Ltd. (山東惠影科技股份有限公司) and the legal representative of Huimin Chenguang Experimental School. Mr. Li graduated from China University of Petroleum in July 1989 with a bachelor's degree in industrial management engineering and graduated from China University of Petroleum in March 1993 with a master's degree in industrial management engineering.

**Mr. Chen Xin (陳欣) ("Mr. ChenX")**, aged 49, has been an independent non-executive Director since September 2023. Mr. ChenX was an associate professor of Antai School of Economics and Management of Shanghai Jiao Tong University and an associate professor and professor of Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University from January 2006 to January 2025. Mr. ChenX is currently a professor and the director of the capital market research center at Dishui Lake Advanced Finance Institute of Shanghai University of Finance and Economics (上海財經大學滴水湖高級金融學院). Mr. ChenX is currently an independent director of Xiamen Bank Co., Ltd. (廈門銀行股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 601187), Guangdong Qunxing Toys Joint-Stock Co., Ltd. (廣東群興玩具股份有限公司) (listed on the Shenzhen Stock Exchange, stock code: 002575) and Shanghai Lingang Holdings Co., Ltd. (上海臨港控股股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600848), and an independent non-executive director of Da Ming International Holdings Limited (大明國際控股有限公司) (listed on the Hong Kong Stock Exchange, Stock code: 01090). Mr. ChenX is currently a director of Yunnan Investment Holding Group Co., Ltd. (雲南省投資控股集團有限公司). Mr. ChenX is a member of the Third Session of the Independent Directors Special Committee of the China Association for Public Companies. Mr. ChenX served as the chairman of Yunnan Credit Promotion Co., Ltd. (雲南省信用增進有限公司) and a director of Shengsheng Supply CHAIN Management (Ningbo) Co., Ltd. (上海生生醫藥冷鏈科技股份有限公司). Mr. ChenX graduated from the Huazhong University of Science and Technology with a bachelor's degree in international trade in July 1996 and from the University of Minnesota System with a doctorate degree in finance in August 2005.

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

**Mr. Xu Hongcai (徐洪才) ("Mr. Xu")**, aged 60, has been an independent non-executive Director since September 2023. Mr. Xu has been the deputy director of the Economic Policy Committee of the China Association of Policy and Science since April 2019. Mr. Xu currently serves as an independent director of China Life Asset Management Company Ltd., China Everbright Group Ltd.\*, Hanhua Financial Holding Co., Ltd.\* (瀚華金控股份有限公司) (listed on the Hong Kong Stock Exchange, stock code: 03903) and Yunnan Jinggu Forestry Co., Ltd. (雲南景谷林業股份有限公司) (listed on the Shanghai Stock Exchange, stock code: 600265). Mr. Xu served as the assistant engineer of Anqing Sinopec of Sinopec Group, a chief officer of the National Financial Debt Office of the Head Office of the People's Bank of China, the deputy general manager of the Shanghai Head Office of GF Securities Co., Ltd., the vice president of Beijing Venture Capital Co., Ltd., a professor of Capital University of Economics and Business, and a deputy chief economist of China Center for International Economic Exchanges. Mr. Xu graduated from Renmin University of China in July 1993 with a master's degree in philosophy, and graduated from the Chinese Academy of Social Sciences in July 1996 with a doctorate degree in industrial economics.

**Ms. Cheng Zhuo (程茁) ("Ms. Cheng")**, aged 50, has been an independent non-executive Director since September 2023. Ms. Cheng has been an associate professor since July 2012 at the School of Accounting and Finance of The Hong Kong Polytechnic University. From August 2005 to June 2012, Ms. Cheng served as an assistant professor at the School of Accounting and Finance of The Hong Kong Polytechnic University. Ms. Cheng served as a lecturer at Hubei University of Economics and a research assistant at the University of Missouri in the United States. Ms. Cheng graduated from Huazhong University of Science and Technology in July 1996 with a bachelor's degree and a major in Industrial Management and Engineering (with a minor in Computer and Application), and graduated from the Fisher College of Business of The Ohio State University in July 2005 with a doctoral degree and a major in Accounting and Management Information Systems.

\* For identification purpose only

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

### (II) Supervisors

**Ms. Yu Lei (于蕾)** (“**Ms. Yu**”), aged 52, has been the chairman of the supervisory committee since September 2023. Ms. Yu previously served as the project manager and a partner of Jilin Certified Public Accountants\* (吉林會計師事務所), the deputy director, deputy chief accountant and a partner of Jilin Reanda Certified Public Accountants\* (吉林利安達會計師事務所), a department manager of Beijing Reanda Xinlong Certified Public Accounts Co., Ltd.\* (北京利安達信隆會計師事務所). Ms. Yu previously served as the manager of the audit department of Greatwall Life Insurance Co., Ltd. (長城人壽保險股份有限公司). Ms. Yu successively served as the deputy general manager of the audit department, general manager of the risk audit department and chief risk officer of Finance Street Investment. Ms. Yu previously served as the chairman of the board of supervisors of Greatwall Wealth Insurance Asset Management Co., Ltd. (長城財富保險資產管理股份有限公司), the chairman of the board of supervisors of Beijing Financial Street Group Finance Company Limited (北京金融街集團財務有限公司), a director of Beijing Financial Assets Exchange Co., Ltd. (北京金融資產交易所有限公司) and the chairman of the board of supervisors of Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司). Ms. Yu served as a non-executive director of the Company from December 2022 to September 2023. Ms. Yu graduated from Changchun Taxation College (長春稅務學院) in July 1994 with a bachelor’s degree majoring in accounting. Ms. Yu possesses professional qualifications including Chinese certified public accountant, certified public valuer, certified tax accountant and international certified internal auditor.

**Mr. Chen Feng (陳風)** (“**Mr. Chen**”), aged 45, has been the Supervisor since January 2020. Mr. Chen is currently the general manager of the investment banking strategic customer department of Tianfeng Securities (listed on the Shanghai Stock Exchange, stock code: 601162). Mr. Chen worked at Law School of Wuhan University in the capacity as a student counselor, deputy secretary to the Youth League Committee, deputy director of undergraduate service office, secretary to Youth League Committee, director of undergraduate service office, secretary to the executive party branch and the assistant of the dean in succession and deputy director of platform construction office of Institute of Humanities and Social Science of Wuhan University. Mr. Chen served as the administrative director of Wuhan Dangdai Technology Industry Group Co., Ltd. (武漢當代科技產業集團股份有限公司), and the administrative director and assistant to the president of Tianfeng Securities. Mr. Chen graduated from Wuhan University in July 2002, majoring in economic law, and obtained his bachelor’s degree. He then continued his part-time study of economic law at Wuhan University and obtained his master’s and doctoral degrees in law in July 2006 and December 2012, respectively.

\* For identification purpose only

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

**Mr. Wang Hui (王慧) ("Mr. WangH")**, aged 51, has been a Supervisor since September 2012. Mr. WangH has also been a supervisor of Hengtai Pioneer and Hengtai Futures since January 2013 and June 2013, respectively. Mr. WangH has been a manager of office of the Board since January 2017. Mr. WangH served as deputy manager of office of the Board from July 2009 to January 2017. Mr. WangH served as a supervisor of Hengtai Changcai (恒泰長財) from October 2012 to January 2025. Mr. WangH successively served as a deputy chief of staff and deputy director of office of the board in Beijing Huarong Zonghe Investment Company (北京華融綜合投資公司) (now known as Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司)). Mr. WangH graduated from East China University of Metallurgy (華東冶金學院) with a bachelor's degree majoring in ferrous metallurgy in July 1995. He obtained a master's degree majoring in business administration from Beijing Jiaotong University (北京交通大學) in May 2004.

### (III) Senior Management

**Mr. Yin Guohong (銀國宏) ("Mr. Yin")**, aged 51, has been the President of the Company since September 2023. Mr. Yin has been the legal representative and chairman of the board of Hengtai Futures since October 2023 as well as the legal representative and chairman of New China Fund since December 2024. Mr. Yin successively served as the cashier and the manager of the consulting section of the securities business department of China Education Technology Trust Investment Company (中國教育科技信託投資有限公司). Mr. Yin successively served as senior researcher and the assistant director of the Research Institute of CSC Financial Co., Ltd. (中信建投證券股份有限公司研究所). Mr. Yin successively served as the director of the Research Institute, general manager of asset management headquarters, assistant general manager and deputy general manager of Dongxing Securities Co., Ltd. (東興證券股份有限公司), the chairman of Dongxing Fund Management Co., Ltd. (東興基金管理有限公司) and the chairman of Dongxing Futures Co., Ltd. (東興期貨有限責任公司). Mr. Yin served as the deputy head of the preparatory team of the asset management subsidiary of China United Insurance Holding Corporation (中華聯合保險集團股份有限公司). Mr. Yin graduated from Central University of Finance and Economics (中央財經大學) in July 1996 with a bachelor's degree in economics, from Central University of Finance and Economics in June 1999 with a master's degree in economics and from the Chinese Academy of Social Sciences (中國社會科學院) in July 2005 with a doctorate degree in economics.



## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

**Mr. Zhang Wei (張偉) ("Mr. ZhangW")**, aged 54, has been a vice president of the Company since September 2008. Mr. ZhangW has been the general manager of Hengtai Changcai since June 2014 and a director in Hengtai Changcai since October 2020. Mr. ZhangW served as the president assistant and a vice president of the Company from August 2002 to November 2006 and from November 2006 to September 2008, respectively. Mr. ZhangW served as the secretary of the Board of the Company from November 2011 to April 2020, the legal representative and an executive director of Hengtai Changcai from June 2014 to October 2020, and one of the joint company secretaries of the Company from March 2015 to June 2020. Mr. ZhangW served as a manager of general management department in China National Heavy Duty Truck Finance Co., Ltd. (中國重汽財務有限公司) and a secretary of the Communist Youth League of China National Heavy Duty Truck Group Jinan Truck Co., Ltd. (中國重汽集團濟南卡車公司). Mr. ZhangW graduated from Shandong University (山東大學) with a bachelor's degree majoring in public finance in July 1994.

**Ms. Yang Shufei (楊淑飛) ("Ms. Yang")**, aged 51, has been the vice president of the Company since April 2020. Ms. Yang has served as a supervisor of Hengtai Capital and a director of Hengtai Futures since October 2017 and August 2021, respectively. Ms. Yang served as the chief financial officer of the Company from October 2016 to April 2020. Ms. Yang worked at Aerospace Trust Investment Co., Ltd. (航天信託投資有限責任公司), and successively served as the manager of the clearing department, the manager of the risk management department, chief accountant, general counsel, board secretary and vice president of CASIC Finance Co., Ltd. (航天科工財務有限責任公司), and the chief financial officer of Huahao Xinlian (Beijing) Kemao Co., Ltd. (華浩信聯(北京)科貿有限公司). Ms. Yang graduated from Renmin University of China (中國人民大學) with a bachelor degree in international finance in July 1995 and obtained a master degree in economics from Peking University (北京大學) in November 2005 and an executive master degree of business administration from Tsinghua University (清華大學) in July 2010.

**Mr. Tang Jun (唐軍) ("Mr. Tang")**, aged 55, has been the vice president of the Company since May 2020. Mr. Tang served successively as the director, chief economic manager and general manager of CNPC Xinjiang Petroleum Administration (中國石油新疆石油管理局). Mr. Tang served as the assistant dean of Research Institute of Chemical Industry in Beijing (北京市化學工業研究院), the assistant to the president of Mingtian Group (明天集團), the chief executive officer of Jian Tong Investment Co., Ltd. (建通投資有限公司), the vice president of Fortune Joint Investment Group Co., Ltd. (財富聯合投資集團有限公司), the manager of finance and insurance department of Finance Street Investment, and the post-doctor of Institute of Industrial Economics of CASS (中國社會科學院工業經濟研究所). Mr. Tang served successively as the secretary of the board of directors and the deputy general manager of Greatwall Life Insurance Co., Ltd. (長城人壽保險股份有限公司). Mr. Tang graduated from Southwest Petroleum University (西南石油學院) in July 1989 with a bachelor's degree, and obtained a master's degree and a doctor's degree from China University of Petroleum (中國石油大學) in July 2000 and July 2007, respectively.



## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

**Mr. Sun Hang (孫航) ("Mr. Sun")**, aged 59, has been the chief financial officer of the Company since April 2020. Mr. Sun served as an accountant in the Grain Bureau of Lixin County of Anhui Province (安徽省利辛縣糧食局), and successively served as the deputy manager of the finance and accounting department, the assistant to the general manager cum manager of the finance and accounting department of Hefei Import and Export Company (合肥市進出口公司). Mr. Sun successively served as an accountant, the assistant to the general manager and the deputy general manager of the accounting and cashier department of the headquarters, the deputy general manager of the finance and accounting department and the director of the fund clearing center of the headquarters of Shenzhen Development Bank Co., Ltd. (深圳發展銀行股份有限公司). Mr. Sun successively served as a member of the preparatory group and the vice president of Kunming Branch of Shenzhen Development Bank Co., Ltd.. Mr. Sun served as the chief accountant of China Grains and Oils Group Co., Ltd. (中穀糧油集團有限公司), the chief accountant of China National Chemical Corporation Ltd. (中國化工集團有限公司), and a member of the preparatory group and the president of CCTEG Financial Leasing Co., Ltd. (中煤科工金融租賃股份有限公司). Mr. Sun once worked at Tianfeng Securities, responsible for strategic customer service. Mr. Sun graduated from Anhui Finance and Trade College (安徽財貿學院) in December 1990, majoring in accounting, with a master's degree in economics, and from Xiamen University (廈門大學) in August 1996, majoring in accounting, with a doctor's degree in economics.

**Mr. Zhang Jingshun (張景順) ("Mr. Zhang")**, aged 41, has been the secretary of the Board and one of the joint company secretaries of the Company since April 2020 and June 2020, respectively. Mr. Zhang has been the legal representative, executive director and general manager of Hengtai Capital since December 2022. Mr. Zhang has been the chairman of the supervisory committee of Hengtai Futures since August 2023. Mr. Zhang served as the auditor of Shenzhen Global Jingwei Enterprise Management Consulting Co., Ltd. (深圳環球經緯企業管理諮詢有限公司), the deputy director of the department of political and legal affairs of the National Population and Family Planning Commission (國家人口計生委), the director of the general office of CSRC, and the executive general manager of the investment banking department of Xinda Securities Co., Ltd. (信達證券股份有限公司). Mr. Zhang successively served as the deputy director of the secretariat of executive committee and the deputy general manager of the operation and management department of Tianfeng Securities. Mr. Zhang graduated from China University of Political Science and Law (中國政法大學) with a bachelor's degree in economics in June 2006. He obtained a master's degree in economics from China University of Political Science and Law in June 2009, and obtained a doctorate degree in economics from the Chinese Academy of Social Sciences (中國社會科學院) in June 2013.

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

**Mr. Liu Zhanjun (劉占軍) ("Mr. Liu")**, aged 48, has been the chief compliance officer of the Company since April 2020, and has been also the chief risk officer of the Company from September 2023. Mr. Liu successively served as the deputy director of the supervision department of listed companies, the director of the office, the director of the institutional supervision department and the director of the inspection department of Inner Mongolia Securities Regulatory Bureau of CSRC. Mr. Liu graduated from Inner Mongolia University of Finance and Economics (內蒙古財經大學) in July 2001 with a bachelor's degree majoring in finance and taxation. He obtained a master's degree in business administration from the School of Economics and Management of Inner Mongolia University of Technology (內蒙古工業大學) in January 2011.

**Mr. Cheng Wendong (程文東) ("Mr. Cheng")**, aged 54, has been the chief information officer of the Company since September 2023. Mr. Cheng served as an operation and maintenance engineer, deputy general manager and general manager of the information technology department of the Company from August 1997 to August 2023. Mr. Cheng graduated from Inner Mongolia Normal University in July 1992 with a bachelor's degree in Physics, from Inner Mongolia University in July 1997 with a master's degree in Theoretical Physics and from Peking University in July 2006 with a master's degree in Finance.

## IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### (I) Changes in Directors

None in the Reporting Period. For change of Directors after the Reporting Period, please refer to the subsection headed "VIII. Other Important Particulars and Subsequent Events" in Section 7 "Other Material Particulars" of this report.

### (II) Changes in Supervisors

None in the Reporting Period.

### (III) Changes in Senior Management

None in the Reporting Period.

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

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

#### (I) Remuneration System and Decision-making Procedures of Directors, Supervisors and Senior Management

The remuneration of the Directors shall be proposed by the Remuneration and Nomination Committee for consideration and approval by the Board, and submitted to general meeting for approval. The remuneration of the Supervisors shall be reviewed and approved by the general meeting. The remuneration of the senior management of the Company shall be proposed by the Remuneration and Nomination Committee to the Board for approval.

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

Directors and Supervisors who have not entered into any employment contracts with the Company are entitled to allowances, and those who have entered into employment contracts with the Company shall obtain remuneration in accordance with the requirement of the Company.

The remuneration of the senior management of the Company shall be proposed by the Remuneration and Nomination Committee in accordance with the remuneration and assessment system with reference to operating results, responsibilities and the comparable level of the industry and market for consideration and approval by the Board.

Payment of more than 40% of annual performance-based remuneration for full-time Directors, Chairman of the Supervisory Committee and senior management of the Company shall be deferred for a period of at least three years. The deferred payment of remuneration shall be divided equally. The specific proportion of deferred payment and the period of deferred payment shall be reviewed and determined by the Board. The Board will formulate and implement the specific plan for deferred payment of annual performance-based remuneration of business managers according to the requirements of these measures on an annual basis. The Company does not pay non-cash compensation.

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

### (III) Changes in Shareholdings of Directors, Supervisors and Senior Management

During the Reporting Period, none of the Directors, Supervisors and senior management of the Company held any shares, share options or restricted shares of the Company.

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

For remuneration payment of the Directors, Supervisors and senior management, please refer to "I. Basic Information about Incumbent Directors, Supervisors and Senior Management and those leaving office during the Reporting Period" in this section. Total remuneration for the Directors, Supervisors and senior management in 2024 was RMB19,671 thousand. The remuneration of the Directors and Supervisors is set out in Note 19 to the consolidated financial statements of this report.

Remuneration of the five highest paid individuals of the Company is set out in Note 20 to the consolidated financial statements of this report.

## VI. DETAILS AND REMUNERATION OF STAFF

### (I) Number and Composition of Employees

As at the end of the Reporting Period, the Group had 2,491 employees in total, including 2,070 employed by the Company and 421 employed by its subsidiaries, the structure of which is as below:

Age	The Group		The Company	
	Number	Percentage	Number	Percentage
30 or below	338	13.57%	274	13.24%
31–40	1,202	48.25%	974	47.05%
41 or above	951	38.18%	822	39.71%
Total	2,491	100%	2,070	100%

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

Specialty composition	The Group		The Company	
	Number	Percentage	Number	Percentage
Brokerage	1,386	55.64%	1,335	64.49%
Asset management	65	2.61%	34	1.64%
Proprietary trading	23	0.92%	23	1.11%
Investment banking	118	4.74%	0	0.00%
Compliance, risk control and audit	195	7.83%	169	8.17%
Research	43	1.73%	17	0.82%
Planning and accounting	89	3.57%	72	3.48%
Information technology	160	6.42%	135	6.52%
Transaction settlement	198	7.95%	158	7.63%
Administration	134	5.38%	104	5.03%
Other services	80	3.21%	23	1.11%
Total	2,491	100%	2,070	100%

Educational background	The Group		The Company	
	Number	Percentage	Number	Percentage
Postgraduate or above	526	21.12%	319	15.41%
College graduate	1,805	72.46%	1,608	77.68%
Junior college graduate or below	160	6.42%	143	6.91%
Total	2,491	100%	2,070	100%

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

### (II) Remuneration of Employees

The Company was committed to establishing a stable and long-term remuneration management mechanism that integrated incentives and constraints, and integrated fairness and efficiency, aiming to implement the principle of prudent operation, ensure compliance with bottom line requirements and, promote the formation of positive incentives. By establishing and improving a sound remuneration system, the Company consolidated the governance foundation, risk control foundation, compliance foundation, cultural foundation and talent base for high-quality development. The Company has built a diversified remuneration structure consisting of fixed remuneration, variable remuneration and benefits, continuously improved the income distribution system, and given full play to the incentivization effect of remuneration and the talent filtration role. The Company established a mechanism for deferred payment of remuneration allocation and a mechanism for recovery and deduction of wages, completely utilizing the role of remuneration in corporate governance and risk control and promoting its sound operation and sustainable development. The Company has made contributions to various social insurance and housing provident funds on behalf of employees in accordance with relevant laws and regulations of the PRC. The Company has strictly observed the Labor Law of the PRC, Labor Contract Law of the PRC and other applicable laws and regulations, and has established a sound human resources management system and process to ensure its recruitment complies with regulation, thus effectively protecting the rights and interests of the employees.

### (III) Staff Training Plans

The Company has always paid special attention to staff training. The Company made investigations and surveys in respect of training needs for all staff at the beginning of the year, and prepared the 2024 Training Plan of Hengtai Securities Co., Ltd. based on the strategic planning of the Company.

During the Reporting Period, various trainings regarding compliance and risks management, internal control, Party building culture and macroeconomics were organized and carried out, which deepened the execution of the internal control system, strengthened the promotion of the Party building, the industry and the corporate culture on the development of the Company, strengthened the compliance awareness of the staff, built the risks control culture of the Company, raised the awareness of integrity practice enhanced the awareness of information security and cultivated innovation and creativity. A total of 119 internal and external training sessions were organised and implemented throughout the year following a total of 47,013 participants and a training coverage rate of 100%. In order to expand the pool of talents, the Company attached great importance to the organization and implementation of talent cultivation projects such as the “Hundred Talents Program” and “Tercel Program”, and formulated a curriculum system with diversified dimensions from professionalism to management to fully enhance the comprehensive ability of the reserve talents as well as to further improve the talent echelon construction of the Company, thereby boosting the Company’s long-term and steady development.

## Section 9 Directors, Supervisors, Senior Management and Employees (Continued)

### **VII. INFORMATION ABOUT CUSTOMERS SOLICITATION AND CUSTOMER SERVICES OF COMMISSIONS BROKERS**

As at the end of the Reporting Period, the securities branches of the Company had 441 brokers distributed in each team, who were directly managed by the wealth management center of the securities branches. The securities practitioner qualifications of the brokers were under centralized management of the human resources department of the Company. Upon signing the entrustment contracts, the brokers will receive pre-job training provided by the Company on the training platform and follow-up training provided by the Company. The Company's management of its in-house brokers has complied with the relevant laws, regulations of the PRC and the wealth management system of the Company. Brokers could introduce the general information of the Company and the securities market; the basic information of securities investment, and business processes such as account opening, trading, fund deposit and withdrawal; laws and regulations relating to securities trading, relevant provisions of the CSRC, self-regulatory rules and relevant regulations of the Company to the customers; and deliver a research report provided by the Company and information related to securities investments to the customers.

# Section 10 Corporate Governance Report

## I. OVERVIEW OF CORPORATE GOVERNANCE

### (I) Basic Information on Corporate Governance

During the Reporting Period, the Company operated in strict compliance with requirements of laws, regulations and regulatory documents of the PRC and jurisdictions where the Company's shares are listed, including the Company Law of the PRC, the Securities Law of the PRC, the Regulations on the Supervision and Administration of Securities Companies, the Corporate Governance Rules for Securities Companies and the Corporate Governance Code, to continuously improve the corporate governance level. The Company has further optimised its rules and systems and constantly improved its corporate governance structure.

During the Reporting Period, the general meetings, the board of directors, the supervisory committee and the business management of the Company have assumed their respective functions according to the relevant requirements, ensuring the standard operation of the Company. The convocation, voting and decision-making procedures of general meetings of the Company and meetings of the board of directors and the supervisory committee were legal and valid.

Directors believe that high standards of corporate governance underpin the effective execution of corporate strategy and, in consequence, the Company's ability to generate increasing value for shareholders over the long term. Details of the Company's progress in this respect can be found in Section 5 "Management Discussion and Analysis".

### (II) Corporate Governance Policies and the Board's Responsibilities on Corporate Governance

During the Reporting Period, the Company has strictly complied with the Corporate Governance Code and all applicable provisions under the Corporate Governance Code, and satisfied most all of the recommended best practices in the Corporate Governance Code. In respect of the corporate governance, the responsibilities of the Board shall include:

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



## Section 10 Corporate Governance Report (Continued)

5. to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the Reporting Period, the Board had performed the aforementioned responsibilities and reviewed the Corporate Governance Report contained in this report prior to the publication of this report, and is of the view that the content of this section is in line with the relevant requirements under the Listing Rules.

## II. SHAREHOLDERS AND GENERAL MEETINGS

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

The Articles of Association and the Rules of Procedure for General Meetings have stipulated the rights and obligations of the shareholders, the authority of general meetings, and the convocation, voting and decision-making of general meetings. The general meeting is the supreme authority of the Company.

### (II) General Meetings

During the Reporting Period, 3 general meetings were convened in total, the details of which are set out as follows:

1. On 14 May 2024, the 2023 annual general meeting of the Company was held, at which the resolutions in relation to the following matters were considered and approved: the Report of the Board of Directors for the year 2023, the Report of the Supervisory Committee for the year 2023, the Work Report of Independent Directors for the year 2023, the Annual Report for the year 2023, the Profit Distribution Plan for the year 2023, the Final Accounts Report for the year 2023, the Re-appointment of Domestic Auditor for the year 2024, and the Re-appointment of International Auditor for the year 2024.
2. On 17 May 2024, the first extraordinary general meeting of the Company in 2024 was held, at which the resolutions in relation to the Proposed Issue of Subordinated Bonds in the PRC and the Proposed Issue of Corporate Bonds in the PRC were considered and approved.
3. On 23 August 2024, the second extraordinary general meeting in 2024 was held, at which the resolutions in relation to the Proposed Change of Company Name, and the Proposed Amendments to the Articles of Association were considered and approved.

## Section 10 Corporate Governance Report (Continued)

### III. BOARD OF DIRECTORS AND PERFORMANCE OF DUTIES

#### (I) Duties of the Board and the Management

##### **Duties of the Board**

The Board should assume responsibility for leadership and governance of the Company; and is collectively responsible for directing and supervising the Company's affairs. The rights and duties of the Board are set out in the Articles of Association. The main duties of the Board include convening general meetings and reporting to the general meeting; implementing resolutions of general meeting; determining the Company's business plans and investment plans; formulating the annual financial budgets and final accounting plans of the Company; formulating the profit distribution plan and loss makeup plan of the Company; formulating proposals for the Company in respect of increase or reduction of the registered capital, issue of bonds or other securities and the listing thereof; formulating plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution or transformation of the Company; determining within the authority granted by the general meeting such matters as external investment, acquisition and disposal of assets, asset mortgage, entrusted wealth management, connected transactions and other matters; determining the establishment of internal management organizations of the Company; appointing or dismissing the Company's president, secretary to the Board, chief compliance officer, chief risk officer; appointing or dismissing the Company's senior management including vice president(s), and chief financial officer in accordance with the nominations by the president, and determining their remunerations and rewards and penalties; formulating the basic management system of the Company, etc.

##### **Duties of the management**

The main duties of the management include organising and implementing the Board's resolutions and to report to the Board; organising and implementing the annual operation plan and investment plan of the Company; preparing plans for the establishment of the Company's internal management organizations; developing the Company's basic management system and specific rules; supplying the Board and its committees with adequate, complete, and reliable information in a timely manner to enable it to make informed decisions; providing sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval; deciding to appoint or remove executives other than those appointed or removed by the Board; and performing such other duties and powers as authorised by the Board.

## Section 10 Corporate Governance Report (Continued)

### (II) Composition of the Board

The Directors are elected and replaced by general meeting. A Director shall serve a term of three years from the date of the resolution passed at general meeting, and may seek re-election upon expiry of the said term. Currently, the Board consists of nine Directors, including one executive Director (Mr. Zhu Yanhui (祝豔輝) (Chairman)), five non-executive Directors (Mr. Pang Jiemin (龐介), Mr. Wang Linjing (王琳晶), Mr. Li Ye (李曄), Ms. Yang Qin (楊琴) and Mr. Li Yanyong (李延永)) and three independent non-executive Directors (Mr. Chen Xin (陳欣), Mr. Xu Hongcai (徐洪才), Ms. Cheng Zhuo (程茁)).

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

There is no financial, business, family or other material/relevant relationship among the Board members.

### (III) Meetings of the Board

The Board convenes meetings on a regular basis and at least four Board meetings are held each year. All Directors will be given a notice at least 14 days prior to every regular Board meeting or within an appropriate time period prior to any other special Board meeting, and they can add new matters to be discussed to the agenda. The agenda and enclosed documents relating to a Board meeting will be sent to all Directors at least three days before the proposed date of the Board meeting. Each Director shall be entitled to access to documents relating to Board meetings and other relevant documents and to receive advices and services provided by the company secretary. The Directors may also seek independent professional opinions. The minutes shall be kept by the company secretary. After conclusion of a Board meeting, the initial and finalised minutes shall be sent to all the Directors in due time, with the initial ones to be commented on by the Directors and the finalised ones for their record.

## Section 10 Corporate Governance Report (Continued)

The Board held 18 meetings during the Reporting Period, particulars of which are as follows:

1. On 5 January 2024, the 5th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the Establishment of Beijing Branch, the Revision to the Auditing Measures of Hengtai Securities Co., Ltd., and the Revision to the Administrative Measures for the Effectiveness Evaluation of Compliance Management of Hengtai Securities Co., Ltd. were considered and approved.
2. On 24 March 2024, the 2nd meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the 2023 Annual Work Report of the Management, the 2023 Annual Report of the Board, the 2023 Annual Work Report of the Independent Directors of the Company, the Annual Results Announcement of the Company for the year ended 31 December 2023, the 2023 Annual Report of the Company, the 2023 Self-Assessment Report of Internal Controls of the Company, the 2023 Profit Distribution Plan of the Company, the 2023 Compliance Report of the Company, the 2023 Risk Management Report of the Company, the 2023 Annual Final Accounting Report of the Company, the 2023 Environmental, Social and Governance Report, the 2024 Annual Budget Proposal of the Company, the 2024 Annual Business Plan of the Company, the Risk Preference for the Year 2024, the 2024 Work Plan for Auditing Projects of the Company, the Re-appointment of Domestic Auditor for the Year 2024, the Re-appointment of International Auditor for the Year 2024, and the Convening of the 2023 Annual General Meeting of the Company. The following reports were circulated: the Special Report on Net Capital and Other Risk Management Indicators for the Year 2023, the Report on Assessment of the Effectiveness of Compliance Management for the Year 2023, the Report on Information Technology Management for the Year 2023, the Report on Anti-Money Laundering Work for the Year 2023, Anti-Money Laundering Work Plan for the Year 2024, Money Laundering Risk Management Objectives for the Year 2024, and the Money Laundering and Terrorist Financing Risk Self-assessment Report of the Company.
3. On 4 April 2024, the 6th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Special Audit Report on Major Related Party Transactions of the Company for the Year 2023, and the Formulation of the Management Measures on Integrity Operation of Hengtai Securities Co., Ltd..

## Section 10 Corporate Governance Report (Continued)

4. On 11 April 2024, the 7th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Issue of Subordinated Bonds by the Company, the Issue of Corporate Bonds by the Company, the Application to Finance Street Investment for Guarantee for Issuance of Subordinated Bonds and Corporate Bonds by the Company, and the Convening of 2024 First Extraordinary General Meeting.
5. On 25 April 2024, the 8th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Accountability Recommendations on Ms. Zhai Chenxi, the Former Co-President of the Company, to Withhold All of Her Risk Deferred Bonus, the Formulation of the Company's Three-Year Strategic Plan, and the Reorganisation of the Company's Research and Development Department.
6. On 20 May 2024, the 9th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Amendments to Authorization System of the Company, the Amendments to Authorization Management Measures of Hengtai Securities Co., Ltd., the Amendments to the Rules of Procedure of the President Office of Hengtai Securities Co., Ltd., and the Cancellation or Merger of Shaoxing Jiefang Avenue Securities Branch.
7. On 22 June 2024, the 10th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Rescission of Part of the Agenda and Resolutions of the Seventh Extraordinary Meeting of the Fifth Session of the Board, and the Accountability Recommendations on Mr. Zhang Wei, Vice President of the Company and General Manager of Hengtai Changcai.
8. On 2 August 2024, the 11th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Proposed Change of Company Name, the Proposed Amendments to the Articles of Association, the Convening of the 2024 Second Extraordinary General Meeting of the Company, and the Application for Investment Quota for High Dividend Investment Strategy.
9. On 15 August 2024, the 12th extraordinary meeting of the fifth session of the Board was held, at which the resolution in relation to the Year-end Bonus Distribution Plan for Senior Management for the Year 2023 was considered and approved.

## Section 10 Corporate Governance Report (Continued)

10. On 23 August 2024, the 3rd meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Interim Results Announcement for the Six Months Ended 30 June 2024 and the 2024 Interim Report. The following report was heard: the Special Report on Net Capital and Other Risk Management Indicators for the First Half of 2024.
11. On 8 September 2024, the 13th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Amendments to the Administration Measures for the Information Technology Governance Work of the Company, and the Plan for the Adjustment of Remuneration of Senior Management of the Company.
12. On 13 September 2024, the 14th extraordinary meeting of the fifth session of the Board was held, at which the resolution in relation to the Adjustments to the Company's Investment Plan for the Year 2024 was considered and approved.
13. On 21 November 2024, the 15th extraordinary meeting of the fifth session of the Board was held, at which the resolution in relation to the Implementation Plan of the Company's Social Responsibility to Carry Out the "One Company for One County (一司一縣)" Poverty-alleviation Activity was considered and approved.
14. On 6 December 2024, the 16th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Accountability Recommendations on Mr. Zhang Wei, Vice President of the Company and General Manager of Hengtai Changcai, and the Establishment of a Branch.
15. On 9 December 2024, the 17th extraordinary meeting of the fifth session of the Board was held, at which the resolution in relation to the Measures for the Management of Accountability of Hengtai Securities Co., Ltd. was considered and approved.

