南華期貨股份
NANHUA FUTURES CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 南華期貨股份有限公司 and carrying on business in Hong Kong as 橫華國際 through our Hong Kong subsidiaries)

Stock Code： 02691

2025 Annual Report

IMPORTANT NOTICE

The Board, the Directors and the senior management warrant the truthfulness, accuracy and completeness of this report and that there is no misrepresentation on, misleading statement in, or material omission from this report, and will assume joint and several liabilities.

This report was considered and approved at the seventh meeting of the fifth session of the Board of the Company. All the Directors of the Company attended the Board meeting, and no Director raised any objection to this report.

Pan-China Certified Public Accountants LLP and Confucius International CPA Limited issued the auditor's reports regarding the Company's domestic and international annual financial reports with standard unqualified audit opinion, respectively.

Luo Xufeng (responsible person of the Company), Li Li (the Chief Financial Officer (Acting) of the Company) and Sun Yingting (head of the accounting department (chief accountant)) warrant that the financial statements set out in this report are true, accurate and complete.

The Company proposes to distribute a cash dividend of RMB0.69 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of the Company of 717,724,893 shares as at December 31, 2025 after deducting 5,681,234 shares in the Company's designated securities account for repurchase, being 712,043,659 shares, the total proposed cash dividends to be distributed amounts to RMB49,131,012.47 (tax inclusive), representing 10.10% of the net profit attributable to shareholders of the Company for the year. Furthermore, the Company proposes to issue 4.50 shares for every 10 shares to all shareholders converted out of capital reserve. As of December 31, 2025, the total share capital of the Company was 717,724,893 shares, (including 610,065,893 A shares and 107,659,000 H shares); after deducting 5,681,234 shares in the Company's designated securities account for repurchase, being 712,043,659 shares. Following this conversion of capital reserve, the total share capital of the Company will be 1,038,144,540 shares (including 882,038,990 A shares and 156,105,550 H shares). The total share capital of the Company shall be subject to the final registration results, and any discrepancies are due to rounding.

The aforementioned plan regarding the distribution of profits and the conversion of capital reserve has been approved by the seventh meeting of the fifth session of the Board of the Company and will be submitted to the 2025 Annual Shareholders' Meeting for consideration, subject to the approval of the shareholders' meeting.

Forward-looking statements including future plan and development strategy involved in this report do not constitute the Company's substantive commitment to investors. Investors should be aware of the investment risks.

There was no appropriation of funds of the Company by controlling shareholder(s) and other related parties for non-operating purposes.

There was no guarantee of the Company provided to the external parties which violated the stipulated decision-making procedures.

There was no instance of the Company where more than half of the directors were unable to guarantee the truthfulness, accuracy and completeness of the annual results announcement disclosed by the Company.

This report of the Company has been prepared in both English and Chinese. In the event of any discrepancies in interpretation between the English version and Chinese version of this report, the Chinese version shall prevail.

CONTENTS

2	CHAIRMAN'S STATEMENT
4	DEFINITIONS
8	IMPORTANT RISK WARNINGS
9	COMPANY PROFILE
27	FINANCIAL SUMMARY
30	MANAGEMENT DISCUSSION AND ANALYSIS
69	REPORT OF THE BOARD
81	SIGNIFICANT EVENT
93	CHANGES IN SHARES AND INFORMATION ON SUBSTANTIAL SHAREHOLDERS
100	INFORMATION ON DIRECTORS, SENIOR MANAGEMENT AND STAFF
117	CORPORATE GOVERNANCE REPORT
142	INDEPENDENT AUDITOR'S REPORT AND NOTES TO THE FINANCIAL STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2025, amidst continuous evolution in the global economic landscape as driven by geopolitical shifts and technological advancements, financial markets experienced heightened volatility, while industrial and supply chains underwent profound restructuring. In this regard, enterprises faced increasingly complex and diversified risks. Faced with an external environment fraught with uncertainties, Nanhua Futures strategized its development with a global perspective, solidified its foundation through professional capabilities, and drove upgrades through technological innovation, with a view to fostering coordinated development of its domestic and international businesses. By the end of December 2025, the Company had achieved a scale of domestic client equity amounting to RMB38.982 billion, while its overseas clients' net equity reached HKD23.306 billion, highlighting the gradual emergence of a dual-wheel drive model encompassing both domestic and international markets.

IMPROVING GLOBAL BUSINESS LAYOUT AND ELEVATING INTERNATIONALIZATION TO NEW HEIGHTS

In 2025, the Company further strengthened its overseas business system and clearing network. HGNH International secured clearing membership qualifications from multiple mainstream exchanges, achieving a "18+15" exchange membership and clearing system framework that covers major global derivatives markets, and thus providing a solid risk management infrastructure for Chinese institutions to "go global". The Company enhanced its service capabilities in physical delivery, exchange of futures for physicals, and warehouse receipt pledging in its overseas futures business, and became one of the first LME warehouse receipt holders in Hong Kong, further deepening its participation in the global industrial chain. Its overseas securities and asset management businesses continuously optimized their product structures and business models, deepened cooperation with peer institutions, and explored new profit growth drivers. With the Company's successful listing on the Stock Exchange by the end of 2025, it achieved a dual listing on both the "A" and "H" share markets, and its brand influence overseas was further enhanced, ushering in new opportunities for business development.

STRENGTHENING INTERNAL SYNERGY AND UPGRADING PROFESSIONAL RISK MANAGEMENT LEVELS

Amidst the trend of institutional and industrial development in the futures market, the Company accelerated the construction of comprehensive risk management service capabilities. In 2025, the Company systematically integrated its front-, middle-, and back-office resources, forming an integrated operational system of "front-office business expansion, middle-office research empowerment, and back-office risk control and compliance safeguards", enabling multi-dimensional business empowerment. Focusing on industrial clients, the Company continuously strengthened its research-driven approaches and the application of risk management tools, establishing professional teams in key sectors such as energy and chemicals, non-ferrous metals, ferrous metals, and agricultural product chains to provide clients with more systematic and professional risk hedging solutions. Through large-scale forums, industry salons, targeted training sessions, and other formats, the Company effectively promoted business implementation and brand dissemination, further enhancing client stickiness and industry brand influence.

DEEPENING WEALTH MANAGEMENT TRANSFORMATION AND ENHANCING COMPREHENSIVE FINANCIAL SERVICE CAPABILITIES

The Company responded to the evolving trend of wealth management demands, while taking compliance and risk control as its foundation, product innovation as its driver, and intensive client engagement as its core. It continuously improved its personnel, systems, processes, and infrastructure to drive high-quality development across various business segments, including asset management, fund distribution, and public funds. In 2025, the Company enhanced its client service experience and asset allocation professionalism by optimizing product system, strengthening investment advisory capabilities, and improving digital service capabilities. It further refined its institutional business system, while enhancing service offerings around institutional clients such as public funds, private funds, and bank wealth management subsidiaries, strengthening client stickiness and long-term cooperation foundations, and constructing a more stable and sustainable business structure.

EMBRACING AI AND DIGITAL TRANSFORMATION AND DRIVING APPLICATIONS IN THE FUTURES SECTOR

Artificial intelligence is reshaping the global competitive landscape. In 2025, the Company advanced AI and digital transformation as systematic projects, accelerating the construction of a digital operational system. Over the past year, the Company continuously explored the integrated application of AI and digital tools around core scenarios such as investment research support, client service, and risk control and compliance. By introducing algorithms and model tools, the Company improved research analysis efficiency and risk identification capabilities, optimized service matching and client experience, promoted standardized business processes, and enhanced overall efficiency. Regarding AI technology applications, the Company has defined a phased development roadmap, reserving key technical capabilities for subsequent deepening of "technology-business integration" and cultivation of innovative business models.

Looking ahead to 2026, the global economy will still face numerous uncertainties, while the breadth and depth of derivatives markets will continue to expand. Nanhua Futures will center on high-quality development, while continuously strengthening its core competitiveness, improving operational efficiency and client experience, and enhancing its long-term value creation capabilities.

Luo Xufeng
Chairman
March 27, 2026

DEFINITIONS

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

Definitions of Common Terms

Company Law	the Company Law of the People's Republic of China (中華人民共和國公司法)
Securities Law	the Securities Law of the People's Republic of China (中華人民共和國證券法)
Share(s)	A Shares and H Shares
Shareholder(s)	holders of domestic shares or overseas listed foreign share in the ordinary share capital of the Company with a nominal value of RMB1.00 each, listed on the SSE and the Stock Exchange respectively
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
SSE, Shanghai Stock Exchange	Shanghai Stock Exchange (上海證券交易所)
SZSE	Shenzhen Stock Exchange (深圳證券交易所)
BSE	Beijing Stock Exchange (北京證券交易所)
Stock Exchange	The Stock Exchange of Hong Kong Limited
HKEX	Hong Kong Exchanges and Clearing Limited
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules
Securities and Futures Ordinance	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
Articles of Association	the Articles of Association of Nanhua Futures Co., Ltd. currently in force, as amended, supplemented and otherwise modified from time to time

the Company, the Group, Company, we, Nanhua Futures	Nanhua Futures Co., Ltd. and its subsidiaries
CFA	the China Futures Association (中國期貨業協會)
DCE	Dalian Commodity Exchange (大連商品交易所)
ZCE	Zhengzhou Commodity Exchange (鄭州商品交易所)
SHFE	Shanghai Futures Exchange (上海期貨交易所)
GFEX	Guangzhou Futures Exchange (廣州期貨交易所)
CFFEX	China Financial Futures Exchange (中國金融期貨交易所)
INE	Shanghai International Energy Exchange (上海國際能源交易中心)
Enterprise Association	Dongyang Hengdian Social Organization and Economic Enterprise Association (東陽市橫店社團經濟企業聯合會), the de facto controller of the Company
Dongyang Hengdian Association	Dongyang Hengdian Social Organization and Economic Enterprise Association (東陽市橫店社團經濟企業聯合會)
Hengdian Holdings	Hengdian Group Holdings Co., Limited (橫店集團控股有限公司), a Controlling Shareholder of the Company
Dongyang Henghua	Dongyang Henghua Investment Limited Partnership (Limited Partnership) (東陽市橫華投資合夥企業(有限合夥)),
Hengdian Import and Export	Zhejiang Hengdian Import and Export Co., Ltd. (浙江橫店進出口有限公司)
Hengdian DMEGC Magnetics	Hengdian Group DMEGC Magnetics Co., Ltd (橫店集團東磁股份有限公司)
Nanhua Capital	Zhejiang Nanhua Capital Management Co., Ltd. (浙江南華資本管理有限公司)
Dongyang Hengchuang	Dongyang Hengchuang Industrial Development Partnership (Limited Partnership) (東陽市衡創實業發展合夥企業(有限合夥))
Zhoushan Jinxu	Zhoushan Jinxu Trading Co., Ltd. (舟山金旭貿易有限公司)
Hangzhou Ruiyi	Hangzhou Ruiyi Trading Co., Ltd. (杭州瑞熠貿易有限公司)

Henghua Agricultural Industry	Heilongjiang Henghua Agricultural Industry Service Co., Ltd. (黑龍江橫華農業產業服務有限公司)
North South Enterprise Consulting	Harbin North South Enterprise Consulting Firm (Limited Partnership) (哈爾濱南北企業諮詢事務所(有限合夥))
HGNH Capital (Hong Kong)	HGNH Capital (Hong Kong) Co., Limited (橫華資本(香港)有限公司)
Holland & Muh	Zhejiang Holland & Muh Investment Management Co., Ltd. (浙江紅藍牧投資管理有限公司)
Nanhua Fund	Nanhua Fund Management Co., Ltd. (南華基金管理有限公司)
HGNH International	HGNH International Financial Corporation Limited (橫華國際金融股份有限公司)
HGNH International Futures	HGNH International Futures Co., Limited (橫華國際期貨有限公司)
HGNH International Securities	HGNH International Securities Co., Limited (橫華國際證券有限公司)
HGNH International Wealth Management	HGNH International Wealth Management Co., Limited (橫華國際財富管理有限公司)
HGNH International Asset	HGNH International Asset Management Co., Limited (橫華國際資產管理有限公司)
HGNH International Technology Commodity	HGNH International Technology Commodity Services Co., Limited (橫華國際科技商貿服務有限公司)
HGNH International Capital	HGNH International Capital Co., Limited (橫華國際資本有限公司)
A Share(s)	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 603093.SH)
NANHUA USA HOLDING	NANHUA USA HOLDING LLC
CII	CHICAGO INSTITUTE OF INVESTMENT, INC.
H Share(s)	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange (stock code: 2691.HK)

NANHUA USA	NANHUA USA LLC
Nanhua Fund	Nanhua Fund SPC
NANHUA USA INVESTMENT	NANHUA USA INVESTMENT LLC
NANHUA SINGAPORE	NANHUA SINGAPORE PTE.LTD.
NANHUA UK	NANHUA FINANCIAL (UK) CO LIMITED
NANHUA SG	NANHUA ASSET MANAGEMENT SG PTE.LTD.
HGNH CAPITAL	HGNH CAPITAL FUND
Reporting Period	For the year ended December 31, 2025
end of the Reporting Period	December 31, 2025

IMPORTANT RISK WARNINGS

The Company's business is highly reliant on the overall economic and market environments in China and the regions where its overseas businesses operate. Fluctuations in domestic and international capital markets and futures derivatives markets will significantly impact the Company's results of operation.