## Section 10 Corporate Governance Report (Continued)

16. On 16 December 2024, the 18th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Resignation of Mr. Yu Lei from the Fifth Session of the Board as a Non-executive Director, the Nomination of Mr. Pang Jiemin as a Non-executive Director of the Fifth Session of the Board, the Related Party (Connected) Transactions Management Policy of Hengtai Securities Co., Ltd., the Proposed Application by the Company for the Borrowing of Subordinated Debt, and the Convening of the 2025 First Extraordinary General Meeting of the Company.
17. On 25 December 2024, the 19th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: the Application for Borrowing Short-term Working Capital and Related Party (Connected) Transactions, the Capital Increase to New China Fund Management Co., Ltd. and Related Party (Connected) Transactions, and the Proposed Capital Increase to Hengtai Futures Co., Ltd.
18. On 29 December 2024, the 20th extraordinary meeting of the fifth session of the Board was held, at which the resolutions in relation to the following matters were considered and approved: Changing the Name of the NEEQ Market-making Business Department to Multi-Strategy Investment Department and Increasing the Responsibilities thereof, the Work Plan for the Evaluation of the Effectiveness of the Company's Internal Controls for the Year 2024, the Amendments to the Internal Control Defects Identification Standards, and the Work Plan for the Assessment of the Effectiveness of the Company's Compliance Management for the Year 2024.

### **(IV) Disagreement of Independent Non-executive Directors on Relevant Issues of the Company**

None in the Reporting Period.

## Section 10 Corporate Governance Report (Continued)

### (V) Attendances of Directors at Board Meetings and General Meetings during Their Terms of Office for the Reporting Period

Name of Directors	Position	Attendances at Board Meetings				Voting results	Attendances at general meetings		Remarks
		Number of required attendances at Board meetings	Number of attendances in person	Number of attendances by proxy	Number of absences		Number of required attendances at general meetings	Number of attendances at general meetings	
Zhu Yanhui (祝豔輝)	Executive Director	18	18	0	0	All agreed	3	3	–
Yu Lei (余磊)	Non-executive Director	18	9	9	0	All agreed	3	1	Resigned as a non-executive Director with effect from 10 January 2025.
Wang Linjing (王琳晶)	Non-executive Director	18	18	0	0	All agreed	3	2	–
Li Ye (李曄)	Non-executive Director	18	17	1	0	All agreed	3	2	–
Yang Qin (楊琴)	Non-executive Director	18	18	0	0	All agreed	3	3	–
Li Yanyong (李延永)	Non-executive Director	18	18	0	0	All agreed	3	3	–
Chen Xin (陳欣)	Independent Non-executive Director	18	18	0	0	All agreed	3	3	–
Xu Hongcai (徐洪才)	Independent Non-executive Director	18	18	0	0	All agreed	3	2	–
Cheng Zhuo (程茁)	Independent Non-executive Director	18	18	0	0	All agreed	3	3	–



## Section 10 Corporate Governance Report (Continued)

The Chairman met with the independent non-executive Directors without any Directors present once during the Reporting Period.

Minutes of all meetings of the Board and special committees of the Board are kept at the Company, and are available for inspection by the Directors upon request.

### (VI) Trainings for Directors and Supervisors

All Directors confirmed that they had complied with the code provisions of the Corporate Governance Code in relation to the training of Directors.

The Company attached great importance to the continuous training for the Directors and Supervisors. During the Reporting Period, Directors and Supervisors read carefully the latest regulatory laws and regulations in the industry, and proactively participated in trainings and seminars organized by the regulatory authorities and the industrial associations so as to improve their capabilities to fulfill their duties. Details of the trainings are as follows:

Name	Position	Training content
Zhu Yanhui (祝豔輝)	Chairman of the Board and executive Director	On 2 August 2024, he attended the training course on the interpretation of the new “Nine Articles of the PRC” and the supporting policies (Phase II) of Securities Association of China From 1 September 2024 to 21 September 2024, he attended the training course on efficient investment and financing of the Beijing Municipal Committee Organization Department
Pang Jiemin (龐介民)	Non-executive Director	From 1 May 2024 to 31 May 2024, he attended the training for independent directors of listed companies provided by Hubei Regulator Authority of CSRC From 6 November 2024 to 30 November 2024, he attended 2024 annual listed companies’ violation of laws and regulations typical case analysis special training of the Listed Companies Association of Hubei Province

## Section 10 Corporate Governance Report (Continued)

Name	Position	Training content
Wang Linjing (王琳晶)	Non-executive Director	From 19 December 2024 to 24 December 2024, he attended 2024 directors, supervisors and senior management training of Hubei Provincial Listed Companies Association
		From 1 May 2024 to 31 May 2024, he attended the training for independent directors of listed companies provided by Hubei Regulator Authority of CSRC
		From 6 November 2024 to 30 November 2024, he attended 2024 annual listed companies' violation of laws and regulations typical case analysis special training of the Listed Companies Association of Hubei Province
Li Ye (李曄)	Non-executive Director	From 19 December 2024 to 24 December 2024, he attended 2024 directors, supervisors and senior management training of Hubei Provincial Listed Companies Association
		On 11 October 2024, he attended the training of "Hengtai Securities Hundred Talents Project" organized by the Company
Yang Qin (楊琴)	Non-executive Director	On 6 May 2024, she attended Ernst & Young's training on asset and liability management under a low interest rate environment and new regulatory requirements
		On 21 July 2024, she attended the physical thematic training on 2024 financial institutions anti-money laundering fulfillment officers of Financial Times
		On 11 October 2024, she attended the training on fintech enablement and new quality productivity organized by the Company
		On 29 October 2024, she attended the training on the impact of financial policies on the macro-economy – a reference to the Japanese model by the Beijing Financial Street Chamber of Commerce

## Section 10 Corporate Governance Report (Continued)

Name	Position	Training content
Li Yanyong (李延永)	Non-executive Director	On 25 December 2024, she attended the training of Lantai Partners on the analysis of anti-money laundering regulatory situation and the interpretation of the key points of the new Anti-Money Laundering Law, as well as the risk prevention and control of criminal cases in 2024
		On 26 April 2024, he attended the training on the interpretation of the new “Nine Articles of the PRC”, the Opinions on Strengthening the Supervision of Listed Companies (Trial) and other policy documents relating to the regulation of listing provided by the Inner Mongolia Regulatory Authority of the CSRC
Chen Xin (陳欣)	Independent non-executive Director	<p>on 11 November 2024, he attended the training session on illegal insider trading disclosure requirements, directors’ duty to avoid conflicts of interest, the Hong Kong Stock Exchange’s disciplinary actions against issuers and directors for providing misleading information, and the Hong Kong Stock Exchange’s proposed enhancements to its corporate governance requirements provided by DEACONS Law Offices</p> <p>On 15 November 2024, he attended the typical case analysis of listed companies’ violations of laws and regulations organized by China Association for Listed Companies</p> <p>On 28 November 2024, he attended the training on capital market comprehensive punishment and prevention of financial fraud and listed company merger and acquisition reorganization in Xiamen organized by China Association for Listed Companies</p> <p>On 28 December 2024, he attended the training course on key points and suggestions for anti-fraud duties of independent directors of listed companies at the Shanghai Stock Exchange</p>

## Section 10 Corporate Governance Report (Continued)

Name	Position	Training content
Cheng Zhuo (程茁)	Independent non-executive Director	From 29 June 2024 to 21 July 2024, she attended the 2024 special training class for anti-money laundering practitioners in financial institutions organized by the People's Bank of China
Xu Hongcai (徐洪才)	Independent non-executive Director	<p>On 26 April 2024, he attended the training on key points and case interpretation of the duties of independent directors of listed companies, as well as the revision of the Company Law and the obligations and responsibilities of directors, supervisors, and senior management organized by the China Association for Listed Companies</p> <p>On 20 September 2024, he attended the training on the experience of independent directors of listed companies, the interpretation of the guidelines for the duties of independent directors of listed companies (revised), and the implementation measures and effectiveness of the reform of the independent director system organized by the China Association for Listed Companies</p>
Yu Lei (于蕾)	Chairman of the Supervisory Committee	<p>On 28 April 2024, she attended the training on the highlights and difficulties of the new Company Law organized by DeHeng Law Offices</p> <p>From 1 June 2024 to 1 September 2024, she attended the anti-money laundering and anti-illegal fundraising publicity training organized by the Company</p>

## Section 10 Corporate Governance Report (Continued)

Name	Position	Training content
Chen Feng (陳風)	Shareholder representative Supervisor	On 12 November 2024, she attended the training on the observation of the responsibilities of directors, supervisors, and senior management under the new Company Law organized by Lantai Partners
		In 2024, she attended a series of courses for institutional leaders organized by the Beijing Internal Audit Association, including the construction of an internal audit management system centered on value creation and practice of internal audit system reform to support high-Quality development of the Group
		In 2024, she attended a series of training courses organized by the Securities Association of China, including the regulations on the supervision and management of securities companies and development trends of emerging industries and financial support methods
Wang Hui (王慧)	Employee representative Supervisor	On 25 October 2024, he attended the 2024 annual training on integrity in professional practice organized by the compliance and legal department of Tianfeng Securities
		On 15 November 2024, he attended the training on strictly adhering to professional norms and building a strong defense line for integrity in professional practice organized by the Securities Association of China
		On 30 November 2024, he attended the remote training for practitioners organized by the Securities Association of China
Wang Hui (王慧)	Employee representative Supervisor	On 14 October 2024, he attended the remote training for practitioners organized by the Securities Association of China

## Section 10 Corporate Governance Report (Continued)

### IV. SPECIAL COMMITTEES OF THE BOARD AND DUTY PERFORMANCE

The Board has four special committees, namely, Strategy and Investment Committee, Risk Control and Supervisory Committee, Audit Committee and Remuneration and Nomination Committee. The special committees of the Board shall, within their terms of reference specified in their respective rules of procedures, perform their duties and be accountable to the Board.

Composition of the current special committees of the Board:

Strategy and Investment Committee:	Zhu Yanhui ( <i>chairman of the committee</i> , executive Director), Xu Hongcai (independent non-executive Director), Li Ye (non-executive Director)
Risk Control and Supervisory Committee:	Zhu Yanhui ( <i>chairman of the committee</i> , executive Director), Wang Linjing (non-executive Director), Li Yanyong (non-executive Director)
Audit Committee:	Chen Xin ( <i>chairman of the committee</i> , independent non-executive Director), Wang Linjing (non-executive Director), Cheng Zhuo (independent non-executive Director)
Remuneration and Nomination Committee:	Chen Xin ( <i>chairman of the committee</i> , independent non-executive Director), Xu Hongcai (independent non-executive Director), Zhu Yanhui (executive Director)

#### (I) Strategy and Investment Committee

##### 1. Duties of the Committee

The main duties and responsibilities of the Strategy and Investment Committee include: studying the national macro-economic policies; studying the medium and long-term strategic goals and development plans of the Company; studying the business plans of the Company, understanding the basic operational situation of the Company, analysing and understanding the latest development of the domestic industries; studying and making suggestions on the capital budgets projects and financing plans within the authorisation of the Board; studying and making suggestions on projects of capital operation, assets management, and assets disposal within the authorisation of the Board; conducting inspection for the implementation status of the above items; and other duties as authorised by the Board. For specific duties and responsibilities of the Strategy and Investment Committee, please refer to Rules of Procedure for the Strategic and Investment Decision-making Committee of the Board of Directors of Hengtai Securities Co., Ltd., which has been published on the Company's website and the HKExnews website.

## Section 10 Corporate Governance Report (Continued)

The main work completed by the Strategy and Investment Committee in 2024 includes:

- proposed reasonable suggestions on the Company's operation in the light of the current development of the domestic industry;
- considered and provided opinions on the Company's medium and long-term strategic development plans.

### 2. Meetings of the Committee

During the Reporting Period, the Strategy and Investment Committee held 2 meetings, the details of which are as follows:

1. On 21 April 2024, the Strategy and Investment Committee of the fifth session of the Board held its first meeting in 2024, at which the resolution in relation to the Formulation of the Three-Year Strategic Plan of Hengtai Securities Co., Ltd. was considered and approved.
2. On 21 December 2024, the Strategy and Investment Committee of the fifth session of the Board held its second meeting in 2024, at which the resolution in relation to the Proposed Capital Increase to Hengtai Futures Co., Ltd. was considered and approved.

Name of member	Number of required attendances	Number of actual attendances
Zhu Yanhui (祝豔輝)	2	2
Xu Hongcai (徐洪才)	2	2
Li Ye (李曄)	2	2

## Section 10 Corporate Governance Report (Continued)

### (II) Risk Control and Supervisory Committee

#### 1. Duties of the Committee

The main duties and responsibilities of the Risk Control and Supervisory Committee include: reviewing and making suggestions on overall goals and fundamental policies of the compliance management, risk management and internal control of the Company; reviewing and making suggestions on the establishment and responsibilities of the compliance management, risk management and internal control; evaluating the risks of major decisions which shall be reviewed by the Board and making suggestions on the solutions to the major risks; reviewing the compliance report and risk assessment report which shall be reviewed by the Board and making suggestions; formulating regulation system of the Company, supervising its implementation status and making suggestions to the Board; reviewing and supervising the training and continuing professional development of Directors and senior management officers; reviewing and supervising the policies of the Company in compliance with laws and regulations and the implementation status of such policies; formulating, reviewing and supervising the code of professional conduct and compliance manual of employees and Directors; reviewing the observance of Corporate Governance Code as set out in Appendix C1 of the Hong Kong Listing Rules as well as the information disclosure according to Corporate Governance Report by the Company; and other duties as authorised by the Board. For specific duties and responsibilities of the Risk Control and Supervisory Committee, please refer to Rules of Procedure for the Risk Control and Supervisory Committee of the Board of Directors of Hengtai Securities Co., Ltd., which has been published on the Company's website and the HKExnews website.

The main work completed by the Risk Control and Supervisory Committee in 2024 includes:

- considered and approved the 2023 Compliance and Risk Management Report of the Company, and proposed reasonable suggestions on the Company's compliance management and risk management work for the year 2024;
- evaluated and provided opinions on the Company's compliance management related disposal plan;
- proactively promoted the construction of the Company's internal control system and evaluated the scientificity, rationality, effectiveness and implementation of the internal control system.



## Section 10 Corporate Governance Report (Continued)

### 2. Meetings of the Committee

During the Reporting Period, 4 meetings were held by the Risk Control and Supervisory Committee, particulars of which are as follows:

1. On 18 March 2024, the Risk Control and Supervisory Committee of the fifth session of the Board held the 1st meeting in 2024, at which the resolutions in relation to the Work Report of the Risk Control and Supervisory Committee of the Board of Directors for the Year 2023, the 2023 Compliance Report, the 2023 Risk Management Report, the Special Report on Net Capital and Other Risk Management Indicators for the Year 2023 and the Risk Preference for the Year 2024 were considered and approved. The 2023 Self-Assessment Report of Internal Controls was circulated at the meeting.
2. On 21 April 2024, the Risk Control and Supervisory Committee of the fifth session of the Board held the 2nd meeting in 2024, at which the resolution in relation to the Accountability Recommendations on Ms. Zhai Chenxi, the Former Co-President of the Company, to Withhold All of Her Risk Deferred Bonus was considered and approved.
3. On 22 August 2024, the Risk Control and Supervisory Committee of the fifth session of the Board held the 3rd meeting in 2024, at which the resolution in relation to the Company's Special Report on Net Capital and Other Risk Management Indicators in the First Half of 2024 was considered and approved.
4. On 2 December 2024, the Risk Control and Supervisory Committee of the fifth session of the Board held the 4th meeting in 2024, at which the resolution in relation to the Accountability Recommendations on Mr. Zhang Wei, Vice President of the Company and General Manager of Hengtai Changcai, was considered and approved.

Name of member	Number of required attendances	Number of actual attendances
Zhu Yanhui (祝豔輝)	4	4
Wang Linjing (王琳晶)	4	4
Li Yanyong (李延永)	4	4

## Section 10 Corporate Governance Report (Continued)

### (III) Audit Committee

#### 1. Duties of the Committee

The main duties and responsibilities of the Audit Committee include: reviewing the financial monitoring, risk management and internal control systems of the Company and the effectiveness of the implementation of these systems, discussing the risk management and internal control systems with the management to ensure that management has performed its duty to have in place effective systems and reporting to the Board. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function; conducting study on important findings of risk management and internal control and management's responses on such findings actively or commissioned by the Board; guiding the work of the internal audit department of the Company, and supervising the internal audit system and its implementation; monitoring the annual audits; acting as the major representative of both the Company and external auditors, and being responsible for overseeing the relationship between them; assessing the mechanism for the Company's staff to whistle-blow, carry out internal control or report on other misconducts, and the mechanism of the Company for making independent and fair investigations on reported matters and taking appropriate actions; examining and supervising related party transactions and assessing the appropriateness of related party transactions; making suggestions to the Board on the appointment, reappointment or replacement of external auditors, approving the compensation and terms of engagement for external auditors, as well as handling any matters regarding the resignation or dismissal of external auditors; reporting relevant affairs of the Hong Kong Listing Rules, and other duties as authorised by the Board of the Company and as required by the laws, regulations and rules including the Hong Kong Listing Rules. For specific duties and responsibilities of the Audit Committee, please refer to Rules of Procedure for the Audit Committee of the Board of Directors of Hengtai Securities Co., Ltd., which has been published on the Company's website and the HKExnews website.

## Section 10 Corporate Governance Report (Continued)

The main work completed by the Audit Committee in 2024 includes:

- supervised and evaluated the audit on the Company's financial report, and listened to the special report of the Company's international auditor and domestic auditor on the audit on the 2023 financial report and 2024 mid-term review, discussed the relevant issues in the audit process, and evaluated the audit plan, procedures and report;
- listened to the 2023 annual work report and the 2024 work plan of the Company's internal auditors, provided guidance on the internal audit work of the Company, and supervised the formulation of the corresponding system and its implementation;
- examined and supervised related party transactions and assessed the appropriateness of related party transactions.

### 2. Meetings of the Committee

During the Reporting Period, 8 meetings were held by the Audit Committee, particulars of which are as follows:

1. On 25 January 2024, the Audit Committee of the fifth session of the Board held the 1st meeting in 2024, at which the resolutions in relation to the following matters were considered and approved: the Amendments to the Regulations Governing the Audit Notification of Hengtai Securities Co., Ltd., and the Amendments to the Regulations Governing the Supervision of Audit Rectification of Hengtai Securities Co., Ltd. The Audit Plan of the Company for the Year ended 31 December 2023 was circulated at the meeting.
2. On 4 March 2024, the Audit Committee of the fifth session of the Board held the 2nd meeting in 2024, at which the resolutions in relation to the following matters were considered and approved: the 2023 Special Audit Report on the Management of Major Connected Transactions of the Company, and the Fees for the Audit of the 2023 Annual Financial Statements.
3. On 19 March 2024, the Audit Committee of the fifth session of the Board held the 3rd meeting in 2024, at which the resolutions in relation to the 2023 Annual Report, the Annual Results Announcement for the Year Ended 31 December 2023, the Re-appointment of Domestic Auditor for the Year 2024, the Re-appointment of International Auditor for the Year 2024, the 2023 Auditing Work Report, the 2024 Work Plan for Auditing Projects of the Company, the 2023 Work Report of the Audit Committee of the Board and the 2023 Self-Assessment Report on Internal Controls of the Company were considered and approved.

## Section 10 Corporate Governance Report (Continued)

4. On 4 April 2024, the Audit Committee of the fifth session of the Board held the 4th meeting in 2024, at which the resolutions in relation to the Application to Finance Street Investment for Guarantee for Issuance of Subordinated Bonds and Corporate Bonds by the Company was considered and approved.
5. On 6 July 2024, the Audit Committee of the fifth session of the Board held the 5th meeting in 2024, at which the resolution in relation to the 2024 Interim Review Fees was considered and approved.
6. On 20 August 2024, the Audit Committee of the fifth session of the Board held the 6th meeting in 2024, at which the resolutions in relation to the Company's Interim Results Announcement for the Six Months Ended 30 June 2024 and the Company's 2024 Interim Report were considered and approved.
7. On 21 December 2024, the Audit Committee of the fifth session of the Board held the 7th meeting in 2024, at which the resolution in relation to the Capital Increase to New China Fund Management Co., Ltd. and Related Party (Connected) Transactions was considered and approved.
8. On 22 December 2024, the Audit Committee of the fifth session of the Board held the 8th meeting in 2024, at which the resolution in relation to the Application for Borrowing Short-term Working Capital and Related Party (Connected) Transactions was considered and approved.

<b>Name of member</b>	<b>Number of required attendances</b>	<b>Number of actual attendances</b>
Chen Xin (陳欣)	8	8
Wang Linjing (王琳晶)	8	8
Cheng Zhuo (程茁)	8	8

## Section 10 Corporate Governance Report (Continued)

### (IV) Remuneration and Nomination Committee

#### 1. Duties of the Committee

The main duties and responsibilities of the Remuneration and Nomination Committee include: considering appropriate remuneration policy, performance measuring system, and rewards and punishments incentives for the Company in accordance with the features of the securities industry, the responsibilities and importance of Directors and senior management officers, and comparing with the remuneration level of relevant companies, making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing the structure, scale and composition (including the skills, knowledge and experience) of the Board at least annually, and making recommendations on any proposed changes to be made to the Board to complement the Company's corporate strategy; reviewing and approving the remuneration proposals of Directors and senior management officers in accordance with the Company's development strategy and goal set by the Board; reviewing the selection criteria and procedures of the Directors, senior management officers of the Company, and making recommendations to the Board extensively; identifying candidates with suitable qualifications to become Board members, senior management officers of the Company and selecting and nominating relevant candidates for Directors and senior management officers or making recommendations to the Board in this regard; assessing and making recommendations on the candidates of Directors and senior management officers, making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (especially chairman of the Board and the president); reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise fair and not excessive; ensuring that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration; where necessary, seeking independent professional advice, at the Company's expense, to perform its responsibilities; other duties as authorised by the Board. For specific duties and responsibilities of the Remuneration and Nomination Committee, please refer to Rules of Procedure for the Remuneration and Nomination Committee of the Board of Directors of Hengtai Securities Co., Ltd., which has been published on the Company's website and the HKExnews website.

## Section 10 Corporate Governance Report (Continued)

The Remuneration and Nomination Committee extensively searches for qualified candidates for Directors through various channels and advises the Board on the appointment or reappointment of Directors. In assessing the suitability of candidates for Directors, the Remuneration and Nomination Committee will consider factors including the achievements, professional knowledge and industry experience of the candidates which are relevant to the Company, the commitment in respect of available time and the Board diversity policy of the Company. For candidates for independent non-executive Directors, their independence will also be assessed. Upon review and determination of candidates for Directors by way of resolution by the Remuneration and Nomination Committee and the Board, the nomination will be tabled at the general meeting of the Company in the form of a written proposal for consideration.

The main work completed by the Remuneration and Nomination Committee in 2024 includes:

- reviewed the structure, scale and composition (including the skills, knowledge and experience) of the Board, and made recommendations on any proposed changes to be made to the Board to complement the Company's corporate strategy;
- considered appropriate remuneration policy, performance measuring system, and rewards and punishments incentives for the Company in accordance with the features of the securities industry, the responsibilities and importance of Directors and senior management officers, compared with the remuneration level of relevant companies.

The Board diversity policy is set out in the subsection headed "VIII. Other Related Issues – (X) Board Diversity Policy" under this section.

### 2. Meetings of the Committee

During the Reporting Period, 4 meetings were held by the Remuneration and Nomination Committee, the particulars of which are as follows:

1. On 18 March 2024, the Remuneration and Nomination Committee of the fifth session of the Board held the 1st meeting in 2024, at which the resolution in relation to the Work Report of the Remuneration and Nomination Committee of the Board of Directors for the Year 2023 was considered and approved.

## Section 10 Corporate Governance Report (Continued)

2. On 11 August 2024, the Remuneration and Nomination Committee of the fifth session of the Board held the 2nd meeting in 2024, at which the resolutions in relation to the Year-end Bonus Distribution Plan for Senior Management for the Year 2023 was considered and approved.
3. On 5 September 2024, the Remuneration and Nomination Committee of the fifth session of the Board held the 3rd meeting in 2024, at which the resolution in relation to the Plan for the Adjustment of Remuneration of Senior Management was considered and approved.
4. On 7 December 2024, the Remuneration and Nomination Committee of the fifth session of the Board held the 4th meeting in 2024, at which the resolution in relation to the Proposed Nomination of Mr. Pang Jiemin as a Candidate for Director of the Fifth Session of the Board of the Company was considered and approved.

<b>Name of member</b>	<b>Number of required attendances</b>	<b>Number of actual attendances</b>
Chen Xin (陳欣)	4	4
Xu Hongcai (徐洪才)	4	4
Zhu Yanhui (祝豔輝)	4	4

### V. CHAIRMAN AND PRESIDENT

During the Reporting Period, the positions of the chairman of the Board and the president of the Company have been taken by different persons. Mr. Zhu Yanhui acts as the chairman of the Board and Mr. Yin Guohong acts as the president of the Company, and the duties and authorities of the chairman of the Board and the president are clearly divided and specified in the Articles of Association.

The chairman of the Board leads the Board in determining the overall development strategy of the Company to guarantee the effective operation and performance of the Board, supervises and reviews the implementation of the resolutions of the Board, and debriefs the work reports of the senior management of the Company so as to ensure that the corporate governance of Company is in a virtuous order and the resolutions of the Board are in the best interest of the Company and its shareholders as a whole. The president presides over the business operations of the Company, organizes the implementation of the resolutions of Board and reports to the Board.

## Section 10 Corporate Governance Report (Continued)

### VI. NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has five non-executive Directors and three independent non-executive Directors in total. For their appointment, please refer to Section 9 “Directors, Supervisors, Senior Management and Employees”.

Non-executive Directors (including independent non-executive Directors) make a positive contribution to the development of the Company’s strategy and policies through independent, constructive and informed comments. The responsibilities of non-executive Directors include, but not limited to, the following:

- participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- taking the lead where potential conflicts of interests arise for other Directors;
- serving on the Board Committees, if invited; and
- scrutinising our Group’s performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

### VII. SUPERVISORY COMMITTEE AND DUTY PERFORMANCE

#### (I) Duties of the Supervisory Committee

Duties of the Supervisory Committee are specified in the Articles of Association and its main duties and authorities include: to review the periodic reports of the Company prepared by the Board and express its written opinion; to check the financial condition of the Company; to monitor the performance of duties by Directors and senior management officers, raise questions to or propose dismissal of such Directors and senior management officers as in breach of the laws, regulations, the Articles of Association or the resolutions of general meetings; to require Directors and senior management officers to make corrections in the event that their conduct has damaged the interests of the Company; to propose the convening of extraordinary general meetings and, in the event that the Board does not perform the obligations to convene and preside over the general meetings in accordance with the Company Law of the PRC, to convene and preside over the general meetings; to initiate legal proceedings against Directors and senior management officers; to monitor the compliance and validity of the decision-making of the Board; to organize the resignation auditing for the senior management officers; and other duties as stipulated by the laws, regulations, departmental rules and the Articles of Association.



## Section 10 Corporate Governance Report (Continued)

### (II) Composition of the Supervisory Committee

Supervisors recommended by Shareholders are elected or replaced in general meetings while Employee Representative Supervisors are elected or replaced by the employees of the Company by means of the Company's democratic election. The Supervisors are elected for a term of three years and may be re-elected upon expiry of their terms of office. The Supervisory Committee currently consists of three members, namely, Ms. Yu Lei (于蕾), the chairman of the Supervisory Committee, Mr. Chen Feng (陳風), the shareholder representative Supervisor, and Mr. Wang Hui (王慧), the employee representative Supervisor.

### (III) Meetings of the Supervisory Committee

The Supervisory Committee held 3 meetings during the Reporting Period, particulars of which are as follows:

1. On 22 March 2024, the 2th meeting of the fifth session of the Supervisory Committee was held, at which the resolutions in relation to the following matters were considered and approved: the 2023 Report of the Supervisory Committee, the 2023 Annual Report, the 2023 Self-assessment Report of Internal Control, the 2023 Profit Distribution Plan, the 2023 Annual Final Accounting Report, the 2023 Risk Management Report and the 2024 Annual Budget Proposal. The 2023 Assessment Report on the Effectiveness of Compliance Management, the 2023 Work Report on Anti-Money Laundering, the 2024 Work Plan for Anti-Money Laundering and the Objectives for Money Laundering Risk Management for 2024 were circulated at the meeting.
2. On 15 August 2024, the 3rd extraordinary meeting of the fifth session of the Supervisory Committee was held, at which the resolution in relation to the the Year-end Bonus Distribution Plan for Senior Management for the Year 2023 was considered and approved.
3. On 23 August 2024, the 3rd meeting of the fifth session of the Supervisory Committee was held, at which the resolution in relation to the 2024 Interim Report was considered and approved.

## Section 10 Corporate Governance Report (Continued)

### (IV) Meeting Attendances of Supervisors

Name of Supervisor	Position	Number of Required attendances	Attendances in person	Attendances by proxy	Absences	Voting results
Yu Lei (于蕾)	Chairman of the Supervisory Committee	3	3	0	0	All agreed
Chen Feng (陳風)	Shareholder representative Supervisor	3	3	0	0	All agreed
Wang Hui (王慧)	Employee representative Supervisor	3	3	0	0	All agreed

## VIII. OTHER RELATED ISSUES

### (I) Shareholders' Rights

The Company held general meetings according to the Articles of Association and Rules of Procedure for General Meetings to guarantee the equal status and full exercise of rights for all shareholders, especially the small and medium ones. When a general meeting is held, all of the Company's Directors, Supervisors and secretary to the Board should attend the general meeting and the president and other senior management may attend the general meeting as observers according to requirements and answer shareholders' questions.

According to Article 79 of the Articles of Association, shareholder(s) severally or jointly holding 10% or more of the shares of the Company shall be entitled 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 laws, regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal. In the event that 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. In the event that the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding 10% or above of the 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. In the event that the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of 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 event that the Supervisory Committee

## Section 10 Corporate Governance Report (Continued)

does not issue the notice for the general meeting within the term stipulated, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting. As a result, the shareholder(s) severally or jointly holding 10% or more of the shares of the Company for 90 consecutive days or longer may convene and preside over such meeting by itself/themselves. According to Article 81 of the Articles of Association, for the general meeting convened by the Supervisory Committee or shareholders on its/their own, the Board and the secretary to the Board shall cooperate. The Board shall provide the register of shareholders on the record date of the equity interests. According to Article 84 of the Articles of Association, the shareholder(s) severally or jointly holding 3% or above of the shares of the Company shall be entitled to propose motions concerning such matters other than nominating candidates for directors (including independent directors) or supervisors to the Company. The shareholder(s) severally or jointly holding 3% or above of the shares of the Company may submit written provisional motion to the convener 10 days before a general meeting is held. The convener shall serve a supplementary notice of general meeting within 2 days after receipt of such motion, and notify the shareholders of the contents of the provisional motion. Save as specified in the above, the convener shall not change the motion set out in the notice of general meeting or add any new motion after the said notice announcement is served. Such motions which are not specified in the notice of the general meeting or which do not comply with Article 83 of the Articles of Association shall not be voted or resolved at the general meeting. According to Article 92 of the Articles of Association, any shareholder entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be shareholders) to act as his/her proxy to attend and vote at the meeting on his/her behalf.

Resolutions passed at the general meeting shall be immediately announced in accordance with the laws, regulations, departmental rules, normative documents, provisions of the securities regulatory authorities at the place where the shares of the Company are listed, or the provisions of the Articles of Association. Such minutes of meeting, together with the signatures of the shareholders attending meeting and the powers of attorney concerning the proxies attending the meeting on behalf of others, shall be kept at the domicile of the Company. Shareholders may consult photocopies of the minutes of meetings free of charge during the business hours of the Company. In the event of any shareholder asking for photocopies of such minutes, the Company shall deliver the photocopies in 7 days after receiving rational expenses.

Shareholders or their proxies shall declare their opinions when considering issues and can make inquiries on issues affecting their judgment and vote and ask reporters to give explanation. Save for such matters in relation to the trade secrets of the Company that cannot be disclosed at the general meeting, Directors, Supervisors and senior management officers shall provide explanations in relation to the inquiries and suggestions made by shareholders in general meetings.

## Section 10 Corporate Governance Report (Continued)

### (II) Compliance with Model Code

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors and Supervisors. The Company has made specific enquiry with all Directors and Supervisors, and all Directors and Supervisors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

### (III) Responsibilities of Directors for Financial Statements

The declarations of the responsibilities of Directors concerning financial statements set out hereinafter and the responsibilities of auditor in the Independent Auditor's Report of this report shall be read jointly but understood independently.

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

### (IV) Appointment and Remuneration of Auditors

Please refer to the subsection headed "VII. Engagement of Accounting Firms" in Section 7 "Other Material Particulars" of this report.

### (V) Review of the Audit Committee

The Audit Committee has reviewed the Company's consolidated financial statements of 2024.

### (VI) Joint Company Secretaries

Mr. Zhang Jingshun (張景順) and Dr. Ngai Wai Fung (魏偉峰) are joint company secretaries of the Company. Dr. Ngai Wai Fung (director and CEO of SWCS Corporate Services Group (Hong Kong) Limited) provides assistance to Mr. Zhang Jingshun in the discharge of his duties as a company secretary of the Company. Mr. Zhang Jingshun, the secretary to the Board and the joint company secretary of the Company, serves as the primary contact person between Dr. Ngai Wai Fung and the Company. In accordance with code provision C.6 of the Corporate Governance Code, Mr. Zhang Jingshun is an employee of the Company, who shall report to the Chairman of the Board and is responsible for providing advice to the Board for ensuring the Board procedures are followed. During the Reporting Period, Mr. Zhang Jingshun and Dr. Ngai Wai Fung have both took no less than 15 hours of professional training.

## Section 10 Corporate Governance Report (Continued)

### **(VII) Communications with Shareholders**

The general meeting shall be the supreme authority of the Company. All shareholders exercise their power through the general meeting. The Company convened general meetings in strict accordance with relevant provisions and ensured all shareholders could enjoy equal status and fully exercise their rights as shareholders. In strict accordance with the Articles of Association, the Company operates orderly in the interest of the Company and shareholders.

Attaching great importance to opinions and suggestions of its shareholders, the Company designated staff to keep in contact with shareholders and meet their reasonable demands in time. The Company releases its announcements, financial data and other relevant data in the column of Investor Relations on its website [www.cnht.com.cn](http://www.cnht.com.cn). The shareholders may contact the Company for any enquiry by email ([dongban@cnht.com.cn](mailto:dongban@cnht.com.cn)) or telephone (+86 10 8327 0996) or by writing to the Company's address (12/F, Tower B, Desheng International Center, No. 83 Deshengmenwai Street, Xicheng District, Beijing, the PRC). The Company will properly handle all enquiries in time.

To safeguard shareholders' interests and rights, separate resolution is proposed for each substantially separate issue at shareholders' meetings. The Company welcomes suggestions from shareholders and encourages shareholders to attend general meetings or directly express misgivings that they may have to the Board and the management. Usually, Directors, Supervisors and senior management of the Company would attend annual general meeting to answer questions put forward by shareholders. The management of the Company would ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

### **(VIII) Investor Relation Activities**

The Company has formulated a shareholder communication policy to ensure that the opinions and concerns of shareholders are properly addressed. The policy is regularly reviewed to ensure its effectiveness. According to the requirements of the shareholder communication policy, the Company regularly holds annual general meeting every year. The Company has always paid high attention to investor relation management. During the Reporting Period, the Company communicated with investors through multiple ways like making phone calls, sending emails and receiving visitors, so as to reinforce the communication services to investors.

## Section 10 Corporate Governance Report (Continued)

The Company's website has a special investor relations section, and the information will be updated regularly. After publishing the information to the Hong Kong Stock Exchange, the information will also be uploaded to the Company's website within one hour to ensure that shareholders and potential investors can obtain the latest information about the Group in a timely manner. Such information includes performance announcement, annual report, general meeting circulars and announcements, as well as all announcements. During the Reporting Period, the Company proactively performed its obligations on information disclosure in strict compliance with relevant laws, regulations and regulatory provisions to ensure that all investors can know the Company's material matters in a timely, truthful, accurate, complete and fair manner, and fully exercise their rights to protect their relevant interests.

Based on the measures implemented above, the shareholder communication policy of the Company can be effectively implemented to ensure that the Company maintains long-term and effective good communication with shareholders.

### **(IX) Board Diversity Policy**

The Company has adopted the Board diversity policy according to the Code Provision of the Corporate Governance Code.

The Board diversity policy can be summed up as follows: the Company believes that the Board diversity is important in terms of the corporate governance and the efficiency of the Board. In designing the Board's composition, the Company considers Board diversity from a number of aspects to ensure a balance among the Board members in terms of techniques, experiences as well as perspective diversity, so as to promote the effective operation of the Board and maintain the corporate governance standard at a high level. Nominations and appointments of the members of the Board will be based on meritocracy and requirements of the routine operation of the Board with due consideration given to the benefit from Board diversity. The Board also recognises the importance of diversity at the workforce level. The proportion of female and male Directors in the Board are 22.22% and 77.78%, respectively, as at 31 December 2024. The gender ratio in workforce of the Group as at 31 December 2024 are as follows: total workforce (including senior management): male: 48.70%; female: 51.30%.

The Remuneration and Nomination Committee is primarily responsible for recruitment of Directors from qualified candidates. Meanwhile, it takes into account of Board diversity policy in the selection. The Remuneration and Nomination Committee will discuss at least annually about all the agreed measurable objectives (that means selection of candidates will 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, ethnicity, language, cultural and educational background, industry experience and professional experience) to ensure the continuous effectiveness of the Board. The Remuneration and Nomination Committee is satisfied with its current composition and believes that it is in compliance with the requirements of the Board diversity policy formulated by the Company.

## Section 10 Corporate Governance Report (Continued)

### **(X) Amendments to the Articles of Association**

During the Reporting Period, the Articles of Association was amended once by the Company as follows:

On 23 August 2024, the resolution in relation to the Proposed Amendments to the Articles of Association was considered and approved at the 2024 second extraordinary general meeting of the Company, pursuant to which, in view of the Company's intention to change its name, amendments were made to relevant articles under the Articles of Association. The proposed amendments to the Articles of Association are subject to coming into effect after having obtained all necessary approvals, authorisations or registration (if applicable) from the PRC government or regulatory authorities.

### **(XI) Risk Management and Internal Control**

The Group's risk management and internal control systems are featured with a defined management structure with limits of authority and well-rounded policies and procedures, and are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance of business activities, to identify and cope with potential risks, and to safeguard asset security of the Group. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also recognises its overall responsibility for the Group's risk management and internal control systems and reviewing their effectiveness on an ongoing basis. In addition, the Audit Committee also has the responsibility for reviewing and assessing the Group's risk management and internal control systems.

#### **Responsibility statement of the Board on risk management and internal control**

In accordance with the requirements of the Enterprise Internal Control Standard System and the Corporate Governance Code, it is the responsibility of the Board of the Company to establish, implement and oversee a sound and effective risk management and internal control systems, assess its effectiveness and truthfully disclose the assessment report. The Supervisory Committee monitored the establishment and implementation of risk management and internal control by the Board. The management is responsible for the organising and leading the daily operations of corporate risk management and internal control. The objectives of risk management and internal control of the Company are to ensure that all operation activities of the Company strictly comply with relevant state laws and regulations, industrial regulatory requirements and the internal management system of the Company and that business activities of the Company are continuously in line with the Company's risk preference system and be effectively carried out with acceptable risks; promote the operation of operational and management activities in a healthy manner, guarantee the security and integrity of the Company's property and the truthfulness and accuracy of its financial reports;

## Section 10 Corporate Governance Report (Continued)

facilitate the overall implementation of the development strategy and the achievements of the business objectives of the Company; improve operation efficiency and performance and safeguard the sustainable development of the Company with health and stability. Since there are inherent limitations in risk management and internal control, only reasonable guarantees can be provided for achieving the abovementioned objectives.

During the Reporting Period, the Company has adopted the following policies and procedures and taken the following measures to improve the risk management and internal control systems of the Group:

### 1. Building of risk management and internal control systems

The Company has been attaching great importance to the building of risk management and internal control systems since its establishment, and continuing to strengthen the building of the risk management and internal control systems and mechanisms by virtue of reasonably formulating and effectively implementing various systems, measures and detailed rules, to ensure the effectiveness of the supervision and balance between departments and positions and lay the foundation for the Company's normalised development.

The Company has continuously improved its internal management and actively carried out the building and optimisation of risk management and internal control systems during the course of the Company's operation and development in accordance with relevant requirements of external supervisory regulations such as the Corporate Governance Code, the Basic Standards for Enterprise Internal Control, the Norms for the All-rounded Risk Management of Securities Companies and the Guidance for the Internal Control of Securities Companies.

During the Reporting Period, in order to adapt to the constantly changing regulatory requirements and ensure the guiding function of the internal control system for operation and management and business development, the Company timely organized all departments, branches, subsidiaries to sort out and establish internal control systems in strict compliance with related laws, regulations, rules and norms. The Company comprehensively sorted out 25 existing systems including the Measures for All-round Risk Management for Hengtai Securities Co., Ltd., the Provisions on Market Risk Management for Hengtai Securities Co., Ltd. and the Provisions on Credit Risk Management for Hengtai Securities Co., Ltd., and revised and improved 4 systems including the Measures for Comprehensive Risk Limit Management of Hengtai Securities Co., Ltd. (《恒泰证券股份有限公司全面風險限額管理辦法》) and the Regulations on Operational Risk Management of Hengtai Securities Co., Ltd. (《恒泰证券股份有限公司操作風險管理規範》), which improved the Company's risk management and internal control system.



## Section 10 Corporate Governance Report (Continued)

The Company will continue to improve the risk management and internal control systems, sort out the present risk management and internal control processes and integrate the key points of the risk management and internal control work in respond to changes in the actual business situation of the Company and external regulatory laws and regulations. The Company will also update and improve various management and control measures for business processes and solidify the measures by means of relevant systems, so as to make the risk management and internal control systems more systematic and scientific and form a long-term effective management mechanism.

### **2. Risk management and internal control evaluation**

The purposes of internal control were to reasonably ensure legal compliance of operations and management of the Company, authenticity and completeness of financial statements and related information in order to effectively enhance operating efficiency and effectiveness and help the Company to achieve its development strategies. In view of the dynamic changes in geopolitics macro, policies and regulations and the internal environment, there are, inevitably, certain limitations in internal control. As a result, internal control can only provide a reasonable guarantee to achieve the aforesaid objectives.

Pursuant to the Basic Standards for Enterprise Internal Control and relevant supporting guidelines, the Guidance for the Internal Control of Securities Companies issued by the CSRC and the requirements of relevant standards and in compliance with the principles of comprehensiveness, materiality, check and balance, adaptability, and cost-effectiveness, the Board has conducted an overall evaluation on the internal control of the Company for the period from 1 January 2024 to 31 December 2024, and determined the details of the internal control evaluation based on the elements such as internal environment, risk assessment, control activities, information and communication, and internal supervision, so as to conduct a comprehensive evaluation of the design and operation of internal control.

The Board believes that the Company has established relatively complete risk management and internal control systems. As at 31 December 2024, the Company maintained sound and continuously effective internal controls in all material and significant respects, and there were no material and major deficiencies in its internal control mechanism and internal control system, no material and major deviations in the actual implementation process, and the Company's internal control was effective as a whole.

On 24 March 2025, Grant Thornton (Special General Partnership) issued the Assurance Report on Internal Control of Hengtai Securities Co., Ltd. (Grant Thornton Zhuan Zi (2025) No. 110C002510) 《恒泰证券股份有限公司内部控制鑒證報告》(致同專字 2025 第110C002510 號)), believing that the Company has effectively maintained internal control over financial statements in all material respects in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations as at 31 December 2024.

## Section 10 Corporate Governance Report (Continued)

### 3. Other matters

#### (1) *Building of compliance system*

- ① Continuing to promote the construction of an internal control system and focusing on the rectification of internal control defects

Firstly, we have completed the “localisation” transformation of the Internal Control Issues List, clarified the responsible departments and persons, and set a clear and quantifiable timetable for the completion of the optimisation. Secondly, we have put forward the “Proposal for Optimisation of Departmental Settings and Functions for Internal Control System Construction” to further clarify departmental responsibilities and improve the audit quality and efficiency. Thirdly, we have implemented the requirements for Party building and promoted the integration of party leadership into all aspects of corporate governance and business management processes. Fourthly, we have organised the compilation of authoritative guidelines such as internal control management proposal and internal control manual, and constructed efficient tools such as risk matrix and flow chart, laying a solid foundation for the refinement and systematisation of the Company’s internal control management.

- ② Focusing on regulating the construction of the institutional system, strengthening the implementation of the system, and promoting the formation of a corporate institutional system with coordinated content, strict procedures, and complete support

In order to verify, consolidate and optimise the results of the system standardisation in the past year, and to implement the Group’s general requirements on system construction, the Company carried out the system review work in 2024. Firstly, external regulations were internalised, and more than 100 systems were reviewed in accordance with the latest laws and regulations to ensure that the Company’s systems were legal and compliant. Secondly, we have improved the Articles of Association and its subsidiaries and promoted the inclusion of Party leadership in the Articles of Association. Thirdly, we have urged the relevant departments to implement relevant requirements and regulate them through the system to prevent investment risks. Fourthly, we have strengthened the vertical control of subsidiaries, improved the management methods of subsidiaries, and perfected the corporate governance structure.

## Section 10 Corporate Governance Report (Continued)

- ③ Formally promoting the construction of an “Intelligent Contract” system, improving the quality and efficiency of contract model library construction

In order to prevent legal risks of the Company and solve the risk problems of insufficient control in contract management, the Compliance Management Department, as the leading department, has completed the construction of the “Intelligent Contract” system in line with the Company’s requirement of “cost reduction and efficiency enhancement”, which will initially realise the online management of the entire life cycle of the Company’s contracts, improve management efficiency and effectiveness, and reduce operational risks, moral risks and other risk hazards existing in manual management. At the same time, the Company has carried out a “review (回頭看)” of the construction of the model contract library for the problems of insufficient coverage of the model contract and low usage rate of some model contracts, so as to further improve the quality, coverage and usage rate of the model contract by driving forward rectification, development and efficiency with inspection and reform.

- ④ Compacting compliance culture construction and gradually enhancing employees’ compliance awareness

Firstly, the Company has established a systematic training programme, conducted 26 training activities at different levels throughout the year, and published 186 compliance publicity articles on WeCom (企微) “Voice of Compliance (合規之聲)”, with the quality of the content significantly improved compared with that of last year. Secondly, the annual compliance training was successfully held, which enhanced the overall combat effectiveness of the compliance team. Thirdly, we have organised and established a test bank for compliance examination to promote learning and strengthen employees’ concept of compliance management. Fourthly, the annual compilation of regulations for 2024 and the compilation of regulatory cases were completed to provide a coherent and systematic compliance reference tool. Fifthly, we have insisted on the integrated control and restraint mechanism combining compliance talk, negative list, compliance reminder and supervision to solidify compliance responsibility.

## Section 10 Corporate Governance Report (Continued)

- ⑤ Forging ahead with enterprise and fortitude, strengthening compliance management and control through multiple measures, and continuously improving compliance risk prevention level

In order to firmly implement the regulatory and internal compliance management requirements, we have taken multi-level control measures to promote the further improvement of business compliance and internal control management. Firstly, we have adhered to the principle of “driving forward rectification and development with inspection (以查促改、以查促建)”, and “fanned out from a point to an area (以點帶面)” to solve the hidden business risks. Secondly, we have performed compliance and legal review duties, and conducted compliance audits of contracts, agreements and projects submitted by various departments to ensure the smooth development of related businesses. Thirdly, we have focused on self-inspection of brokerage business, discovered hidden risks in brokerage business in a timely manner and supervised relevant departments to rectify them accurately, so as to enhance risk prevention capability. Fourthly, we have supported the development of key businesses and wrote a series of compliance control reports to assist business departments in strengthening risk control.

- ⑥ Enhancing internal and external research and exchanges to improve compliance support and service awareness

In order to absorb advanced practices in the industry and enhance the quality and efficiency of compliance work, during the year, on the one hand, we have conducted on-site exchanges and studies with eight brokerage firms in the same industry, such as Guosen Securities and Galaxy Securities, and actively discussed with our peers on a number of contents such as control of live broadcasting in the self-media and prevention of the risk of employees’ violating the rules on speculation in stocks, so as to provide ideas and methods for the enhancement of compliance and control measures. On the other hand, we continue to carry out internal communication and seminar activities, focusing on strengthening exchanges with the Group, branches, subsidiaries and business departments, and practically solving a number of work proposals of business departments to comprehensively support the development of service business.

## Section 10 Corporate Governance Report (Continued)

- ⑦ Continuing to enhance the classification and evaluation as a key to organise innovative investor education initiatives

With the strong support of the Company's leaders at all levels, the Company gave full play to the subjective initiative, and its investor education base received an "Excellent" rating in the annual assessment, the assessment of investor education was awarded an A-level rating, and the construction of the association's "Four-in-One" mechanism was at the top of the list. At the same time, relying on the continuous empowerment of "investor education +" of the national-level investor education base, the Company set up courses in colleges and universities, held competitions, organised summer practice study and other initiatives, innovatively launched the mode of cooperation between schools and enterprises and explored a new path of investor education to multi-dimensional practice of investor education.

- ⑧ Taking the lead in establishing a dispute and complaint handling mechanism, and resolving investors' demands through supervision, training and other means

Firstly, an emergency response mechanism was newly established on the basis of the existing complaint and report handling system to improve the Company's ability to handle emergency response to disputes and complaints, and effectively prevent disputes from escalating. Secondly, the effectiveness of complaint handling has been incorporated into the compliance assessment, urging all departments to resolve customers' reasonable claims at source and actively promote dispute resolution. Thirdly, we have formulated a plan for the construction of a complaint handling training system, and carried out multi-level special training on complaint handling to help all staff improve their complaint handling ability.

## Section 10 Corporate Governance Report (Continued)

- ⑨ Implementing regulatory requirements, fulfilling anti-money laundering obligations, and serving as the “gatekeeper” of financial risks

Firstly, in order to objectively reveal the Company’s exposure to money laundering risks and satisfy the requirements of the People’s Bank of China, the Compliance Management Department led the 2024 self-assessment of money laundering and terrorist financing risks. Secondly, the long-term mechanism for popularizing anti-money laundering knowledge obtained achievements, with persistent efforts in regular publicity and education. In 2024, leaders from the Anti-Money Laundering Bureau of the People’s Bank of China and representatives from 42 financial institutions in Hohhot visited the Company’s anti-money laundering education base. The company has been awarded the title of “Provincial Anti-Money Laundering Education Demonstration Base” by the Inner Mongolia Branch of the People’s Bank of China. Moving forward, the Company will continue to carry out diverse anti-money laundering knowledge promotion and education activities.

- ⑩ Strengthening the construction of compliance talent teams and striving to improve assessment mechanisms

Firstly, the Company optimized the compliance officer system and promoted experience sharing by means of the job rotation system, effectively boosting the motivation and performance capabilities of compliance officers. Secondly, it refined the whole cycle management system for selection, training, assessment, and incentivization of compliance officers, laying a solid talent foundation for the Company’s compliance management. Thirdly, it organized the brokerage business compliance team to discuss and resolve over 60 compliance risk issues related to brokerage business, collectively addressing work challenges and realizing information sharing, which has validly strengthened the orderly development and continuous optimisation of brokerage business compliance operations.

## Section 10 Corporate Governance Report (Continued)

- ⑪ Promoting the construction of information systems and improving the technological level of compliance management

Pursuant to regulatory requirements, the Company actively advanced the development and upgrade of information systems in 2024 to improve the technological level of compliance management. Firstly, it propelled the implementation of electronic management and monitoring, enhancing the control effectiveness of the Company's internal information. Secondly, it significantly strengthened the accuracy and timeliness of compliance management with its emphasis on optimising the monitoring function for employees' illegal stock trading. Thirdly, it conducted a major version upgrade of the anti-money laundering system and configured a reminder function for overdue data processing nodes to reinforce the responsibilities of frontline business personnel, substantially increasing the integration of anti-money laundering efforts with daily operations, and further boosting the efficiency of the Company's compliance management system.

(2) *Development of anti-corruption policy and system*

During the Reporting Period, focusing on the core tasks of party style integrity building and risk prevention and control of integrity practices, the Company published the management objectives and basic system of clean practices, set up a leading group of clean practices, organised and convened group working meetings, and strengthened the organisation and management of integrity practices through the mechanism of reviewing reports and the mechanism of the integrity liaison officer and set up an online "Code of Behaviour (廉風紀語)" letter reflection platform, thus safeguarding the rights and interests of employees to report and giving full play to the role of protection.

With regard to supervision and inspection, the Company actively organised various departments to implement special self-inspection on the management of integrity business, the construction of risk prevention and control mechanism and the identification of risk points. The Company completely utilised the disciplinary, audit, compliance and risk departments to carry out the regulatory requirements, and strengthened the supervision and inspection of the Company's various business lines and branches through the construction of systems and mechanisms, risk combing, training and education, and examination and evaluation. With regard to building an integrity culture, the Company held three talks on cleanliness, organised two sessions to listen to cases of crimes of duty, and felt the seriousness of financial anti-corruption on the spot. The Company also launched over 30 lectures on clean business laws and regulations and assessment activities, and fostered employees' awareness of cleanliness through multi-channel by means of publicity video production and pushing typical cases to enhance prevention, control and supervision of corruption, improper transfer of benefits and other behaviors.

## Section 10 Corporate Governance Report (Continued)

### (3) *Inspection and audit completed by the audit department*

During the Reporting Period, centering on the Company's strategic layout, focusing on its primary responsibilities and core businesses, based on its audit and supervision functions, and with the core objectives of enhancing the Company's operation and management standards, strengthening its risk prevention capabilities and improving the Company's internal control and management control mechanism under correct leadership of the Party Committee and the Board as well as the great importance and robust support of the Company's management, the audit department carried out independent and objective supervision and evaluation of the Company's various business activities, financial receipts and expenditures, internal control effectiveness, and risk management measures, and gave full play to the role of the third line of defense to facilitate the realisation of the Company's legal management, compliance and stable operation. At the same time, the audit department exercised centralised control and supervision over the fulfillment of key audit functions in subsidiaries through a combination of centralised and hierarchical management, transforming organizational strengths into practical work outcomes.

During the Reporting Period, the audit department completed a total of 93 audit projects and issued 107 reports in terms of diversified audit, review or evaluation on the basis of regulatory requirements and the actual needs of the Company's strategic development. Through the in-depth implementation of above-mentioned audit work, the audit department made a professional evaluation of the compliance of the audited unit in the process of operation and management and business development, accurately revealed the potential principal risks, and played a positive role in strengthening the awareness of compliance, enhancing the ability of risk prevention and promoting the compliance operation of the Company.



## Section 10 Corporate Governance Report (Continued)

### (4) *Monitoring risk control indicators and building replenishment mechanism*

For the purpose of building a sound dynamic monitoring system of risk control indicators, a capital replenishment mechanism, and a risk control system centering on net capital and liquidity, carrying out business with measurable, controllable and manageable risks, the Company, pursuant to the Administrative Measures for Risk Control Indicators of Securities Companies 《(證券公司風險控制指標管理辦法)》 of the CSRC, the Guidance for the Dynamic Monitoring System of the Risk Control Indicators of the Securities Companies 《(證券公司風險控制指標動態監控系統指引)》 of the Securities Association of China and other pertinent regulations, defined the Administrative Measures for Risk Control Indicators of Hengtai Securities Co., Ltd. 《(恒泰証券股份有限公司風險控制指標管理辦法)》 and other internal control rules. In 2024, the Company promptly refined the core risk control indicator compilation rules in accordance with the revised Risk Control Indicator Calculation Standards 《風控指標計算標準》 issued by the CSRC, ensuring that the measurement and compilation of core reports are consistently accurate and efficient.

In accordance with regulatory requirements, the Company established a dynamic monitoring system of risk control indicators for net capital and realized dynamic monitoring of risk control indicators and automatic warning. The risk dynamic monitoring system of the Company covers the business activities that affect risk control indicators such as net capital and liquidity and dynamically calculates risk control indicators such as net capital and liquidity; it carries out dynamic monitoring with particular business features taken into consideration and gives automatic warnings on risk control indicators such as net capital and liquidity according to preset valve values and monitoring standards; it is capable of generating monitoring reports on risk control indicators such as net capital.

The Company regularly prepared the supervisory report on risk control indicators for net capital every month, set up multi-level warnings on risk control indicators, practices dynamic monitoring of risk control indicators, followed and analyzed the causes of changes in indicators, and guided the business departments to timely respond to abnormal situations.

The Company established a stress testing mechanism to assess the impact of new business developments and other matters on risk control indicators such as net capital through regular and special stress tests. When it is found that indicators such as net capital are about to break regulatory alert standards, the Company will launch a contingency plan to take measures such as adjusting business scale and business structure, evaluating and adjusting business operation plans, expanding financing channels, optimizing asset and liability structure and issuing subordinated bonds when necessary to further replenish capital so as to support the long-term and stable business development.

## Section 10 Corporate Governance Report (Continued)

### (5) *Standardisation of accounts*

The Company carried out account management in strict compliance with the relevant requirements of laws and regulations, and continued to improve the mechanism for routine auditing of account management to further improve the long-term effectiveness of the mechanism on standardised account management.

The Company has established a standardised account operation guarantee system, which is specially used for the standardised management of account information. Through docking with the big data platform of the Company, such system automatically identifies irregularities in account information and generates various examination tasks, and audits and archives the feedback from the examination tasks, thus realising systematic, process-oriented and refined standardised account information management. During the Reporting Period, the Company organised 2,428 examinations and standardised account information for 46,743 accounts, relying on the standardised account operation guarantee system that had been in operation. As at the end of the Reporting Period, the Company logged 557,171 dormant accounts, 22,819 pure capital accounts, 16 frozen capital accounts, 38 unqualified accounts, and no risk disposal account. The Company will continue to strengthen standardised management of accounts, and effectively implement various requirements of standardised management of accounts.

### **4. Procedures and internal controls for the handling and dissemination of inside information**

During the Reporting Period, the Company complied with the relevant provisions of the information disclosure management system by providing adequate trainings to related employees in order to ensure all relevant facts and circumstances that may have a material effect on the share price of the Company is assessed in a timely manner and that any material information which comes to the knowledge of any one or more officers of the Group be promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required.

## Section 10 Corporate Governance Report (Continued)

### 5. Process used to identify, evaluate and manage significant risks

Details of the significant risks of the Company and the process used to identify, evaluate and manage the same are set out the subsection headed “VIII. Risk Factors and Countermeasures” under Section 5 “Management Discussion and Analysis”, which forms a part of this Corporate Governance Report.

The Board normally conducts review of the effectiveness of the risk management and internal control systems at least on an annual basis. During the Reporting Period, the Board, together with the Audit Committee and the Risk Control and Supervisory Committee, has reviewed the effectiveness of the risk management and internal control of the Company, covering all material controls, financial, compliance and operational controls as well as risk management mechanisms once and considered the risk management and internal control systems of the Company are adequate and being implemented effectively.

## Appendix Particulars of Securities Branches

As at the end of the Reporting Period, the Company had established 106 securities branches, details of which are set out in the following table:

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
1	Hengtai Securities Co., Ltd. Changchun Dongfeng Avenue Securities Branch (恒泰证券股份有限公司长春东风大街证券营业部)	Room 501, No. 50 Dongfeng Avenue, Automotive Economic and Technological Development Zone, Changchun, Jilin (吉林省长春市汽车经济技术开发区东风大街50号501室)	1990.5.12	Dong Xishen (董锡深)	0431-87626400
2	Hengtai Securities Co., Ltd. Changchun Dongnanhu Road Securities Branch (恒泰证券股份有限公司长春东南湖大路证券营业部)	Room 602, 6/F, Dianyueshangqi, No.2221 Dongnanhu Road, Changchun Economic & Development Zone, Jilin (吉林省长春市经济开发区东南湖大路2221号典约商祺6楼602号房)	1990.5.12	Sun Yuman (孙毓蔓)	0431-84947885
3	Hengtai Securities Co., Ltd. Hohhot Xincheng North Street Securities Branch (恒泰证券股份有限公司呼和浩特新城北街证券营业部)	No. 62 Xincheng North Street, Hohhot, Inner Mongolia (内蒙古自治区呼和浩特市新城北街62号)	1992.6.23	Zhang Yu (张雨)	0471-3330759
4	Hengtai Securities Co., Ltd. Changchun Xi'an Blvd Securities Branch (恒泰证券股份有限公司长春西安大路证券营业部)	15/F, No. 1077 Xi'an Blvd, Chaoyang District, Changchun, Jilin (吉林省长春市朝阳区西安大路1077号15层)	1992.11.27	Guo Bing (郭檣)	0431-88497775
5	Hengtai Securities Co., Ltd. Changchun Beijing Avenue Securities Branch (恒泰证券股份有限公司长春北京大街证券营业部)	3/F, 4/F, 5/F, No. 1215 Beijing Avenue, Kuancheng District, Changchun, Jilin (吉林省长春市宽城区北京大街1215号3、4、5楼)	1993.4.23	Zhu Qingguo (朱庆国)	0431-82703518
6	Hengtai Securities Co., Ltd. Changchun Gongnong Road Securities Branch (恒泰证券股份有限公司长春工农大路证券营业部)	No. 1055 Gongnong Road, Chaoyang District, Changchun, Jilin (吉林省长春市朝阳区工农大路1055号)	1993.4.24	Zhou Zheng (周正)	0431-85647591
7	Hengtai Securities Co., Ltd. Hohhot Ulanqab East Road Securities Branch (恒泰证券股份有限公司呼和浩特乌兰察布东街证券营业部)	4/F, Building 102, Yuanyi Yujing Community, Ulanqab East Road, Saihan District, Hohhot, Inner Mongolia (内蒙古自治区呼和浩特市赛罕区乌兰察布东街园艺馨景小区102幢4层)	1993.6.4	Chi Jingcong (池景丛)	0471-4962351
8	Hengtai Securities Co., Ltd. Baotou Gangtie Street Securities Branch (恒泰证券股份有限公司包头钢铁大街证券营业部)	5/F, Commercial guild hall Office, No. 56 Kunqu Gangtie Avenue, Baotou, Inner Mongolia (内蒙古自治区包头市昆区钢铁大街56号工商联写字楼5楼)	1993.10.22	Yang Huilin (杨慧琳)	0472-6990128
9	Hengtai Securities Co., Ltd. Hohhot Daxue West Street Securities Branch (恒泰证券股份有限公司呼和浩特大学西街证券营业部)	Rooms 1801-1804, 18/F, Mengxi Culture Square, Daxue West Street, Yuquan District, Hohhot, Inner Mongolia (内蒙古自治区呼和浩特市玉泉区大学西街蒙西文化广场18层1801,1802,1803,1804号)	1993.10.22	Zhao Hengqiang (赵恒强)	0471-6286962

## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
10	Hengtai Securities Co., Ltd. Chifeng Hada Street Securities Branch (恒泰证券股份有限公司赤峰哈達街證券營業部)	01021, Building 1, Jiushenmiao Neighborhood Committee, Xitun Office, Hongshan District, Chifeng, Inner Mongolia (內蒙古自治區赤峰市紅山區西屯辦事處九神廟居委會1號樓01021)	1996.8.20	Zhang Hongyun (張紅雲)	0476-8353933
11	Hengtai Securities Co., Ltd. Shanghai Feihong Road Securities Branch (恒泰证券股份有限公司上海飛虹路證券營業部)	Rooms 1911-1914, 19/F (nominal floor), Building 2, No. 118 Feihong Road, Hongkou District, Shanghai (上海市虹口區飛虹路118號2號樓19樓(名義樓層)1911-1914室)	1996.12.19	Tang Zimei (唐子媚)	021-65085138
12	恒泰证券股份有限公司深圳梅林路證券營業部 Hengtai Securities Co., Ltd. Shenzhen Meilin Road Securities Branch (恒泰证券股份有限公司深圳梅林路證券營業部)	Room 1001, 10th Floor, Unit B, Block B, South Zone of Excellence Meilin Center Plaza, Meilin Road, Meilin Subdistrict, Futian District, Shenzhen, Guangdong (廣東省深圳市福田區梅林街道梅林路卓越梅林中心廣場(南區)B座B單元10層1001號)	1996.11.4	Liu Jianjun (劉建軍)	0755-83534805
13	Hengtai Securities Co., Ltd. Shanghai Zhangyang Road Securities Branch (恒泰证券股份有限公司上海張楊路證券營業部)	4/F, No. 3399 Zhangyang Road, Pudong District, Shanghai (上海市浦東新區張楊路3399號四層)	1996.12.21	Li Lisong (李麗松)	021-68533517
14	Hengtai Securities Co., Ltd. Hailar Hexi Development District Securities Branch (恒泰证券股份有限公司海拉爾河西開發區證券營業部)	Complex Office Building of Administration Commission, Hailar Economic and Technological Development Zone, Hulunbeir, Inner Mongolia (內蒙古自治區呼倫貝爾市海拉爾區經濟技術開發區管委會辦公綜合樓)	1997.7.30	Zhu Shengwang (朱勝望)	0470-8352899
15	Hengtai Securities Co., Ltd. Ulanqab Jianshe Road Securities Branch (恒泰证券股份有限公司烏蘭察布市建設路證券營業部)	Room 301, 302, 303, Building K18 Anda Guoji Jiayuan, Enhe Road, Jining District, Ulanqab, Inner Mongolia (內蒙古自治區烏蘭察布市集寧區恩和路安大國際嘉園K18棟301、302、303)	1997.7.31	Luo Junfeng (羅俊峰)	0474-8222000
16	Hengtai Securities Co., Ltd. Dongsheng Erdos Street Securities Branch (恒泰证券股份有限公司東勝鄂爾多斯大街證券營業部)	No. 11 Erdos West Street, Dongsheng District, Erdos City, Inner Mongolia (內蒙古自治區鄂爾多斯市東勝區鄂爾多斯西街11號)	1997.8.13	He Jun (何軍)	0477-8331678
17	Hengtai Securities Co., Ltd. Linhe District Shengli North Road Securities Branch (恒泰证券股份有限公司臨河勝利北路證券營業部)	4/F, Hua'ao Building, No.1 Shengli North Road, Linhe District, Bayannur, Inner Mongolia (內蒙古自治區巴彥淖爾市臨河區勝利北路1號華澳大廈4層)	1997.8.13	Shi Minglong (史明龍)	0478-8226336
18	Hengtai Securities Co., Ltd. WuHai Haila South Road Securities Branch (恒泰证券股份有限公司烏海海拉南路證券營業部)	No. 26 Haila South Road, Haibowan District, Wuhai, Inner Mongolia (內蒙古自治區烏海市海勃灣區海拉南路26號)	2000.8.24	Xiang Li (向莉)	0473-2017526

## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
19	Hengtai Securities Co., Ltd. Changchun Shengtai Street Securities Branch (恒泰证券股份有限公司长春生态大街证券营业部)	Rooms 501 & 502 & 509, Office Building at the United Creative Centre, No. 7888 Shengtai Street, Jingyue Development Zone, Changchun, Jilin (吉林省长春市淨月開發區生態大街7888號聯合創意中心寫字樓501、502、509室)	2000.9.18	Qu Zhicheng (曲志成)	0431-87989955
20	Hengtai Securities Co., Ltd. Beijing Guang'anmennei Street Securities Branch (恒泰证券股份有限公司北京廣安門內大街證券營業部)	Rooms 1128, 1105, 1106, 1107 & 1109, 11th Floor, No. 338 Guang'anmennei Street, Xicheng District, Beijing (北京市西城區廣安門內大街338號11層1128、1105、1106、1107、1109室)	2000.10.24	Wang Zhiwei (王之偉)	010-63431913
21	Hengtai Securities Co., Ltd. Chifeng Pingzhuanghahe Street Securities Branch (恒泰证券股份有限公司赤峰平莊哈河街證券營業部)	#Subbuilding-0-DT02-1, Xintiandi District, Pingzhuang Xicheng Street, Yuanbaoshan District, Chifeng City, Inner Mongolia(內蒙古自治區赤峰市元寶山區平莊西城街道新天地小區2#副樓-0-DT02-1)	2001.7.17	Wang Yuelong (王躍龍)	0476-3517417
22	Hengtai Securities Co., Ltd. Changchun Renmin Street Redbuds Securities Branch (恒泰证券股份有限公司长春人民大街紫荊花證券營業部)	Southern Zone, 15/F, Redbuds Hotel, No. 5688 Renmin Street, Nanguan District, Changchun, Jilin (吉林省长春市南關區人民大街5688號紫荊花飯店十五層南區)	2002.2.27	Du Jinhao (杜金浩)	0431-82982159
23	Hengtai Securities Co., Ltd. Chifeng Xing'an Street Securities Branch (恒泰证券股份有限公司赤峰興安街證券營業部)	4-5-1-01013, Yaxing International Apartment, Bajiazutuan, Songshan District, Chifeng, Inner Mongolia (內蒙古自治區赤峰市松山區八家組團亞興國際公寓4-5-1-01013)	2002.3.16	Gu Yunlong (谷云龍)	0476-5886616
24	Hengtai Securities Co., Ltd. Erdos Xuejiawan Wulan Road Securities Branch (恒泰证券股份有限公司鄂爾多斯薛家灣烏蘭路證券營業部)	3/F, Shopping Center, Wulan District, Tabei District, Lantian Street, Zhunger Banner, Erdos City, Inner Mongolia (內蒙古自治區鄂爾多斯市準格爾旗藍天街道鐵北區烏蘭小區商場三樓)	2002.4.4	Huang Haikuan (黃海寬)	0477-4212298
25	Hengtai Securities Co., Ltd. Jilin Tongtan Avenue Securities Branch (恒泰证券股份有限公司吉林通潭大路證券營業部)	Outlets 2 & 3 & 4, Building 5-1, Tongtan West Community, Changyi District, Jilin City, Jilin Province (吉林省吉林市昌邑區通潭西區5-1棟2、3、4號網點)	2002.6.6	Su Xiurong (宿秀榮)	0432-62785999
26	Hengtai Securities Co., Ltd. Hohhot Xilin South Road Securities Branch (恒泰证券股份有限公司呼和浩特錫林南路證券營業部)	No. 601, Block C, Yingjia Guoji, Xilin South Road, Saihan District, Hohhot, Inner Mongolia (內蒙古自治區呼和浩特市賽罕區錫林南路盈嘉國際C座601號)	2002.11.6	Cao Jun (曹軍)	0471-6916007

## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
27	Hengtai Securities Co., Ltd. Beijing Dongzhimennei North Alley Securities Branch (恒泰证券股份有限公司北京東直門內北小街證券營業部)	Rooms 101 & 201, Building No. 14 & No. 18, North Alley, Dongzhimennei, Dongcheng District, Beijing (北京市東城區東直門內北小街14、18號樓101、201號)	2003.3.28	Shi Min (史敏)	010-84128668
28	Hengtai Securities Co., Ltd. Shanghai Jiujiang Road Securities Branch (恒泰证券股份有限公司上海九江路證券營業部)	Rooms 2502 & 2503, 25/F, No. 288 Jiujiang Road, Huangpu District, Shanghai (上海市黃浦區九江路288號25層2502、2503室)	2003.5.16	Li Xiaoqin (李曉琴)	021-64433290
29	Hengtai Securities Co., Ltd. Nanjing Shuiximen Avenue Securities Branch (恒泰证券股份有限公司南京水西門大街證券營業部)	No. 203 Shuiximen Avenue, Jianye District, Nanjing, Jiangsu (江蘇省南京市建邺區水西門大街203號)	2003.9.30	Chong Xinong (崇曦農)	025-84780368
30	Hengtai Securities Co., Ltd. Hangzhou Qianjiang Road Securities Branch (恒泰证券股份有限公司杭州錢江路證券營業部)	Rooms 1301-02 & 03, Building 3, Pingan Finance Tower, Jianggan District, Hangzhou, Zhejiang (浙江省杭州市江干區平安金融中心3幢1301室-02、03)	2004.7.20	Chen Yiping (陳宜平)	0571-85802451
31	Hengtai Securities Co., Ltd. Shenyang Fengtian Street Securities Branch (恒泰证券股份有限公司瀋陽奉天街證券營業部)	Rooms 601-609, No. 351 Fengtian Street, Shenhe District, Shenyang, Liaoning (遼寧省瀋陽市瀋河區奉天街351號(601-609))	2004.7.25	Heng Jianwei (衡建偉)	024-86018088
32	Hengtai Securities Co., Ltd. Jinan West Road of Yanzi Mountain Securities Branch (恒泰证券股份有限公司濟南燕子山西路證券營業部)	Room 207, 2/F, No. 2 Public Building, No. 50 West Road of Yanzi Mountain, Lixia District, Jinan, Shandong (山東省濟南市曆下區燕子山西路50號2號公建二層207室)	2006.11.29	Bai Rong (白榮)	0531-81853932
33	Hengtai Securities Co., Ltd. Zhalantun Fanrong Street Securities Branch (恒泰证券股份有限公司扎蘭屯繁榮街證券營業部)	Office area on the third floor of No. 01005, Building No. 4, Commercial Service, Runtengjiayuan Phase III, Xinfengju, Fanrongban, Zhalantun, Hulunbeir, Inner Mongolia (內蒙古自治區呼倫貝爾市扎蘭屯市繁榮辦新風居潤騰家園三期4號樓商服01005號三層辦公區)	2007.9.18	Yue Hailong (岳海龍)	0470-3218089
34	Hengtai Securities Co., Ltd. Tongliao Mingren Avenue Securities Branch (恒泰证券股份有限公司通遼明仁大街證券營業部)	Room 2-/103, Wuwei Xinxin Garden Area, Shijie (Office) East Part, Mingren Avenue, Khorchin District, Tongliao, Inner Mongolia Autonomous Region (內蒙古自治區通遼市科爾沁區明仁大街東段(施介辦事處五委新新花園社區2-/103))	2009.1.20	Zhang Bin (張斌)	0475-6341017
35	Hengtai Securities Co., Ltd. Xilinhote Tuanjie Avenue Securities Branch (恒泰证券股份有限公司錫林浩特團結大街證券營業部)	No. 270, Tuanjie Avenue, Xilinhote, Xilin Gol League, Inner Mongolia (內蒙古自治區錫林郭勒盟錫林浩特市團結大街270號)	2009.5.11	Xu Changfeng (徐長鋒)	0479-8248846



## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
36	Hengtai Securities Co., Ltd. Baotou Wenhua Road Securities Branch (恒泰证券股份有限公司包头文化路證券營業部)	10-103, Guanghui No.1 Community, Jiankang Xincheng, No. 4 Minzhu Road, Qingshan District, Baotou, Inner Mongolia (內蒙古自治區包頭市青山區民主路4號街坊健康新城光輝一區10-103)	2009.6.8	Du Hongwei (杜宏偉)	0472-2629188
37	Hengtai Securities Co., Ltd. Baotou High-tech District Securities Branch (恒泰证券股份有限公司包头高新區證券營業部)	E02-101-4/F, Business Garden, Economic Park of Headquarters, No. 11 Zhaotan East Road, Rare Earth Development Zone, Baotou, Inner Mongolia (內蒙古自治區包頭市稀土開發區沿澤東路11號總部經濟園商務花園E02-101-4樓)	2009.6.8	Jin Xuxia (金旭霞)	0472-2318629
38	Hengtai Securities Co., Ltd. Yakeshi Qingsong Road Securities Branch (恒泰证券股份有限公司牙克石青松路證券營業部)	Shop 1-8, First Floor, Complex Building, Xingong Street Office, Qingsong Road East, Yakeshi, Inner Mongolia (內蒙古自治區牙克石市新辦事處青松路東綜合樓一層門市1-8號)	2009.10.23	Yu Zhaojun (于兆君)	0470-7357266
39	Hengtai Securities Co., Ltd. Manchuria Wenming Road Securities Branch (恒泰证券股份有限公司滿洲里文明路證券營業部)	Shop-1 (Intersection of Wenming Road and Sidao Street), Xinmao Building, Manchuria, Inner Mongolia (內蒙古自治區滿洲里市鑫貿樓門市-1(文明路與四道街交叉路口))	2009.10.23	Wang Chenxuan (王晨軒)	0470-6239595
40	Hengtai Securities Co., Ltd. Erenhot Konglong Avenue Securities Branch (恒泰证券股份有限公司二连浩特恐龍大街證券營業部)	Shop 104, Building 1, Fenghuafudi, Konglong Avenue South, West Ring Road West, Erenhot, Xilin Gol League, Inner Mongolia Autonomous Region (內蒙古自治區錫林郭勒盟二连浩特市恐龍大街南、西環路西楓華府第小區1號樓104舖)	2009.11.4	Wang Xiaoting (王曉婷)	0479-7527100
41	Hengtai Securities Co., Ltd. Alashan League Bayanhaot Jilantai Road Securities Branch (恒泰证券股份有限公司阿拉善盟巴彥浩特吉蘭泰路證券營業部)	Minsheng Garden Shop, Jilantai Road South, Bayanhaot Town, Alashan League Alashan Left Banner, Inner Mongolia (內蒙古自治區阿拉善盟阿拉善左旗巴彥浩特鎮吉蘭泰路南民生花園商舖)	2009.11.23	Shi Shuai (師帥)	0483-8351609
42	Hengtai Securities Co., Ltd. Beijing Dongsanhuan Securities Branch (恒泰证券股份有限公司北京東三環證券營業部)	Room 308, 3/F, Building 1 (East Ring 18 International Building), No. 18 Dongsanhuan Central Road, Chaoyang District, Beijing (北京市朝陽區東三環中路18號院1號樓(東環18國際大廈3層308))	2010.1.12	Wang Pengfei (王鵬飛)	010-87751985
43	Hengtai Securities Co., Ltd. Shanghai Hailun Road Securities Branch (恒泰证券股份有限公司上海海倫路證券營業部)	Unit 03 & 04, 22/F, No.440 Helen Road, Hongkou District, Shanghai (上海市虹口區海倫路440號22層03、04單元)	2010.1.28	Wu Minghui (吳明輝)	021-56371578



## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
44	Hengtai Securities Co., Ltd. Jilin Panshi Dongning Street Securities Branch (恒泰证券股份有限公司吉林磐石東寧街證券營業部)	Hongda Garden 1#-Room 8, Dongning Street, Panshi, Jilin (吉林省磐石市東寧街紅大花園1#-門市8)	2010.2.9	Huang Xiuxian (黃秀賢)	0432-65688007
45	Hengtai Securities Co., Ltd. Baishan Hunjiang Street Securities Branch (恒泰证券股份有限公司白山渾江大街證券營業部)	(1/F and 2/F Justice Bureau) No.171 Hunjiang Street, Baishan, Jilin (吉林省白山市渾江大街171號(司法局1-2樓門市))	2010.3.17	Ma Shouliang (馬守良)	0439-3299456
46	Hengtai Securities Co., Ltd. Tonghua Dongchang Road Securities Branch (恒泰证券股份有限公司通化東昌路證券營業部)	No. 667 Dongchang Road, Dongchang District, Tonghua, Jilin (吉林省通化市東昌區東昌路667號)	2010.7.6	Jing Yafu (經亞夫)	0435-3707171
47	Hengtai Securities Co., Ltd. Baicheng Zhongxing West Road Securities Branch (恒泰证券股份有限公司白城中興西大路證券營業部)	Building 8-4, Zhongxing West Road, Baicheng, Jilin (吉林省白城市中興西大路8號樓-4)	2010.10.25	Zhu Yanan (朱冶男)	0436-3202666
48	Hengtai Securities Co., Ltd. Liaoyuan Hening Street Securities Branch (恒泰证券股份有限公司遼源和寧街證券營業部)	Shop 102, Building G2, Yangguang Xincheng Dongxing Shanyucheng, Hening Street, Xi'an District, Liaoyuan, Jilin (吉林省遼源市西安區和寧街陽光新城東星山語城G2號樓102門市)	2010.10.28	Gu Yiquan (谷易權)	0437-6678008
49	Hengtai Securities Co., Ltd. Qianguo Hasaer Road Securities Branch (恒泰证券股份有限公司前郭哈薩爾路證券營業部)	No.7, 1-2/F, No.70, Building 70, Phase III, Century New Town, Wenwuwei, Chagannaer Community, Hasaer Road, Qianguo County, Jilin (吉林省前郭縣哈薩爾路查幹淖爾社區文武委世紀新城三期70幢70號1-2層7號)	2011.3.16	Zhao Wuhan (趙梧涵)	0438-6620000
50	Hengtai Securities Co., Ltd. Erdos Kangbashi District Securities Branch (恒泰证券股份有限公司鄂爾多斯市康巴什區證券營業部)	No. A3-1014, Jinxin Shibo Plaza, No. 15, Shifu South Street, Kangbashi District, Erdos, Inner Mongolia Autonomous Region (內蒙古自治區鄂爾多斯市康巴什區市府南街15號金信仕博廣場A3-1014號)	2011.10.24	Li Chunping (李春平)	0477-3881788
51	Hengtai Securities Co., Ltd. Chifeng Ningcheng Daning Road Securities Branch (恒泰证券股份有限公司赤峰寧城大寧路證券營業部)	Huaxin Community, Daning Road East, Tianyi Town, Ningcheng County, Chifeng, Inner Mongolia (內蒙古自治區赤峰市寧城縣天義鎮大寧路東側(華鑫小區))	2012.3.16	Chen Shichao (陳世超)	0476-4255161
52	Hengtai Securities Co., Ltd. Chaozhou Xitai Avenue Securities Branch (恒泰证券股份有限公司潮州熙泰大道證券營業部)	Shop 13, Haibo Xitai Lihu Pavilion, Xitai Avenue, Shangpu Village, Chengxi Subdistrict, Xiangqiao District, Chaozhou, Guangdong (廣東省潮州市湘橋區城西街道上埔村熙泰大道海博熙泰麗湖閣13號商舖)	2014.1.13	Ye Xi (葉璽)	0768-2520001

## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
53	Hengtai Securities Co., Ltd. Beijing Liuxiang Road Securities Branch (恒泰证券股份有限公司北京榴鄉路證券營業部)	No. 1101-4 & 1101-5, 11/F, Building 10, No. 88 Liuxiang Road, Fengtai District, Beijing (北京市豐台區榴鄉路88號院10號樓11層1101-4、1101-5號)	2014.7.23	Xu Mingtong (徐銘彤)	010-89508257
54	Hengtai Securities Co., Ltd. Beijing Finance Street Securities Branch (恒泰证券股份有限公司北京金融大街證券營業部)	C515, C517 & C519, 5/F, No. 33 Finance Street, Xicheng District, Beijing (北京市西城區金融大街33號5層C515、C517、C519)	2014.8.6	Li Yan (李岩)	010-57058597
55	Hengtai Securities Co., Ltd. Shenzhen Shennan Avenue Securities Branch (恒泰证券股份有限公司深圳深南大道證券營業部)	1301, Jindi Center, 2007 Shennan Avenue, Gangxia Community, Futian Subdistrict, Futian District, Shenzhen, Guangdong (廣東省深圳市福田區福田街道崗廈社區深南大道2007號金地中心1301)	2015.1.12	Shi Buren (施布仁)	0755-82828137
56	Hengtai Securities Co., Ltd. Liaocheng Dongchang Road Securities Branch (恒泰证券股份有限公司聊城東昌路證券營業部)	Room 1027, Fortune Center Building, No. 86 Dongchang Road, Economic and Technological Development Zone, Liaocheng, Shandong (山東省聊城市經濟技術開發區東昌路86號財富中心大廈1027室)	2015.1.26	Zhao Wenyan (趙文苑)	0635-2110887
57	Hengtai Securities Co., Ltd. Weifang Beihai Road Securities Branch (恒泰证券股份有限公司濰坊北海路證券營業部)	1-2, Building 1, Lianyun Building, No. 12808 Liyuan Street, Jiankang East Street Community, Xincheng Subdistrict, Weifang High-tech Zone, Shandong Province (山東省濰坊高新區新城街道健康東街社區梨園街12808號聯運大廈1號樓1-2)	2015.1.29	Li Lei (李雷)	0536-8986553
58	Hengtai Securities Co., Ltd. Qingdao Securities Branch (恒泰证券股份有限公司青島證券營業部)	Unit 101, Unit 1, No.7 Building, No.1B, Haier Road, Laoshan District, Qingdao, Shandong Province (山東省青島市嶗山區海爾路1號乙7號樓1單元101戶)	2015.2.3	Du Yongzhi (杜勇志)	0532-85900813
59	Hengtai Securities Co., Ltd. Shanghai Henan South Road Securities Branch (恒泰证券股份有限公司上海河南南路證券營業部)	Room 15J, 13th Floor, No. 33 Henan South Road, Huangpu District, Shanghai (上海市黃浦區河南南路33號13層15J室)	2015.3.6	Meng Shuang (孟爽)	021-62030568
60	Hengtai Securities Co., Ltd. Shanghai Longhua East Road Securities Branch (恒泰证券股份有限公司上海龍華東路證券營業部)	Room 807, 858 Longhua East Road, Huangpu District, Shanghai (上海市黃浦區龍華東路858號807室)	2015.3.18	Yang Shifang (楊世芳)	021-63357216
61	Hengtai Securities Co., Ltd. Jian Guo Road, Beijing Securities Branch (恒泰证券股份有限公司北京建國路證券營業部)	No. 1105, 10th Floor, No. 10 Building, No. 93 Jianguo Road, Chaoyang District, Beijing (北京市朝陽區建國路93號院10號樓10層1105號)	2015.6.18	Wang Xiaomin (王曉敏)	010-65921230

## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
62	Hengtai Securities Co., Ltd. Dalian Yide Street Securities Branch (恒泰证券股份有限公司大连一德街证券营业部)	Offices 1, 2, 3 and 7, No. 22 Yide Street, Zhongshan District, Dalian, Liaoning (辽宁省大连市中山区一德街22号1办2办3办7)	2015.6.26	Chen Yanan (陈焜楠)	0411-82310300
63	Hengtai Securities Co., Ltd. Beijing ZhongGuanCun North Second Street Securities Branch (恒泰证券股份有限公司北京中关村北二街证券营业部)	Room 1010, 9/F, No. 8 Haidian North Second Street, Haidian District, Beijing (北京市海淀区海定北二街8号9层1010)	2015.7.1	Chen Linfeng (杨林峰)	010-61943928
64	Hengtai Securities Co., Ltd. Changzhou Longjin Road Securities Branch (恒泰证券股份有限公司常州龙锦路证券营业部)	No.7-105, Fuxi Garden Shop, Xinbei District, Changzhou, Jiangsu (江苏省常州市新北区府西花园商辅7-105号)	2015.7.2	Chen Le (陈乐)	0519-85551099
65	Hengtai Securities Co., Ltd. Chongqing Taishan Avenue Securities Branch (恒泰证券股份有限公司重庆泰山大道证券营业部)	13-6, Building 3, No. 40 Donghu South Road, North New District, Chongqing (重庆市北部新区东湖南路40号3幢13-6)	2015.7.8	Yin Wenzhu (印文柱)	023-63109978
66	Hengtai Securities Co., Ltd. Wuhan Xinhua Road Securities Branch (恒泰证券股份有限公司武汉新华路证券营业部)	Room 2, 13th Floor, Pudong Development Bank Building, 218 Xinhua Road, Jiangnan District, Wuhan, Hubei (湖北省武汉市江汉区新华路218号(浦发银行大厦)13层2室)	2015.7.14	Fan Chunhua (范春华)	027-85898177
67	Hengtai Securities Co., Ltd. Shanghai Lanhua Road Securities Branch (恒泰证券股份有限公司上海兰花路证券营业部)	Room 1207, No. 333 Lanhua Road, Pudong New District, Shanghai (上海市浦东新区兰花路333号1207室)	2015.7.20	Dai Shaosong (代绍松)	021-68822818
68	Hengtai Securities Co., Ltd. Shanghai Dongfang Road Securities Branch (恒泰证券股份有限公司上海东方路证券营业部)	Unit D2, 15/F, No. 778 Dongfang Road, China (Shanghai) Pilot Free Trade Zone (中国(上海)自由贸易试验区东方路778号15楼D2单元)	2015.7.21	Chen Lijun (陈丽军)	021-50909296
69	Hengtai Securities Co., Ltd. Shanghai Lujiazui Securities Branch (恒泰证券股份有限公司上海陆家嘴证券营业部)	Room 31026, 31/F, No. 66 Huayuan Shiqiao Road, China (Shanghai) Pilot Free Trade Zone (中国(上海)自由贸易试验区花园石桥路66号31层31026室)	2015.8.5	Zi Wei (紫巍)	021-61049892
70	Hengtai Securities Co., Ltd. Dongguan Nancheng Hongbei Road Securities Branch (恒泰证券股份有限公司东莞南城宏北路证券营业部)	Room 317, No. 8, Huijinsi Street, Nancheng Street, Dongguan, Guangdong (广东省东莞市南城街道汇金四街8号317室)	2015.8.12	Ruan Hai (阮海)	0769-22988996
71	部Hengtai Securities Co., Ltd. Foshan Foping Road Securities Branch (恒泰证券股份有限公司佛山佛平路证券营业部)	Room 1, 8/F, Yujing City Garden, No. 6 Foping Third Road, Guicheng Subdistrict, Nanhai District, Foshan, Guangdong (广东省佛山市南海区桂城街道佛平三路6号景城市花园办公楼8楼之一室)	2015.8.24	Lu Liang (卢亮)	0757-86288102

## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
72	Hengtai Securities Co., Ltd. Hangzhou Minhe Road Securities Branch (恒泰证券股份有限公司杭州民和路證券營業部)	Rooms 2810-2811, 28/F, Zhongke Baosheng Science and Technology Park, Building 1, Baosheng Century Centre, No. 800 Minhe Road, Yingfeng Street, Xiaoshan District, Hangzhou, Zhejiang (浙江省杭州市蕭山區盈豐街道民和路800號寶盛世紀中心1幢中科寶盛科技園28層2810-2811室)	2015.8.26	Feng Xiaorong (馮小榮)	0571-86538803
73	Hengtai Securities Co., Ltd. Shenzhen Yitian Road Zhuoyue Times Square Securities Branch (恒泰证券股份有限公司深圳益田路卓越時代廣場證券營業部)	5007B-5008, 50/F, Zhuoyue Times Square, No.4068 Yitian Road, Futian Street, Futian District, Shenzhen, Guangdong (廣東省深圳市福田区福田區福田街道益田路4068號卓越時代廣場50樓5007B-5008)	2015.8.27	Wu Rongrong (伍榮榮)	0755-82801189
74	Hengtai Securities Co., Ltd. Shanghai Yan'an West Road Securities Branch (恒泰证券股份有限公司上海延安西路證券營業部)	Room 2607, No.1116 Yan'an West Road, Changning District, Shanghai (上海市長寧區延安西路1116號2607室)	2015.9.6	Jin Kaihong (金凱紅)	021-62379632
75	Hengtai Securities Co., Ltd. Wenzhou Gu'an Road Securities Branch (恒泰证券股份有限公司温州古岸路證券營業部)	Rooms 001 and 014, 3/F, Building 1, Yixiang Business Building, Ouhai District, Wenzhou, Zhejiang (浙江省温州市甌海區億象商廈第一幢3層001、014室)	2015.9.6	Chen Kai (陳愷)	0577-88709188
76	Hengtai Securities Co., Ltd. Shanghai Shaanxi North Road Securities Branch (恒泰证券股份有限公司上海陝西北路證券營業部)	Rooms 2403, 2405 & 2406, No. 1438 Shaanxi North Road, Putuo District, Shanghai (上海市普陀區陝西北路1438號2403、2405、2406室)	2015.9.10	Hou Shaojun (侯少軍)	021-62785699
77	Hengtai Securities Co., Ltd. Shanghai Xujiahui Road Securities Branch (恒泰证券股份有限公司上海徐家匯路證券營業部)	Room 19C, No.555 Xujiahui Road, Huangpu District, Shanghai (上海市黃浦區徐家匯路555號19C室)	2015.9.21	Li Jingjing (李晶晶)	021-63083060
78	Hengtai Securities Co., Ltd. Zhuhai Jiuzhou Avenue Fuhuali Securities Branch (恒泰证券股份有限公司珠海九州大道富華里證券營業部)	No. 01, 7/F, Block A, Fuhuali Center Office, 2021 Jiuzhou Avenue West, Zhuhai, Guangdong (廣東省珠海市九州大道西2021號富華里中心寫字樓A座7層01號)	2015.9.30	Guo Lixuan (郭麗璇)	0756-8619168
79	Hengtai Securities Co., Ltd. Shijiazhuang Huai'an Road Securities Branch (恒泰证券股份有限公司石家莊槐安路證券營業部)	No.1805, Ximei Wuzhou Building, Yaqing Street, Yuhua District, Shijiazhuang, Hebei (河北省石家莊市裕華區雅清街西美五洲大廈1805號)	2015.10.9	Lv Haijun (呂海軍)	0311-66500778
80	Hengtai Securities Co., Ltd. Shenzhen Longcheng Avenue Securities Branch (恒泰证券股份有限公司深圳龍城大道證券營業部)	Room 210, Unit B, Building 9, Vanke Tianyu Garden, No. 88 Xipu Road, Jixiang Community, Longcheng Subdistrict, Longgang District, Shenzhen, Guangdong (廣東省深圳市龍崗區龍城街道吉祥社區西埔路88號萬科天譽花園9棟B單元210)	2015.10.9	Long Xiaoling (龍小玲)	0755-89452231

## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
81	Hengtai Securities Co., Ltd. Taiyuan Nanzhonghuan Street Securities Branch (恒泰证券股份有限公司太原南中環街證券營業部)	No. 1207, 12th Floor, Block B, No. 455 South Zhonghuan Street, Xuefu Industrial Park, Shanxi Transformation Comprehensive Reform Demonstration Zone, Shanxi Province (山西省山西轉型綜合改革示範區學府產業園南中環街455號1幢B座12層1207號)	2015.10.13	Yang Xudong (楊旭東)	0351-3958073
82	Hengtai Securities Co., Ltd. Nanning Minzu Avenue Securities Branch (恒泰证券股份有限公司南寧民族大道證券營業部)	Office Nos. 403, 405 and 406, 4/F, Tianlong Fortune Center, No. 180 Minzu Avenue, Qingxiu District, Nanning City, Guangxi Zhuang Autonomous Region (廣西壯族自治區南寧市青秀區民族大道180號天龍財富中心四層403、405、406號辦公)	2015.10.27	Liang Donglu (梁冬路)	0771-5535796
83	Hengtai Securities Co., Ltd. Shanghai Gubei Road Securities Branch (恒泰证券股份有限公司上海古北路證券營業部)	Rooms 602-1 & 603-1, No. 678 Gubei, Changning District, Shanghai (上海市長寧區古北路678號602-1、603-1室)	2015.11.3	Lu Jiali (陸佳驪)	021-23560198
84	Hengtai Securities Co., Ltd. Hangzhou Wujiang Road Securities Branch (恒泰证券股份有限公司杭州婺江路證券營業部)	Rooms 1601, 1602 & 1603 Building 1, No. 217 Wujiang Road, Shangcheng District, Hangzhou, Zhejiang (浙江省杭州市上城區婺江路217號1號樓1601、1602、1603室)	2015.11.3	Wang Bao (王寶)	0571-86979032
85	Hengtai Securities Co., Ltd. Rui'an Gongruishan Road Securities Branch (恒泰证券股份有限公司瑞安拱瑞山路證券營業部)	No.422, 424 Gongruishan Road, Anyang Street, Rui'an, Zhejiang (浙江省瑞安市安陽街道拱瑞山路422、424號)	2015.11.9	Jin Hairu (金海茹)	0577-66889159
86	Hengtai Securities Co., Ltd. Shanghai Yincheng Central Road Securities Branch (恒泰证券股份有限公司上海銀城中路證券營業部)	Room 2305, No. 168 Yincheng Central Road, China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區銀城中路168號2305室)	2015.12.9	Ding Fei (丁斐)	021-50891677
87	Hengtai Securities Co., Ltd. Shenzhen OCT Tower Securities Branch (恒泰证券股份有限公司深圳華僑城證券營業部)	1305, Block A, OCT Tower, No. 9018 Shennan Avenue, Zhongxin Street Community, Shahe Street, Nanshan District, Shenzhen (深圳市南山區沙河街道中新街社區深南大道9018號華僑城大廈A座1305)	2015.12.16	Fan Long (范龍)	0755-23913045
88	Hengtai Securities Co., Ltd. Hangzhou Fuchun Road Securities Branch (恒泰证券股份有限公司杭州富春路證券營業部)	Room 2605, Building 2, Qianjiang International Times Square, Jianggan District, Hangzhou, Zhejiang (浙江省杭州市江幹區錢江國際時代廣場2幢2605室)	2015.12.16	Yan Yueping (嚴躍平)	0571-87899209

## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
89	Hengtai Securities Co., Ltd Shaoxing Shengli Road Securities Branch (恒泰证券股份有限公司紹興勝利路證券營業部)	Room 1301, Shimao Horizon Center, 379 Shengli East Road, Yuecheng District, Shaoxing, Zhejiang (浙江省紹興市越城區勝利東路379號世茂天際中心1301室)	2016.1.18	Zheng Yi (鄭逸)	0575-88002391
90	Hengtai Securities Co., Ltd. Tianjin Liuwei Road Securities Branch (恒泰证券股份有限公司天津六緯路證券營業部)	No. 481 Liuwei Road, Hedong District, Tianjin (天津市河東區六緯路481號)	2016.1.19	Gao Ying (高英)	022-24220819
91	Hengtai Securities Co., Ltd. Changsha Xiaoxiang North Road Securities Branch (恒泰证券股份有限公司長沙瀟湘北路證券營業部)	Room 1102, Dingheng Building, No.20 Chazi Shandong Road, Yuelu District, Changsha City, Hunan Province-No.1101 (湖南省長沙市嶽麓區茶子山東路20號鼎衡大廈1102-自編號1101)	2016.1.29	Ning Jiang (寧江)	0731-85562029
92	Hengtai Securities Co., Ltd. Shanghai Zhongshan West Road Securities Branch (恒泰证券股份有限公司上海中山西路證券營業部)	Room 904, No.1065 West Zhongshan Road, Changning District, Shanghai (上海市長寧區中山西路1065號904室)	2016.2.2	Feng Yuangang (馮元剛)	021-23560170
93	Hengtai Securities Co., Ltd. Zhengzhou Nanyang Road Securities Branch (恒泰证券股份有限公司鄭州南陽路證券營業部)	Room 1, East of 1/F and 2/F, Building 24, No. 206, Nanyang Road, Jinshui District, Zhengzhou, Henan (河南省鄭州市金水區南陽路206號24號樓1-2層東1號)	2016.2.15	Zhang Yao (張堯)	0371-55958382
94	Hengtai Securities Co., Ltd. Zibo Yanhe East Road Securities Branch (恒泰证券股份有限公司淄博沿河東路證券營業部)	No. 103, 1/F, Chuangfu Building, No. 3 Yanhe East Road, Chengdong Subdistrict, Boshan District, Zibo, Shandong (山東省淄博市博山區城東街道沿河東路3號創富大廈1層103號)	2016.3.17	Wang Kai (王凱)	0533-4913308
95	Hengtai Securities Co., Ltd. Xianyou Xuefu East Road Securities Branch (恒泰证券股份有限公司仙遊學府東路證券營業部)	No. 2068, 2072 Xuefu East Road, Residents' Committee, Balong Community, Licheng Subdistrict, Xianyou County, Putian, Fujian (福建省莆田市仙游縣鯉城街道壩墘社區居委會學府東路2068號、2072號)	2016.3.25	Zheng Zhangwen (鄭章文)	0594-8097766
96	Hengtai Securities Co., Ltd. Xi'an Keji 4th Road Securities Branch (恒泰证券股份有限公司西安科技四路證券營業部)	Room 08, 34/F, T3 Office Building, Gaoxin Xintiandi, No. 35 Tuanjie South Road, Hi-tech District, Xi'an, Shaanxi (陝西省西安市高新區團結南路35號高新新天地T3寫字樓34層08室)	2016.3.29	Wang Lide (王立德)	029-89132956
97	Hengtai Securities Co., Ltd. Dongguan Huangjiang Securities Branch (恒泰证券股份有限公司東莞黃江證券營業部)	No.1007, 10/F, Fukang Commercial Building, Fukang Garden, Banhu Village, Huangjiang Town, Dongguan, Guangdong (廣東省東莞市黃江鎮板湖村富康花園富康商業大廈10樓1007號)	2016.4.6	Li Sutao (李蘇濤)	0769-82226576



## Appendix Particulars of Securities Branches (Continued)

No.	Name	Office address (China)	Date of incorporation	Person in charge	Contact No. (+86)
98	Hengtai Securities Co., Ltd. Wenzhou Jinxiu Road Securities Branch (恒泰证券股份有限公司温州锦绣路证券营业部)	Rooms 509, 510, 511 and 512, Building 1, Zhixin Center, No.1067 Jinxiu Road, Lucheng District, Wenzhou, Zhejiang (浙江省温州市鹿城区锦绣路1067号置信中心1幢509室、510室、511室和512室)	2016.4.8	Feng Xiao (冯笑)	0577-85228658
99	Hengtai Securities Co., Ltd. Guangzhou Tianrun Road Securities Branch (恒泰证券股份有限公司广州天润路证券营业部)	112, No. 96 Tianrun Road, Tianhe District, Guangzhou, Guangdong (广东省广州市天河区天润路96号112)	2016.4.13	Liu Haitao (刘海涛)	020-38909661
100	Hengtai Securities Co., Ltd. Fuzhou Hudong Road Securities Branch (恒泰证券股份有限公司福州湖东路证券营业部)	Unit 03, 3/F, Fujian Foreign Trade Building, No. 75 Wusi Road, Gulou District, Fuzhou, Fujian (福建省福州市鼓楼区五四路75号福建外贸大厦第3层03单元)	2016.4.14	Lin Meiyun (林美云)	0591-87303369
101	Hengtai Securities Co., Ltd. Beijing Yayuncun Securities Branch (恒泰证券股份有限公司北京亚运村证券营业部)	No.1603 and No.1605, Room 1601, 16th Floor, No. 1 Building, No. 8 Beichen East Road, Chaoyang District, Beijing (北京市朝阳区北辰东路8号院1号楼16层1601、1605号)	2016.4.15	Zhang Xiaoming (张晓明)	010-82916166
102	Hengtai Securities Co., Ltd. Shanghai Haiqi Road Securities Branch (恒泰证券股份有限公司上海海旗路证券营业部)	No. 1427, 1429, 1431 & 1433, Haiqi Road, Fengxian District, Shanghai (上海市奉贤区海旗路1427、1429、1431、1433号)	2017.2.17	Liu Huan (刘欢)	021-58358085
103	Hengtai Securities Co., Ltd. Ningbo Jingjia Road Securities Branch (恒泰证券股份有限公司宁波惊驾路证券营业部)	15-8, No.565, Jingjia Road, Yinzhou District, Ningbo City, Zhejiang (浙江省宁波市鄞州区惊驾路565号15-8)	2017.2.24	Chen Lin (陈麟)	0574-87818600
104	Hengtai Securities Co., Ltd. Beijing Jianguomen Nei Avenue Securities Branch (恒泰证券股份有限公司北京建国门内大街证券营业部)	Room 0510, Zhongfang Building, No. 19 Jianguomen Nei Avenue, Dongcheng District, Beijing (北京市东城区建国门内大街19号中纺大厦0510室)	2017.2.27	Xu Xiaoguang (徐晓光)	010-65262718
105	Hengtai Securities Co., Ltd. Beijing Deshengmenwai Street Securities Branch (恒泰证券股份有限公司北京德胜门外大街证券营业部)	301, 3/F, No. 83, Deshengmenwai Street, Xicheng District, Beijing (北京市西城区德胜门外大街83号3层301)	2017.3.6	Wang Baoxiu (王宝修)	010-83270881
106	Hengtai Securities Co., Ltd. Chengdu Tianfu Avenue Securities Branch (恒泰证券股份有限公司成都天府大道证券营业部)	No. 503B & 504, 5/F, Unit 1, Building 2, No. 188 Jirui 2nd Road, High-tech District, Chengdu, China (Sichuan) Pilot Free Trade Zone (中国(四川)自由贸易试验区成都高新区吉瑞二路188号2栋1单元5层503B、504号)	2017.4.24	Li Wenjun (李文君)	028-85011007

# Independent Auditor's Report



Grant Thornton  
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## To the shareholders of Hengtou Securities

*(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "恒泰证券股份有限公司" and carrying on business in Hong Kong as "恒投證券" (in Chinese) and "HENGTOU SECURITIES" (in English))*

## OPINION

We have audited the consolidated financial statements of Hengtou Securities (the "Company") and its subsidiaries (together, the "Group") set out on pages 198 to 332, which comprise the consolidated statement of financial position as at 31 December 2024, 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.