Combining the operational characteristics of the futures and derivatives industry and based on the Company's actual business operations in futures brokerage, risk management, wealth management, and overseas financial services, the primary risks faced by the Company include: market risk arising from adverse movements or sharp fluctuations in underlying asset market prices; credit risk resulting from counterparties or clients' failing to fulfill contractual obligations or deteriorating credit conditions; operational risk caused by incomplete or erroneous internal procedures and personnel operations; compliant risk stemming from changes in industry regulatory policies, laws, regulations, and regulatory attitudes, as well as differences in domestic and overseas regulatory rules; and information system risk triggered by system inadequacies, failures, or information technology system failures at partnered financial institutions. The Company focuses on monitoring and managing core operational risks such as market risk, credit risk, operational risk, compliant risk, and information system risk, while formulating differentiated risk control strategies for different business lines.

In response to the aforementioned risks, the Company has established a comprehensive risk management system commensurate with its business scale and the complexity of its domestic and overseas operations. Combining the operational characteristics of each business, the Company strengthens risk prevention and response through system construction, process standardization, risk control measures, and technical support, implements dynamic and targeted control over various risks, and continuously optimizes risk response strategies and specific operational procedures. In 2025, the Company actively responded to risks through various effective measures, thus ensuring that all types of risks are measurable, controllable, and bearable, and safeguarding the safe and efficient conduct of the Company's operating activities.

INFORMATION ABOUT THE COMPANY

Chinese Name of the Company	南華期貨股份有限公司(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 南華期貨股份有限公司 and carrying on business in Hong Kong as 橫華國際 through our Hong Kong subsidiaries)
Chinese Abbreviation (domestic) of the Company	南華期貨
English Name of the Company	NANHUA FUTURES CO., LTD.
English Abbreviation of the Company	NANHUA FUTURES
Legal Representative of the Company	Luo Xufeng
General Manager of the Company	Jia Xiaolong
Authorized Representative	Luo Xufeng Zhong Yiqiang (Resigned on March 10, 2026) Xu Wencai (From March 10, 2026 to March 27, 2026) Ma Yisheng (Appointed on March 27, 2026)

REGISTERED CAPITAL AND NET CAPITAL OF THE COMPANY

Unit: RMB

	As at the end of the Reporting Period	As at the end of the previous year
Registered capital	**610,065,893**	610,065,893
Net capital	**2,744,256,789.93**	1,509,669,605.44

Note: As of the date of publication of this report, the total number of Shares of the Company was 717,724,893, of which 610,065,893 were A Shares and 107,659,000 were H Shares

BUSINESS QUALIFICATIONS

The Company possesses the following specific business qualifications:

Entity	Specific business qualifications
Nanhua Futures	Commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management, and securities investment fund distribution
Nanhua Capital	Basis trading, over-the-counter derivatives business, and market making
Nanhua Fund	Fund raising, fund sales, asset management, asset management for specific clients, and other businesses permitted by the China Securities Regulatory Commission (CSRC)
HGNH International	HGNH International Futures 1. Type 2: Futures contract trading 2. Type 5: Advising on futures contracts 3. Qualifications as an exchange participant of Hong Kong Futures Exchange Limited 4. Qualifications as a futures clearing company participant of HKFE Clearing Corporation Limited 5. Qualifications as a registered holder of trading rights at Hong Kong Futures Exchange Limited 6. Qualifications as a trading member of Eurex Exchange (EUREX) 7. Qualifications as an overseas intermediary institution of Shanghai International Energy Exchange 8. Qualifications as an overseas brokerage institution of Dalian Commodity Exchange 9. Qualifications as an overseas brokerage institution of Zhengzhou Commodity Exchange 10. Exemption from foreign company registration with the National Futures Association (NFA) in the United States, enabling it to act as an agent for U.S. investors to trade futures products in regulated markets outside the U.S. futures market, such as those recognized by Hong Kong Securities and Futures Commission (SFC) HGNH International Asset 11. Type 4: Advising on securities (licensing conditions for providing services solely to professional investors (the term “professional investor” is defined by reference to the Securities and Futures Ordinance and its subsidiary legislation)) 12. Type 9: Asset management (licensing conditions for providing services solely to professional investors) Qualifications as an exchange participant of Hong Kong Futures Exchange Limited 13. RMB qualified foreign institutional investor

Entity	Specific business qualifications
	HGNH International Securities 14. Type 1: Securities trading 15. Type 4: Advising on securities (licensing conditions for providing services solely to professional investors (the term "professional investor" is defined by reference to the Securities and Futures Ordinance and its subsidiary legislation)) 16. Qualifications as a direct clearing participant of Hong Kong Securities Clearing Company Limited 17. Qualifications as an exchange participant of the Stock Exchange 18. Qualifications as a China Connect (Shanghai-Hong Kong Stock Connect) clearing participant and qualifications as a China Connect (Shanghai-Hong Kong Stock Connect) exchange participant 19. Qualifications as a China Connect (Shenzhen-Hong Kong Stock Connect) clearing participant and qualifications as a China Connect (Shenzhen-Hong Kong Stock Connect) exchange participant
	NANHUA USA 20. Registered as a member of the National Futures Association (NFA) and obtained qualifications as a Futures Commission Merchant (FCM) with the approval of the U.S. Commodity Futures Trading Commission (CFTC) and accreditation from the NFA 21. Clearing member qualifications with four exchanges under Chicago Mercantile Exchange Group (CME Group): Chicago Mercantile Exchange (CME), Chicago Board of Trade (CBOT), New York Mercantile Exchange (NYMEX), and Commodity Exchange (COMEX) 22. Clearing membership qualifications with Dubai Mercantile Exchange (DME) (renamed to Gulf Mercantile Exchange (GME) on September 2, 2024) 23. Membership qualifications with Minneapolis Grain Exchange (MGEX) (renamed to MIAX Exchange (MIAX Futures Exchange, LLC) on October 1, 2024) 24. Clearing membership qualifications with Intercontinental Exchange U.S. (ICE-US) 25. Clearing membership qualifications with Chicago Board Options Exchange Clearing (CBOE Clear) 26. Trading membership qualifications with Cboe Futures Exchange, LLC (CFE) 27. Clearing membership qualifications with Nodal Clear 28. Trading membership qualifications with Coinbase Derivatives 29. Trading membership qualifications with Nodal Exchange

Entity	Specific business qualifications
	NANHUA USA INVESTMENT
	30. Member of the National Futures Association (NFA) in the United States, and qualified as a Commodity Trading Advisor and Commodity Pool Operator
	NANHUA SINGAPORE
	31. Capital markets services license approved by the Monetary Authority of Singapore (MAS), engaging in futures contract trading and leveraged foreign exchange trading
	32. Qualifications as an overseas brokerage institution of Dalian Commodity Exchange
	33. Derivatives trading and clearing membership qualifications with Singapore Exchange (SGX)
	34. Qualifications as an overseas intermediary institution of Shanghai International Energy Exchange
	35. Qualifications as an overseas brokerage institution of Zhengzhou Commodity Exchange
	36. Qualified as a non-U.S. broker in compliance with CFTC Rule 30.10, enabling it to act as an agent for U.S. investors to trade futures products in regulated markets outside the U.S. futures market, such as those in Singapore, Hong Kong, and Europe
	37. Trading membership qualifications with ICE Futures Singapore (IFSG) and clearing membership qualifications with ICE Clear Singapore (ICSG)
	NANHUA SG
	38. Fund management license under the Capital Markets Services License (CMS) granted by the Monetary Authority of Singapore (MAS)
	39. Qualifications as a qualified foreign investor

Entity	Specific business qualifications
	NANHUA UK 40. Approved by the UK Financial Conduct Authority to engage in commodity futures, commodity options, as well as commodity futures options, futures (excluding commodity futures and leveraged foreign exchange cash contracts), options (excluding commodity options and commodity futures options), leveraged spot foreign exchange contracts, and stocks, acting as a principal/agent/arranger (provider) of investment transactions 41. Category II membership qualifications with London Metal Exchange (LME) 42. Qualifications as an overseas brokerage institution of Zhengzhou Commodity Exchange 43. Qualifications as an overseas brokerage institution of Dalian Commodity Exchange 44. Qualifications as an overseas broker institution of Shanghai International Energy Exchange 45. Qualifications as a qualified foreign investor 46. Trading and clearing membership qualifications with Intercontinental Exchange Europe (ICEU) 47. Principal membership qualifications with Futures Industry Association (FIA) 48. Qualified as a non-U.S. broker in compliance with CFTC Rule 30.10, enabling it to act as an agent for U.S. investors to trade futures products in regulated markets outside the U.S. futures market, such as those in Singapore, Hong Kong, and Europe

CONTACT PERSONS AND DETAILS

Name	Secretaries to the Board: Zhong Yiqiang (Resigned on March 10, 2026), Ma Yisheng (Appointed on March 10, 2026) Joint Company Secretaries: Zhong Yiqiang (Resigned on March 10, 2026), Ma Yisheng (Appointed on March 27, 2026), Zhang Xiao (Resigned on March 27, 2026), Cong Lin (Appointed on March 27, 2026)
Address	Room 301, Room 401, Room 501, Room 701, Room 901, Room 1001, Room 1101, Room 1201, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province
Telephone	86-0571-87833551
Facsimile	86-0571-88385371
Email	nanhua-ir@nawaa.com

BASIC INFORMATION

Registered Address of the Company	Room 301, Room 401, Room 501, Room 701, Room 901, Room 1001, Room 1101, Room 1201, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province
Historical changes to the Company's registered address	In October 2021, the Company's registered address changed from "2nd and 3rd Floors, No. 193 West Lake Avenue, Hangzhou" to "Room 301, Room 401, Room 501, Room 701, Room 901, Room 1001, Room 1101, Room 1201, Hengdian Building, Shangcheng District, Hangzhou"
Office Address of the Company	Room 301, Room 401, Room 501, Room 701, Room 901, Room 1001, Room 1101, Room 1201, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province
Postal Code of Registered Address of the Company	310000
Place of Business in Hong Kong	17/F, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong
Website of the Company	http://www.nanhua.net
Email	nanhua-ir@nawaa.com
Contact Hotline	86-0571-87833551
Facsimile	86-0571-88385371
Shareholder Contact Hotline:	86-0571-87833551
United Social Credibility Code	91330000100023242A

INFORMATION DISCLOSURE AND AVAILABILITY PLACES

Media designated for information disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times
The websites designated for publication of the Annual Reports of the Company	Website of the SSE: http://www.sse.com.cn Website of the Stock Exchange: http://www.hkexnews.hk Website of the Company: http://www.nanhua.net
Places where Annual Reports of the Company are available	The Board Office, 12/F, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province

BRIEF DESCRIPTION OF THE COMPANY'S SHARES

Types of Shares	**Listed Exchanges**	**Stock Name**	**Stock Code**
A Shares	SSE	NANHUA FUTURES	603093
H Shares	Stock Exchange	NANHUA FUTURES	02691

COMPANY HISTORY AND EVOLUTION

Establishment of Nanhua Futures

Nanhua Futures was established through the overall restructuring of Nanhua Futures Co., Ltd., whose predecessor was Zhejiang Nanhua Futures Brokerage House Co., Ltd. On October 18, 1995, the China Securities Regulatory Commission (CSRC) issued the "Reply on Zhejiang Nanhua Futures Brokerage House Co., Ltd." (ZJQSZ [1995] No.136), approving the registration of Zhejiang Nanhua Futures Brokerage House Co., Ltd. On May 28, 1996, Zhejiang Nanhua Futures Brokerage House Co., Ltd. was registered with the State Administration for Industry and Commerce and obtained its "Business License for Enterprise Legal Person" with a registered capital of RMB10 million.

Capital Increases and Restructuring of Nanhua Futures

1. Previous capital increases

(1) On January 17, 2000, the CSRC issued the "Futures Brokerage Business License" to Zhejiang Nanhua Futures Brokerage House Co., Ltd., increasing its registered capital from RMB10 million to RMB30 million.

(2) On May 29, 2001, the controlling shareholder of Zhejiang Nanhua Futures Brokerage House Co., Ltd. was changed to Hengdian Group Co., Ltd.

(3) On December 24, 2002, the Hangzhou Securities Regulatory Special Commissioner's Office of the CSRC issued the "Notice Regarding the Approval of Changes in Registered Capital, Shareholders, and Shareholding Structure of Zhejiang Nanhua Futures Brokerage House Co., Ltd." (HZTPB [2002] No.411), approving the shareholding change and capital increase plans of Zhejiang Nanhua Futures Brokerage House Co., Ltd., and increasing its registered capital from RMB30 million to RMB110 million.

(4) In August 2005, Zhejiang Nanhua Futures Brokerage House Co., Ltd. was renamed to Nanhua Futures Brokerage Co., Ltd.

(5) On July 10, 2007, the CSRC issued the "Approval Regarding the Change in Shareholding of Nanhua Futures Brokerage Co., Ltd." (ZJQHZ [2007] No.87), approving the shareholding change plan of Nanhua Futures Brokerage Co., Ltd., and changing its controlling shareholder to Hengdian Holdings.

(6) On April 20, 2009, the CSRC issued the "Approval Regarding the Change in Registered Capital and Shareholding of Nanhua Futures Brokerage Co., Ltd." (ZJXK [2009] No.316), approving the shareholding change and capital increase plans of Nanhua Futures Brokerage Co., Ltd., increasing its registered capital from RMB110 million to RMB160 million and renaming it Nanhua Futures Co., Ltd.

(7) On December 9, 2009, the CSRC issued the "Approval Regarding the Change in Registered Capital and Shareholding of Nanhua Futures Co., Ltd." (ZJXK [2009] No.1325), approving the capital increase plan of Nanhua Futures Co., Ltd., and increasing its registered capital from RMB160 million to RMB285.6 million.

(8) On February 16, 2011, the CSRC issued the "Approval Regarding the Change in Registered Capital and Shareholding of Nanhua Futures Co., Ltd." (ZJXK [2011] No.225), approving the capital increase plan of Nanhua Futures Co., Ltd., and increasing its registered capital from RMB285.6 million to RMB450 million.