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 Accounting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") ("IFRS Accounting Standards") 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 Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<u>Assessment of control over structured entities</u>	
Refer to Notes 3.3, 4.1 and 53 to the consolidated financial statements.	Our procedures in relation to assessment of control over structured entities included:
The Group has interests in a number of structured entities. The Group determines whether or not to consolidate these structured entities based on the assessment of whether the Group has control over the structured entities by taking into consideration of power arising from rights, exposure of variable returns and the linkage between power and returns.	<ul style="list-style-type: none"><li>• Reviewing the key contractual provisions of the relevant legal documents including the management agreements of the structured entities;</li></ul>
The assessment of the Group's control over structured entities involves significant judgement on factors, such as the purpose and design of structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, remuneration and performance fee.	<ul style="list-style-type: none"><li>• Evaluating the risk and reward structure of the structured entities including any return guarantee, commission basis and distribution of returns and assessing the management's judgement as to exposure and right to variable returns from the Group's involvement; and</li></ul>
Due to the significance of the structured entities and the complexity of judgement exercised by the management, we identified consolidation assessment of structured entities as a key audit matter.	<ul style="list-style-type: none"><li>• Evaluating the management's analysis of structured entities including qualitative analyses and calculations of the magnitude and variability associated with the Group's economic interests in the structured entities to assess management's judgement over the Group's ability to influence its own returns from the structured entities.</li></ul>

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<u>Fair value measurements of Level 3 financial instruments</u>	
<p>Refer to Note 58 to the consolidated financial statements.</p> <p>As at 31 December 2024, the Group's financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income categorised as Level 3 amounted to approximately RMB90,236,000 and RMB4,308,000, respectively.</p> <p>Due to the significance of the judgement and estimates made by the management and the subjectivity in determination of Level 3 fair value given the lack of availability of market-based data and the significant unobservable inputs, we identified the fair value measurements of Level 3 financial instruments as a key audit matter.</p>	<p>Our procedures in relation to the fair value measurements of Level 3 financial instruments included:</p> <ul style="list-style-type: none"><li>• Evaluating whether the valuation methodologies, inputs and assumptions adopted by management were appropriate;</li><li>• Evaluating the rationale of management's judgement on the significant unobservable inputs;</li><li>• Testing the evidence supporting the unobservable inputs used in the Level 3 fair value measurements; and</li><li>• Evaluating the adequacy of the Level 3 fair value measurement disclosures in the consolidated financial statements.</li></ul>

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<u>Impairment of financial assets</u>	
Refer to Notes 3.13, 28, 29, 32, 33, 34, 37 and 57(a) to the consolidated financial statements.	Our procedures in relation to the impairment assessment of financial assets included:
<p>As at 31 December 2024, the Group has financial assets held under resale agreements, refundable deposits, margin account receivables, other current assets (excluding prepaid expenses and income tax recoverable), financial assets at fair value through other comprehensive income and placements with a financial institution with carrying amounts of RMB152,884,000, RMB1,002,472,000, RMB5,840,304,000, RMB352,146,000, RMB2,418,119,000 and RMB82,961,000, respectively.</p> <p>The Group's impairment are estimated based on expected credit loss ("ECL") model. We identified impairment of financial assets as a key audit matter because the Group's measurement of ECL involves significant management estimates and judgements in consideration of various factors, include but not limited to the customers' payment history, credit rating and realisable value of securities or collaterals from customers.</p>	<ul style="list-style-type: none"><li>• Understanding management's impairment provision policy in respect of financial assets;</li><li>• Evaluating techniques and methodology used in the Group's ECL model;</li><li>• Evaluating management's assessment of significant increase in credit risk;</li><li>• Evaluating the parameters used by the management in estimating the ECL rate and testing the evidence supporting the parameters to the ECL model; and</li><li>• Evaluating the adequacy of the disclosures in respect of impairment of financial assets in the consolidated financial statements.</li></ul>

## Independent Auditor's Report (Continued)

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information included in the 2024 annual report of the Company, 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors assisted by the audit committee are responsible for overseeing the Group's financial reporting process.

## Independent Auditor's Report (Continued)

### 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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagements 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 (Continued)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

#### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11<sup>th</sup> Floor, Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong SAR

24 March 2025

Chiu Wing Ning  
Practising Certificate No.: P04920

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Fees and commission income	7	1,377,519	1,377,853
Interest income	8	745,792	783,294
Net investment income	9	558,258	117,494
Other income and gains	10	104,645	234,673
<b>Total operating income</b>		<b>2,786,214</b>	<b>2,513,314</b>
Fees and commission expenses	11	(181,587)	(163,957)
Interest expenses	12	(405,233)	(430,788)
Staff costs	13	(995,617)	(1,036,047)
Depreciation and amortisation	14	(198,921)	(224,276)
Taxes and surcharges		(14,064)	(12,330)
Other operating expenses	15	(430,514)	(491,485)
Impairment losses	16	(374,686)	(91,737)
Unrealised fair value losses from financial assets at fair value through profit or loss		(41,116)	(46,029)
<b>Total operating expenses</b>		<b>(2,641,738)</b>	<b>(2,496,649)</b>
<b>Profit before income tax</b>		<b>144,476</b>	<b>16,665</b>
Income tax expense	17	(71,464)	(4,501)
<b>Profit for the year</b>		<b>73,012</b>	<b>12,164</b>

# Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Other comprehensive income/(loss):</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Debt and equity investments at fair value through other comprehensive income			
– Net change in fair value		58,596	(10,475)
– Income tax impact		(14,649)	2,619
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>43,947</b>	<b>(7,856)</b>
<b>Total comprehensive income for the year</b>		<b>116,959</b>	<b>4,308</b>
<b>Profit for the year attributable to:</b>			
Ordinary shareholders of the Company		176,283	64,145
Non-controlling interests		(103,271)	(51,981)
		<b>73,012</b>	<b>12,164</b>
<b>Total comprehensive income for the year attributable to:</b>			
Ordinary shareholders of the Company		220,230	56,289
Non-controlling interests		(103,271)	(51,981)
		<b>116,959</b>	<b>4,308</b>
<b>Earnings per share</b>			
Basic and diluted	18	<b>RMB0.07</b>	RMB0.02

The notes on pages 206 to 332 are an integral part of these consolidated financial statements.



# Consolidated Statement of Financial Position

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>			
Property and equipment	22	271,372	297,383
Right-of-use assets	23	119,783	167,789
Investment properties	24	33,111	34,962
Goodwill	25	43,739	43,739
Intangible assets	26	161,615	168,488
Refundable deposits	29	1,002,472	1,098,754
Debt investments measured at amortised cost	36	–	219,326
Deferred tax assets	30	708,012	792,045
Other non-current assets	31	71,224	57,851
<b>Total non-current assets</b>		<b>2,411,328</b>	2,880,337
<b>Current assets</b>			
Margin account receivables	32	5,840,304	5,092,456
Other current assets	33	379,999	414,459
Placements with a financial institution	37	82,961	107,889
Financial assets held under resale agreements	28	152,884	481,901
Financial assets at fair value through other comprehensive income	34	2,418,119	2,125,472
Financial assets at fair value through profit or loss	35	9,645,475	7,654,488
Cash held on behalf of brokerage clients	38	16,178,519	9,993,630
Clearing settlement funds	39	964,243	618,330
Cash and bank balances	40	1,907,249	1,833,688
<b>Total current assets</b>		<b>37,569,753</b>	28,322,313
<b>Total assets</b>		<b>39,981,081</b>	31,202,650

# Consolidated Statement of Financial Position (Continued)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Current liabilities</b>			
Debt instruments	41	2,420,000	950,000
Placements from financial institutions	42	2,700,000	2,100,000
Account payables to brokerage clients	43	16,700,618	10,510,125
Employee benefit payables	44	468,296	489,473
Contract liabilities	45	120	150
Lease liabilities	46	68,861	75,662
Other current liabilities	47	515,333	876,809
Current tax liabilities		5,935	14,196
Financial assets sold under repurchase agreements	48	4,099,600	3,607,030
<b>Total current liabilities</b>		<b>26,978,763</b>	<b>18,623,445</b>
<b>Net current assets</b>		<b>10,590,990</b>	<b>9,698,868</b>
<b>Total assets less current liabilities</b>		<b>13,002,318</b>	<b>12,579,205</b>
<b>Non-current liabilities</b>			
Debt instruments	41	3,394,895	3,362,637
Lease liabilities	46	44,391	90,490
Other non-current liabilities	47	856,000	936,000
Deferred tax liabilities	30	9	14
<b>Total non-current liabilities</b>		<b>4,295,295</b>	<b>4,389,141</b>
<b>Net assets</b>		<b>8,707,023</b>	<b>8,190,064</b>

# Consolidated Statement of Financial Position (Continued)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Equity</b>			
Share capital	49(a)	<b>2,604,567</b>	2,604,567
Share premium	49(b)	<b>1,665,236</b>	1,665,236
Reserves	50	<b>4,025,730</b>	3,783,612
<b>Total equity attributable to ordinary shareholders of the Company</b>		<b>8,295,533</b>	8,053,415
Non-controlling interests		<b>411,490</b>	136,649
<b>Total equity</b>		<b>8,707,023</b>	8,190,064

Approved by the Board of Directors on 24 March 2025 and are signed on its behalf by:

**Zhu Yanhui**  
Chairman of the Board of Directors

**Sun Hang**  
Chief Financial Officer

The notes on pages 206 to 332 are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to ordinary shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Surplus reserve*	General risk reserve*	Transaction risk reserve*	Investment revaluation reserve*	Retained profits*	Total		
	Note 49(a)	Note 49(b)	Note 50(a)	Note 50(b)	Note 50(c)	Note 50(d)				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2023	2,604,567	1,665,236	641,189	995,724	758,324	(42,783)	1,374,869	7,997,126	188,630	8,185,756
Profit/(Loss) for the year	-	-	-	-	-	-	64,145	64,145	(51,981)	12,164
Other comprehensive loss for the year	-	-	-	-	-	(7,856)	-	(7,856)	-	(7,856)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	-	(7,856)	64,145	56,289	(51,981)	4,308
Appropriation to surplus reserves	-	-	1,336	-	-	-	(1,336)	-	-	-
Appropriation to general risk reserve	-	-	-	21,502	-	-	(21,502)	-	-	-
Appropriation to transaction risk reserve	-	-	-	-	3,764	-	(3,764)	-	-	-
Changes in equity for the year	-	-	1,336	21,502	3,764	-	(26,602)	-	-	-
Balance as at 31 December 2023	2,604,567	1,665,236	642,525	1,017,226	762,088	(50,639)	1,412,412	8,053,415	136,649	8,190,064
<b>Balance as at 1 January 2024</b>	<b>2,604,567</b>	<b>1,665,236</b>	<b>642,525</b>	<b>1,017,226</b>	<b>762,088</b>	<b>(50,639)</b>	<b>1,412,412</b>	<b>8,053,415</b>	<b>136,649</b>	<b>8,190,064</b>
Profit/(Loss) for the year	-	-	-	-	-	-	176,283	176,283	(103,271)	73,012
Other comprehensive income for the year	-	-	-	-	-	43,947	-	43,947	-	43,947
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	-	-	43,947	176,283	220,230	(103,271)	116,959
Appropriation to surplus reserves	-	-	40,415	-	-	-	(40,415)	-	-	-
Appropriation to general risk reserve	-	-	-	56,381	-	-	(56,381)	-	-	-
Appropriation to transaction risk reserve	-	-	-	-	42,264	-	(42,264)	-	-	-
Disposal of financial assets at FVOCI	-	-	-	-	-	(2,430)	2,430	-	-	-
Deemed partial disposal of interest in a subsidiary without losing control (Note27)	-	-	-	-	-	-	21,888	21,888	(378,112)	400,000
Changes in equity for the year	-	-	40,415	56,381	42,264	(2,430)	(114,742)	21,888	378,112	400,000
<b>Balance as at 31 December 2024</b>	<b>2,604,567</b>	<b>1,665,236</b>	<b>682,940</b>	<b>1,073,607</b>	<b>804,352</b>	<b>(9,122)</b>	<b>1,473,953</b>	<b>8,295,533</b>	<b>411,490</b>	<b>8,707,023</b>

\* The total of these amounts as at the reporting date represent "Reserves" in the consolidated statement of financial position.

The notes on pages 206 to 332 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Cash flows from operating activities</b>			
<b>Profit before income tax</b>		<b>144,476</b>	16,665
Adjustments for:			
Interest expenses		<b>405,233</b>	430,788
Depreciation and amortisation		<b>198,921</b>	224,276
Impairment losses		<b>374,686</b>	91,737
Loss/(gain) on disposal of property and equipment		<b>5</b>	(544)
Net changes in unrealised fair value of financial instruments at fair value through profit or loss		<b>(43,993)</b>	(153,404)
Operating profit before working capital changes		<b>1,079,328</b>	609,518
<b>Change in working capital:</b>			
Refundable deposits		<b>96,282</b>	(78,407)
Receivables and prepayments		<b>(413,774)</b>	32,196
Margin account receivables		<b>(757,307)</b>	(471,857)
Financial assets held under resale agreements		<b>(336,617)</b>	–
Financial assets at fair value through profit or loss		<b>(1,946,994)</b>	(590,703)
Cash held on behalf of brokerage clients		<b>(6,184,889)</b>	1,103,481
Restricted bank deposits		<b>68,046</b>	(67,757)
Placements from financial institutions		<b>624,928</b>	1,107,573
Account payables to brokerage clients		<b>6,190,493</b>	(1,254,954)
Employee benefit payables		<b>(21,177)</b>	138,069
Other payables and accruals		<b>189,301</b>	(512,600)
Contract liabilities		<b>(30)</b>	(213)
Financial assets sold under repurchase agreements		<b>492,570</b>	(62,230)
Cash used in operations		<b>(919,840)</b>	(47,884)
Income tax paid		<b>(17,020)</b>	520
Interest paid for operating activities		<b>(188,082)</b>	(154,434)
Net cash used in operating activities		<b>(1,124,942)</b>	(201,798)

# Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property and equipment		278	173
Purchases of property and equipment, intangible assets and other non-current assets		(79,427)	(79,026)
(Purchases)/Proceeds of financial assets at fair value through other comprehensive income, net		(275,857)	256,237
Proceeds from disposal of debt investments measured at amortised cost		220,000	–
(Increase)/Decrease in time deposits with original maturities exceeding three months		(180,000)	400,000
Net cash (used in)/generated/from investing activities		(315,006)	577,384
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling interests		400,000	–
Proceeds from issuance of debt instruments	59	3,081,000	5,400,000
Repayment of debt instruments	59	(1,611,000)	(5,440,931)
Interest paid for financing activities	59	(139,336)	(228,918)
Payment of lease liabilities	59	(83,284)	(101,972)
Net cash generated from/(used in) financing activities		1,647,380	(371,821)
<b>Net increase in cash and cash equivalents</b>		<b>207,432</b>	<b>3,765</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>2,034,205</b>	<b>2,029,953</b>
<b>Effect of foreign exchange rate changes</b>		<b>429</b>	<b>487</b>
<b>Cash and cash equivalents at end of the year</b>	40	<b>2,242,066</b>	<b>2,034,205</b>

The notes on pages 206 to 332 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

## 1. GENERAL INFORMATION

Hengtou Securities (a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English)) (the “Company”) was set up in Inner Mongolia Autonomous Region by Inner Mongolia Branch of People's Bank of China (“PBOC”) in 1988. The Company has restructured into a joint stock company with limited liability pursuant to the approvals by the China Securities Regulatory Commission (“CSRC”) in 2008. The Company has obtained securities institution license No. Z20815000 and business licence No. 150000000001019. The registered address of the Company is Manshishangdu Office and Commercial Complex, Hailaer East Street, Xincheng District, Hohhot, Inner Mongolia Autonomous Region. As at 31 December 2024, the share capital of the Company is RMB2,604,567,412 (2023: RMB2,604,567,412).

The Company and its subsidiaries (collectively, the “Group”) principally engaged in securities underwriting and sponsorship, agency sale of securities and financial product, securities and futures brokerage, assets management, investment consultancy, margin financing and securities lending, fund establishing and management, and other business as approved by the CSRC.

The Company's immediate holding companies are Beijing Huarong Zonghe Investment Co., Ltd (“Huarong Zonghe Investment”) and Finance Street Xihuan Properties Co., Ltd. (together, the “immediate holding companies”), which both established in the PRC. The ultimate holding company of the Company is Beijing Financial Street Investment (Group) Co., Ltd. (the “ultimate holding company”), a limited liability company incorporated in the PRC, which is under the control of the State-owned Assets Supervision and Administration Commission (“SASAC”) of Beijing Xicheng District Municipal Government.

The Company listed its H shares on the Main Board of the Stock Exchange of Hong Kong Limited on 15 October 2015.

The consolidated financial statements are presented in thousands of Renminbi (“RMB'000”), unless otherwise stated.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

### (a) Amended IFRS Accounting Standards that are effective for the financial year beginning on 1 January 2024

In the current year, the Group has adopted for the first time the following amended IFRS Accounting Standards, which collective term includes all applicable individual IFRS accounting standards, International Accounting Standards ("IASs"), and Interpretations issued by the International Accounting Standards Board (the "IASB"), that are relevant to the Group's operations and effective for its financial year beginning on 1 January 2024.

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 adoption of the amended IFRS Accounting Standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

### (b) New and amended IFRS Accounting Standards in issue but not yet effective

The Group has not early applied new and amended IFRS Accounting Standards that have been issued but are not yet effective for the financial year beginning on 1 January 2025. These new and amended IFRS Accounting Standards include the following which may be relevant to the Group.

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective date not yet determined

The Group anticipates that all of the new and amended IFRS Accounting Standards will be adopted in the Group's accounting policies for the first period beginning on or after the effective date of these new and amended IFRS Accounting Standards. Information on new IFRS Accounting Standards that are expected to have impact on the Group's accounting policies is provided below. Other new and amended IFRS Accounting Standards are not expected to have a material impact on the Group's consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ACCOUNTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

### (b) New and amended IFRS Accounting Standards in issue but not yet effective (Continued)

#### IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 replaces IAS 1 "Presentation of Financial Statements". It carries forward many of the existing requirements in IAS 1, with limited changes, and some IAS 1 requirements will be moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures".

IFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely "operating profits" and "profits before financing and income tax"), and classifying items into five newly defined categories (namely "operating", "investing", "financing", "income tax" and "discontinued operation"), depending on the reporting entity's main business activities, in the statement of profit or loss;
- Disclosure of management-defined performance measures ("MPMs") in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

Besides, narrow-scope amendments have been made to IAS 7 "Statement of Cash Flows", which includes:

- using "operating profit or loss" as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

IFRS 18, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The directors of the Group are still in the process of assessing the impact of IFRS 18, particularly with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact of how information is grouped in the consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 3.1 Basis of preparation and statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been prepared on the historical cost basis, unless mentioned otherwise in the accounting policies below (e.g. financial instruments that are measured at fair value and assets held for sale that are stated the lower of carrying amount and fair value less costs to sell).

### 3.2 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements on the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the subsequent period are discussed in Note 4.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 3.7).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 3.13(i)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.4 Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (i) is greater than (ii), the excess is recognised as goodwill. When (ii) is greater than (i), then this excess, after reassessment, is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 3.13(ii)).

On disposal of a CGU, any attributable amount of purchased goodwill is included in the calculation of the profit or loss upon disposal.

### 3.5 Foreign currency

#### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi, which is the Company's functional and presentation currency.

#### Transactions and balances in each entity's financial statements

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rates ruling at the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the exchange rates that approximate the spot exchange rate ruling at the transaction dates.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.5 Foreign currency (Continued)

#### Transactions and balances in each entity's financial statements (Continued)

A spot exchange rate is quoted by the People's Bank of China ("PBOC"), the State Administration of Foreign Exchange, or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is determined by a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currency are translated into RMB at the foreign exchange rate ruling at the end of the reporting date and translation differences are recognised in profit or loss.

Non-monetary items measured in terms of historical cost denominated in a foreign currency are translated using the exchange rate ruling at the transaction dates. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

### 3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 40.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.7 Financial instruments

#### Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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 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.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.7 Financial instruments (Continued)

#### Financial assets (Continued)

##### *Debt investments*

Debt investments held by the Group are classified into one of the following measurement categories:

- Amortised cost; if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- Fair value through other comprehensive income (“FVTOCI”) (recycling); if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL; if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

##### *Equity investments*

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as investment income.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.7 Financial instruments (Continued)

#### Financial liabilities

##### *Classification and measurement of financial liabilities*

The Group's financial liabilities include debt instruments, placements from financial institutions, account payables to brokerage clients, employee benefit payables, lease liabilities, other liabilities and financial assets sold under repurchase agreements.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within "Interest expenses" or "Other income and gains".

Accounting policies of lease liabilities are set out in Note 3.17.

### 3.8 Margin financing and securities lending

Margin financing and securities lending refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.

The Group recognises margin financing receivables as receivables carried at amortised cost, and recognises interest income using effective interest rate method. Securities lent are not derecognised when the risk and rewards are not transferred, and interest income is recognised using effective interest rate method.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.9 Financial assets held under resale agreements and sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the consolidated statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the consolidated statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest method and is included in interest income and interest expenses respectively.

### 3.10 Property and equipment and construction in progress

#### Recognition and measurement

Property and equipment (other than construction in progress as stated below) are initially stated at costs and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses (see Note 3.13(i)). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.10 Property and equipment and construction in progress (Continued)

#### Recognition and measurement (Continued)

Costs of construction in progress are determined based on the actual expenditures incurred which include all necessary expenditures incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property and equipment when such assets are ready for their intended use.

#### Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

#### Depreciation

Property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives at the followings rate per annum:

Types of assets	Estimated useful lives	Estimated residual values	Depreciation rates
Buildings	35 years	3%	2.77%
Motor vehicles	5 years	0%	20%
Electronic equipment	4 years	0%	25%
Furniture and fixtures	5 years	0%	20%

Construction in progress represents buildings under construction, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.11 Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at its cost, which includes expenditure that is directly attributable to the acquisition of items. Subsequent to initial recognition, the investment property is accounted for using the cost model and stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see Note 3.13(i)). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

Type of assets	Estimated useful lives	Estimated residual values	Depreciation rates
Investment properties	35 years	3%	2.77%

The gain or loss in disposal of an investment property is the difference between the net sale proceeds and the carrying amount of property, and is recognised in profit or loss.

### 3.12 Intangible assets

Intangible assets are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment loss (see Note 3.13(i)). For an intangible asset with finite useful life, its cost less impairment loss is amortised on the straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

Types of assets	Estimated useful lives
Trading rights	5 years
Software	5 years

Both the amortisation period and method of amortisation are reviewed annually.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment

#### (i) Impairment of non-financial assets

Internal and external sources of information are reviewed at each reporting date to identify indications that the following assets may be impaired or, except goodwill, an impairment loss recognised previously no longer exists or may have decreased:

- property and equipment
- investment properties
- intangible assets
- right-of-use assets
- investment in subsidiaries
- goodwill
- leasehold improvements, long-term prepaid expenses and other foreclosed assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any impairment.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (i.e. a cash-generating unit, or CGU). Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment (Continued)

#### (i) Impairment of non-financial assets (Continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (ii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, accounts receivable and other receivables (i.e. margin account receivables, financial assets held under resale agreements, interest receivables, other receivables, placements with a financial institution, refundable deposits and bank deposits). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for accounts receivable. The ECL on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. In addition, the Group also carried out individual assessment for significant receivables to determine if additional ECL are required.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment (Continued)

#### (ii) Impairment of financial assets (Continued)

##### *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment 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; and
- actual or expected significant changes in quality of credit enhancement or support for creditor's rights issued in securitisation, which may result in ability decrease of relevant subordinated interest to absorb the loss.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment (Continued)

#### (ii) Impairment of financial assets (Continued)

##### *Significant increase in credit risk (Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (a) The financial instrument has a low risk of default,
- (b) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (c) 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 financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment (Continued)

#### (ii) Impairment of financial assets (Continued)

##### *Definition of default*

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- the financial assets is 90 days past due.

##### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment (Continued)

#### (ii) Impairment of financial assets (Continued)

##### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor 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. Any recoveries made are recognised in profit or loss.

##### *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 adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.13 Impairment (Continued)

#### (ii) Impairment of financial assets (Continued)

##### *Measurement and recognition of ECL (Continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVTOCI.

For debt investments that are measured at FVTOCI, the impairment loss is recognised in profit or loss and the loss allowance is accumulated in the “Investment revaluation reserve” without reducing the carrying amounts of these debt investments.

### 3.14 Employee benefits

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.14 Employee benefits (Continued)

#### Defined contribution plans (Continued)

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), the Group participated in the social pension schemes for employees arranged by local government labour and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amount stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

#### Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

### 3.15 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income, in which case the relevant amounts of tax are recognised directly in equity or in other comprehensive income.

#### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

#### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.15 Income tax (Continued)

#### Deferred tax (Continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.16 Financial guarantees

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within “trade and other payables”. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under IFRS 9 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

#### Impairment of financial guarantees

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.17 Leases

#### Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset (except for those meeting the definition of investment properties) for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.17 Leases (Continued)

#### Definition of a lease and the Group as a lessee (Continued)

##### *Measurement and recognition of leases as a lessee (Continued)*

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

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

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Refundable rental deposits paid are accounted for under IFRS 9 "Financial Instruments" ("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.

#### Lessor accounting

Properties leased out under operating leases are depreciated in accordance with the Group's depreciation policies described in Note 3.11. Impairment losses are recognised in accordance with the accounting policies described in Note 3.13(i). Income derived from operating leases is recognised in the profit or loss using the straight-line method over the lease term. Otherwise, the costs are charged to profit or loss immediately.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.18 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 3.19 Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

### 3.20 Revenue recognition

#### Revenue from contracts with customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Revenue from contracts with customers is measured at the transaction price, being the amount of consideration which the Group expects to be entitled to in exchange for transferring the promised goods or services to the customer, net of taxes. The transaction price is allocated to each performance obligation of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.20 Revenue recognition (Continued)

#### Revenue from contracts with customers (Continued)

##### **Commission income from brokerage business**

Brokerage commission income is recognised at a single point in time, i.e. on a trade date when the relevant transactions are executed. Handling and settlement fee income arising from brokerage business is recognised when the related services are rendered.

##### Underwriting and sponsor fees

Underwriting and sponsor fees are recognised at a single point in time when the performance obligation is satisfied, that is, the economic benefits may flow into the Group and the relevant revenue and costs may be calculated reliably.

##### Assets management, advisory and custody fees

Assets management, advisory and custody fees are recognised over time as services rendered.

##### Rental income

Rental income is recognised on a straight-line basis over the lease terms.

##### Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 3.21 Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.22 Dividend distribution

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the reporting date, are not recognised as a liability at the end of the year but disclosed in the notes to the consolidated financial statements separately.

### 3.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under “Other income and gains” in the consolidated statement of profit or loss and other comprehensive income.

### 3.24 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group’s internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance are regularly reviewed by the Group’s senior management, being the chief operating decision-makers, to make decisions about resource to be allocated to the segment and assess its performance, and for which consolidated financial statement regarding financial position, financial performance and cash flows is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each products and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 3.25 Events after reporting date

Events after the reporting date that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

### Critical accounting judgements

#### 4.1 Determination of consolidation scope

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 includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investors' returns. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For assets management schemes where the Group involves as the manager, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the assets management schemes that is of such significance indicating that the Group is a principal. The assets management schemes shall be consolidated if the Group acts in the role of principal.

Details of interests in assets management schemes is disclosed in Note 53 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Critical accounting judgements (Continued)

#### 4.2 Business model assessment

Classification and measurement of financial assets depends on the results of whether the contractual cash flow represents the solely payments of principal and interest and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the years presented.

### Estimation uncertainties

#### 4.3 Fair value of financial instruments

Financial instruments at FVTPL and at FVTOCI are measured at fair value at the reporting date. For part of the above financial instruments, quoted market prices are readily available. However, the determination of fair value for financial assets for which there is no observable market price, requires the use of valuation technique. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of fair value measurements are disclosed in Note 58 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Estimation uncertainties (Continued)

#### 4.4 Impairment of financial assets

The measurement of impairment losses of financial assets under IFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

The impairment is sensitive to changes in these estimates. Changes in these estimates could result in material adjustments to the impairment amount of financial assets.

Details of impairment of financial assets are disclosed in Notes 28, 29, 32, 33, 34, 36, 37 and 57(a) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Estimation uncertainties (Continued)

#### 4.5 Impairment of goodwill

Determining whether goodwill (Note 25) is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The calculations requires the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. No impairment loss on goodwill is made for the years ended 31 December 2024 and 2023.

#### 4.6 Current and deferred income taxes

Determining income tax provision involves judgement on the future tax treatment of certain transactions. The Group evaluates carefully tax implication of transaction and tax provision are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions and deferred tax assets and liabilities in the period in which such determination is made. The amount of income tax recognised in profit or loss based on the estimated profit from operations and the carrying amount of the deferred tax assets were disclosed in Note 17 and Note 30, respectively, to the consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Estimation uncertainties (Continued)

#### 4.7 Depreciation, amortisation and impairment of non-financial assets

Property and equipment, right-of-use assets, investment properties, intangible assets and leasehold improvements, long-term prepaid expenses and other foreclosed assets are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation expense in each reporting date. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised. The depreciation and amortisation charged for the year were disclosed in Note 14 to the consolidated financial statements.

Property and equipment, right-of-use assets, investment properties, intangible assets and leasehold improvements, long-term prepaid expenses and other foreclosed assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amounts. The recoverable amounts of the assets have been determined based on the higher of fair value less cost of disposal and value-in-use calculations. These calculations require the use of judgement and estimates. Changes in assumptions and estimates could materially affect the recoverable amount used in the impairment test. Please refer to Notes 22, 23, 24, 26 and 31 for the carrying amounts of these non-financial assets.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 5. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
<b>Non-current assets</b>		
Property and equipment	249,035	269,803
Right-of-use assets	80,733	113,814
Investment properties	10,330	10,774
Intangible assets	152,296	157,149
Investments in subsidiaries	2,188,668	1,626,998
Refundable deposits	482,396	571,551
Debt investments measured at amortised cost	30,000	249,326
Deferred tax assets	394,758	483,389
Other non-current assets	20,596	18,858
<b>Total non-current assets</b>	<b>3,608,812</b>	<b>3,501,662</b>
<b>Current assets</b>		
Margin account receivables	5,840,304	5,092,456
Other current assets	306,962	502,765
Placements with a financial institution	82,961	107,889
Financial assets held under resale agreements	152,584	330,615
Financial assets at fair value through other comprehensive income	2,418,119	2,125,472
Financial assets at fair value through profit or loss	7,467,469	5,487,013
Cash held on behalf of brokerage clients	14,467,107	9,042,773
Clearing settlement funds	1,075,293	601,475
Cash and bank balances	493,614	479,441
<b>Total current assets</b>	<b>32,304,413</b>	<b>23,769,899</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 5. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2024 RMB'000	2023 RMB'000
<b>Current liabilities</b>		
Debt instruments	2,420,000	950,000
Placements from financial institutions	2,700,000	2,100,000
Account payables to brokerage clients	14,612,222	9,054,794
Employee benefit payables	296,826	260,994
Contract liabilities	120	31
Lease liabilities	46,819	50,394
Other current liabilities	243,272	256,276
Financial assets sold under repurchase agreements	4,084,943	3,539,410
<b>Total current liabilities</b>	<b>24,404,202</b>	<b>16,211,899</b>
<b>Net current assets</b>	<b>7,900,211</b>	<b>7,558,000</b>
<b>Total assets less current liabilities</b>	<b>11,509,023</b>	<b>11,059,662</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 5. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2024 RMB'000	2023 RMB'000
<b>Non-current liabilities</b>		
Debt instruments	3,394,895	3,362,637
Lease liabilities	27,780	58,772
	3,422,675	3,421,409
<b>Net assets</b>	<b>8,086,348</b>	<b>7,638,253</b>
<b>Equity</b>		
Share capital	2,604,567	2,604,567
Share premium	1,665,236	1,665,236
Reserves (Note 51)	3,816,545	3,368,450
<b>Total equity</b>	<b>8,086,348</b>	<b>7,638,253</b>

Approved by the Board of Directors on 24 March 2025 and are signed on its behalf by:

**Zhu Yanhui**  
Chairman of the Board of Directors

**Sun Hang**  
Chief Financial Officer

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 6. TAXATION

The Group's main applicable taxes and tax rates are as follows:

<b>Tax type</b>	<b>Tax rate</b>
Corporate income tax	25%
Value-added tax ("VAT")	2%-13%
City maintenance and construction tax	7%
Education surcharge and local education surcharge	2% – 3%

## 7. FEES AND COMMISSION INCOME

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Fees and commission income arising from:		
– Securities brokerage business	<b>920,095</b>	796,762
– Assets management business	<b>184,319</b>	270,545
– Underwriting and sponsoring business	<b>88,930</b>	148,436
– Financial advisory business	<b>39,134</b>	50,693
– Futures brokerage business	<b>84,332</b>	72,874
– Investment advisory business	<b>45,306</b>	16,671
– Custody business	<b>15,403</b>	21,872
<b>Revenue from contracts with customers within the scope of IFRS 15</b>	<b>1,377,519</b>	1,377,853

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 7. FEES AND COMMISSION INCOME (CONTINUED)

(a) The following table shows revenue disaggregation by timing of revenue recognition:

	Securities and futures brokerage businesses RMB'000	Assets management, financial and investment advisory businesses RMB'000	Underwriting and sponsoring business RMB'000	Custody business RMB'000	Total RMB'000
<b>For year ended 31 December 2024</b>					
– Over time	–	268,759	–	15,403	284,162
– Point in time	1,004,427	–	88,930	–	1,093,357
<b>For year ended 31 December 2023</b>					
– Over time	–	337,909	–	21,872	359,781
– Point in time	869,636	–	148,436	–	1,018,072

(b) Transaction price allocated to the remaining performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 2023 and the expected timing of recognising revenue as follows:

	Securities and futures brokerage businesses RMB'000	Assets management, financial and investment advisory businesses RMB'000	Underwriting and sponsoring business RMB'000	Custody business RMB'000	Total RMB'000
<b>As at 31 December 2024</b>					
Within one year	–	–	–	120	120
<b>As at 31 December 2023</b>					
Within one year	–	119	–	31	150

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 8. INTEREST INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income arising from:		
– Margin financing	343,649	342,919
– Deposits in financial institutions	323,846	307,951
– Financial assets held under resale agreements	11,617	19,190
– Financial assets at FVTOCI	62,507	102,440
– Debt investments measured at amortised cost	703	10,794
– Others	3,470	–
	<b>745,792</b>	<b>783,294</b>

## 9. NET INVESTMENT INCOME

	Note	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Dividend and interest income from financial assets at FVTPL and FVTOCI		244,457	175,494
Net realised gain/(losses) from disposal of financial assets at FVTPL, FVTOCI and debt investments	(a)	313,801	(58,000)
		<b>558,258</b>	<b>117,494</b>

Note:

- (a) Unrealised fair value gain and unrealised fair value loss of financial assets at FVTPL were recorded under “Other income and gains” and “Unrealised fair value losses from financial assets at fair value through profit or loss” in the consolidated statement of profit or loss and other comprehensive income, respectively.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 10. OTHER INCOME AND GAINS

	Notes	2024 RMB'000	2023 RMB'000
Foreign exchange gain, net		429	487
Rental income		4,820	5,132
Government grants	(a)	9,785	14,219
(Loss)/Gain on disposal of property and equipment		(5)	544
Unrealised fair value gain from financial assets at FVTPL, net	(b)	85,109	199,433
Others		4,507	14,858
		<b>104,645</b>	<b>234,673</b>

Notes:

- (a) Government grants were received from several local government authorities for supporting the Group's operation, of which the entitlement was unconditional.
- (b) Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures and treasury futures contracts were settled daily and the corresponding payments or receipts were included in "clearing settlement funds" (Note 39) as at 31 December 2024 and 2023. Accordingly, the net position of the stock index futures and treasure future contracts in derivative instruments was nil at the end of reporting period. For the year ended 31 December 2024, the fair value gain from derivative financial instruments was RMB24,100,000 (2023: RMB2,743,000).

## 11. FEES AND COMMISSION EXPENSES

	2024 RMB'000	2023 RMB'000
Expenses arising from:		
– Securities brokerage business	169,511	158,611
– Underwriting and sponsoring business	11,132	5,346
– Financial advisory business	944	–
	<b>181,587</b>	<b>163,957</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 12. INTEREST EXPENSES

	2024 RMB'000	2023 RMB'000
Interest expenses arising from:		
– Account payables to brokerage clients	23,478	27,186
– Placements from financial institutions	55,821	41,648
– Financial assets sold under repurchase agreements	92,337	88,370
– Finance charges on lease liabilities	5,313	7,569
– Debt instruments	220,518	254,958
– Other investors of consolidated asset management schemes	7,766	11,023
– Others	–	34
	405,233	430,788

## 13. STAFF COSTS

	2024 RMB'000	2023 RMB'000
Short-term benefits	911,649	934,916
Severance payment	7,003	12,508
Defined contribution plan (note)	76,965	88,623
	995,617	1,036,047

Note: The Group is required to participate in pension schemes in the PRC whereby the Group is required to pay contributions for its employees at certain rates of the wages of employees. The Group has no other material obligations for payment of retirement benefits to its employees beyond the contributions described above.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 14. DEPRECIATION AND AMORTISATION

	2024 RMB'000	2023 RMB'000
Depreciation of:		
– property and equipment (Note 22)	42,446	52,278
– right-of-use assets (Note 23)	78,390	96,575
– investment properties (Note 24)	2,156	2,151
Amortisation of:		
– intangible assets (Note 26)	63,044	58,086
– leasehold improvements, long-term prepaid expenses and other foreclosed assets (Note 31)	12,885	15,186
	<b>198,921</b>	<b>224,276</b>

## 15. OTHER OPERATING EXPENSES

	2024 RMB'000	2023 RMB'000
Auditors' remuneration	6,915	6,262
Business entertainment expenses	18,531	19,738
Business travel expenses	17,745	18,581
Consulting fees	28,105	30,603
Donations	1,141	80
Electronic equipment operating expenses	86,678	47,842
Lease charges for short-term leases	22,164	14,914
Miscellaneous office expenses	1,255	1,320
Other commission expenses	43,260	63,973
Outsourcing fee	37,096	34,109
Postal and communication expenses	19,351	18,329
Compensation expenses on litigations	11,193	101,236
Securities investor protection funds	13,592	10,325
Utilities and building management fees	22,320	19,927
Others (Note)	101,168	104,246
	<b>430,514</b>	<b>491,485</b>

Note: Others mainly consist of marketing expenses, membership fee and other daily operating expenses.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 16 IMPAIRMENT LOSSES

	2024 RMB'000	2023 RMB'000
(Reversal of impairment loss)/Impairment loss on:		
– margin financing (Note 32)	9,459	1,222
– financial assets at FVTOCI (Note 34)	41,806	12,406
– financial assets held under resale agreements (Note 28)	95,457	10,671
– debt investments measured at amortised cost (Note 36)	(674)	83
– placements with a financial instruction (Note 37)	–	34,538
– other current assets (Note 33)	228,638	32,817
	<b>374,686</b>	<b>91,737</b>

## 17. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
<b>Current tax – PRC corporate income tax</b>		
Current year	2,085	14,878
Over-provision in respect of prior years	–	(1,017)
	<b>2,085</b>	<b>13,861</b>
Deferred tax (Note 30)	69,379	(9,360)
	<b>71,464</b>	<b>4,501</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 17. INCOME TAX EXPENSE (CONTINUED)

The provision for the PRC corporate income tax is calculated based on the statutory income tax rate of 25% (2023: 25%). Reconciliation between income tax expense and accounting profit at applicable tax rate:

	2024 RMB'000	2023 RMB'000
<b>Profit before income tax</b>	<b>144,476</b>	16,665
Tax at the PRC statutory income tax rate of 25% (2023: 25%)	<b>36,119</b>	4,166
Tax effect of non-deductible expenses	<b>37,232</b>	4,699
Tax effect of non-taxable income	<b>(16,516)</b>	(3,347)
Tax effect of utilisation of deductible temporary differences previously not recognised	<b>14,629</b>	–
Over-provision in respect of prior years	–	(1,017)
<b>Income tax expense</b>	<b>71,464</b>	4,501

## 18. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

	2024 RMB'000	2023 RMB'000
<b>Earnings</b>		
Profit for the year attributable to ordinary shareholders of the Company	<b>176,283</b>	64,145
<b>Number of shares</b>		
Weighted average number of ordinary shares used in basic earnings per share calculation (in thousands)	<b>2,604,567</b>	2,604,567

For the years ended 31 December 2024 and 2023, there were no dilutive potential ordinary shares, hence the diluted earnings per share equals to the basic earnings per share.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 19. BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' and supervisors' remuneration

	Fees <i>RMB'000</i>	Salaries, bonus and allowances <i>RMB'000</i>	Discretionary Bonuses <i>RMB'000</i>	Contributions to social pension schemes <i>RMB'000</i>	Total emoluments before tax <i>RMB'000</i>
<b>2024</b>					
<b>Executive directors</b>					
Zhu Yanhui <sup>1</sup>	–	–	–	–	–
<b>Non-executive directors</b>					
Yu Lei <sup>8</sup>	75	–	–	–	75
Wang Linjing	75	–	–	–	75
Li Ye <sup>9</sup>	–	–	–	–	–
Yang Qin <sup>3</sup>	–	–	–	–	–
Li Yanyong <sup>3</sup>	75	–	–	–	75
<b>Independent non-executive directors</b>					
Chen Xin <sup>5</sup>	150	–	–	–	150
Xu Hongcai <sup>5</sup>	150	–	–	–	150
Cheng Zhuo <sup>5</sup>	150	–	–	–	150
<b>Supervisors</b>					
Wang Hui	–	547	653	66	1,266
Chen Feng	60	–	–	–	60
Yu Lei <sup>7</sup>	–	1,202	187	66	1,455
	<b>735</b>	<b>1,749</b>	<b>840</b>	<b>132</b>	<b>3,456</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 19. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

### (a) Directors' and supervisors' remuneration (Continued)

	Fees	Salaries, bonus and allowances	Discretionary Bonuses	Contributions to social pension schemes	Total emoluments before tax
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>2023</u>					
<b>Executive directors</b>					
Zhu Yanhui <sup>1</sup>	–	–	–	–	–
Wu Yigang <sup>2</sup>	–	918	415	–	1,333
<b>Non-executive directors</b>					
Yu Lei <sup>8</sup>	75	–	–	–	75
Wang Linjing	75	–	–	–	75
Li Ye <sup>9</sup>	–	–	–	–	–
Yang Qin <sup>3</sup>	–	–	–	–	–
Li Yanyong <sup>3</sup>	25	–	–	–	25
<b>Independent non-executive directors</b>					
Lam Sek Kong <sup>4</sup>	100	–	–	–	100
Dai Genyou <sup>4</sup>	100	–	–	–	100
Xie Deren <sup>4</sup>	100	–	–	–	100
Chen Xin <sup>5</sup>	50	–	–	–	50
Xu Hongcai <sup>5</sup>	50	–	–	–	50
Cheng Zhuo <sup>5</sup>	50	–	–	–	50
<b>Supervisors</b>					
Guo Liwen <sup>6</sup>	–	847	415	–	1,262
Wang Hui	–	547	100	63	710
Chen Feng	50	–	–	–	50
Yu Lei <sup>7</sup>	–	314	–	16	330
	675	2,626	930	79	4,310

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 19. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

### (a) Directors' and supervisors' remuneration (Continued)

- <sup>1</sup> On 7 December 2022, Mr. Zhu Yanhui were appointed to be executive director. During the years ended 31 December 2023 and 2024. He received remuneration from the Company's holding companies and did not receive any remuneration from the Company.
- <sup>2</sup> On 8 September 2023, Mr. Wu Yigang ceased to be executive directors.
- <sup>3</sup> On 8 September 2023, Ms. Yang Qin and Mr. Li Yanyong were appointed to be non-executive directors. Ms. Yang Qin agreed to waive her entitlement to director's fee for the year ended 31 December 2023 and 2024.
- <sup>4</sup> On 8 September 2023, Dr. Lam Sek Kong, Mr. Xie Deren and Mr. Dai Genyou ceased to be independent non-executive directors.
- <sup>5</sup> On 8 September 2023, Mr. Chen Xin, Mr. Xu Hongcai and Ms. Cheng Zhuo were appointed to be independent non-executive directors.
- <sup>6</sup> On 8 September 2023, Mr. Guo Liwen ceased to be supervisors.
- <sup>7</sup> On 8 September 2023, Ms. Yu Lei was appointed to be supervisors.
- <sup>8</sup> On 10 January 2025, Mr. Yu Lei ceased to be non-executive director.
- <sup>9</sup> Mr. Li Ye agreed to waive his entitlement to director's fee for the years ended 31 December 2023 and 2024.

The total emoluments before tax for the Directors and Supervisors of the Company as listed above includes fees, salaries, bonus, allowances and benefits in kind, discretionary bonuses (including deferred bonuses paid in 2024 and 2023) and contributions to social pension schemes.

### (b) Directors' and supervisors' 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 and in which a director or supervisor of the Company and the director's or supervisor's connected party had a material interest, whether directly or indirectly, subsisted at the reporting date or at any time during the year.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 20. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, the five highest paid individuals include none of the directors (2023: None), whose emoluments are disclosed in Note 19. The emoluments for the rest of the five highest paid individuals during the year are as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Salaries and allowances	<b>5,889</b>	5,875
Discretionary bonuses	<b>4,989</b>	1,203
Employer's contribution to pension schemes	<b>332</b>	316
	<b>11,210</b>	7,394

The emoluments of the other individuals with the highest emoluments mentioned above are within the following bands:

	<b>Number of individuals</b>	
	<b>2024</b>	2023
HKD1,500,001 to HKD2,000,000	–	5
HKD2,000,001 to HKD2,500,000	<b>4</b>	–
HKD3,500,001 to HKD4,000,000	<b>1</b>	–

No emoluments are paid or payable to these individuals (including directors) as retirement from employment or as an inducement to join or upon joining the Company or as compensation for loss of office during the years ended 31 December 2024 and 2023.

## 21. DIVIDENDS

No dividend have been paid by the Company during the year ended 31 December 2024 (2023: Nil).

The directors do not recommend the payment of dividend for the year ended 31 December 2024 (2023: Nil).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 22. PROPERTY AND EQUIPMENT

	Buildings <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>						
As at 1 January 2023	319,446	20,058	303,255	25,041	2,305	670,105
Additions	–	–	13,604	325	2,921	16,850
Transfer	–	–	2,953	–	(2,953)	–
Disposals	–	(4,220)	(13,175)	(1,235)	–	(18,630)
As at 31 December 2023 and 1 January 2024	319,446	15,838	306,637	24,131	2,273	668,325
Additions	<b>1,059</b>	<b>637</b>	<b>12,148</b>	<b>2,479</b>	<b>1,030</b>	<b>17,353</b>
Transfer	<b>(870)</b>	–	–	–	<b>(330)</b>	<b>(1,200)</b>
Disposals	–	<b>(1,062)</b>	<b>(21,302)</b>	<b>(2,106)</b>	–	<b>(24,470)</b>
<b>As at 31 December 2024</b>	<b>319,635</b>	<b>15,413</b>	<b>297,483</b>	<b>24,504</b>	<b>2,973</b>	<b>660,008</b>
<b>Accumulated depreciation</b>						
As at 1 January 2023	(79,523)	(18,596)	(218,911)	(19,056)	–	(336,086)
Charge for the year	(9,437)	(789)	(39,749)	(2,303)	–	(52,278)
Disposals	–	4,219	13,106	1,212	–	18,537
As at 31 December 2023 and 1 January 2024	(88,960)	(15,166)	(245,554)	(20,147)	–	(369,827)
Charge for the year	<b>(9,438)</b>	<b>(566)</b>	<b>(29,111)</b>	<b>(3,331)</b>	–	<b>(42,446)</b>
Transfer	<b>565</b>	–	–	–	–	<b>565</b>
Disposals	–	<b>1,037</b>	<b>21,078</b>	<b>2,070</b>	–	<b>24,185</b>
<b>As at 31 December 2024</b>	<b>(97,833)</b>	<b>(14,695)</b>	<b>(253,587)</b>	<b>(21,408)</b>	–	<b>(387,523)</b>



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 22. PROPERTY AND EQUIPMENT (CONTINUED)

	Buildings <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Accumulated impairment</b>						
As at 1 January 2023	(719)	–	(392)	(9)	–	(1,120)
Disposals	–	–	5	–	–	5
As at 31 December 2023 and 1 January 2024	(719)	–	(387)	(9)	–	(1,115)
Disposals	–	–	2	–	–	2
<b>As at 31 December 2024</b>	<b>(719)</b>	<b>–</b>	<b>(385)</b>	<b>(9)</b>	<b>–</b>	<b>(1,113)</b>
<b>Carrying amount</b>						
<b>As at 31 December 2024</b>	<b>221,083</b>	<b>718</b>	<b>43,511</b>	<b>3,087</b>	<b>2,973</b>	<b>271,372</b>
As at 31 December 2023	229,767	672	60,696	3,975	2,273	297,383

As at 31 December 2024, the carrying amount of buildings without title deeds is amounted to RMB474,000 (2023: RMB6,179,000). The Group is still in the midst of applying for the outstanding title deeds of these premises. The management of the Group expected that there would be no significant cost in obtaining the title deeds.

As at 31 December 2024, buildings with net carrying amount of approximately RMB148,803,000 (2023: RMB159,073,000) were pledged to the ultimate holding company as counter-guarantee to secure the guarantee provided by the ultimate holding company (Note 54).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 23. RIGHT-OF-USE ASSETS

	<b>Leased properties</b> <b>RMB'000</b>
<b>Year ended 31 December 2023</b>	
Opening net carrying amount	177,559
Additions	93,870
Early termination	(7,065)
Depreciation	(96,575)
<b>Closing net carrying amount</b>	<b>167,789</b>
<b>As at 31 December 2023</b>	
Cost	493,062
Accumulated depreciation	(325,273)
<b>Net carrying amount</b>	<b>167,789</b>
<b>Year ended 31 December 2024</b>	
Opening net carrying amount	<b>167,789</b>
Additions	<b>8,531</b>
Lease modification	<b>29,906</b>
Early termination	<b>(8,053)</b>
Depreciation	<b>(78,390)</b>
<b>Closing net carrying amount</b>	<b>119,783</b>
<b>As at 31 December 2024</b>	
Cost	<b>333,830</b>
Accumulated depreciation	<b>(214,047)</b>
<b>Net carrying amount</b>	<b>119,783</b>

The Group has obtained the right to use premises through tenancy agreements. The leases typically run on an initial period of one to ten years (2023: one to ten years).

The total additions to right-of-use assets amounted to RMB38,437,000 (2023: RMB93,870,000) for the year ended 31 December 2024. The details in relations to these leases are set out in Note 46.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 24. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
<b>Cost</b>		
As at 1 January	72,662	72,662
Transfer from property and equipment (Note 22)	305	–
<b>As at 31 December</b>	<b>72,967</b>	72,662
<b>Accumulated depreciation</b>		
As at 1 January	(37,700)	(35,549)
Charge for the year	(2,156)	(2,151)
<b>As at 31 December</b>	<b>(39,856)</b>	(37,700)
<b>Carrying amount</b>		
As at 31 December	<b>33,111</b>	34,962

The fair value of the Group's investment properties as at 31 December 2024 amounted to RMB513,943,000 (2023: RMB497,982,000). The fair value was derived using direct comparison approach with reference to comparable sale transactions for similar properties in the same location and condition. The higher the market price per square metre, the higher the fair value. This is categorised as Level 2 fair value measurement.

As at 31 December 2024, buildings with net carry amount of approximately RMB8,141,000 (2023: RMB8,706,000) were pledged to the ultimate holding company as counter-guarantee to obtain the guarantee provided by the ultimate holding company (Note 54).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 25. GOODWILL

	Notes	2024 RMB'000	2023 RMB'000
As at 1 January and 31 December		<b>43,739</b>	43,739
Funds management	(a)	<b>30,604</b>	30,604
Futures brokerage	(b)	<b>13,135</b>	13,135
		<b>43,739</b>	43,739

Notes:

- (a) In 2015, the Group further acquired equity interest in New China Fund Management Co., Ltd. ("New China Fund"), and accordingly obtained control of New China 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 funds management CGU.
- (b) In 2009, the Group acquired the entire equity interest in Hengtai Futures Co., Ltd ("Hengtai Futures"). 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 the futures brokerage CGU.

The Group performed goodwill impairment assessment at each reporting date. The recoverable amount for the CGUs was determined based on value-in-use calculations covering a detailed five-year budget plan of each CGU followed by an extrapolation of expected cash flows at nil (2023: nil) growth rate. Discount rate of futures brokerage CGU and funds management CGU is 12.79% (2023: 9.74%) and 13.15% (2023: 10.97%), respectively, which is pre-tax and reflect specific risks relating to the relevant CGUs.

No impairment losses were recognised for the goodwill related to futures brokerage CGU and funds management CGU as the recoverable amount exceeded their carrying amount. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed the aggregate recoverable amount.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 26. INTANGIBLE ASSETS

	Trading rights RMB'000	Software RMB'000	Others RMB'000	Total RMB'000
<b>Cost</b>				
As at 1 January 2023	9,589	535,227	5,288	550,104
Additions	–	65,777	–	65,777
As at 31 December 2023 and 1 January 2024	9,589	601,004	5,288	615,881
Additions	–	<b>56,171</b>	–	<b>56,171</b>
Disposal	–	<b>(527)</b>	–	<b>(527)</b>
<b>As at 31 December 2024</b>	<b>9,589</b>	<b>656,648</b>	<b>5,288</b>	<b>671,525</b>
<b>Accumulated amortisation</b>				
As at 1 January 2023	(9,289)	(374,730)	(5,288)	(389,307)
Charge for the year	–	(58,086)	–	(58,086)
As at 31 December 2023 and 1 January 2024	(9,289)	(432,816)	(5,288)	(447,393)
Charge for the year	–	<b>(63,044)</b>	–	<b>(63,044)</b>
Disposal	–	<b>527</b>	–	<b>527</b>
<b>As at 31 December 2024</b>	<b>(9,289)</b>	<b>(495,333)</b>	<b>(5,288)</b>	<b>(509,910)</b>
<b>Carrying amount</b>				
<b>As at 31 December 2024</b>	<b>300</b>	<b>161,315</b>	<b>–</b>	<b>161,615</b>
As at 31 December 2023	300	168,188	–	168,488

The remaining amortisation period of trading rights and software ranged from 1 to 5 years (2023: 1 to 5 years).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 27. INVESTMENTS IN SUBSIDIARIES

	2024 RMB'000	2023 RMB'000
Unlisted shares, at cost	2,188,668	1,626,998

Details of principal subsidiaries are as follows:

Name of company	Place of establishment	Registered capital	Equity interest directly held by the Company		Principal activities
			2024	2023	
Hengtai Changcai Securities Co., Ltd.* 恒泰長財證券有限責任公司 ("Hengtai Changcai")	Changchun, PRC	RMB200 million (2023: RMB200 million)	100%	100%	Securities underwriting and sponsoring business and securities investment fund marketing, in the PRC
Hengtai Futures Co., Ltd. ** 恒泰期貨股份有限公司 ("Hengtai Futures")	Shanghai, PRC	RMB125 million (2023: RMB125 million)	95.1%	95.1%	Futures brokerage business, in the PRC
New China Fund Management Co., Ltd.** 新華基金管理股份有限公司	Chongqing, PRC	RMB217.5 million (2023: RMB217.5 million)	52.99%	58.62%	Funds management, in the PRC
Hengtai Pioneer Investments Co., Ltd.* 恒泰先鋒投資有限公司 ("Hengtai Pioneer")	Beijing, PRC	RMB100 million (2023: RMB100 million)	100%	100%	Investment, advisory and business management, in the PRC
Hengtai Capital Investment Co., Ltd.* 恒泰資本投資有限責任公司 ("Hengtai Capital")	Tianjin, PRC	RMB800 million (2023: RMB800 million)	100%	100%	Equity investment, and funds management, in the PRC

\* Registered as a limited liability company under the PRC law

\*\* Registered as a company limited by shares under the PRC law

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 27. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Apart from the above subsidiaries, the Company has consolidated certain structured entities which are controlled by the Company (Note 53(a)).

The English names of the PRC companies referred to above in this note represent management's best effort in translating the Chinese name of those companies as no English names have been registered or available.

On 25 December 2024, the Company, Huarong Zonghe Investment and New China Fund entered into a capital increase agreement (the "Capital Increase Agreement"). According to the Capital Increase Agreement, both the Company and Huarong Zonghe Investment agreed to contribute RMB399,999,999.75 and RMB399,999,999.75, respectively, to New China Fund. Upon completion of the contribution, the Company's interest in New China Fund was diluted from 58.62% to 52.99%. The Company continues to be the controlling shareholder of the New China Fund and deemed partial disposal of interest in a subsidiary without losing control of RMB21,888,000 was recognised. The registration of the change of registered capital was completed on 10 March 2025.

On 25 December 2024, the Company and Hengtai Pioneer agreed to subscribe for new registered capital of RMB97,981,800 and RMB5,048,500, respectively, of Hengtai Futures at a consideration of RMB161,670,000 and RMB8,330,000, respectively. After the capital increase, the registered capital of Hengtai Futures was increased from RMB125,000,000 to RMB228,030,300, and the equity interest remained unchanged. The registration of the change of registered capital was completed on 24 January 2025.

As at 31 December 2024 and 2023, the Company pledged 50% of the equity interest and ancillary interest in Hengtai Changcai to the ultimate holding company as counter-guarantee to secure the guarantee provided by the ultimate holding company (Note 54).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 28. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	2024 RMB'000	2023 RMB'000
<b>Analysis by collateral type:</b>		
– Equity securities	363,103	497,003
– Debt securities	220,480	320,140
Less: Accumulated impairment losses	(430,699)	(335,242)
	152,884	481,901
<b>Analysis by market:</b>		
– Shenzhen Stock Exchange	461,443	714,850
– Shanghai Stock Exchange	122,140	102,293
Less: Accumulated impairment losses	(430,699)	(335,242)
	152,884	481,901

The resale agreements are those agreements which the external investors entered into with the Group under which assets were sold to the Group with a concurrent commitment to purchase the specified securities from the Group at a future date of an agreed price. The resale prices are fixed and the Group is not exposed to substantially all the credit risks, market risks and rewards of those securities bought. These securities are not recognised in the Group's consolidated statement of financial position but regarded as "collateral" because the external investors retain substantially all the risks and rewards of these securities. Accordingly, the Group recognises as collateralised lending asset for the price paid to purchase the assets. As at 31 December 2024 and 2023, the maturities of these resale agreements are all within one year.

As at 31 December 2024, the fair values of the collaterals were amounted to RMB287,586,000 (2023: RMB573,614,000).

As at 31 December 2024, the financial assets held under resale agreements carried interests at 8.0% (2023: 4.1% to 8.0%) per annum.

An impairment loss on financial assets held under resale agreements of approximately RMB95,457,000 was recognised for the year ended 31 December 2024 (Note 16) (2023: RMB10,670,000). Details of the credit risk and impairment assessment are set out in Note 57(a).



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 29. REFUNDABLE DEPOSITS

	2024 RMB'000	2023 RMB'000
<b>Deposits with stock exchanges</b>		
China Securities Depository and Clearing Corporation Limited:		
– Shanghai Branch	39,824	35,046
– Shenzhen Branch	41,793	34,909
– Beijing Branch	1,742	1,384
	<b>83,359</b>	71,339
<b>Deposits with futures and commodity exchanges</b>		
– China Financial Futures Exchange	296,348	209,812
– Shanghai Futures Exchange	101,102	87,433
– Shanghai International Energy Exchange	11,269	19,450
– Dalian Commodity Exchange	78,657	149,206
– Zhengzhou Commodity Exchange	63,122	91,226
– Guangzhou Futures Exchange	7,680	17,396
	<b>558,178</b>	574,523
<b>Deposits with other institutions</b>		
– Guotai Junan Securities Co. Ltd.	10,000	–
– China Securities Finance Corporation Limited	347,707	449,664
– Industrial Bank Co., Ltd.	3,228	3,228
	<b>360,935</b>	452,892
	<b>1,002,472</b>	1,098,754

As at 31 December 2024, the Group's long-term refundable deposits of RMB347,707,000 (2023: RMB449,664,000) were pledged to China Securities Finance Corporation Limited ("CSFC") as collateral for the placements (Note 42).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 30. DEFERRED TAXATION

The components of deferred tax recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred taxation arising from:	Note	Impairment losses RMB'000	Employee benefit payables RMB'000	Changes in fair value of financial assets at FVTPL and FVTOCI RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2023		263,056	70,734	127,846	318,416	780,052
Charged/(Credited) to profit or loss	17	19,032	33,804	(27,923)	(15,553)	9,360
Credited to other comprehensive income		–	–	2,619	–	2,619
As at 31 December 2023 and 1 January 2024		282,088	104,538	102,542	302,863	792,031
Charged/(Credited) to profit or loss	17	<b>167,593</b>	<b>(5,061)</b>	<b>(36,809)</b>	<b>(195,102)</b>	<b>(69,379)</b>
Debited to other comprehensive income		–	–	<b>(14,649)</b>	–	<b>(14,649)</b>
<b>As at 31 December 2024</b>		<b>449,681</b>	<b>99,477</b>	<b>51,084</b>	<b>107,761</b>	<b>708,003</b>

### (a) Reconciliation to the consolidated statement of financial position

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>708,012</b>	792,045
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(9)</b>	(14)
	<b>708,003</b>	792,031

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 30. DEFERRED TAXATION (CONTINUED)

### (b) Deferred tax assets not recognised

As at 31 December 2024, the Group had unused tax losses of approximately RMB342,261,000 (2023: RMB837,722,000) to carry forward against future taxable income of the group entities, all of which are recognised as deferred assets. All of the tax losses may be carried forward for five years from the year of incurring the loss.

The Group has no material unrecognised deferred tax assets or liabilities as at 31 December 2024 (2023: Nil).

## 31. OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Leasehold improvements, long-term prepaid expenses and other foreclosed assets (note)	31,749	38,401
Prepayments	39,475	19,450
	71,224	57,851

Note:

The movements of leasehold improvements, long-term prepaid expenses and other foreclosed assets are as below:

	2024 RMB'000	2023 RMB'000
At beginning of the year	38,401	50,306
Transfer from property and equipment (Note 22)	330	–
Additions	5,903	3,281
Amortisation	(12,885)	(15,186)
At end of the year	31,749	38,401

Leasehold improvement is depreciated using straight-line method over its estimated useful life (i.e. 2 – 32 years).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 32. MARGIN ACCOUNT RECEIVABLES

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Individual receivables	<b>5,865,790</b>	5,089,213
Institution receivables	<b>25,603</b>	44,873
Less: Accumulated impairment losses	<b>(51,089)</b>	(41,630)
	<b>5,840,304</b>	5,092,456

The fair value of collaterals for margin financing business is analysed as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Equity securities	<b>16,536,364</b>	13,497,174
Cash	<b>1,176,696</b>	449,189
	<b>17,713,060</b>	13,946,363

The Group provides customers with margin financing for securities transactions, which are secured by customers' securities held as collateral. The Group seeks to maintain strict control over its outstanding receivables and has a credit risk management team to monitor credit risks.

As at 31 December 2024, the margin account receivables carried interests at 4.0% to 8.4% (2023: 4.1% to 8.6%) per annum.

The concentration of credit risk of margin account receivables is limited due to the size and uncorrelated nature of the customer base.

An impairment loss on margin account receivables of RMB9,459,000 (2023: RMB1,222,000) was made for the year ended 31 December 2024 (Note 16). Details of the credit risk and impairment assessment are set out in Note 57(a).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 33. OTHER CURRENT ASSETS

	Notes	2024 RMB'000	2023 RMB'000
Accounts receivable	(a)	98,360	112,680
Interest receivables	(b)	190,116	227,697
Prepaid expenses		15,575	18,225
Income tax recoverable		12,278	5,604
Other receivables	(c)	63,670	50,253
		<b>379,999</b>	414,459

Notes:

(a) Accounts receivable

The ageing analysis of accounts receivable, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within one year	86,980	182,328
Over one year	203,450	167,438
Less: Accumulated impairment losses	(192,070)	(237,086)
	<b>98,360</b>	112,680

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 33. OTHER CURRENT ASSETS (CONTINUED)

Notes: (Continued)

(b) Interest receivables

	2024 RMB'000	2023 RMB'000
Interest receivables arising from:		
Financial assets at FVTOCI	53,430	80,575
Financial assets at FVTPL	79,694	75,202
Margin financing	89,540	98,427
Bank deposits	5,822	6,505
Financial assets held under resale agreements	113,874	105,321
Placements with a financial institution	7,225	7,225
Less: Accumulated impairment losses	(159,469)	(145,558)
	<b>190,116</b>	<b>227,697</b>

Movements in the ECL allowance account in respect of interest receivables during the year are as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	145,558	122,642
ECL allowance recognised for the year	24,389	22,916
Written-off	(10,478)	–
As at 31 December	<b>159,469</b>	<b>145,558</b>

(c) Other receivables

	2024 RMB'000	2023 RMB'000
Other receivables	145,254	162,662
Less: Accumulated impairment losses	(81,584)	(112,409)
	<b>63,670</b>	<b>50,253</b>

A total impairment loss on other current assets of RMB228,638,000 (2023: RMB32,817,000) were made for the year ended 31 December 2024 (Note 16). Details of the credit risk and impairment assessment are set out in Note 57(a).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 34. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB'000	2023 RMB'000
Debt securities	2,413,811	1,919,780
Equity securities	4,308	205,692
	2,418,119	2,125,472
<b>Analysis into:</b>		
– Listed outside Hong Kong	490,060	805,554
– Unlisted	1,928,059	1,319,918
	2,418,119	2,125,472
<b>Accumulated impairment losses</b>	<b>154,456</b>	112,650

Financial assets at FVTOCI comprise debt securities and equity securities which are not held for trading.

As at 31 December 2024, the financial assets at FVTOCI carried interests at 2.2% to 7.5% (2023: 2.6% to 7.5%) per annum.

A total impairment loss on financial assets at FVTOCI of RMB41,806,000 (2023: RMB12,406,000) were made for the year ended 31 December 2024 (Note 16). Details of the credit risk and impairment assessment are set out in Note 57(a).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 35. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Held for trading:</b>		
– Debt securities	<b>5,696,155</b>	5,407,106
– Equity securities	<b>1,734,029</b>	1,296,555
– Investment funds	<b>1,839,490</b>	807,121
– Assets management schemes	<b>342,018</b>	87,956
– Collective trust schemes	<b>33,783</b>	55,750
	<b>9,645,475</b>	7,654,488
<b>Analysis into:</b>		
– Listed in Hong Kong	<b>650,972</b>	–
– Listed outside Hong Kong	<b>3,785,193</b>	3,852,600
– Unlisted	<b>5,209,310</b>	3,801,888
	<b>9,645,475</b>	7,654,488



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 36. DEBT INVESTMENTS MEASURED AT AMORTISED COST

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Cost	–	220,000
Less: Accumulated impairment losses	–	(674)
	–	219,326
Analysis by market:		
– Unlisted (note)	–	220,000
Less: Accumulated impairment losses	–	(674)
	–	219,326

Note: The unlisted debt securities were traded on inter-bank market.

As at 31 December 2023, the debt investments measured at amortised cost carried interests at 4.7% to 5.5% per annum.