2. **Establishment of Nanhua Futures Co., Ltd.**

On August 30, 2012, the third shareholders' meeting of Nanhua Futures Co., Ltd. passed a resolution, agreeing to the overall restructuring and establishment of Nanhua Futures Co., Ltd. with June 30, 2012 as the benchmark date. On September 26, 2012, Nanhua Futures Co., Ltd. held its fourth extraordinary shareholders' meeting, agreeing to the overall restructuring and share conversion plan of Nanhua Futures Co., Ltd. On October 18, 2012, the Company completed its business change of registration procedures with Zhejiang Provincial Administration for Industry and Commerce, and obtained its new "Business License for Enterprise Legal Person" with a registration number of 330000000003178 and Luo Xufeng as its legal representative.

On December 13, 2012, the second extraordinary shareholders' meeting of Nanhua Futures passed a resolution, increasing the Company's registered capital by RMB50 million, and on December 23, 2012, the third extraordinary shareholders' meeting of Nanhua Futures passed a resolution, increasing the company's registered capital by RMB10 million, thus, Nanhua Futures' registered capital increased from RMB450 million to RMB510 million. On December 28, 2012, Nanhua Futures legally completed the business change of registration procedures.

Initial public offering of A shares by Nanhua Futures

On August 9, 2019, the CSRC issued the "Approval Regarding the Initial Public Offering of Shares by Nanhua Futures Co., Ltd." (ZJXK [2019] No.1480), approving the Company's public issuance of no more than 70 million new shares. On August 30, 2019, the Company publicly issued 70 million RMB ordinary shares (A shares) and was listed on Shanghai Stock Exchange, raising a net amount of RMB282.3143 million, with its registered capital increasing to RMB580 million. On September 6, 2019, the Company completed its business change of registration procedures, and obtained a business license with a unified social credit code of 91330000100023242A.

Private placement of A shares by Nanhua Futures

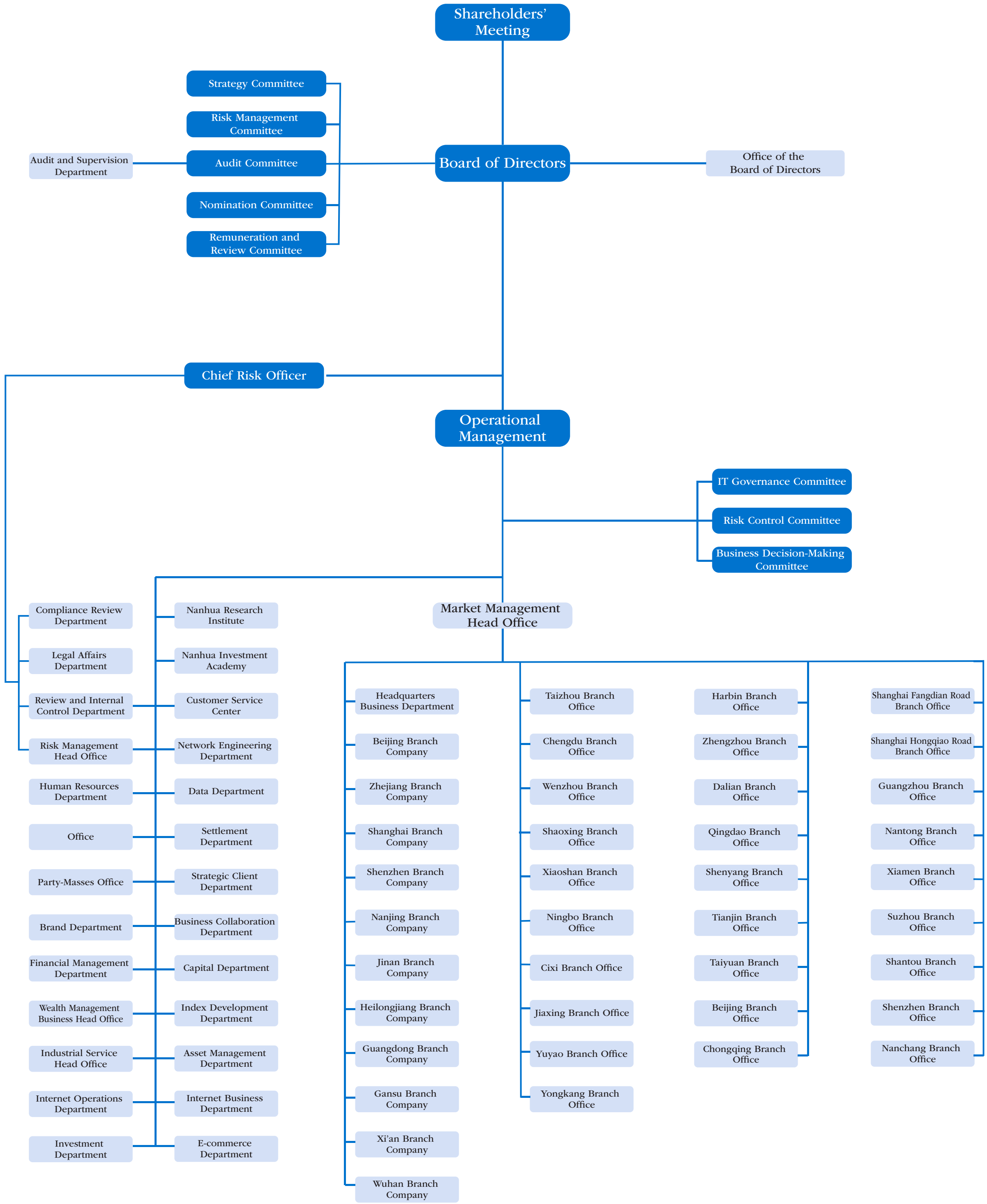
On August 10, 2020, the CSRC issued the "Approval Regarding the Private Placement of Shares by Nanhua Futures Co., Ltd." (ZJXK [2020] No.1757), approving the Company's private placement of no more than 87 million new shares. The Company actually privately placed 30,065,893 A shares, with an issue price of RMB12.14 per share, finally raising a total of RMB364,999,941.02. After deducting the non-tax issuance expenses of RMB5,750,227.71, the actual net amount of funds raised was RMB359,249,713.31, including an increase in registered capital (share capital) of RMB30,065,893.00 and an increase in capital reserve of RMB329,183,820.31. The registration and custody procedures were completed on March 30, 2021 with Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

Initial public offering of H shares by Nanhua Futures

On September 19, 2025, the CSRC issued the "Notice Regarding the Overseas Issuance and Listing Filing of Nanhua Futures Co., Ltd." (GHH [2025] No.1618). On December 22, 2025, the Company publicly issued 107,659,000 H-share stocks and was listed on the Main Board of the Stock Exchange. As a result, the total share capital changed from 610,065,893 shares to 717,724,893 shares.

COMPANY ORGANIZATIONAL STRUCTURE

As of the end of the Reporting Period, the internal organizational structure of the Company is illustrated in the following diagram:



Information on first-tier holding companies of the Company

(1) HGNH International Financial Corporation Limited

Registered address: 17/F, Centre Point, 181-185 Gloucester Road, Wanchai, Hong Kong.

Establishment date: August 16, 2011

Directors: Luo Xufeng, Wang Li, Zhu Qing, Jia Xiaolong, and Jiang Linqiang

Principal business: Equity investment management and capital operation.

Shareholding ratio: 100%

(2) Zhejiang Nanhua Capital Management Co., Ltd.

Registered address: Room 601, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province

Establishment date: May 20, 2013

Registered capital: RMB600 million

Legal representative: Jia Xiaolong

Business scope: General items: Cargo import and export; technology import and export; food sales (pre-packaged food only); retail and wholesale of auto parts and accessories; wholesale of hardware products; wholesale of edible agricultural products; wholesale of computer software and hardware and auxiliary equipment; wholesale of refined oil products (excluding hazardous chemicals); wholesale of daily necessities; sales of livestock and fishery feed; sales of petroleum products (excluding hazardous chemicals); sales of cotton and linen; sales of office supplies; sales of paper pulp; sales of mechanical parts and components; sales of mechanical equipment; sales of metal materials; sales of rubber products; sales of metal structures; sales of building materials; sales of gold and silver products; sales of coal and its products; sales of daily glass products; sales of non-metallic minerals and their products; sales of cement products; sales of daily necessities; sales of chemical products (excluding licensed chemical products); sales of industrial textile products; general cargo warehousing services (excluding hazardous chemicals and other items requiring licensing approval); sales of feed raw materials; supply chain management services; sales of metal ores; as well as industrial investment and investment management (no financial services such as public fund-raising deposits, financing guarantees, and wealth management on behalf of clients shall be engaged in without approval from financial and other regulatory authorities) (except for items that require approval according to law, business activities can only be carried out independently by virtue of a business license). Licensed items: Food sales; and operation of hazardous chemicals (for items that require approval according to law, business activities can only be carried out after approval by the relevant authorities, and the specific business items shall be subject to the approval results).

Shareholding ratio: 100%

(3) Nanhua Fund Management Co., Ltd.

Registered address: Business Building, Hengdian Film and Television Industry Experimental Zone, Dongyang, Zhejiang Province

Establishment date: November 17, 2016

Registered capital: RMB350 million

Legal representative: Zhu Jian

Business scope: Fund raising, fund sales, asset management, asset management for specific clients, and other businesses permitted by the China Securities Regulatory Commission (CSRC).

Shareholding ratio: 100%

NUMBER AND DISTRIBUTION OF THE COMPANY'S FUTURES BRANCH OFFICES

As of the end of the Reporting Period, the Company had established 11 branch companies and 28 branch offices, the specific number and distribution of which are as follows:

Province/city or region	Number of branch offices	Province/city or region	Number of branch offices	Province/city or region	Number of branch offices
Jiangsu	3	Shaanxi	1	Heilongjiang	2
Shanghai	3	Sichuan	1	Hubei	1
Guangdong	5	Chongqing	1		
Fujian	1	Jiangxi	1		
Tianjin	1	Beijing	2		
Shanxi	1	Liaoning	2		
Zhejiang	10	Shandong	2		
Henan	1	Gansu	1		

The basic information about the branch companies is as follows:

Serial number	Full name of branch	Business premises	Establishment date	Person in charge
1	Nanhua Futures Co., Ltd. Nanjing Branch Company	Room 808, Phase II of Xindi Center, Block B, Hexi Business Center, Jianye District, Nanjing	May 30, 2018	Xu Ying
2	Nanhua Futures Co., Ltd. Shanghai Branch Company	Units 801, 802, and 803, Floor 8, 1155 Fangdian Road, Pudong New Area, Shanghai	April 10, 2015	Wang Lihuan
3	Nanhua Futures Co., Ltd. Jinan Branch Company	803, Plot A-1 (South Plot), 360m Super High-rise Building, Central Business District, Ping An Financial Center, 1207 Shanzuo Road, Yaojia Subdistrict, Lixia District, Jinan, Shandong Province	July 9, 2018	Li Haifeng
4	Nanhua Futures Co., Ltd. Zhejiang Branch Company	Rooms 1708 and 1709-1, Floor 17, Building 1, 258 Ningdong Road, Fuming Subdistrict, Yinzhou District, Ningbo, Zhejiang Province	May 11, 2015	Xiang Jie
5	Nanhua Futures Co., Ltd. Shenzhen Branch Company	Rooms 1301B and 1302, T5 Office Building, Qianhai China Resources Financial Center, 5035 Menghai Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	May 19, 2015	Min Fulin
6	Nanhua Futures Co., Ltd. Beijing Branch Company	Rooms A501 and A502, Floor 5, Building 2, 26, 28, and 30 Xuanwumenwai Subdistrict, Xicheng District, Beijing	March 19, 2015	Zhang Yiwei
7	Nanhua Futures Co., Ltd. Heilongjiang Branch Company	Room 1602, Floor 16, Fortune Center, 260 Zhongshan Road, Nangang District, Harbin	June 2, 2021	Shi Yanfeng

Serial number	Full name of branch	Business premises	Establishment date	Person in charge
8	Nanhua Futures Co., Ltd. Guangdong Branch Company	Room 2207, 68 Huacheng Avenue, Tianhe District, Guangzhou	July 20, 2022	Luo Zhifeng
9	Nanhua Futures Co., Ltd. Gansu Branch Company	No.002, Floor 11, 437-451 Jiuquan Road, Zhangye Road Subdistrict, Chengguan District, Lanzhou	June 18, 2001	Huang Ping
10	Nanhua Futures Co., Ltd. Xi'an Branch Company	Room 02, Floor 17, Unit 1, Building 1, Hesheng Jingguang Center, 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi Province	September 1, 2023	Wang Ronghua
11	Nanhua Futures Co., Ltd. Wuhan Branch Company	Rooms 1918-1920, Tower T4, Ocean International Center, Hanyang District, Wuhan, Hubei Province	December 18, 2023	Zhou You

The basic information about the branch offices is as follows:

Serial number	Name of branch office	Business premises	Establishment date	Person in charge
1	Nanhua Futures Co., Ltd. Qingdao Branch Office	Room 2501, Unit 1, 2 Minjiang Road, Shinan District, Qingdao	April 30, 2008	Zhang Ende
2	Nanhua Futures Co., Ltd. Zhengzhou Branch Office	Room 1306, Futures Building, 30 Shangwu Waihuan Road, Zhengzhou	December 1, 2004	Liu Hongli
3	Nanhua Futures Co., Ltd. Chengdu Branch Office	No.507, Floor 5, Building 1, 88 Jiaozi Avenue, Chengdu High-tech Zone, China (Sichuan) Pilot Free Trade Zone	May 18, 2005	Long Li
4	Nanhua Futures Co., Ltd. Chongqing Branch Office	Unit 2#5, Floor 2, 10 Huasheng Road, Yuzhong District, Chongqing	March 16, 2010	Mao Wei