During the year ended 31 December 2023, impairment loss of RMB83,000 on debt investment measured at amortised cost were made (Note 16). Details of the credit risk and impairment assessment are set out in Note 57(a).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 37. PLACEMENTS WITH A FINANCIAL INSTITUTION

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
A non-bank financial institution		
Cost	<b>342,499</b>	367,427
Less: Accumulated impairment losses	<b>(259,538)</b>	(259,538)
	<b>82,961</b>	107,889

During the year ended 31 December 2022, the Group placed RMB375,000,000 placements to GMK Finance Company Limited ("GMK Finance") through the National Interbank Funding Centre. Amount of RMB150,000,000 was due on 30 March 2022 and amount of RMB225,000,000 was due on 31 March 2022. On 28 March 2022, the Company and the certain shareholders and related companies of GMK Finance ("GMK Group Companies") entered into a debt-creditor relationship confirmation and extension agreement in agreement to extend the placements to 22 April 2022 and the placements to be guaranteed by the certain shareholders and related companies of GMK Finance. On 22 April 2022, GMK Finance and GMK Group Companies failed to make the repayment. Subsequently, the Group filed a civil claim to the Intermediate People's Court of Hohhot, Inner Mongolia Autonomous Region for demanding the repayment. On 19 June 2023, the Intermediate People's Court of Hohhot, Inner Mongolia Autonomous Region ruled that GMK Finance for the repayment of RMB375,000,000 and the interest payable. On 10 July 2023, the Group filed a claim report of the payable of RMB375,000,000 and interest payable of RMB7,016,000 to the administrator of the restructuring of GMK Group Companies. On 28 June 2024, Shandong Yanggu People's Court ruled to declare GMK Finance bankrupt. As at 31 December 2024, the restructure of GMK Group Companies are still in progress.

During the year ended 31 December 2024, the Group received RMB24,928,000 (2023: RMB7,573,000) as partial of the amount due.

During the year ended 31 December 2024, no expected credit loss on placements with a financial institution was provided (2023: RMB34,538,000) (Note 16). As at 31 December 2024, the provision of expected credit loss on placements with a financial institution was RMB259,538,000 (2023: RMB259,538,000). Details of the credit risk and impairment assessment are set out in Note 57(a).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 38. CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statement of financial position, and recognised the corresponding account payables to the respective brokerage clients on the grounds that the Group is liable for any loss or misappropriation of their brokerage clients' monies. Cash held on behalf of brokerage clients for their transaction and settlement purposes is subject to regulatory oversight by third-party depository institutions in accordance with CSRC regulations.

## 39. CLEARING SETTLEMENT FUNDS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Deposits with stock exchanges		
China Securities Depository and Clearing Corporation Limited:		
– Shanghai Branch	<b>350,441</b>	374,950
– Shenzhen Branch	<b>221,306</b>	148,408
– Beijing Branch	<b>91,529</b>	32,542
Deposits with futures and commodity exchanges	<b>300,967</b>	62,430
	<b>964,243</b>	618,330

As at 31 December 2024, the clearing settlement funds arising from consolidated assets management schemes are amounted to RMB1,120,000 (2023: RMB8,733,000).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 40. CASH AND CASH EQUIVALENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cash in hand	3	3
Bank balances	1,907,246	1,833,685
Cash and bank balances per the consolidated statement of financial position	1,907,249	1,833,688
Add: Clearing settlement funds (Note 39)	964,243	618,330
Add: Financial assets held under resale agreements with original maturities within three months	220,480	320,139
Less: Time deposits with original maturities exceeding three months	(480,000)	(300,000)
Less: Restricted bank deposits	(369,906)	(437,952)
Cash and cash equivalents per the consolidated statement of cash flows	2,242,066	2,034,205

As at 31 December 2024, the cash and bank balances arising from consolidated assets management schemes are amounted to RMB45,439,000 (2023: RMB2,593,000).

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

As at 31 December 2024, included in bank balances and cash of RMB369,906,000 (2023: RMB437,952,000) are restricted for general risk reserve purpose.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 41. DEBT INSTRUMENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Beneficiary certificates	2,420,000	950,000
Subordinated bonds	1,481,096	1,468,584
Long-term corporate bonds	1,913,799	1,894,053
	<b>5,814,895</b>	4,312,637
<u>Analysis by remaining maturity:</u>		
<b>Current</b>		
Within one year	2,420,000	950,000
<b>Non-current</b>		
Between two years and five years	3,394,895	3,362,637
	<b>5,814,895</b>	4,312,637

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 41. DEBT INSTRUMENTS (CONTINUED)

### Beneficiary certificates:

Name					2024					
					Par value				Book	
					As at		As at		value as at	
	Issuance			Interest	1 January			31 December	Accrued	31 December
	Par value	date	Due date	rate	2024	Issuance	Redemption	2024	Interest	2024
	RMB'000				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
恒富No.34	50,000	08.02.2023	05.02.2024	4.00%	50,000	-	(50,000)	-	-	-
恒創泰富No.43	100,000	28.02.2023	28.02.2024	4.20%	100,000	-	(100,000)	-	-	-
恒創泰富No.47	500,000	25.08.2023	23.08.2024	3.45%	500,000	-	(500,000)	-	-	-
恒創泰富No.48	300,000	28.08.2023	07.02.2024	3.30%	300,000	-	(300,000)	-	-	-
恒創泰富No.49	400,000	26.01.2024	23.01.2025	3.30%	-	400,000	-	400,000	12,332	400,000
恒創泰富No.50	400,000	26.01.2024	23.01.2025	3.25%	-	400,000	-	400,000	12,145	400,000
恒富No.35	40,000	08.02.2024	06.02.2025	3.30%	-	40,000	-	40,000	1,186	40,000
恒富No.36	61,000	24.05.2024	31.10.2024	2.47%	-	61,000	(61,000)	-	-	-
恒創泰富No.51	300,000	27.06.2024	08.10.2024	2.38%	-	300,000	(300,000)	-	-	-
恒創泰富No.52	400,000	02.08.2024	05.02.2025	2.79%	-	400,000	-	400,000	4,647	400,000
恒創泰富No.53	300,000	06.08.2024	04.12.2024	2.38%	-	300,000	(300,000)	-	-	-
恒富No.38	50,000	30.08.2024	03.03.2025	2.60%	-	50,000	-	50,000	442	50,000
恒創泰富No.54	260,000	24.09.2024	24.09.2025	2.90%	-	260,000	-	260,000	2,045	260,000
恒富No.39	30,000	25.09.2024	25.09.2025	2.80%	-	30,000	-	30,000	226	30,000
恒富No.40	10,000	25.09.2024	25.09.2025	2.90%	-	10,000	-	10,000	78	10,000
恒創泰富No.55	200,000	17.10.2024	17.10.2025	2.85%	-	200,000	-	200,000	1,187	200,000
恒創泰富No.56	300,000	23.10.2024	23.07.2025	2.95%	-	300,000	-	300,000	1,697	300,000
恒創泰富No.58	300,000	17.12.2024	24.03.2025	2.50%	-	300,000	-	300,000	308	300,000
恒創泰富No.57	30,000	25.10.2024	24.10.2025	2.85%	-	30,000	-	30,000	159	30,000
					950,000	3,081,000	(1,611,000)	2,420,000	36,452	2,420,000

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 41. DEBT INSTRUMENTS (CONTINUED)

### Beneficiary certificates: (Continued)

					2023					
					Par value				Book	
					As at				As at	value as at
					1 January				31 December	31 December
Name	Par value	Issuance	Due date	Interest	2023	Issuance	Redemption	2023	Accrued	2023
	RMB'000	date		rate	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
恒創泰富No.34	100,000	18.01.2022	18.01.2023	4.75%	100,000	–	(100,000)	–	–	–
恒創泰富No.37	500,000	21.06.2022	19.06.2023	4.40%	500,000	–	(500,000)	–	–	–
恒創泰富No.41	200,000	16.12.2022	16.03.2023	3.58%	200,000	–	(200,000)	–	–	–
恒創泰富No.42	200,000	20.12.2022	20.03.2023	3.58%	200,000	–	(200,000)	–	–	–
恒富No.34	50,000	08.02.2023	05.02.2024	4.00%	–	50,000	–	50,000	1,792	50,000
恒創泰富No.43	100,000	28.02.2023	28.02.2024	4.20%	–	100,000	–	100,000	3,533	100,000
恒創泰富No.44	400,000	29.03.2023	27.06.2023	3.58%	–	400,000	(400,000)	–	–	–
恒創泰富No.45	400,000	29.06.2023	27.09.2023	3.58%	–	400,000	(400,000)	–	–	–
恒創泰富No.46	200,000	25.08.2023	23.11.2023	3.30%	–	200,000	(200,000)	–	–	–
恒創泰富No.47	500,000	25.08.2023	23.08.2024	3.45%	–	500,000	–	500,000	6,097	500,000
恒創泰富No.48	300,000	28.08.2023	07.02.2024	3.30%	–	300,000	–	300,000	3,418	300,000
					1,000,000	1,950,000	(2,000,000)	950,000	14,840	950,000

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 41. DEBT INSTRUMENTS (CONTINUED)

### Subordinated bonds:

Name	Issuance date	Due date	Nominal interest rate	2024			
				As at			As at
				1 January	Issuance	Redemption	31 December
				2024	2024	2024	2024
				RMB'000	RMB'000	RMB'000	RMB'000
23恒泰C1次級債**	08.06.2023	08.06.2026	5.30%	400,000	–	–	400,000
23恒泰C2次級債**	08.06.2023	08.06.2026	4.00%	1,100,000	–	–	1,100,000
<b>Total</b>				<b>1,500,000</b>	<b>–</b>	<b>–</b>	<b>1,500,000</b>
<b>Amortised cost</b>				<b>1,468,584</b>			<b>1,481,096</b>

Name	Issuance date	Due date	Nominal interest rate	2023			
				As at			As at
				1 January	Issuance	Redemption	31 December
				2023	2023	2023	2023
				RMB'000	RMB'000	RMB'000	RMB'000
20恒泰C1次級債*	28.09.2020	28.09.2023	5.80%	1,495,999	–	(1,495,999)	–
23恒泰C1次級債**	08.06.2023	08.06.2026	5.30%	–	400,000	–	400,000
23恒泰C2次級債**	08.06.2023	08.06.2026	4.00%	–	1,100,000	–	1,100,000
<b>Total</b>				<b>1,495,999</b>	<b>1,500,000</b>	<b>(1,495,999)</b>	<b>1,500,000</b>
<b>Amortised cost</b>				<b>1,493,597</b>			<b>1,468,584</b>

\* On 28 September 2020, the Company issued a 3-year subordinated bond with a par value of RMB1,500,000,000. The subordinated bond was listed at Shanghai Stock Exchange. The subordinated bond with par value of RMB17,000,000 were issued to the Group's consolidated asset management scheme and accordingly, the par value of the Group's subordinated bonds issued to external parties was amounted to RMB1,483,000,000.

\*\* On 8 June 2023, the Company issued a 3-year subordinated bond with a par value of RMB1,500,000,000. The subordinated bond was listed at Shanghai Stock Exchange. The subordinated bond was divided into 2 classes. 23恒泰C1次級債 was unsecured and with par value of RMB400,000,000 and 23恒泰C2次級債 was guaranteed and with par value of RMB1,100,000,000.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 41. DEBT INSTRUMENTS (CONTINUED)

### Subordinated bonds:(Continued)

The movements of the subordinated bonds are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of the year	1,468,584	1,493,597
Issuance	–	1,500,000
Transaction costs	–	(31,416)
Redemption	–	(1,495,999)
Accrued interests	12,512	2,402
At end of the year	1,481,096	1,468,584

Interest expense on the subordinated bonds is calculated using the effective interest method by applying the effective interest rate of 5.22% to 5.48% (2023: 5.22%-5.80%)

### Long-term corporate bond:

Name	Issuance date	Due date	Nominal interest rate	2024			
				As at 1 January 2024	Issuance	Redemption	As at 31 December 2024
				RMB'000			RMB'000
23恒泰F1私募债*	26.09.2023	26.09.2026	3.50%	1,950,000	–	–	1,950,000
Amortised cost				1,894,053			1,913,799

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 41. DEBT INSTRUMENTS (CONTINUED)

### Long-term corporate bond: (Continued)

Name	Issuance date	Due date	Nominal interest rate	2023			
				As at 1 January			
				2023	Issuance	Redemption	As at 31 December 2023
				RMB'000	RMB'000	RMB'000	RMB'000
23恒泰F1私募債 <sup>#</sup>	26.09.2023	26.09.2026	3.50%	–	1,950,000	–	1,950,000
20恒泰G1公司債(175144) <sup>##</sup>	18.09.2020	18.09.2023	4.39%	944,932	–	(944,932)	–
20恒泰F1私募債(167957) <sup>###</sup>	27.10.2020	27.10.2023	5.40%	1,000,000	–	(1,000,000)	–
<b>Total</b>				1,944,932	1,950,000	(1,944,932)	1,950,000
<b>Amortised cost</b>				1,934,668			1,894,053

<sup>#</sup> On 26 September 2023, the Company issued 3-year long-term corporate bond with a par value of RMB1,950,000,000. The long-term corporate bond was listed at Shanghai Stock Exchange and guaranteed by China Securities Credit Investment Co., Ltd.

<sup>##</sup> On 18 September 2020, the Company issued 3-year long-term corporate bond with a par value of RMB950,000,000. The long-term corporate bond was listed at Shanghai Stock Exchange and guaranteed by China Securities Credit Investment Co., Ltd.

<sup>###</sup> On 27 October 2020, the Company issued 3-year long-term corporate bond with a par value of RMB1,000,000,000. The long-term corporate bond was listed at Shanghai Stock Exchange.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 41. DEBT INSTRUMENTS (CONTINUED)

### Long-term corporate bond: (Continued)

The movements of the long-term corporate bonds are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of the year	1,894,053	1,934,668
Issuance	–	1,950,000
Transaction costs	–	(55,947)
Redemption	–	(1,944,932)
Accrued interests	19,746	10,264
At end of the year	1,913,799	1,894,053

Interest expense on the long-term corporate bond is calculated using the effective interest method by applying the effective interest rate of 4.64% (2023: 4.49%-5.40%).

## 42. PLACEMENTS FROM FINANCIAL INSTITUTIONS

	2024 RMB'000	2023 RMB'000
Placements from bank	500,000	–
Placements from CSFC	2,200,000	2,100,000
	2,700,000	2,100,000

As at 31 December 2024, the placements from bank and CSFC bear interests at 1.62% to 2.54% (2023: 2.13% to 2.7%) per annum, with remaining maturities within 1 month and 1 year (2023: 1 and 3 months).

As at 31 December 2024, the Group's long-term refundable deposits of RMB347,707,000 (2023: RMB449,664,000) were pledged to CSFC as collateral for the placements (Note 29).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 43. ACCOUNT PAYABLES TO BROKERAGE CLIENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Clients' deposits for:		
– margin financing business	<b>1,129,223</b>	487,752
– other brokerage business	<b>15,571,395</b>	10,022,373
	<b>16,700,618</b>	10,510,125

Account payables to brokerage clients represent the monies received from and repayable to brokerage clients. Account payables to brokerage clients are interest bearing at the prevailing interest rate.

The majority of the account payables balances are repayable on demand except where certain account payables to brokerage clients represent monies received from clients for the margin financing activities under normal course of business. Only the amounts in excess of the required amount of margin deposits and cash collateral are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 44. EMPLOYEE BENEFIT PAYABLES

	2024			
	As at 1 January <i>RMB'000</i>	Accrued for the year <i>RMB'000</i>	Payments made <i>RMB'000</i>	As at 31 December <i>RMB'000</i>
Short-term benefits and severance payment	488,729	918,652	(939,257)	468,124
Defined contribution plans	744	76,965	(77,537)	172
	<b>489,473</b>	<b>995,617</b>	<b>(1,016,794)</b>	<b>468,296</b>

	2023			
	As at 1 January <i>RMB'000</i>	Accrued for the year <i>RMB'000</i>	Payments made <i>RMB'000</i>	As at 31 December <i>RMB'000</i>
Short-term benefits and severance payment	351,325	947,424	(810,020)	488,729
Defined contribution plans	79	88,623	(87,958)	744
	351,404	1,036,047	(897,978)	489,473

## 45. CONTRACT LIABILITIES

Contract liabilities represent receipt in advance from customers and deferred revenue in relation to assets management, financial, investment advisory businesses and custody business.

During the year ended 31 December 2024, the Group has recognised revenue of RMB36,000 (2023: RMB213,000) that was included in the contract liabilities balance at the beginning of the year. The Group does not have any contract that contains significant financing component as all of the contract liabilities are expected to be recognised as revenue within 1 year.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 46. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Total minimum lease payments:		
– Due within one year	<b>71,595</b>	79,943
– Due over one year but less than two years	<b>38,101</b>	61,551
– Due over two years but less than five years	<b>8,052</b>	33,676
– Due over five years	<b>–</b>	384
	<b>117,748</b>	175,554
Future finance charges on leases liabilities	<b>(4,496)</b>	(9,402)
Present value of leases liabilities	<b>113,252</b>	166,152
Present value of minimum lease payments:		
– Due within one year	<b>68,861</b>	75,662
– Due over one year but less than two years	<b>36,647</b>	58,254
– Due over two years but less than five years	<b>7,744</b>	31,873
– Due over five years	<b>–</b>	363
	<b>113,252</b>	166,152
Less: Portion due within one year included under current liabilities	<b>(68,861)</b>	(75,662)
Portion due after one year included under non-current liabilities	<b>44,391</b>	90,490

During the year ended 31 December 2024, the total cash outflows for the leases (including short-term leases) are RMB105,448,000 (2023: RMB105,903,000).

As at 31 December 2024, the Group has entered into 86 (2023: 85) leases for with range of remaining lease term of one to ten years (2023: one to ten years). These leases do not contain any option to renew the lease and subject to monthly fixed rental payment.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 47. OTHER LIABILITIES

	2024 RMB'000	2023 RMB'000
Third-party interests in consolidated asset management schemes (note (a))	68,078	377,526
Future risk reserve	49,421	45,202
Other payables (note (b))	161,618	226,379
Interest payables	104,093	90,794
Taxes and surcharges payables	32,981	13,788
Compensation payable (Note 54)	936,000	996,000
Provision of compensation	19,142	63,120
	1,371,333	1,812,809
Less: Portion due within one year included under current liabilities	(515,333)	(876,809)
Portion due after one year included under non-current liabilities	856,000	936,000

Notes:

- (a) Third-party interests in consolidated asset management schemes consist of third-party unit holders' interests in these consolidated structured entities which are recognised as a liability since they can be put back to the Group for cash.
- (b) Other payables mainly consist of accrued professional fees, securities investor protection funds and other daily operating expenses and deposits received.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 48. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Analysis by collateral type:</b>		
– Debt securities	<b>4,099,600</b>	3,607,030
<b>Analysis by market:</b>		
– Inter-bank market	<b>3,712,069</b>	2,856,210
– Shanghai Stock Exchange	<b>359,408</b>	607,820
– Shenzhen Stock Exchange	<b>28,123</b>	143,000
	<b>4,099,600</b>	3,607,030
<b>Analysis by transaction type:</b>		
– Pledged	<b>4,099,600</b>	3,607,030

Repurchase agreements are transactions in which the Group sells or places a security and simultaneously agree 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.

As at 31 December 2024, the financial assets sold under repurchase agreements carried interests at 1.95% to 2.6% (2023: 2.6% to 7.5%) per annum.

As at 31 December 2024 and 2023, the carrying amount of the financial assets that had been placed as financial assets sold under repurchase agreements of the Group are listed as below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Financial assets at FVTPL	<b>3,002,765</b>	2,711,721
Financial assets at FVTOCI	<b>1,556,453</b>	1,667,975
	<b>4,559,218</b>	4,379,696



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 49. SHARE CAPITAL AND SHARE PREMIUM

### (a) Share capital

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	2024		2023	
	Number of shares		Number of shares	
	(in thousands)	RMB'000	(in thousands)	RMB'000
As at 1 January and 31 December	2,604,567	2,604,567	2,604,567	2,604,567

### (b) Share premium

Share premium arising from the issuance of new shares at prices in excess of face value.

## 50. RESERVES

### (a) Surplus reserve

Under the relevant PRC Laws, the Company and its subsidiaries in PRC are required to appropriate 10% of its net profit, as determined under the PRC Generally Accepted Accounting Principles ("PRC GAAP"), to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. Subject to the approval of shareholders, statutory surplus reserve may be used to offset prior year losses, if any, and may convert into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before such capitalisation.

### (b) General risk reserve

- (i) 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 and its subsidiary, Hengtai Changcai, are required to appropriate 10% of its annual net profit, as determined under PRC GAAP, to the general risk reserve.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 50. RESERVES (CONTINUED)

### (b) General risk reserve (Continued)

- (ii) In accordance with the requirements of the CSRC Interim Measures for Supervision and Administration on Risk Reserve for Public Securities Investment Fund Raising (Zhengjianhui Ling [No. 94]), the Group's subsidiary, New China Fund, is required to appropriate 10% of its annual net profit, as determined under PRC GAAP, to the general risk reserve.
- (iii) In accordance with the requirements of the Ministry of Finance Circular regarding the Issuance of Implementation Guidance on Financial Planning of Financial Institutions (Caijin [2007] No. 23) issued on 30 March 2007, the Group's subsidiary, Hengtai Futures, is required to appropriate 10% of its annual net profit, as determined under PRC GAAP, to the general risk reserve.

### (c) 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 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company and its subsidiary, Hengtai Changcai, are required to appropriate 10% of its annual net profit, as determined under PRC GAAP, to the transaction risk reserve.

### (d) Investment revaluation reserve

Investment revaluation reserve represents the fair value change of financial assets at FVTOCI. The movements of the investment revaluation reserve of the Group are set out below:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
At beginning of the year	<b>(50,639)</b>	(42,783)
Net fair value changes	<b>58,596</b>	(10,475)
Income tax related to net fair value changes	<b>(14,649)</b>	2,619
Disposal of equity investments at FVOCI	<b>(2,430)</b>	–
At end of the year	<b>(9,122)</b>	(50,639)

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 51. MOVEMENT IN THE COMPANY'S RESERVES

	Surplus reserve <i>RMB'000</i>	General risk reserve <i>RMB'000</i>	Transaction risk reserve <i>RMB'000</i>	Investment Revaluation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	641,189	710,689	695,248	(42,783)	1,358,603	3,362,946
Profit for the year	–	–	–	–	13,360	13,360
Other comprehensive loss for the year	–	–	–	(7,856)	–	(7,856)
Appropriation to surplus reserves	1,336	–	–	–	(1,336)	–
Appropriation to general risk reserve	–	1,498	–	–	(1,498)	–
Appropriation to transaction risk reserve	–	–	1,336	–	(1,336)	–
As at 31 December 2023 and 1 January 2024	<b>642,525</b>	<b>712,187</b>	<b>696,584</b>	<b>(50,639)</b>	<b>1,367,793</b>	<b>3,368,450</b>
Profit for the year	–	–	–	–	404,148	404,148
Other comprehensive income for the year	–	–	–	43,947	–	43,947
Disposal of financial assets at FVOCI	–	–	–	(2,430)	2,430	–
Appropriation to surplus reserves	40,415	–	–	–	(40,415)	–
Appropriation to general risk reserve	–	40,797	–	–	(40,797)	–
Appropriation to transaction risk reserve	–	–	40,415	–	(40,415)	–
<b>As at 31 December 2024</b>	<b>682,940</b>	<b>752,984</b>	<b>736,999</b>	<b>(9,122)</b>	<b>1,652,744</b>	<b>3,816,545</b>

## 52. COMMITMENTS

### Capital commitments

At the reporting date, the capital commitments outstanding not provided for in the consolidated financial statements are as follows:

	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
Acquisition of property and equipment, intangible assets and other non-current assets	<b>17,770</b>	29,165

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 52. COMMITMENTS (CONTINUED)

### Lease commitments

The Group as lessee

At the reporting date, the lease commitments for short-term leases are as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Properties	<b>1,469</b>	1,743

At the reporting date, the total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Within 1 year (inclusive)	<b>4,090</b>	4,397
Later than 1 year and not later than 2 years	<b>3,618</b>	4,194
Later than 2 year and not later than 3 years	<b>2,852</b>	3,618
Later than 3 year and not later than 4 years	<b>2,868</b>	2,852
Later than 4 year and not later than 5 years	<b>1,760</b>	2,869
After 5 years	<b>601</b>	2,360
	<b>15,789</b>	20,290

### Underwriting commitments

As at 31 December 2024, according to the relevant underwriting agreements, underwriting commitments taken but not provided for by the Group are amounted to RMB19,318,000,000 (2023: RMB64,004,000,000).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 53. INTERESTS IN STRUCTURED ENTITIES

### (a) Interests in structured entities consolidated by the Group

Structured entities consolidated by the Group mainly stand for the assets management schemes where the Group involves as manager and also as investor, the Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the assets management schemes to a level of such significance that it indicates that the Group is a principal.

As at 31 December 2024, the total assets of the consolidated assets management schemes are RMB256,629,000 (2023: RMB449,150,000), and the carrying value of interests held by the Group in the consolidated assets management schemes are RMB83,080,000 (2023: RMB385,308,000), which are accounted for as financial assets at FVTPL in respective financial statements of the entities.

### (b) Structured entities sponsored by third party institutions in which the Group holds an interest

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

As at 31 December 2024 and 2023, the amount of financial assets in the consolidated statement of financial position which represent the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions, are listed as below:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Financial assets at FVTPL	<b>402,464</b>	386,448

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 53. INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

### (c) Structured entities sponsored by the Group

Structured entities for which the Group served as general partner or manager, therefore has power over them during the year are assets management schemes and investment funds. Except for the structured entities that the Group has consolidated as set out in Note 53(a), the Group's exposure to the variable returns in the structured entities in which the Group has interest are not significant. Accordingly, the Group did not consolidate these structured entities.

At the reporting date, the details of these unconsolidated structured entities managed by the Group are as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Total assets of unconsolidated structured entities	<b>3,419,767</b>	3,423,117
Carrying amount of the investments held by the Group	<b>35,862</b>	21,767
Fees receivables by the Group	<b>1,994</b>	2,000

## 54. CONTINGENCIES AND LITIGATIONS

### Arbitration case with regard to Dongxu-series special account product managed by New China Fund

From April 2018 to October 2018, New China Fund Management Co., Ltd. ("New China Fund"), which is an indirect subsidiary of the Company, Industrial and Commercial Bank of China Beijing Branch (the "ICBC Beijing branch") which acted as the custodian bank and four third parties investors entered into certain Dongxu-series bonds (the "Bonds") financial product managed by New China Fund. Subsequently in 2019, the four investors failed to provide fund to the account to cover the short position of the margin accounts following the drops in market price of the Bonds. ICBC Beijing branch, as a clearing participant, advanced the funds of approximately RMB1,169 million (the "Advance Settlement") to China Securities Depository and Clearing Corporation Limited to settle this margin account.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 54. CONTINGENCIES AND LITIGATIONS (CONTINUED)

### **Arbitration case with regard to Dongxu-series special account product managed by New China Fund (Continued)**

On 11 October 2021, New China Fund received the disputes brought by the ICBC Beijing Branch which submitted four arbitration applications to the Beijing Arbitration Commission (the "Arbitration Commission") for compensating the Advance Settlement and interest losses. On 6 December 2022, the Arbitration Commission ruled that New China Fund has to compensate the ICBC Beijing branch the Advance Settlement and the interest payable. On 10 March 2023, New China Fund and ICBC Beijing branch reached a settlement agreement and New China Fund agreed to settle the amount of approximately RMB1,169 million plus the related interest payable amounts, as well as to seek the financial guarantee by the major shareholder of the Company on the repayment of these payables.

Therefore, on 21 September 2023, New China Fund, the Company and Beijing Financial Street Investment (Group) Co., Ltd. ("Financial Street Investment"), being the major shareholder of the Company entered into a guarantee and counter-guarantee agreements and that Financial Street Investment agreed to provide joint liability guarantee in favour of the ICBC Beijing branch in respect of the amount approximately to RMB613.4 million. The Company pledged certain assets and 50% equity and ancillary interest of Hengtai Changcai to Financial Street Investment (as guarantor) as security for the counter-guarantee provided to the Group (Notes 22, 24 and 27).

On 27 September 2023, New China Fund and ICBC Beijing branch entered into the final implementation settlement agreement (the "Final Implementation Settlement Agreement"). According to the Final Implementation Settlement Agreement, ICBC Beijing branch agreed to transfer the rights of the Bonds to New China Fund and New China Fund shall repay the remaining payable to the ICBC Beijing branch from 1 January 2024 to 31 August 2030 in seven instalments.

Upon the effective of the Final Implementation Settlement Agreement, the Group recognised the payable to ICBC Beijing branch of RMB996 million and the Dongxu-series special account product as assets.

On 30 July 2024, New China Fund entered into a debt restructure agreement (the "Debt Restructure Agreement") with Dongxu Group Co., Ltd. ("Dongxu Group"), the issuer of the Bonds. Pursuant to the Debt Restructure Agreement, Dongxu Group agreed to compensate New China Fund for the losses in its role as investment manager and losses arising from the arbitration case (the "Dongxu Repayment"). The Dongxu Repayment, with an aggregate amount approximately of RMB1,220 million, includes the Advance Settlement, other losses claimed by the ICBC Beijing branch and the interest incurred by New China Fund.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 54. CONTINGENCIES AND LITIGATIONS (CONTINUED)

### Arbitration case with regard to Dongxu-series special account product managed by New China Fund (Continued)

Under the terms of the Debt Restructure Agreement, Dongxu Group shall settle the Dongxu Repayment to New China Fund in certain instalments, with a final payment due by 28 September 2032. The first repayment was due on 28 September 2024, however, Dongxu Group failed to make the payment as stipulated. The Group has not recognised such receivable due to the uncertainty on the recoverable of the repayments.

## 55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### (a) Relationship of related parties

#### (i) Major shareholders

Major shareholders include shareholders of the Company with 5% or above ownership as below.

	2024	2023
Beijing Huarong Zonghe Investment Co., Ltd	21.88%	21.88%
Tianfeng Securities Co., Ltd	16.92%	16.92%
Baotou Huazi Industry Co., Ltd	11.83%	11.83%
Beijing Financial Street Xihuan Properties Co., Ltd	8.12%	8.12%
Zhejiang Free Trade Zone Huifa Technology Co., Ltd	5.91%	5.91%

#### (ii) Subsidiaries of the Company

The details of the Company's principal subsidiaries is set out in Note 27.

#### (iii) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the board of supervisors and senior management, and close family members of such individuals.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### (b) Related parties transactions and balances

The Group has following balances/transactions with the related parties:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Balances as at reporting date:		
– Account payables to related parties	257	75
– Guarantee fee payables to the ultimate holding company	30,500	61,000
– Security deposit to a related party	394	390
– Lease liabilities to a related party	823	2,018
– Right-of-use assets from to a related party	882	1,940
– Security deposit to an immediate holding company	413	413
– Lease liabilities to an immediate holding company	5,410	6,710
– Right-of-use assets from an immediate holding company	5,544	6,959
– Client maintenance fees payable to mutual funds	787	558
– Other receivables	–	59
– Commissions receivable	464	–

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### (b) Related parties transactions and balances (Continued)

The Group has following balances/transactions with the related parties: (Continued)

	2024 RMB'000	2023 RMB'000
Transactions during the year:		
– Recognition of right-of-use assets from a related party	–	2,205
– Recognition of right-of-use assets from an immediate holding company	–	7,077
– Fees and commission income from a related party	2,852	3,492
– Interest expenses to a related party	56	21
– Interest expenses to an immediate holding company	271	26
– Utility charges and other miscellaneous expenses to a related party	1,058	265
– Benefit payment to a related party	509	605
– Property fees to a related party	286	263
– Utility charges and other miscellaneous expenses to an immediate holding company	1,415	118
– Interest expenses to a related party	1	–
– Conference fees to a related party	25	–
– Client maintenance fees to a related party	216	–
– Electronic equipment fees to a related party	25	–
– Lease expenses to a related party	–	1,670
– Fees and commission expenses to a related party	–	3,134
– Consulting fees to a related party	–	1,664

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 55. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

### (c) Key management personnel remuneration

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.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 19 and certain of the highest paid employees as disclosed in Note 20, is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Fees, salaries, allowance and bonus	<b>19,030</b>	18,453
Contribution to pension schemes	<b>642</b>	595
	<b>19,672</b>	19,048

Total remuneration is included in "staff costs" as disclosed in Note 13.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 56. SEGMENT REPORTING

The Group manages and conducts its business activities by business segments. In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker, being the senior management of the Group, for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

- (a) Brokerage and wealth management segment engages in the trading of stocks, funds, bonds and futures on behalf of the clients, and also providing investment and financing solutions to high-end, professional and institutional clients, including sale of financial products and margin financing;
- (b) Investment banking segment provides corporate finance services, including financial advisory, equity underwriting and debt underwriting services as well as over-the-counter services to institutional clients. Also, as chief agency broker, provides services to companies entering into National Equities Exchange and Quotations for share quotation and transfer;
- (c) Proprietary trading segment engages in trading of equities, bonds, funds, and derivatives for the Group;
- (d) Investment management segment includes businesses on assets management, private equity investments and alternative investments; and
- (e) Other segment mainly represents other operations of head office, including interest income and interest expenses arising from general working capital.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 56. SEGMENT REPORTING (CONTINUED)

Segment profit or loss represents the profit earned or loss incurred by each segment without the allocation of income tax expense and the share of profits of its associates. Segment assets and liabilities are allocated to each segment, excluding deferred tax assets or liabilities.