Serial number	Name of branch office	Business premises	Establishment date	Person in charge
5	Nanhua Futures Co., Ltd. Shanghai Hongqiao Road Branch Office	Rooms 1701, 1708, and 1709, 777 Hongqiao Road, Xuhui District, Shanghai	August 18, 2008	Pan Yonghai
6	Nanhua Futures Co., Ltd. Shanghai Fangdian Road Branch Office	Unit 806, Floor 8, 1155 Fangdian Road, Pudong New Area, Shanghai	February 26, 2001	Liu Jianbin
7	Nanhua Futures Co., Ltd. Xiamen Branch Office	Unit 05B, Floor 29, Tower A, China Resources Building, 93 Hubin East Road, Siming District, Xiamen, Fujian Province	April 17, 2012	Wang Jianping
8	Nanhua Futures Co., Ltd. Nantong Branch Office	Rooms A706-707, Building 6, 58 Chongchuan Road, Chongchuan District, Nantong	September 13, 2011	Ni Xiaolei
9	Nanhua Futures Co., Ltd. Guangzhou Branch Office	Room 2009, 68 Huacheng Avenue, Tianhe District, Guangzhou	December 16, 2008	Wu Haixiong
10	Nanhua Futures Co., Ltd. Beijing Branch Office	Rooms 1001-02, F2-1 (B), Floor 10, 2 and 4 Wudinghou Subdistrict, Xicheng District, Beijing	July 2, 2004	Gao Yingying
11	Nanhua Futures Co., Ltd. Tianjin Branch Office	Room 1003, Tower A, Da'an Building, Southeast Corner of the Intersection of Youyi Road and Pingjiang Road, Hexi District, Tianjin	March 30, 2009	Wang Zhe
12	Nanhua Futures Co., Ltd. Suzhou Branch Office	Room 1202, Building 1, Nisheng Plaza, 205 Suzhou Avenue West, Suzhou Industrial Park	November 20, 2015	Li Nan
13	Nanhua Futures Co., Ltd. Shantou Branch Office	Shops 110 and 210, Building 4, Junyue Gulf, 10 Jinwan West First Street, Shantou	November 29, 2016	Luo Yang

Serial number	Name of branch office	Business premises	Establishment date	Person in charge
14	Nanhua Futures Co., Ltd. Harbin Branch Office	Rooms 2601 and 2602, Changqing International Financial Center, 172 Zhongshan Road, Xiangfang District, Harbin	February 5, 2008	Feng Rui
15	Nanhua Futures Co., Ltd. Yuyao Branch Office	No.510, Hemudu Fashion Business Center, South Side of Nanheyan Road and East Side of Xinjian Road, Yuyao	July 22, 2011	Zhou Hongruo
16	Nanhua Futures Co., Ltd. Yongkang Branch Office	Floor 1, Jinzhou Building, Yongkang Headquarters Center, Yongkang, Zhejiang Province	December 17, 2010	Chi Hongtao
17	Nanhua Futures Co., Ltd. Xiaoshan Branch Office	Room 1503A, Building 2, Run'ao Business Center, Yingfeng Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province	October 16, 2008	Wu Xiaoyang
18	Nanhua Futures Co., Ltd. Shaoxing Branch Office	Room 905, Yuefa Building, Yuecheng District, Shaoxing, Zhejiang Province	March 3, 2008	Wang Jinyu
19	Nanhua Futures Co., Ltd. Wenzhou Branch Office	Room 1801, Huameng Business Plaza, 2 Chezhan Avenue, Wenzhou, Zhejiang Province	July 11, 2007	Shi Yiwei
20	Nanhua Futures Co., Ltd. Jiaxing Branch Office	Room 1801, Building 3, Rongtong Business Center, Jiaxing, Zhejiang Province	November 4, 2003	Wang Yifeng
21	Nanhua Futures Co., Ltd. Cixi Branch Office	344, 346, and 348 Xincheng Avenue North, Baishalu Subdistrict, Cixi, Ningbo, Zhejiang Province (Jiali Business Building)	January 30, 2008	Zhang Liqun
22	Nanhua Futures Co., Ltd. Ningbo Branch Office	Room 1709-2, Floor 17, Building 1, 258 Ningdong Road, Fuming Subdistrict, Yinzhou District, Ningbo, Zhejiang Province	July 17, 2002	Fu Yujie

Serial number	Name of branch office	Business premises	Establishment date	Person in charge
23	Nanhua Futures Co., Ltd. Taizhou Branch Office	Room 201, Podium Building, Taizhou International Business Plaza, Taizhou, Zhejiang Province	July 5, 2001	Qiu Zhenbo
24	Nanhua Futures Co., Ltd. Taiyuan Branch Office	Unit 01, Floor 10, Tower B, Wanda Center, 175 Jiefang North Road, Xinghualing District, Taiyuan, Shanxi Province	November 17, 2010	Luo Yuan
25	Nanhua Futures Co., Ltd. Nanchang Branch Office	Rooms 1507 and 1508, Office Building C1, Greenland Central Plaza, 998 Hongguzhong Avenue, Honggutan New Area, Nanchang, Jiangxi Province	August 27, 2015	Gan Huanxue
26	Nanhua Futures Co., Ltd. Shenzhen Branch Office	Room 902, 6009 New World Business Center, Fuxin Community, Lianhua Subdistrict, Futian District, Shenzhen	April 29, 2008	Huang Zeming
27	Nanhua Futures Co., Ltd. Shenyang Branch Office	Room C, Floor 15, 51 Beizhan Road, Shenhe District, Shenyang	March 24, 2009	Liu Wei
28	Nanhua Futures Co., Ltd. Dalian Branch Office	Room 2906, Floor 29, Dalian Futures Building, Tower A, Dalian International Financial Center, 129 Huizhan Road, Shahekou District, Dalian, Liaoning Province	March 17, 2004	Bao Kuanxu

OTHER RELEVANT INFORMATION

Accounting firm engaged by the Company (domestic)	Name	Pan-China Certified Public Accountants LLP
	Office address	28th Floor, T2, Runao Business Center, Yingfeng Street, Xiaoshan District, Hangzhou, Zhejiang Province
	Names of signing accountants	Tang Binbin, Lan Xiao
Accounting firm engaged by the Company (overseas)	Name	Confucius International CPA Limited
	Office address	Rooms 1501-08, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong
	Names of signing accountants	Wong Ho Yuen, Gary
Legal Advisers as to PRC Laws	Name	Beijing Jincheng & Tongda Law Firm
Legal Advisers as to Hong Kong Laws	Name	King & Wood
Compliance Adviser in Hong Kong, China	Name	Innovax Capital Limited
A Share Registrar	Name	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
	Office address	No. 188 Yanggao South Road, Pudong New Area, Shanghai
H Share Registrar	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL ACCOUNTING INDICATORS

Unit: RMB'000

Item	2025	2024	Increase or decrease for the period over the same period of the previous year	2023
Operating income	**1,387,511**	1,354,843	2.41%	1,292,872
Total profit	**545,309**	521,659	4.53%	448,437
Net profit attributable to shareholders of the parent company	**486,264**	457,972	6.18%	401,855
Net cash flows from operating activities	**1,782,044**	-700,408	354.43%	1,152,500

Unit: RMB'000

Item	December 31, 2025	December 31, 2024	Increase or decrease for the period over the same period of the previous year	December 31, 2023
Total assets	**65,472,642**	48,863,397	33.99%	36,325,522
Total liabilities	**59,866,813**	44,738,557	33.81%	32,612,603
Equity attributable to shareholders of the parent company	**5,595,853**	4,115,254	35.98%	3,703,378
Total ownership interests	**5,605,829**	4,124,840	35.90%	3,712,919

FINANCIAL SUMMARY

PRINCIPAL FINANCIAL INDICATORS

Item	**2025**	2024	**Increase or decrease for the period over the same period of the previous year**	2023
Basic earnings per Share (RMB/Share)	**0.80**	0.75	6.67%	0.66
Diluted earnings per Share (RMB/Share)	**0.80**	0.75	6.67%	0.66
Weighted average return on net assets (%)	**11.30**	11.71	Decreased By 0.41 percentage point	11.46

NET CAPITAL OF THE PARENT COMPANY AND RELEVANT RISK CONTROL INDICATORS

Item	**December 31, 2025**	December 31, 2024
Net capital (RMB in millions)	**2,744.26**	1,509.67
Ratio of net capital to total risk capital reserves (net capital/total risk capital reserves) (%)	**240**	166
Net capital/net assets (%)	**65**	48
Current assets/current liabilities (%)	**696**	525
Liabilities/net assets (%)	**23**	28
Clearing settlement funds (RMB in millions)	**601.47**	1,160.38

FINANCIAL POSITION FOR THE LAST FOUR YEARS

Profit Status

Unit: RMB'000

Item	2025	2024	2023	2022
Operating income	**1,387,511**	1,354,843	1,292,872	954,406
Total profit	**545,309**	521,659	448,437	294,833
Net profit attributable to shareholders of the parent company	**486,264**	457,972	401,855	246,060

Assets Status

Unit: RMB'000

Item	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022
Total assets	**65,472,642**	48,863,397	36,325,522	34,189,185
Total liabilities	**59,866,813**	44,738,557	32,612,603	30,864,142
Customers' equity payable	**57,191,041**	42,596,980	29,039,353	27,505,794
Equity attributable to shareholders of the Company	**5,595,853**	4,115,254	3,703,377	3,316,559
Total capital (ten thousand shares)	**717,725**	610,066	610,066	610,066

PRINCIPAL FINANCIAL INDICATORS

Item	2025	2024	2023	2022
Basic earnings per Share (RMB/Share)	**0.80**	0.75	0.66	0.40
Diluted earnings per Share (RMB/Share)	**0.80**	0.75	0.66	0.40
Weighted average return on net assets (%)	**11.30**	11.71	11.46	7.75
Net assets per Share attributable to shareholders of the company (RMB/Share)	**7.80**	6.75	6.07	5.44
Gearing ratio (%)[Note 1]	**32.31**	34.18	49.04	50.25

Note 1: Gearing ratio = (Total liabilities – Customers' equity payable)/(Total assets – Customers' equity payable)

INDUSTRY AND MARKET REVIEW

In 2025, the global economy was complex and volatile and intensified divergence. Multiple factors, including geopolitical conflicts, trade frictions, and adjustments to tariff policies, intertwined and amplified the overall volatility in commodity prices while further widening the divergence in trends across different commodity categories. Against this backdrop, the demand for risk management in the real economy continued to rise. China's futures market saw continuous expansion in product offerings and ongoing opening-up, with service efficiency improving steadily. However, the futures industry also faced numerous challenges. Stringent regulatory policies continuously raised the requirements for compliance and risk control, while intensified competition in traditional channel service models compelled futures companies to transition toward professional and comprehensive risk management services. These companies lacking sufficient capital strength, talent reserves, and technological capabilities faced significant survival pressures.

In 2025, the number of futures and options varieties in China has increased to 164, the total market capital surpassed RMB2 trillion, the number of effective clients across the market exceeded 2.7 million, and institutional client positions accounted for over 65%. The "insurance + futures" programs benefited millions of farmers, with futures becoming an essential tool for stabilizing operations in industry chains. The total funds in the futures market maintained a steady growth trajectory, with market liquidity and resilience further highlighted. As of December 2025, the total client equity held by futures companies has reached a new high, exceeding RMB2 trillion in total and marking an increase of over 30% from the end of 2024. Medium – and long-term capital demonstrated a stronger willingness to enter the market, and the structure of market investors continued to optimize. According to the latest statistics from the China Futures Association, when calculated on a unilateral basis, the cumulative trading volume in China's futures market from January to December 2025 reached 9.074 billion lots, with a cumulative turnover of RMB766.25 trillion, representing year-on-year increases of 17.4% and 23.74%, respectively. Both market trading vitality and price discovery function were unleashed.

The year 2025 marked a year of deepening high-quality development for the futures industry, with continuous improvements in the financial regulatory system and a clearer regulatory orientation emphasizing both institutional opening-up and risk prevention. The implementation of supporting policies related to the new "Nine Guidelines" focused on the effective functioning of the futures market and promoting innovation in futures derivatives tools, thus charting a clear path for industry development. Regulatory authorities imposed stricter standards on futures companies regarding compliant operations, transaction behavior norms, subsidiary risk control, and standardized marketing services, with a view to driving the industry to transition toward standardized and professional operations. Meanwhile, supporting regulations for the Futures and Derivatives Law of the People's Republic of China were continuously refined, clarifying regulatory responsibilities in emerging business areas. Compliant operations and professional service capabilities became core competitive strengths for futures companies. However, the industry faced a shortage of high-end compound talents, with weak reserves in these cross-disciplinary professionals proficient in market and industrial logic as well as technological applications, thus constraining the pace of industry transformation.

Simultaneously, China's futures market made substantive strides in its high-level opening-up, with a two-way opening pattern accelerating its formation and the enthusiasm of foreign investors for participation continuing to rise. In terms of institutional innovation, the first onshore bond-backed QFII commodity futures transaction in China was successfully completed and significantly enhancing overseas investors' capital utilization efficiency. Contracts based on the delivery and settlement prices of natural rubber futures from the Shanghai Futures Exchange (SHFE) were successfully listed on the Osaka Exchange in Japan, continuously strengthening the global influence of "China prices". Additionally, the SHFE and the Shanghai International Energy Exchange (INEE) joined the United Nations Sustainable Stock Exchanges (UNSSE) initiative, contributing insights on how global derivatives exchanges could achieve sustainable development goals and on deepening international exchanges and cooperation. As a result, the international influence of the futures market steadily climbed.

In serving the real economy, the product system of Chinese futures market continued to expand and improve in quality, constructing a more comprehensive tool matrix for serving the real economy and providing critical support for implementing decisions on "ensuring supply and price stability". In 2025, new futures and options varieties, including cast aluminum alloy, pure benzene, propylene, platinum, and palladium, were introduced to the futures market. Among them, cast aluminum alloy marked China's first recycled metal futures variety, while platinum and palladium futures precisely met the needs of the new energy industry, and pure benzene and propylene futures filled gaps in risk management tools for core petrochemical upstream raw materials. Additionally, the three-month average price futures for linear low-density polyethylene and polyvinyl chloride were successfully launched, addressing the pain points of traditional hedging for enterprises. However, entity enterprises still faced practical challenges in using futures tools, such as a shortage of talents and a lack of internal training mechanisms. Some new variety pricing models were insufficiently aligned with industrial needs, requiring further improvements in the precision of industry services to the real economy. As of the end of December 2025, the number of listed futures and options varieties in China increased to 164. The enhanced variety system effectively expanded the depth and breadth of the futures market's services to the industrial chain, playing a more critical role in helping enterprises manage price fluctuations, optimize resource allocation, and improve spot price formation mechanisms.

BUSINESS OVERVIEW

Primary Business

The Company operates within the futures industry. The results of operation of futures companies are correlated with trends in the securities and futures markets. The operating revenue and profit levels in the futures industry exhibit strong cyclicality as influenced by macroeconomic conditions. The Company's futures business also relies on and benefits from China's economic growth and the development and performance of its capital markets, while affected by various factors, including economic environment, regulatory policies, investors' risk appetite, and international markets.

As of December 31, 2025, the Group's total assets amounted to RMB65.473 billion, representing an increase of 33.99% from the beginning of the period. Net assets attributable to the Group were RMB5.596 billion, representing an increase of 35.98% from the beginning of the period. In 2025, the Company achieved a total operating revenue of RMB1.388 billion, a year-on-year increase of 2.41%; a total profit of RMB0.545 billion, a year-on-year increase of 4.53%; and a net profit attributable to shareholders of the parent company of RMB0.486 billion, a year-on-year increase of 6.18%.

The Company's primary businesses include futures brokerage, wealth management, risk management, overseas financial services, and futures investment consulting services. During the Reporting Period,

(1) For futures brokerage business: This business involves the Company's accepting client commissions to conduct futures transactions on their behalf in the name of the Company, with transaction results borne by the clients. The Company's futures brokerage business is divided into commodity futures brokerage business and financial futures brokerage business. Commodity futures refer to futures contracts with physical commodities as the underlying assets. Commodity futures brokerage involves the Company's accepting client requests to act as an agent for their commodity futures transactions. Financial futures refer to futures contracts with financial instruments as the underlying assets. Financial futures brokerage involves the Company's accepting client requests to act as an agent for their financial futures transactions.

(2) For wealth management business: The Company's wealth management business is primarily divided into asset management business, public fund business, and securities investment fund distribution business. The asset management business primarily involves accepting written commissions from single clients or specific multiple clients to invest their entrusted assets according to relevant regulations and contractual agreements, while charging fees or remuneration as stipulated in the contracts; the securities investment fund distribution business refers to the Company's recommending and selling financial products as legally issued by relevant institutions to investors through public and non-public means; and the public fund business refers to the Company's conducting public fund raising, sales, asset management, specific client asset management, and other businesses as permitted by the China Securities Regulatory Commission (CSRC) through Nanhua Fund.

(3) For risk management business: This refers to risk management services, including over-the-counter (OTC) derivatives, basis trading, and market-making operations, as provided by the Company through Nanhua Capital and its subsidiaries, as well as other risk management-related services. The Company's OTC derivatives involve conducting OTC options, swaps, and other OTC derivative transactions with clients while hedging in the on-exchange futures and options markets to generate corresponding investment returns. Basis trading refers to the business through which Nanhua Capital, while purchasing or selling spot commodities, takes opposite positions in the futures or OTC derivatives markets to hedge risks, thereby obtaining low-risk returns from combining spot and futures positions. Market-making operations refer to the services through which Nanhua Capital provides continuous quotes or responds to quotes for specific futures, options, and other derivative contracts in accordance with relevant exchange rules. Based on market-making models, the Company provides continuous quotes to the market in on-exchange markets, hedging in other contracts upon market-making contract transactions and earning exchange subsidies and other revenues, thus achieving certain investment returns through various transactions.

(4) For overseas financial services business: This involves the Company's providing overseas financial services through HGNH International and its subsidiaries, covering various sectors such as futures brokerage, asset management, securities brokerage, leveraged foreign exchange trading, futures investment consulting services, financial training, and securities investment consulting services. Additionally, the Company engages in futures investment consulting services and other businesses that assist and support clients' investment and trading decisions.

BUSINESS REVIEW

In 2025, the domestic and international macroeconomic environments were complex and volatile, with economic recessions, geopolitical conflicts, and policy fluctuations intersecting to escalate risk aversion demands among entity enterprises. Meanwhile, the high-quality development of China's futures industry advanced in depth with continuous improvements in the regulatory system. Futures operating institutions faced the dual challenges of transformation and efficiency enhancement. In 2025, building on its listing on the Hong Kong Main Board, the Company adhered to the compliance bottom line, deepened its international business layout, strengthened technological empowerment and investment and research support, enhanced synergies across business segments, and continuously reinforced its core competitiveness and industry influence.

1. **Futures Brokerage Business**

In 2025, the homogenized competition in the futures brokerage business intensified, highlighting the phenomena of "increased production without increased revenue". Facing this challenge, the Company proactively sought changes, aiming to create high-quality traffic entry points. Focusing on institutional and industrial orientation, the Company achieved counter-trend growth in business scale and solidified its development foundation through strategy optimization, incentive empowerment, and brand matrix construction.

During the Reporting Period, the Company adhered to a client-centric approach, and deepened its effort in industrial and institutional sectors. Additionally, it continuously expanded service boundaries and deepened service levels through regional precision cultivation, targeted efforts with leading clients, and collaborative empowerment from headquarters resources. In terms of institutional business, the Company focused on meeting the diverse needs of various institutional client groups and actively expanding its special corporate client base to cover various financial institutions such as private equity, insurance, and securities. It achieved high-quality growth in operating scale through synergies between wealth management and brokerage businesses. In terms of industrial services, the Company leveraged special initiatives such as the "High-Quality Development Marketing Support for Industrial Business" and the "Foundation Strengthening Plan" to vigorously develop leading industrial clients at the frontline, prioritizing services for listed companies. Its active industrial client base continued to grow, with significant improvements in transaction and position activity. Its delivery business focused on promoting delivery services around precious metals, non-ferrous metals, energy, and chemicals. The Company successfully expanded delivery for new varieties, further deepening industry-finance integration and strengthening its professional service image in the industrial chain. Meanwhile, the Company continuously optimized its incentive mechanisms to fully stimulate team vitality. By expanding high-quality clients such as listed companies, state-owned enterprises and central enterprises, the Company injected momentum for sustained business growth.

Additionally, the Company shaped differentiated service features through its multi-tiered brand matrix as cultivated over the years. Throughout the year, the Company organized various professional forums and exchange events around themes such as industrial risk management and financial service innovation, covering multiple industry cluster cities nationwide and extensively reaching target clients. The influence of distinctive brand IPs, such as Nanhua Wisdom Salon, Nanhua Guest Tour, and Alpha Private Equity Growth Program, continued to expand. Furthermore, the Company deeply engaged in market cultivation programs, including the SHFE's "Sailing Program" and "Member Collaboration", the Dalian Commodity Exchange's "Enterprise Risk Management Program" and "N (2+1) Hand-in-Hand Program", the Zhengzhou Commodity Exchange's "Enterprise Stability and Agricultural Support" and "Industry-Finance Base", and the Guangzhou Futures Exchange's "Green and Innovative Support", reducing marketing costs while precisely guiding upstream and downstream enterprises in the industrial chain to participate in the futures market and implement relevant businesses.

As of the end of December 2025, the Company's client equity for domestic futures brokerage business amounted to RMB38.982 billion.

2. Risk Management Business

With risk management business as a core vehicle for serving the real economy, the Company adhered to the overall principle of "compliance first and focus on primary business", promoting the coordinated development of OTC derivatives, basis trading, and market-making operations. Through tool innovation, structural optimization, and system upgrades, the Company rendered full-chain risk management services for entity enterprises.

During the Reporting Period, the OTC derivatives business maintained steady growth. In 2025, the cumulative newly added notional principal amounted to RMB74.9 billion. During the Reporting Period, the Company completed system upgrades and client reporting system enhancements, while implementing the "Management Rules for Derivatives Trading of Futures Risk Management Companies" to fortify a robust defense for steady business development. By continuously advancing cross-border yield swap transactions, the Company provided enterprises with integrated onshore and offshore hedging solutions that cover global price volatility risks; utilizing the Nanhua Commodity Index to explore swap and over-the-counter options trading, the Company offered enterprises risk management tools that are better aligned with industry cycles. In 2025, the Company's "insurance + futures" business progressed orderly, with over 75 projects launched throughout the year, providing RMB1.881 billion in risk protection for agriculture-related entities and cumulatively handling 451,500 metric tons of agricultural products. These projects spanned 16 provinces, including Beijing, Guangdong, Guangxi, Anhui, Fujian, Hunan, Hubei, Jiangsu, Liaoning, Xinjiang, Yunnan, Shandong, Shaanxi, Gansu, and Guizhou, radiating over 68 cities and counties, and continuously supporting the implementation of rural revitalization strategy.

The basis trading business focused on structural optimization and risk prevention and control. Facing rising credit risks among traditional clients, the Company proactively reduced the scale of spot transactions and concentrated on launching new varieties and cultivating potential varieties for business development, successfully advancing the launch of business in varieties such as caustic soda, alumina, platinum, and palladium. By upgrading its risk control system and ERP system, the Company strictly controlled counterparty credit risks, with no significant risk events occurring throughout the year.

In terms of market-making operations, facing challenges such as industry policy adjustments and intensified market competition, the Company focused on improving the quality and efficiency. By simultaneously implementing three measures, i.e., strengthening the introduction of professional talents, upgrading core trading systems, and optimizing trading strategy systems, the Company successfully launched its in-house market-making system, thereby significantly improving stability.

3. Wealth Management Business

As wealth management business is a key business development direction, the Company leveraged three licenses in asset management, fund distribution, and public funds in 2025, and focused on system improvements, process optimization, and system upgrades, thus strengthening compliance and risk control to drive standardized development and scale breakthroughs across segments, and cultivating new profit growth points.

In terms of asset management, the Company's product operations remained steady and orderly, with innovative strategies precisely aligning with market trends. During the Reporting Period, the Company continuously expanded cooperation with institutional clients such as bank wealth management subsidiaries and trusts, diversifying its client base. By promoting Nanhua Commodity Index products through multiple channels, the Company gradually established Nanhua Commodity Index as a distinctive brand within the industry. As of the end of December 2025, the Company's assets under management amounted to RMB1.081 billion.

In terms of securities investment fund distribution, the Company adopted a "systematic, standardized, and normalized" approach to establish an organizational structure comprising three centers for products, operations, and marketing, so as to achieve a clear division of responsibilities and a collaborative and efficient operational model. Building on this foundation, the Company created a comprehensive client service system covering the pre-sale, in-sale, and post-sale cycles, effectively enhancing client stickiness and brand recognition. In 2025, the Company distributed securities investment funds amounting to RMB337 million.

In terms of public funds, the Company adhered to the overall development principle of "prioritizing compliance, pursuing steady operations, and striving for quality growth", implementing an operational strategy that balances expense control and refined management. Through product structure optimization and internal control system improvement, the Company achieved orderly business development and steady scale expansion. As of the end of December 2025, Nanhua Fund managed the public funds with a total scale of RMB19.136 billion.

4. **Overseas Financial Services Business**

In 2025, along with the continuous deepening of bidirectional opening-up in the futures industry, the Company centered around its globalization strategy guidance, continuously improved overseas clearing system layout and drove synchronous improvements in the scale, quality, efficiency, and influence of its overseas business. By the end of the Reporting Period, the Company had accumulated 18 membership qualifications and 15 clearing membership seats from organizations including the CME Group, LME, SEHK, SGX, and ICE Europe. Additionally, in July of the same year, the Company became one of the first institutions to hold LME Hong Kong delivery warehouse receipts, enhancing its full-chain service capabilities and creating new opportunities for its overseas business' layout and deep cultivation in the Asian metal market. As of the end of December 2025, the total scale of client equity for overseas brokerage business reached HKD23.306 billion, with an overseas scale of assets under management at HKD4.812 billion.

In terms of overseas futures business, the Company actively addressed market competition, focusing on strengthening pricing, system stability, delivery capacity, and service teams. Simultaneously, it reinforced real-time monitoring across the entire chain, strictly adhered to compliance and risk control boundaries, and continuously optimized client experience and transaction service process efficiency by establishing a tiered concierge-style client service model.

In terms of overseas asset management business, the Company continuously expanded cooperation with institutional clients, with sustained growth in QFII business and offshore fund scale, while advancing collaborations with multiple securities firms. By continuously strengthening its investment research capabilities, the Company delivered outstanding performance in its CTA funds and other varieties, with its active management strategies winning multiple industry awards. Through active participation in industry forums, the Company continuously enhanced its industry influence and brand recognition.

In terms of overseas securities business, the Company actively conducted exchange and communication activities with investors, strengthening communication and client stickiness through activities such as organizing listed company researches and investment strategy sessions. Additionally, the Company continuously deepened cooperation with financial peer institutions, advancing distribution for money market funds and structured products, exploring new business growth points, and driving steady business development.