	Brokerage and wealth management <i>RMB'000</i>	Investment banking <i>RMB'000</i>	Proprietary trading <i>RMB'000</i>	Investment management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>For the year ended 31 December 2024</b>						
Revenue						
– External	1,638,717	141,694	610,285	247,403	43,470	2,681,569
– Inter-segment	(27)	–	27	–	–	–
Other income and gains	13,119	164	50,081	32,166	9,115	104,645
Segment revenue and other income	1,651,809	141,858	660,393	279,569	52,585	2,786,214
Segment expenses	(1,395,220)	(120,241)	(324,010)	(534,920)	(267,347)	(2,641,738)
Profit/(Loss) before tax	256,589	21,617	336,383	(255,351)	(214,762)	144,476
Other segment information:						
Interest income	598,477	14,178	67,174	23,393	42,570	745,792
Interest expenses	(203,689)	(379)	(189,511)	(10,255)	(1,399)	(405,233)
Depreciation and amortisation	(111,509)	(9,131)	(7,194)	(37,775)	(33,312)	(198,921)
Impairment losses	(126,942)	(11,195)	(43,495)	(193,226)	172	(374,686)
Capital expenditure	52,713	317	1,920	13,527	10,950	79,427
Right-of-use assets additions	30,350	5,191	–	2,896	–	38,437
<b>As at 31 December 2024</b>						
Segment assets	24,432,678	580,919	10,247,479	3,102,404	909,589	39,273,069
Deferred tax assets						708,012
Total assets						39,981,081
Segment liabilities	22,530,198	141,173	7,156,470	1,212,206	234,002	31,274,049
Deferred tax liabilities						9
Total liabilities						31,274,058

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 56. SEGMENT REPORTING (CONTINUED)

	Brokerage and wealth management <i>RMB'000</i>	Investment banking <i>RMB'000</i>	Proprietary trading <i>RMB'000</i>	Investment management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
For the year ended 31 December 2023						
Revenue						
– External	1,496,360	213,264	212,239	314,565	42,213	2,278,641
– Inter-segment	–	–	–	–	–	–
Other income and gains	5,125	219	87,881	135,286	6,162	234,673
Segment revenue and other income	1,501,485	213,483	300,120	449,851	48,375	2,513,314
Segment expenses	(1,336,835)	(184,125)	(288,351)	(472,497)	(214,841)	(2,496,649)
Profit/(Loss) before tax	164,650	29,358	11,769	(22,646)	(166,466)	16,665
Other segment information:						
Interest income	608,676	14,698	117,936	10,057	31,927	783,294
Interest expenses	(220,926)	(693)	(192,147)	(15,620)	(1,402)	(430,788)
Depreciation and amortisation	(127,600)	(8,964)	(6,349)	(49,591)	(31,772)	(224,276)
Impairment losses	(27,315)	(948)	(54,568)	(10,496)	1,590	(91,737)
Capital expenditure	102,512	1,620	2,750	7,192	12,793	126,867
Right-of-use assets additions	35,500	724	–	6,363	51,283	93,870
As at 31 December 2023						
Segment assets	17,630,386	773,731	7,736,108	3,376,591	893,789	30,410,605
Deferred tax assets						792,045
Total assets						31,202,650
Segment liabilities	15,365,937	207,691	5,357,909	1,743,910	337,125	23,012,572
Deferred tax liabilities						14
Total liabilities						23,012,586

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 56. SEGMENT REPORTING (CONTINUED)

The Company and its subsidiaries mainly operate in the PRC. The Group's operating assets are substantially situated in the PRC. As a result, no segment analysis based on geographical locations of the customers and assets is provided.

There is no single customer that contributed to over 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group monitors and controls key exposures to the credit risk, liquidity risk, market risk and operational risk from its use of financial instruments.

### (a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its obligation or commitment to the Group.

During the year, the Group was exposed to three types of credit risk:

- (i) default risk of the issuer or counterparty in debt securities trading and investment;
- (ii) risk of losses arising from default of customers in credit business such as margin financing and stock repurchases; and
- (iii) risk of losses to the funds of the Company or customers arising from default of the financing party in innovative credit business.

The Group uses its risk management systems to monitor its credit risk on a real time basis, keep track of the credit risk of the Group's business products and its transaction counterparties, provide analyses and pre-warning reports, and adjust its credit limits in a timely manner. The Group will also measure the credit risks of its major operations through stress test and sensitivity analysis.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

For credit risk in debt securities trading, the Group monitors the issuer and bonds during the year. The Group established the credit rating framework and conducted research on the debt securities held by the Group. The Group also assessed the creditability of counterparties to mitigate related default risk. In respect of margin financing and stock repurchases business, the Group evaluates the customers, aiming to have a thorough picture of the customers' credit level and risk tolerance and determines the customers' credit rating. Penalties for defaults were specified in contracts and risk disclosure statements. The Group monitors the collateral of the margin financing and stock repurchases business and promptly communicated with customers on any abnormalities identified to avoid defaults. In respect of innovative credit business, preliminary due diligence was performed with a comprehensive project feasibility report and a due diligence report submitted for approval by the Group before a project can be launched.

- (i) The maximum exposure to credit risk of the Group without taking account of any collateral and other credit enhancements:

	2024 RMB'000	2023 RMB'000
Refundable deposits	1,002,472	1,098,754
Other current assets	352,146	390,630
Margin account receivables	5,840,304	5,092,456
Debt securities*	8,109,966	7,546,212
Financial assets held under resale agreements	152,884	481,901
Placements with a financial institution	82,961	107,889
Clearing settlement funds	964,243	618,330
Cash held on behalf of brokerage clients	16,178,519	9,993,630
Bank balances	1,907,249	1,833,688
	<b>34,590,744</b>	<b>27,163,490</b>

\* Debt securities comprise all debt securities held as "Financial assets at FVTOCI", "Financial assets at FVTPL" and "Debt investments measured at amortised cost".



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (ii) Risk concentrations

The Group's major credit exposures are with counterparties domiciled in the PRC as at 31 December 2024 and 2023.

#### (iii) Credit rating analysis of debt securities

The Group adopts credit rating method to monitor the credit risk of the debt securities portfolio. Rating of debt securities is referred from major rating institutions in which debt issuers located. The carrying amount of debt securities (including debt securities classified as financial assets at FVTPL, financial assets at FVTOCI and debt investments measured at amortised costs) at the reporting date are categorised by rating distribution as follows:

	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
Rating		
– AAA	<b>392,905</b>	1,055,603
– From AA- to AA+	<b>5,233,971</b>	3,928,252
	<b>5,626,876</b>	4,983,855
– CCC	<b>52,130</b>	53,621
Non-rating	<b>2,430,960</b>	2,508,736
	<b>8,109,966</b>	7,546,212

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement

##### *Accounts receivable*

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECL, which is calculated using a provision matrix. In addition, the Group also carried at individual assessment for significant receivables to determine if additional ECL are required. The ECL allowance amount of the credit-impaired accounts receivable 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 losses. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the ECL allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECL for accounts receivable:

	2024		
	Weighted- average ECL rate	Gross carrying amount <i>RMB'000</i>	ECL allowance <i>RMB'000</i>
Assessed based on grouping			
– Within one year	29.83%	86,980	25,942
– Over one year	81.66%	203,450	166,128
		290,430	192,070

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

*Accounts receivable (Continued)*

	2023		
	Weighted- average ECL rate	Gross carrying amount <i>RMB'000</i>	ECL allowance <i>RMB'000</i>
– Within one year	38.20%	182,328	69,829
– Over one year	99.89%	167,438	167,257
		349,766	237,086

ECL rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the ECL allowance account in respect of accounts receivable for the year are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
As at 1 January	237,086	227,575
ECL allowance recognised for the year	54,833	9,511
Written-off	(99,849)	–
<b>As at 31 December</b>	<b>192,070</b>	237,086

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

*Accounts receivable (Continued)*

*Other financial assets at amortised cost and debt securities measured at FVTOCI*

The Group applies a three-stage approach to measure ECL on financial assets measured at amortised cost (except for accounts receivable) and debt securities measured at FVTOCI.

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

- Stage 1** – For exposures where there has not been a significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL;
- Stage 2** – For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised; and
- Stage 3** – For financial assets that are credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount.

The ECL are measured based on the probability weighted results of probability of default (PD), exposure at default (EAD) and loss given default (LGD).

- 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.
- LGD is an estimate of the loss arising on default.

During the year ended 31 December 2024, no significant changes were made in the estimation techniques or key assumptions.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

##### *Debt securities*

As at 31 December 2024 and 2023, the Group's debt securities are considered to have low credit risk and the loss allowance recognised for the year was therefore limited to 12-month ECL (i.e. Stage 1) unless there has been a significant increase in credit risk of the debt securities since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL. Management considers 'low credit risk' for listed debt securities to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The movements in the gross amount of debt securities measured at amortised cost are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January and 31 December 2023	220,000	–	–	220,000
Net changes on the gross amount	(220,000)	–	–	(220,000)
<b>As at 31 December 2024</b>	–	–	–	–

During the year ended 31 December 2024, there were no transfers (2023: Nil) between stages in the ECL assessment.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

##### *Debt securities (Continued)*

The movements in the ECL allowance of debt securities measured at amortised cost are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	591	–	–	591
ECL allowance recognised for the year	83	–	–	83
As at 31 December 2023 and 1 January 2024	<b>674</b>	–	–	<b>674</b>
ECL allowance reversed for the year	<b>(674)</b>	–	–	<b>(674)</b>
<b>As at 31 December 2024</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

The movements in the gross amount of debt securities measured at FVTOCI are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	2,302,481	–	188,850	2,491,331
Net changes on the gross amount	(472,477)	–	13,576	(458,901)
As at 31 December 2023 and 1 January 2024	<b>1,830,004</b>	–	<b>202,426</b>	<b>2,032,430</b>
Net changes on the gross amount	<b>493,610</b>	–	<b>42,227</b>	<b>535,837</b>
<b>As at 31 December 2024</b>	<b>2,323,614</b>	<b>–</b>	<b>244,653</b>	<b>2,568,267</b>

During the year ended 31 December 2024, there were no transfers (2023: Nil) between stages in the ECL assessment.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

##### *Debt securities (Continued)*

The movements in the ECL allowance of debt securities measured at FVTOCI are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	4,202	–	96,042	100,244
ECL allowance recognised/(reversed) for the year	(1,170)	–	13,576	12,406
As at 31 December 2023 and 1 January 2024	<b>3,032</b>	–	<b>109,618</b>	<b>112,650</b>
ECL allowance recognised/ (reversed) for the year	<b>(421)</b>	–	<b>42,227</b>	<b>41,806</b>
<b>As at 31 December 2024</b>	<b>2,611</b>	–	<b>151,845</b>	<b>154,456</b>

##### *Financial assets held under resale agreements*

The credit risk on financial assets held under resale agreements and its relevant interest receivables are managed through regular analysis of the ability of borrowers to meet interest and principal repayment obligations and by changing the lending limits where appropriate. Exposure to credit risk is also managed by obtaining collateral. Apart from the exposures to the concentration of credit risk from 5 independent counterparties with aggregate amount of RMB229,357,000 as at 31 December 2023, the Group does not have any significant concentration of credit risk on financial assets held under resale agreements.

For financial assets held under resale agreements, the Group considers the credit risk to be increased significantly when the collateral coverage ratio reaches the warning line and transfers the corresponding balances to “Stage 2”. When the collateral coverage ratios fall below pre-determined force liquidation thresholds or it is expected that the Group would incur a loss after closing the position mandatorily, it will be transferred to “Stage 3”.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

*Financial assets held under resales agreements (Continued)*

The movements in the gross amount of financial assets held under resales agreements are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	645,733	–	497,003	1,142,736
Net changes on the gross amount	(320,140)	–	(5,453)	(325,593)
As at 31 December 2023 and 1 January 2024	<b>325,593</b>	–	<b>491,550</b>	<b>817,143</b>
Net changes on the gross amount	<b>(180,253)</b>	–	<b>(53,307)</b>	<b>(233,560)</b>
<b>As at 31 December 2024</b>	<b>145,340</b>	–	<b>438,243</b>	<b>583,583</b>

During the year ended 31 December 2024, there were no transfers (2023: Nil) between stages in the ECL assessment.

The movements in the ECL allowance of financial assets under resale agreements are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	–	–	324,571	324,571
ECL allowance recognised for the year	–	–	10,671	10,671
As at 31 December 2023 and 1 January 2024	–	–	<b>335,242</b>	<b>335,242</b>
ECL allowance recognised for the year	–	–	<b>95,457</b>	<b>95,457</b>
<b>As at 31 December 2024</b>	–	–	<b>430,699</b>	<b>430,699</b>



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

##### *Margin account receivables*

To minimise the Group's exposure to credit risk on margin account receivables and the relevant interest receivables, the credit risk management team is responsible for the evaluation of the customers' credit rating, financial background and repayment abilities. Management of the Group has set up the credit limits for each individual customer which could be changed at the Group's discretion. Any further extension of credit beyond these approval limits has to be first approved by the credit risk management team and then by the senior management of the Group on individual basis. The maximum credit limit granted for each customer is based on the customer's creditworthiness, financial strength, the past collection statistic and the quality of related collateral. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group.

Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of margin account receivables outstanding exceeds the value of securities placed. The Group considers the credit risk to be increased significantly when the collateral to loan ratio falls below the specified ratio and transfers the corresponding balances to "Stage 2". When the collateral to loan ratio falls below 1 or it is expected that the Group would incur a loss after closing the position mandatorily, the margin account receivables will be transferred to "Stage 3".

As at 31 December 2024, margin account receivables were secured by the customers' securities and cash collateral with undiscounted market value of approximately RMB17,713,060,000 (2023: RMB13,946,363,000).

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

##### *Margin account receivables (Continued)*

The movements in the gross amount of margin account receivables are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	4,539,015	73,005	50,209	4,662,229
Net changes on the gross amount	492,733	(20,092)	(784)	471,857
Transfer between stages				
– Increase	46,317	69,928	–	116,245
– Decrease	(69,928)	(46,317)	–	(116,245)
As at 31 December 2023 and 1 January 2024	<b>5,008,137</b>	<b>76,524</b>	<b>49,425</b>	<b>5,134,086</b>
Net changes on the gross amount	<b>747,021</b>	<b>8,974</b>	<b>1,312</b>	<b>757,307</b>
Transfer between stages				
– Increase	<b>82,054</b>	<b>5,255</b>	<b>9,618</b>	<b>96,927</b>
– Decrease	<b>(14,873)</b>	<b>(82,054)</b>	<b>–</b>	<b>(96,927)</b>
<b>As at 31 December 2024</b>	<b>5,822,339</b>	<b>8,699</b>	<b>60,355</b>	<b>5,891,393</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

*Margin account receivables (Continued)*

The movement in the ECL allowance of margin account receivables, are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	223	114	41,799	42,136
ECL allowance (reversed)/recognised for the year	(275)	(50)	1,547	1,222
Written-off	–	–	(1,728)	(1,728)
Transfer between stages				
– Increase	84	23	–	107
– Decrease	(23)	(84)	–	(107)
As at 31 December 2023 and 1 January 2024	<b>9</b>	<b>3</b>	<b>41,618</b>	<b>41,630</b>
ECL allowance recognised for the year	<b>125</b>	<b>12</b>	<b>9,322</b>	<b>9,459</b>
Transfer between stages				
– Increase	<b>5</b>	–	–	<b>5</b>
– Decrease	–	<b>(5)</b>	–	<b>(5)</b>
<b>As at 31 December 2024</b>	<b>139</b>	<b>10</b>	<b>50,940</b>	<b>51,089</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

##### *Interest receivables*

The movements in the gross amount of interest receivables are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	238,934	–	142,589	381,523
Net changes on the gross amount	(16,367)	–	8,099	(8,268)
As at 31 December 2023 and 1 January 2024	<b>222,567</b>	–	<b>150,688</b>	<b>373,255</b>
Net changes on the gross amount	<b>(97,296)</b>	–	<b>73,626</b>	<b>(23,670)</b>
<b>As at 31 December 2024</b>	<b>125,271</b>	–	<b>224,314</b>	<b>349,585</b>

The movement in the ECL allowance of interest receivables, are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	–	–	122,642	122,642
ECL allowance recognised for the year	–	–	22,916	22,916
As at 31 December 2023 and 1 January 2024	–	–	<b>145,558</b>	<b>145,558</b>
Written-off	–	–	<b>(10,478)</b>	<b>(10,478)</b>
ECL allowance recognised for the year	–	–	<b>24,389</b>	<b>24,389</b>
<b>As at 31 December 2024</b>	–	–	<b>159,469</b>	<b>159,469</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

##### *Other receivables*

In order to minimise the credit risk of other receivables, the management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. As at 31 December 2024, based on the collective and individual assessment, provision for ECL of RMB81,584,000 (2023: RMB112,409,000) was made for the gross other receivables of RMB81,584,000 (2023: RMB112,409,000) which were classified as Stage 3. The remaining balances of other receivables were classified as Stage 1. For the years ended 31 December 2024 and 2023, ECL allowance of RMB149,416,000 and RMB517,000 were recognised, respectively, on the Group's other receivables. There was written-off of ECL allowance of RMB180,241,000 (2023: RMB1,470,000) for the year ended 31 December 2024. There were no significant transfers between stages for the years ended 31 December 2024 and 2023.

##### *Placements with a financial institution*

The movements in the gross amount of placements with a financial institution are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	–	–	375,000	375,000
Net changes on the gross amount	–	–	(7,573)	(7,573)
As at 31 December 2023 and 1 January 2024	–	–	<b>367,427</b>	<b>367,427</b>
Net changes on the gross amount	–	–	<b>(24,928)</b>	<b>(24,928)</b>
<b>As at 31 December 2024</b>	<b>–</b>	<b>–</b>	<b>342,499</b>	<b>342,499</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (a) Credit risk (Continued)

#### (iv) ECL measurement (Continued)

##### *Placements with a financial institution (Continued)*

The movement in the ECL allowance of placements with a financial institution, are as follows:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January 2023	–	–	225,000	225,000
ECL allowance recognised for the year	–	–	34,538	34,538
<b>As at 31 December 2023, 1 January 2024 and 31 December 2024</b>	<b>–</b>	<b>–</b>	<b>259,538</b>	<b>259,538</b>

##### *Liquid funds*

The credit risk on liquid funds including bank balances, clearing settlement funds, cash held on behalf of brokerage clients and deposits with exchanges and financial institutions is limited because the counterparties are state-owned banks, clearing house, stock exchanges, futures exchanges, commodity exchanges, or financial institutions with high credit ratings. There have been no significant increase in credit risk since initial recognition associated with the amounts of cash and bank balances, clearing settlement funds and deposits with exchanges and financial institutions, as at 31 December 2024 and 2023.

### (b) Liquidity risk

Liquidity risk arises in the investment activities, financing activities and capital management of the Group. Liquidity risk includes:

- (1) market liquidity risk of being unable to make a large size transaction at a reasonable price while trading volume in market is comparatively small;
- (2) funding liquidity of being unable to meet financial obligations when they come due.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (b) Liquidity risk (Continued)

The following tables show the details of the remaining contractual maturities at the reporting date of the Group's financial liabilities. Analysis of liquidity are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) of the financial liabilities and the earliest date the Group can be required to pay:

	2024							
				More than	More than		Total contractual	
	Carrying	Repayable	Less than	More than	3 months but	1 year but	More than	undiscounted
	amount	on demand	1 month	1 month but less	less than	less than	5 years	amount
	RMB'000	RMB'000	RMB'000	than 3 months	1 year	5 years	5 years	RMB'000
				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial liabilities</b>								
Debt instruments	5,814,895	-	826,056	799,686	985,292	3,583,450	-	6,194,484
Placements from financial institutions	2,700,000	-	500,080	1,111,142	1,113,721	-	-	2,724,943
Account payables to brokerage clients	16,700,618	16,700,618	-	-	-	-	-	16,700,618
Other liabilities	1,239,210	112,219	82,371	54,675	263,854	856,024	-	1,369,143
Financial assets sold under repurchase agreements	4,099,600	-	5,437,082	-	-	-	-	5,437,082
Lease liabilities	113,252	-	4,599	13,212	53,784	46,153	-	117,748
Employee benefit payables	468,296	-	468,296	-	-	-	-	468,296
	31,135,871	16,812,837	7,318,484	1,978,715	2,416,651	4,485,627	-	33,012,314

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (b) Liquidity risk (Continued)

	2023							Total contractual undiscounted amount
	Carrying amount	Repayable on demand	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial liabilities</b>								
Debt instruments	4,312,637	-	-	460,835	650,653	3,716,900	-	4,828,388
Placements from financial institutions	2,100,000	-	303,337	1,822,244	-	-	-	2,125,581
Account payables to brokerage clients	10,510,125	10,510,125	-	-	-	-	-	10,510,125
Other liabilities	1,735,901	416,130	4,216	96,151	273,255	648,397	348,150	1,786,299
Financial assets sold under repurchase agreements	3,607,030	-	3,612,165	-	-	-	-	3,612,165
Lease liabilities	166,152	-	8,368	12,959	58,616	95,227	384	175,554
Employee benefit payables	489,473	-	489,473	-	-	-	-	489,473
	22,921,318	10,926,255	4,417,559	2,392,189	982,524	4,460,524	348,534	23,527,585

### (c) Market risk

Market risk is the risk of loss, in respect of the Group's income and value of financial instruments held, arising from the adverse market movements such as changes in interest rates, stock prices and foreign exchange rates, etc. The objective of market risk management is to monitor and control the market risk within the acceptable range and to maximise the risk adjusted return. The Group monitors the market risk for proprietary trading portfolios. Stress testing is conducted regularly, and the potential movements of risk and operating indicators in a variety of scenarios are calculated.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (c) Market risk (Continued)

#### (i) 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 cash held on behalf of brokerage clients and account payables to brokerage clients are not included in the analysis because the management considered the net impact arising from change of interest rate will not be significant to the Group. Other financial assets and liabilities, which carried at fixed interest rate, are also not included in the analysis, including financial assets held under resale agreement, fixed bank deposits, clearing settlement funds, placements with a financial institution, debt instruments, lease liabilities, placements from financial institutions and financial assets sold under repurchase agreements. For those financial instruments held by the Group under proprietary trading portfolios and variable rate bank deposits which expose the Group to fair value and cash flows interest rate risk at the reporting date, the Group adopts sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net profit after tax and equity. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	2024		2023	
	Increase/ (Decrease) in loss after tax RMB'000	Decrease/ (Increase) in equity RMB'000	Increase/ (Decrease) in profit after tax RMB'000	Decrease/ (Increase) in equity RMB'000
<b>Interest rate:</b>				
Increase 100 basis points	<b>9,463</b>	<b>(9,405)</b>	5,199	(4,948)
Decrease 100 basis points	<b>225,172</b>	<b>(256,357)</b>	161,623	(175,557)

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (c) Market risk (Continued)

#### (ii) Foreign currency risk

Foreign currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation of foreign exchange rates.

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

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In addition, majority of the Group's revenue are denominated in RMB, with only insignificant revenue from foreign currency transactions. The Group considers that the foreign currency risk is immaterial.

#### (iii) Price risk

The Group is exposed to market price changes arising from equity investments, investment funds, assets management schemes and collective trust schemes concluded in financial assets at FVTPL. Price risk facing by the Group is mainly the fluctuation in the Group's net profit due to the price fluctuation of the investments.

The analysis below shows the impact in the Group's net profit after tax and equity due to change in the price of securities by 10% with all other variables held constant.

	2024		2023	
	Increase/ (Decrease) in profit after tax RMB'000	Increase/ (Decrease) in equity RMB'000	Increase/ (Decrease) in profit after tax RMB'000	Increase/ (Decrease) in equity RMB'000
<b>Securities' price</b>				
Increase by 10%	(296,199)	296,199	(168,554)	168,554
Decrease by 10%	296,199	(296,199)	168,554	(168,554)

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (d) Capital management

The Group's and the Company's objectives of capital management are:

- (i) To safeguard the Group's and the Company's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- (ii) To support the Group's and the Company's stability and growth;
- (iii) To maintain a strong capital base to support the development of their business; and
- (iv) To comply with the capital requirements under the PRC regulations.

In accordance with Administrative Measures for Risk Control Indicators of Securities Companies (Revision 2023) (the "Administrative Measures") issued by the CSRC, the Company is required to meet the following standards for risk control indicators on a continual basis:

- (i) Risk coverage ratio (the ratio of net capital divided by the sum of its various risk capital provisions) shall be no less than 100% ("Ratio 1");
- (ii) Capital leverage ratio (the ratio of net core capital divided by total assets on and off statement of financial position) shall be no less than 8% ("Ratio 2");
- (iii) Liquidity coverage ratio (the ratio of high quality liquid assets divided by net cash outflows in the coming 30 days) shall be no less than 100% ("Ratio 3");
- (iv) Net stable funding ratio (the ratio of stable funds available divided by stable funds required) shall be no less than 100% ("Ratio 4");
- (v) The ratio of net capital divided by net assets shall be no less than 20% ("Ratio 5");
- (vi) The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 6");
- (vii) The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio 7");

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (d) Capital management (Continued)

The Group's and the Company's objectives of capital management are: (Continued)

- (viii) The ratio of the value of proprietary equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 8"); and
- (ix) The ratio of the value of proprietary non-equity securities and derivatives held divided by net capital shall not exceed 500% ("Ratio 9").

Net capital refers to net assets after risk adjustments on certain types of assets as defined in the Administrative Measures.

As at 31 December 2024 and 2023, the Company maintained the above ratios as follows:

	2024	2023
Ratio 1	<b>175.73%</b>	198.58%
Ratio 2	<b>23.62%</b>	27.82%
Ratio 3	<b>182.28%</b>	312.69%
Ratio 4	<b>173.37%</b>	192.25%
Ratio 5	<b>71.34%</b>	80.22%
Ratio 6	<b>44.21%</b>	59.20%
Ratio 7	<b>61.97%</b>	73.80%
Ratio 8	<b>22.61%</b>	8.26%
Ratio 9	<b>147.18%</b>	119.10%
Net Capital (RMB'000)	<b>5,903,665</b>	6,384,045

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements set by the CSRC, and they have complied with the capital requirements as at 31 December 2024 and 2023.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 57. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (e) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
<b>Financial assets:</b>		
Financial assets at FVTPL	9,645,475	7,654,488
Financial assets at FVTOCI	2,418,119	2,125,472
Financial assets at amortised cost:		
– Refundable deposits	1,002,472	1,098,754
– Margin account receivables	5,840,304	5,092,456
– Other current assets	352,146	390,630
– Financial assets under resale agreements	152,884	481,901
– Debt investments measured at amortised cost	–	219,326
– Placements with a financial institution	82,961	107,889
– Cash held on behalf of brokerage clients	16,178,519	9,993,630
– Clearing settlement funds	964,243	618,330
– Cash and bank balances	1,907,249	1,833,688
	<b>38,544,372</b>	<b>29,616,564</b>
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost:		
– Debt instruments	5,814,895	4,312,637
– Placements from financial institutions	2,700,000	2,100,000
– Employee benefit payables	468,296	489,473
– Account payables to brokerage clients	16,700,618	10,510,125
– Other liabilities	1,239,210	1,675,901
– Financial assets sold under repurchase agreements	4,099,600	3,607,030
Lease liabilities	113,252	166,152
	<b>31,135,871</b>	<b>22,861,318</b>

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 58. FAIR VALUE MEASUREMENTS

### (a) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three level inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3 inputs: significant unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 58. FAIR VALUE MEASUREMENTS (CONTINUED)

### (a) Fair value hierarchy (Continued)

Disclosures of level in fair value hierarchy:

	2024			
	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Recurring fair value measurements:</b>				
<u>Financial assets at FVTPL</u>				
Debt securities	786,376	4,909,779	–	5,696,155
Equity securities	1,361,148	288,971	83,910	1,734,029
Investment funds	1,702,395	133,146	3,949	1,839,490
Assets management schemes	–	342,018	–	342,018
Collective trust schemes	–	31,406	2,377	33,783
	3,849,919	5,705,320	90,236	9,645,475
<u>Financial assets at FVTOCI</u>				
Debt securities	2,946	2,410,865	–	2,413,811
Equity securities	–	–	4,308	4,308
	2,946	2,410,865	4,308	2,418,119
	3,852,865	8,116,185	94,544	12,063,594

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 58. FAIR VALUE MEASUREMENTS (CONTINUED)

### (a) Fair value hierarchy (Continued)

Disclosures of level in fair value hierarchy: (Continued)

	2023			
	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Recurring fair value measurements:</b>				
<u>Financial assets at FVTPL</u>				
Debt securities	629,381	4,777,725	–	5,407,106
Equity securities	746,378	454,422	95,755	1,296,555
Investment funds	671,627	131,545	3,949	807,121
Assets management schemes	–	87,956	–	87,956
Collective trust schemes	–	55,750	–	55,750
	2,047,386	5,507,398	99,704	7,654,488
<u>Financial assets at FVTOCI</u>				
Debt securities	90,680	1,829,100	–	1,919,780
Equity securities	–	196,323	9,369	205,692
	90,680	2,025,423	9,369	2,125,472
	2,138,066	7,532,821	109,073	9,779,960

There were no significant transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the years ended 31 December 2024 and 2023.



# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 58. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Fair value of the financial instruments that are not presented at fair value

The carrying amount and fair value of debt instruments which are not presented at fair value are as below:

	2024		2023	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Financial assets:				
– Debt investments measured at amortised cost	–	–	219,326	218,633
Financial liabilities:				
– Subordinated bonds	1,481,096	1,544,149	1,468,584	1,519,625
– Long-term corporate bond	1,913,799	1,999,150	1,894,053	1,958,091
	<b>3,394,895</b>	<b>3,543,299</b>	3,362,637	3,477,716

Except as disclosed above, the directors of the Company considers that the carrying amount of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

### (c) Valuation process used by the Group and valuation techniques and inputs used in fair value measurements

The Group's financial market department is responsible for the fair value measurements of financial assets and liabilities required for financial reporting purposes. The financial market department reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial market department and the Board of Directors periodically.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 58. FAIR VALUE MEASUREMENTS (CONTINUED)

### (c) Valuation process used by the Group and valuation techniques and inputs used in fair value measurements (Continued)

#### Level 1 fair value measurements

Fair value of financial instruments under level 1 fair value measurement is based on quoted prices (unadjusted) reflected in active markets.

#### Level 2 fair value measurements

As at 31 December 2024, the Group's financial assets at FVTPL and FVTOCI under level 2 fair value measurements consist of debt securities, equity securities, investment funds, assets management schemes and collective trust schemes and their fair value measurements were determined as follows:

Debt securities of RMB6,704,981,000 (2023: RMB6,606,825,000), of which value are available on China bond pricing system on the valuation date, fair values are determined by using the latest valuation results published by China bond pricing system.

For equity securities of RMB288,971,000 (2023: RMB650,745,000), fair values are determined by using the latest quoted price adjusted with certain observable inputs.

For investment funds, assets management schemes and collective trust schemes of RMB133,146,000 (2023: RMB131,545,000), RMB342,018,000 (2023: RMB87,956,000) and RMB31,406 (2023: RMB55,750,000), respectively, fair values are determined based on the quoted prices or recent market transaction price of the underlying investments in each portfolio or the net asset values as published by the fund managers.

During the years ended 31 December 2024 and 2023, there were no significant changes of valuation techniques for level 2 fair value measurements.

#### Level 3 fair value measurements

For financial instruments under level 3 fair value measurements, prices are determined using valuation methodologies such as market comparable method, discounted cash flow models or other similar techniques. The fair value measurements of these financial instruments may involve unobservable inputs such as price to book ratio, price to earnings ratio, liquidity discount, etc. The financial market department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in level 3 fair value measurements.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 58. FAIR VALUE MEASUREMENTS (CONTINUED)

### (c) Valuation process used by the Group and valuation techniques and inputs used in fair value measurements (Continued)

Level 3 fair value measurements (Continued)

The quantitative information of fair value measurements for level 3 is as follows:

Description	Fair value		Valuation technique	Unobservable inputs	Relationship of unobservable input(s) to fair value
	2024 RMB'000	2023 RMB'000			
Unlisted equity investments	<b>86,287</b>	95,755	Market comparable companies	Discount rate for lack of marketability – 40% (2023: 40%)	The higher the discount rate, the lower the fair value
Unlisted equity investments	<b>4,308</b>	9,369	Market comparable companies	Price-to-Book ratio – 1:1 (2023: 1:1)	The higher the ratio, the higher the fair value
Unlisted investment fund	<b>3,949</b>	3,949	Market comparable companies	Discount rate for lack of marketability – 40% (2023: 40%)	The higher the discount rate, the lower the fair value
	<b>94,544</b>	109,073			

There were no changes in the valuation techniques used during the years ended 31 December 2024 and 2023.

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 58. FAIR VALUE MEASUREMENTS (CONTINUED)

### (d) Reconciliation of financial assets measured at fair value under level 3 fair value measurements

	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Total RMB'000
As at 1 January 2024	99,704	9,369	109,073
Changes in fair value recognised in profit or loss	(14,332)	(5,061)	(19,393)
Additions	4,864	–	4,864
<b>As at 31 December 2024</b>	<b>90,236</b>	<b>4,308</b>	<b>94,544</b>
Total loss/(gain) included in profit or loss for financial assets during the year	<b>14,332</b>	<b>5,061</b>	<b>19,393</b>

	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Total RMB'000
As at 1 January 2023	98,780	21,383	120,163
Changes in fair value recognised in profit or loss	(1,114)	(12,014)	(13,128)
Additions	2,038	–	2,038
As at 31 December 2023	99,704	9,369	109,073
Total loss included in profit or loss for financial assets during the year	1,114	12,014	13,128

# Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2024

## 59. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### 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.

	Debt instruments <i>RMB'000</i>	Interest payables <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2023	4,428,265	61,054	181,319	4,670,638
Financing cash flows				
– Inflow from financing activities	5,400,000	–	–	5,400,000
– Outflow from financing activities				
– Principal payments	(5,440,931)	–	(101,972)	(5,542,903)
– Interest payments	(2,798)	(218,551)	(7,569)	(228,918)
Non-cash changes:				
– Entering into new leases	–	–	93,870	93,870
– Modification of lease	–	–	(7,065)	(7,065)
– Accrued expenses	(99,405)	–	–	(99,405)
– Interest expenses	27,506	227,452	7,569	262,527
As at 31 December 2023 and 1 January 2024	<b>4,312,637</b>	<b>69,955</b>	<b>166,152</b>	<b>4,548,744</b>
Financing cash flows				
– Inflow from financing activities	<b>3,081,000</b>	–	–	<b>3,081,000</b>
– Outflow from financing activities				
– Principal payments	<b>(1,611,000)</b>	–	<b>(83,284)</b>	<b>(1,694,284)</b>
– Interest payments	<b>(4,194)</b>	<b>(129,829)</b>	<b>(5,313)</b>	<b>(139,336)</b>
Non-cash changes:				
– Entering into new leases	–	–	<b>38,437</b>	<b>38,437</b>
– Modification of lease	–	–	<b>(8,053)</b>	<b>(8,053)</b>
– Accrued expenses	<b>(32,258)</b>	–	–	<b>(32,258)</b>
– Interest expenses	<b>68,710</b>	<b>151,808</b>	<b>5,313</b>	<b>225,831</b>
<b>As at 31 December 2024</b>	<b>5,814,895</b>	<b>91,934</b>	<b>113,252</b>	<b>6,020,081</b>