CORE COMPETITIVENESS ANALYSIS

Optimization and Synergy of Business Layout, and Continuous Enhancement of Comprehensive Service Capabilities

In 2025, the Company closely aligned with the high-quality development orientation of the futures industry and adhered to its development positioning as "a financial services company centered on derivatives business". It further optimized its business layout, and leveraged its four core entities, i.e., the parent company, Nanhua Capital, HGNH International, and Nanhua Fund, to construct a comprehensive financial services platform featuring deep synergy between spot and futures, on-exchange and off-exchange, public and private offerings, as well as domestic and international markets. Specifically, the parent company focused on core businesses such as futures brokerage, asset management, and securities investment fund distribution to solidify its business foundation. Nanhua Capital and its subsidiaries delved into risk management to meet the refined risk management needs of the real economy. HGNH International and its subsidiaries expanded their presence in overseas financial services to seize opportunities arising from the two-way opening of the market. Nanhua Fund leveraged its futures-oriented public fund characteristics to enhance wealth management layout, effectively boosting the Company's overall competitiveness and risk resilience.

In the segment of futures brokerage business, in 2025, the Company, in response to new industry regulations and the rising proportion of institutional clients, further optimized its network layout and resource allocation. It strengthened its presence in core regions, and maintained a reasonably distributed network of branch companies and branch offices nationwide. As a core member of the Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange, China Financial Futures Exchange, Shanghai International Energy Exchange, and Guangzhou Futures Exchange, as well as a trading participant of the Shanghai Stock Exchange and Shenzhen Stock Exchange, the Company offered comprehensive and professional brokerage services to institutional clients, industrial clients, and retail clients by leveraging digital service upgrades.

In the segment of risk management business, in 2025, Nanhua Capital closely adhered to the supporting regulations of the Futures and Derivatives Law and relevant business rules released by the China Futures Association, focusing on basis trading, OTC derivatives, and market-making operations while continuously deepening business innovation. The basis trading closely aligned with the needs of upstream and downstream entities in the industrial chain, precisely empowering entity enterprises in risk management. The OTC derivatives business drove scale growth through "product innovation + scenario expansion", providing tailored risk management service schemes to meet the diverse needs of various institutions and investors. In addition, this entity continuously deepened the innovative service model of "insurance + futures", aiming at supporting rural revitalization and fulfilling social responsibilities. Simultaneously, it broadened the scope of market-making operations, actively fulfilling market-making obligations and helping enhance market liquidity.

In the segment of overseas financial services business, HGNH International further solidified its presence in four major international financial centers, i.e., Hong Kong, Chicago, Singapore, and London, that cover three time zones in Asia, North America, and Europe. With comprehensive licenses in futures, securities, asset management, and foreign exchange, it offered a full range of services including brokerage, clearing, and asset management. Currently, the Company's coverage of clearing memberships at major global futures exchanges far exceeds that of its most peers in the industry, thus continuously strengthening its ability to render cross-border risk management and asset allocation services to these Chinese enterprises that "go global".

In terms of wealth management business, the Company further improved its license portfolio and consolidated its advantages in multiple wealth management licenses, including public funds, asset management, and securities investment fund distribution, constructing a comprehensive business system. Among them, Nanhua Fund, as the first public fund management company as wholly owned by a futures company in China, fully leveraged its professional expertise in futures and derivatives to steadily expand relevant businesses, gradually becoming a key driver in the Company's wealth management domain. Its asset management business gradually formed synergies with brokerage and securities investment fund distribution businesses, closely following market innovation trends and offering diversified wealth management services to clients through optimized strategy layouts.

As a listed company in the futures industry, in 2025, the Company continuously improved its business license portfolio. Through resource integration and collaborative development among different businesses, it formed a dual-wheel drive pattern of "building a foundation domestically and making breakthroughs overseas", effectively enhancing its overall competitiveness and risk resilience while achieving simultaneous improvements in profit scale and quality.

Global Qualification Business Upgrade, and Competitive Advantages in Overseas Business

The systematic layout of overseas clearing membership qualifications created a certain first-mover advantage for the Company's overseas futures business and drove a comprehensive upgrade of cross-border service capabilities. By obtaining clearing membership qualifications at major global exchanges, the Company achieved the integrated operations of trading and clearing businesses, enabling direct connection to exchange clearing systems and providing clients with full-process services from trade execution to fund settlement, which effectively reduced intermediate links and improved the efficiency and stability of cross-border transactions. Furthermore, holding clearing membership qualifications enabled the Company to better match the cross-border risk management needs of domestic and foreign clients in risk control and fund management, fostering differentiated service capabilities as compared to its peers.

The global coverage of clearing membership qualifications laid a foundation for the scale expansion and structural optimization of the Company's overseas futures business. Leveraging clearing membership qualifications in the core financial markets in Asia, the Americas, and Europe, the Company covered these futures trading markets across different time zones, meeting clients' round-the-clock cross-border trading and asset allocation needs. This further broadened the coverage of overseas client groups, especially providing tailored cross-border futures services to "going-global" Chinese industrial clients and domestic and foreign financial institutions, and driving steady growth in overseas clients' equity and trading volumes. Additionally, the synergy between clearing business and overseas brokerage and asset management businesses effectively enhanced the comprehensiveness and stickiness of client services, supporting the high-quality and stable development of overseas futures business.

The overseas layout centered on clearing membership qualifications solidified the long-term development foundation of the Company's overseas futures business and constructed a differentiated competitive barrier within the industry. As one of the early Chinese futures institutions to complete the layout of clearing member qualifications in major global markets, the Company took the lead in forming a relatively complete futures service network in overseas markets, enabling it to promptly capture business opportunities in global derivatives markets and better adapt to regulatory requirements and market characteristics in different regions. Moreover, the exchange's core resource alignment capability corresponding to clearing membership qualifications gave the Company an advantage in professionalism and service depth in cross-border futures business, which not only increased its participation in the international derivatives market but also injected development momentum into the continuous expansion and innovation of its overseas business, ensuring the sustainability and stability of overseas futures development.

Dual Capital Platform Implementation, and Continuous Enhancement of Industry Influence

In 2025, as the first A-share listed company in the futures industry, the Company was officially listed on the Main Board of the Stock Exchange on December 22, 2025, successfully implementing a dual capital platform of "A + H shares" and becoming one of the benchmark enterprises in the industry with a dual capital market layout both domestically and overseas. The proceeds from the Hong Kong listing shall be entirely used to strengthen the capital base of HGNH International and its overseas subsidiaries, providing robust financial support for overseas business expansion. Throughout the year, the Company deepened its communication and connection with domestic and foreign capital markets through timely, accurate, and comprehensive information disclosure, while leveraging various channels such as investor relations interaction platforms, earnings briefings, and research exchange meetings, fully showcasing its overall strength, business layout, and development potential, and effectively enhancing its overall brand image and industry influence. Its excellent brand reputation brought the Company an advantage in conducting business cooperation with various institutions and industrial clients, and in facilitating business agreements. It also gave solid support for consolidating overseas business advantages and expanding global cooperation networks, helping the Company seize opportunities arising from the high-level opening of the futures market and aligning with policy orientations and market trends for high-quality industry development.

Stable Core Management Team, and Solidified Foundation for Steady Company Development

In 2025, the Company continued to rely on a stable core management team to navigate the market environment characterized by strong supervision, high competition, and rapid innovation in the industry, with a view to leading the Company to achieve steady development. The Company's senior management team maintained its core strengths of extensive industry experience, rich management expertise, staff stability, and strong business capabilities. Possessing profound industry qualifications, they accurately grasped the normalized, professional, and international development trends of the futures industry in 2025. Furthermore, they deeply understood market fluctuations, regulatory policy changes, and core needs of various clients. Combining the Company's "A + H" dual-platform layout and overseas business growth trends, they formulated development strategies that aligned with industry trends and the Company's actual conditions, driving business structure optimization, innovation capability enhancement, and international layout deepening. Meanwhile, the management team consistently adhered to the concepts of compliant operation and steady development, effectively prevented various business risks and ensured the Company's stable and rapid growth in a complex market environment, providing solid guarantees for breakthroughs and sustainable development in core businesses.

Deep Empowerment through Financial Technology, and Efficient and Innovative Business Development

In 2025, the Company continued to deepen the integration of technology and business, and constructed an industry-leading financial technology system on the basis of over a decade of technological accumulation, which became an important engine supporting the Company's diversified business synergy and enhancing its core competitiveness. Since the establishment of its Software Department in 2011, the Company, through years of cultivation and development, has built a professional technology team with leading-edge skills, rich experience, and stability, forming a comprehensive system for research and development, operation and maintenance, and innovation. In line with the digital transformation trend of the futures industry in 2025, the Company optimized and upgraded its financial technology development strategy. Adhering to the core orientations of "building on cloud computing, leveraging data governance, prioritizing in-house innovation, and pursuing intelligent solutions", it continuously promoted the dual-wheel drive of business innovation and technological innovation, and integrated technology empowerment throughout all business processes, so as to help improve service efficiency and product competitiveness and better meet the differentiated needs of diverse domestic and foreign clients.

To support business development and upgraded client needs, the Company continuously optimized its products and systems around core business lines, aiming at fostering deep integration and synergistic development between technology and business, with multiple projects winning industry authoritative awards and excellent practice cases. The Company launched online service platforms such as Nanhua Investment Research App and Nanhua Research Mini Program, and introduced the NHTD5 system to effectively support the efficient conduct of relevant businesses. Meanwhile, it built a new generation of intelligent data infrastructure and AI large model infrastructure to achieve a virtuous cycle of data governance, development, and application and to promote the application of large models in multiple business scenarios. Relying on its long-term accumulation in data, technology, and business system digitalization, as well as its compound professional technology team with both financial expertise and technological R&D capabilities, the Company formed certain technological barriers in industry competition.

Deep Professional Service Accumulation, and Steadily Solidified Market Reputation

The Company always adhered to the basic principles of compliant operation and standardized development, thus establishing a good brand image within the industry and continuously enhancing its brand value. In 2025, the Company received the following awards:

Award name	
Excellent Practice Case of the Board of Directors of Listed Companies in 2025	China's Gold Medal Futures Research Institute – Nanhua Research Institute (18th China Best Futures Operating Institution Selection)
Excellent Practice Case of Rural Revitalization by Listed Companies in 2024	China's Best Futures Company Annual Helmsman – Luo Xufeng (18th China Best Futures Operating Institution Selection)
"Investor Education Pioneer" Team of Zhengzhou Commodity Exchange in 2024	China's Best Futures Operating Branch – Shanghai Branch (18th China Best Futures Operating Institution Selection)
Excellent Organization Award of the 7th "Zhengzhou Commodity Exchange Cup" National University Student Financial Simulation Trading Competition	Best Energy and Chemical Industry Futures Research Team (18th China Best Futures Operating Institution Selection)
Third Prize for Excellent Cooperation Partner in the First Phase of the 2024 Options Simulation Trading Competition	Best Metal Industry Futures Research Team (18th China Best Futures Operating Institution Selection)
Apple Project in Ning County, Gansu to Win the Excellent Project Award for "Insurance + Futures" from Zhengzhou Commodity Exchange in 2023	Best Macro-Financial Futures Research Team (18th China Best Futures Operating Institution Selection)
"Xinjiang Aksu Red Date" Project to Win the Excellent Project Award for "Insurance + Futures" from Zhengzhou Commodity Exchange in 2024	Best Futures Talent Training Institution Contribution Award (18th China Best Futures Operating Institution Selection)
"Xinjiang Aksu Red Date" Project to Win the Best Payout Award for "Insurance + Futures" from Zhengzhou Commodity Exchange in 2024	Outstanding Performance Award for the Best Futures Company APP of the Year (18th China Best Futures Operating Institution Selection)

Award name

Outstanding Partner of Shangcheng District in 2024	Best Capital Operation Development Award (18th China Best Futures Operating Institution Selection)
Excellent ESG Case for Rural Revitalization in 2025 – "Golden Lion" Award	Best Asset Management Leadership Award (18th China Best Futures Operating Institution Selection)
A-share Going Global Demonstration Case among China Listed Companies in 2025 – Yinghua Award	Best Risk Management and Corporate Brand Building Award (18th China Best Futures Operating Institution Selection)
Excellent Case of Integrating China's Bulk Commodity Futures and Spot Markets in 2025	Best Financial Futures Service Award (18th China Best Futures Operating Institution Selection)
Outstanding Contribution to Financial Empowerment of Agriculture	Best Commodity Futures Industry Service Award (18th China Best Futures Operating Institution Selection)
Exemplary Unit for Positive Energy Dissemination among Financial Institutions	China's Best Futures Company Gold Medal Management Team (18th China Best Futures Operating Institution Selection)
Advanced Unit for News Propaganda and Reporting in the Rural Financial System in 2024	China's Best Futures Company (18th China Best Futures Operating Institution Selection)
Top 500 Zhejiang Merchants Nationwide in 2025	Best Futures Service Entity Award
Typical Case of Financial Empowerment for Rural Revitalization in 2025	Excellent Investor Education Award of the 19th National Futures (Options) Live Trading Competition
Best Chairman Award – Luo Xufeng (2024 Listed Company Crystal Ball Award Selection)	Digital Innovation Case of the "14th Five-Year Plan" Financial Innovation Excellent Cases
Best ESG Management Listed Company – Nanhua Futures Co., Ltd. (2024 Listed Company Crystal Ball Award Selection)	Excellent Rural Revitalization Futures Company in China in 2025 – Junding Award
"2025 Zhejiang Merchants ESG Classic 100" List	China's Internationalization Pioneer Futures Company in 2025 – Junding Award

Award name	
Annual Most Popular Futures Company Award of the 2024 Wind Best Roadshow List	Annual Social Responsibility Award of the 2025 Capital Strength Annual Selection
Second Place among Top 10 of China's Futures Operating Institution High-Quality Development Popularity Ranking in 2025	Gold Medal Industry Service Award of the 2025 Capital Strength Annual Selection
AI Intelligent Innovation Application Voyage Award of the 2025 China Best Digital Intelligence Futures Construction Operating Institution Selection	Most Attention-Grabbing Institution by Investors in 2024
New Force Award in the Internationalization Process (18th China Best Futures Operating Institution Selection)	Excellent Award of the 2025 Artificial Intelligence Large Model Financial Field Innovation Application Competition
Best Risk Management Subsidiary Service Innovation Award (18th China Best Futures Operating Institution Selection)	

MAJOR INVESTMENT AND FINANCING OF THE COMPANY AND SUBSIDIARIES

During the Reporting Period, the Company had no material investments required to be disclosed under the Listing Rules; for details on material financing, please refer to "Report of the Board – Issue of Shares, bonds and Use of Proceeds".

DISPOSAL, ACQUISITION, SUBSTITUTION AND SPIN-OFF OF MATERIAL ASSETS OF THE COMPANY, AND REORGANIZATION OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Company had no material acquisition or disposal of subsidiaries, associates and joint ventures.

FINANCIAL STATEMENT ANALYSIS

Profitability Analysis

During the Reporting Period, faced with a complex and severe international environment and macroeconomic situation, as well as increasingly fierce market competition in the futures industry, the Company continued to focus on its core business, strengthened risk management and control, and ensured the steady operation of the Company, achieving sustained growth in overall operating results. For the year 2025, the Group achieved total operating income of RMB1.388 billion, representing a year-on-year increase of 2.41%; attained net profit attributable to shareholders of the parent company of RMB486 million, representing a year-on-year increase of 6.18%; achieved earnings per share of RMB0.80; and recorded a weighted average return on net assets of 11.30%.

Asset Structure and Asset Quality

As at the end of 2025, affected by the increase in client equity, both the total assets and total liabilities of the Group recorded growth. As at the end of the Reporting Period, the Group's total assets amounted to RMB65.473 billion, representing a year-on-year increase of 33.99% compared with RMB48.863 billion as at the end of 2024; total liabilities amounted to RMB59.867 billion, representing a year-on-year increase of 33.82% compared with RMB44.739 billion as at the end of 2024; net assets amounted to RMB5.606 billion, representing a year-on-year increase of 35.90% compared with RMB4.125 billion as at the end of 2024. The asset structure remained stable, and asset quality and liquidity remained sound.

As at the end of 2025, of the Group's total assets, current assets amounted to RMB65.011 billion, accounting for 99.29%; non-current assets amounted to RMB0.462 billion, accounting for 0.71%. Total assets mainly comprised cash assets of RMB60.290 billion, accounting for 92.08%; financial investment assets of RMB4.398 billion, accounting for 6.71%; and other assets of RMB0.785 billion, accounting for 1.21%. As at the end of 2025, liabilities excluding customers' equity payable amounted to RMB2.676 billion, representing an increase of 24.94% compared with RMB2.142 billion as at the end of 2024, which was mainly attributable to the growth in short-term borrowings arising from credit loans obtained by Nanhua Capital, a subsidiary. The Group's gearing ratio was 32.31%, representing a decrease of 1.87 percentage points from 34.18% as at the end of 2024. (Note: Gearing ratio = (Total liabilities – Customers' equity payable)/(Total assets – Customers' equity payable)).

Liquidity Level Management

In respect of liquidity risk, the Company has established and improved an early warning mechanism for liquidity risk control indicators with net capital as the core, and conducted stress tests to assess the Company's liquidity risk profile under extreme scenarios. In 2025, the monthly liquidity regulatory indicators of all companies within the Group met the regulatory requirements of the jurisdictions where such companies are located.

To meet the funding needs for business development, the Group has actively expanded its domestic and overseas financing channels. The futures company entity has effectively enhanced its capital strength through the issuance of subordinated bonds. Domestic risk management subsidiaries have made full use of bank credit lines and flexibly adopted credit borrowings, bank acceptances and other instruments to meet working capital needs. Overseas subsidiaries have also obtained credit borrowing support through interbank credit lines. The multi-tiered financing arrangements both onshore and offshore have provided strong support for the steady development and controllable risks of the Group's core businesses.

As at the end of 2025, the amount of subordinated bonds issued by the Group was RMB0.5 billion, unchanged from that at the end of 2024. Total borrowings amounted to RMB0.626 billion (at the end of 2024: RMB0.381 billion), all of which were repayable within one year. Details of the Group's borrowings are set out in note (42) to the financial statements in this report, and information on liquidity risk is set out in note (4.2(d)).

Cash Flow Status

Net increase in cash and cash equivalents for 2025 amounted to RMB1.325 billion, representing an increase of RMB1.059 billion from RMB0.266 billion in 2024. Net cash flows generated from operating activities for 2025 amounted to RMB1.782 billion, representing an increase of RMB2.482 billion from RMB -0.7 billion in 2024, mainly due to increased client-related net cash inflows from futures brokerage business driven by higher client equity during the year. Net cash flows generated from investing activities for 2025 amounted to RMB -1.677 billion, representing a decrease of RMB3.020 billion from RMB1.343 billion in 2024, mainly due to an increase in the scale of time deposits and financial products purchased by the Company during the year. Net cash flows generated from financing activities for 2025 amounted to RMB1.244 billion, representing an increase of RMB1.626 billion from RMB -0.382 billion in 2024, mainly due to increased proceeds raised from the H share initial public offering of the Company during the year.

Items of Income Statement

In 2025, the Group achieved net profit attributable to shareholders of the parent company of RMB486,264 thousand, representing an increase of RMB28,292 thousand or a growth of 6.18% as compared with the previous year. The details of major items in the income statement are as follows:

Unit: ’000 Currency: RMB

	2025	2024	**Percentage of change (%)**
Operating income	**1,387,511**	1,354,843	2.41
Net fee and commission income	**605,560**	542,397	11.65
Net interest income	**572,343**	681,800	-16.05
Net investment gains	**148,070**	70,336	110.52
Trade income	**1,347**	2,334	-42.31
Other operating income	**60,191**	57,976	3.82
Operating expenses	**837,657**	836,275	0.17
Operating profit	**549,854**	518,568	6.03
Share of profit or loss of associates	**-5**	-574	99.19
Other (losses)/gains, net	**-4,540**	3,665	-223.87
Profit before income tax	**545,309**	521,659	4.53
less: Income tax expenses	**58,649**	63,622	-7.82
Net profit	**486,660**	458,037	6.25
Net profit attributable to shareholders of the parent company	**486,264**	457,972	6.18

Detailed Explanation of Material Changes in the Company's Business Types, Profit Composition or Profit Source

1. *Net Fee and Commission Income*

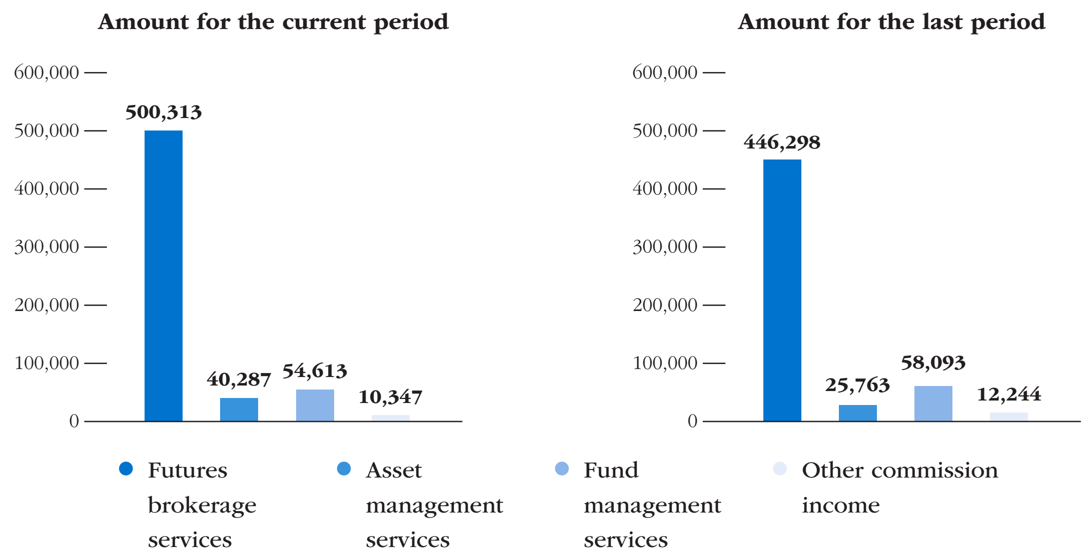
In 2025, the Group achieved net fee and commission income of RMB605,560 thousand, representing a year-on-year increase of 11.65%. The structure of various revenues remained relatively stable.

The composition of the Group's fee and commission income for 2025 and 2024 is as follows:

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the last period	% change
Futures brokerage services	**500,313**	446,298	12.10%
Asset management services	**40,287**	25,763	56.37%
Fund management services	**54,613**	58,093	-5.99%
Other commission income	**10,347**	12,244	-15.49%
Total	**605,560**	542,397	11.65%

Note: (1) Other commission income include stock option fee income, foreign exchange income and securities business income.



The majority of the Group's net brokerage commission and fee income is derived from futures brokerage services, accounting for 82.62% and 82.28% of the Group's net brokerage commission and fee income for the same period in 2025 and 2024, respectively.

The fee income from futures brokerage business increased by RMB54,015 thousand or 12.10% year-on-year in the current year. In 2025, driven by the expansion of the client scale and the increase in trading activity in the domestic and overseas futures markets, the Company's fee income achieved steady growth.

Asset management income increased by RMB14,524 thousand or 56.37% year-on-year. In 2025, the overseas asset management industry achieved steady development. The strategies of products were continuously enriched, providing investors with more diversified choices and effectively stimulating market vitality.

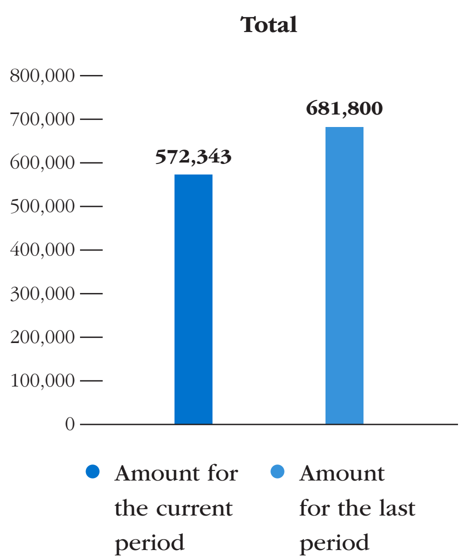
Fee and commission income from fund services decreased by RMB3,480 thousand or 5.99% year-on-year, mainly due to the decrease in the average AUM of the Group's funds.

The Group also generated other commission income from stock option fee income, foreign exchange income and securities business income, which was relatively small in scale and stable.

2. *Net Interest Income*

Unit: '000 Currency: RMB

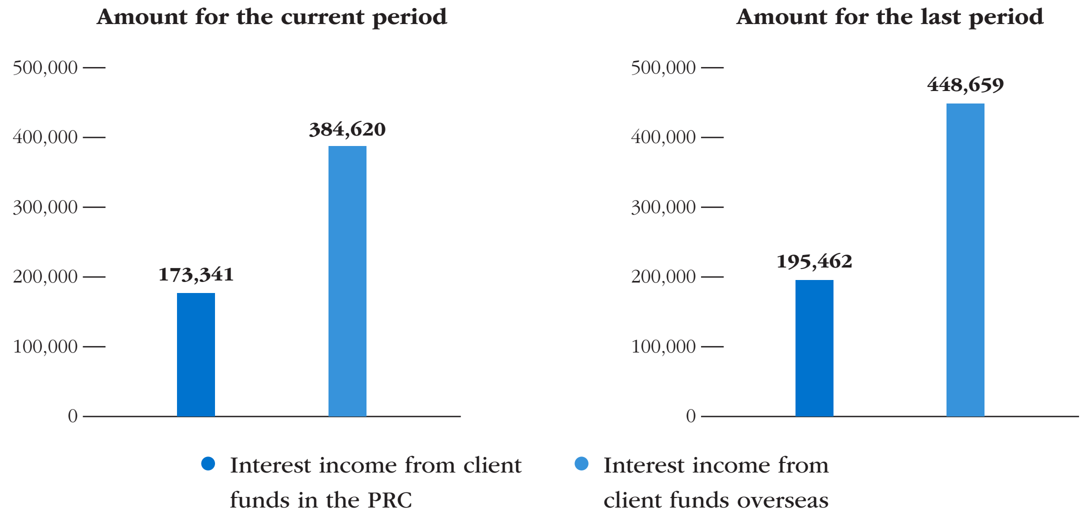
Item	**Amount for the current period**	Amount for the last period	**% change**
Interest income from own funds	**52,767**	81,971	-35.63%
Interest income from client funds	**557,961**	644,121	-13.38%
Interest expense on loans, bonds and others	**-37,188**	-42,362	12.21%
Consolidated structured entities' distribution	**-1,197**	-1,930	37.98%
Total	**572,343**	681,800	-16.05%



Interest income from client funds represents the largest component of our net interest income, accounting for 97.49% and 94.47% of the Group's net interest income over the corresponding period in 2025 and 2024, respectively.

Unit: '000 Currency: RMB

Item	**Amount for the current period**	Amount for the last period	**% change**
Interest income from client funds in the PRC	**173,341**	195,462	-11.32%
Interest income from client funds overseas	**384,620**	448,659	-14.27%
Total	**557,961**	644,121	-13.38%



Interest income from client funds decreased by RMB86.160 million year-on-year in the current year, representing a decrease of 13.38%. Although the scale of the Company's domestic and overseas client equity increased during the year, the decline in interest rates both in China and overseas resulted in a decrease in the Company's interest income from client funds.

Interest income from own funds, as well as interest expenses on loan claims and other items, also decreased, which was likewise attributable to the decline in interest rates in China and overseas.

3. Net Investment Gains

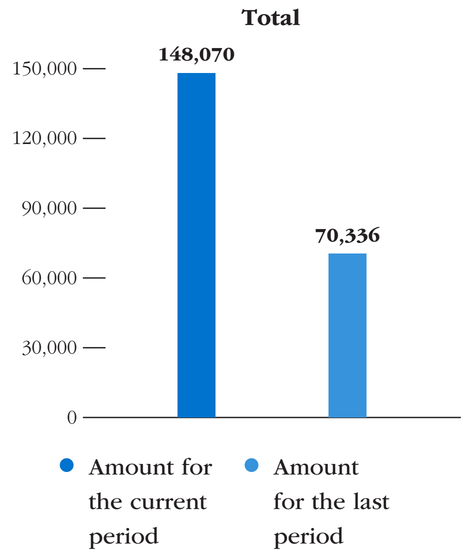
Unit:'000 Currency: RMB

Items	Amount for the current period	Amount for the last period	% change
Net realized gains/(losses) of			
Financial assets at fair value through profit or loss	**42,521**	-210,011	120.25%
Financial liabilities at fair value through profit or loss	**73,244**	312,998	-76.60%
Other equity instruments at fair value through profit or loss	**217**	1,872	-88.24%
Unrealized fair value changes of			
Financial assets at fair value through profit or loss	**59,916**	12,765	369.22%
Financial liabilities at fair value through profit or loss	**-21,641**	-36,644	40.94%
Executory contracts	**-2,688**	-1,748	-53.63%
Physical commodities	**-2,023**	-750	-169.67%
Exchange losses	**-1,476**	-8,146	81.84%
Total	**148,070**	70,336	110.51%

The net investment gains of the Company are primarily attributable to (i) the risk management services of the Company, (ii) wealth management investment, and (iii) exchange gains or losses from overseas business and foreign exchange operations. To add clarity to the analysis of the Company's investment activities, we have included a separate table below that illustrates our net investment gains by the type of activity:

Unit:'000 Currency: RMB

Items	Amount for the current period	Amount for the last period	% change
Risk management services	**45,298**	89,157	-49.19%
Wealth management investment	**104,248**	-10,675	1,076.56%
Exchange losses	**-1,476**	-8,146	81.88%
Total	**148,070**	70,336	110.52%



Net investment gains from risk management services decreased by RMB43,859 thousand year-on-year, of which, gains from OTC derivatives business and basis trading business remained relatively stable with virtually no significant fluctuations, the decrease in gains was primarily as a result of volatile market conditions due to U.S. tariff policies and market making account trading loss due to increasing competition for the market making business

Net investment income from wealth management investments is mainly derived from mutual funds, asset management products, private funds, treasury bond and other instruments. The Company's investment generally focuses on the principle of fair valuation of the underlying assets while meeting the liquidity requirements, aims to achieve a stable long-term growth of investment.

Exchange losses represent the market fluctuations of foreign exchange rates between Renminbi and other currencies.

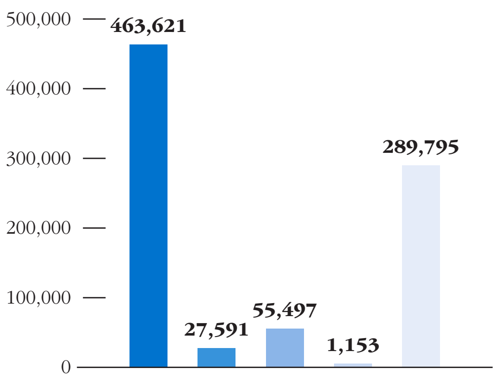
4. *Operating Expenses*

In 2025, the Group's operating expenses amounted to RMB837,657 thousand, representing an increase of RMB1,382 thousand, or 0.17%, year-on-year. The table below sets out the main components of the Group's operating expenses for the period indicated:

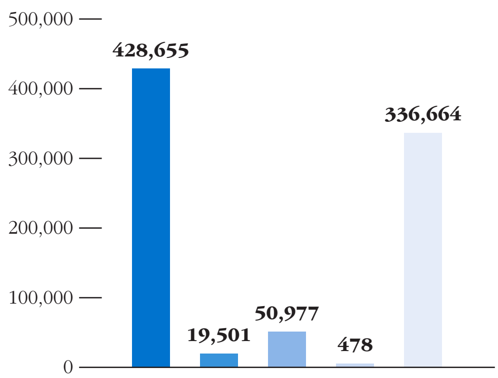
Unit:'000 Currency: RMB

Items	**Amount for the current period**	Amount for the last period	**% change**
Staff costs	**463,621**	428,655	8.16%
Reversal/(Impairment losses) of impairment losses on financial assets, net	**27,591**	19,501	41.49%
Depreciation and amortization	**55,497**	50,977	8.87%
Trade expenses	**1,153**	478	141.21%
Other operating expenses	**289,795**	336,664	-13.92%
Total	**837,657**	836,275	0.17%

Amount for the current period



Amount for the last period



● Staff costs ● Reversal/(Impairment losses) of impairment losses on financial assets, net ● Depreciation and amortization ● Trade expenses ● Other operating expenses

Staff costs for the year increased by RMB34,966 thousand year-on-year, representing an increase of 8.16%, primarily due to higher employee remuneration.

Depreciation for the year increased by RMB4,520 thousand year-on-year, representing an increase of 8.87%, primarily due to an increase in amortization of intangible assets.

In 2025, credit-impaired losses amounted to RMB8,090 thousand, representing an increase of 41.49%, mainly due to an increase in the deposit balances receivable from upstream brokers in overseas markets as compared with the end of 2024. We deposit certain funds with eligible financial service providers and/or brokers to facilitate the settlement of futures transactions, which results in deposit receivables from upstream brokers in overseas markets.

During the year, other operating expenses decreased by RMB46,869 thousand, primarily due to the decreasing cost of our "Insurance + Futures" business as certain "Insurance + Futures" projects undertaken with Dalian Commodity Exchange in 2024 were recognized.

5. *Summary Segment Results*

The Company has five principal business segments: (i) PRC futures brokerage, (ii) PRC wealth management, (iii) PRC risk management services, (iv) overseas financial services, and (v) others. The following discussions of our segment operating income, segment operating expenses and segment results take into account our intersegment operating income and inter-segment operating expenses.

2025

Unit:'000 Currency: RMB

By segment	Operating income	Operating costs	Profit margin (%)
Futures brokerage business	**474,628**	**419,716**	**11.57**
Wealth management business	**64,979**	**89,045**	**-37.04**
Risk management business	**79,978**	**73,322**	**8.32**
Overseas financial business	**757,506**	**255,574**	**66.26**
Other business (parent company)	**10,420**	**–**	**100.00**
Total	**1,387,511**	**837,657**	**39.63**

2024

Unit:'000 Currency: RMB

By segment	Operating income	Operating costs	Profit margin (%)
Futures brokerage business	494,385	458,599	7.24
Wealth management business	68,220	71,568	-4.91
Risk management business	127,687	118,060	7.54
Overseas financial business	654,204	188,048	71.26
Other business (parent company)	10,347	–	100.00
Total	1,354,843	836,275	38.28

Overview of Assets

As of December 31, 2025, the Group's total assets amounted to RMB65,472,642 thousand, representing an increase of RMB16,609,245 thousand, or 33.99%, year-on-year. The changes in the Group's total assets are as follows:

Unit:'000 Currency: RMB

	2025	2024	**Change (%)**
Cash assets	**60,290,030**	45,607,882	32.19
Financial investment assets	**4,398,061**	2,430,862	80.93
Other assets	**784,551**	824,653	-4.86
Total	**65,472,642**	48,863,397	33.99

1. *Cash Assets*

The Group's other assets primarily include client margin funds, deposits with exchange-clearing organizations and own funds deposits.

As of December 31, 2025, the Group's total cash assets amounted to RMB60,290,030 thousand, representing an increase of RMB14,682,148 thousand, or 32.19%, compared with the end of the previous year. The composition of the Group's cash assets is as follows:

Unit:'000 Currency: RMB

	December 31, 2025	December 31, 2024	**Change (%)**
Deposits with exchange-clearing organizations	**19,949,688**	11,782,759	69.31
Client margin funds	**37,102,562**	31,551,141	17.59
Own funds deposits	**3,237,780**	2,273,982	42.38
Total	**60,290,030**	45,607,882	32.19

Due to an increase in client equity in the brokerage business this year, the Company's bank deposits with client margin funds accounts and deposits with exchange-clearing organizations have increased; the combined total for the year increased by RMB13.718 billion.

The Company's own funds deposits increased by RMB964 million, primarily due to the proceeds raised from the company's H-share IPO this year.

2. *Financial Investment Assets*

The Group's investments primarily include financial assets at fair value through other comprehensive income, investments in associates, financial assets at fair value through profit or loss, and derivative financial assets.

As of December 31, 2025, the Group's total external investments amounted to RMB4,398,061 thousand, representing an increase of RMB1,967,199 thousand, or 80.93%, compared with the end of the previous year. The composition of the Group's investment portfolio is as follows:

Unit:'000 Currency: RMB

	December 31, 2025	December 31, 2024	**Change (%)**
Investments in associates	**1,772**	1,777	-0.28
Buyback financial assets	**50,685**	–	N/A
Financial assets at fair value through profit or loss	**3,462,807**	1,968,109	75.95
Derivative financial assets	**838,978**	410,360	104.45
Financial assets at fair value through other comprehensive income	**43,819**	50,616	-13.43
Total	**4,398,061**	2,430,862	80.93

The Company's investment in associates remained relatively stable, with virtually no changes. The Company has new buyback financial assets for the year, which are primarily treasury bond reverse repurchase, in order to maintain a stable return.

The Company's financial assets at fair value through profit or loss increased by RMB1.495 billion during the year, primarily due to purchases of US Treasury bonds and money market funds by overseas subsidiaries.

The Company's derivative financial assets increased by RMB429 million during the year, primarily due to an increase in the value of futures and derivative products resulting from the expansion of the scale of over-the-counter and market-making activities in the risk management business.

The Company's financial assets at fair value through other comprehensive income decreased by RMB7 million, primarily due to a decline in the market value of the CME seat membership held by the US subsidiaries.

3. Other Assets

The Group's other assets primarily include fixed assets, land use rights and intangible assets, right-of-use assets, current accounts receivable and prepaid and other assets.

As of December 31, 2025, the Group's total other assets amounted to RMB784,551 thousand, representing a decrease of RMB40,102 thousand, or 4.86%, compared with the end of the previous year. The composition of the Group's other assets is as follows:

Unit: '000 Currency: RMB

	December 31, 2025	December 31, 2024	**Change (%)**
Fixed assets, land use rights and intangible assets, right-of-use assets	**422,647**	420,675	0.47
Current accounts receivable and prepaid	**55,481**	51,915	6.87
Other assets	**306,423**	352,063	-12.97
Total	**784,551**	824,653	-4.86

Overview of Liabilities

As of December 31, 2025, the Group's total liabilities amounted to RMB59,866,813 thousand, representing an increase of RMB15,128,256 thousand, or 33.81%, year-on-year. Of which, liabilities deducting accounts payable to customers' equity amounted to RMB2,675,772 thousand, an increase of 24.94% compared with the end of 2024. As at December 31, 2025, the Group had no contingent liabilities. The changes in the Group's total principal liabilities are as follows:

Unit:'000 Currency: RMB

	2025	2024	**Change (%)**
Customers' equity payable	**57,191,041**	42,596,980	34.26
Financial liability	**96,251**	112,882	-14.73
Funding liabilities	**1,133,813**	892,288	27.07
Other liabilities	**1,445,708**	1,136,407	27.22
Total	**59,866,813**	44,738,557	33.81

1. *Accounts payable to customers' equity*

   As of December 31, 2025, the Group's total accounts payable to customers' equity amounted to RMB57,191,041 thousand, representing a year-on-year increase of 34.26% and accounting for 95.53% of the Group's total liabilities.

2. *Financial liability*

   The Group's financial liabilities primarily include derivative financial liabilities and financial assets at fair value through profit or loss. As of December 31, 2025, the Group's total financial liabilities amounted to RMB96,251 thousand, representing a year-on-year decrease of 14.73%, primarily attributable to a decrease in client transaction liabilities arising from over-the-counter derivative trading within the risk management business.

3. *Funding liabilities*

   The Group's financing liabilities primarily consist of corporate bonds and bank loans. As of December 31, 2025, the Group's total financing liabilities amounted to RMB1,133,813 thousand, representing a year-on-year increase of 27.07%.

Unit: '000 Currency: RMB

	December 31, 2025	December 31, 2024	**Change (%)**
Corporate bonds	**507,782**	511,611	-0.75
Short-term loans	**626,031**	380,677	64.45
Total	**1,133,813**	892,288	27.07

4. *Other Liabilities*

The Group's other liabilities primarily include lease liabilities, current tax liabilities, employee benefit obligations, trade and other payables and other liabilities. As of December 31, 2025, the Group's total other liabilities amounted to RMB1,445,708 thousand, representing a year-on-year increase of 27.22%, primarily attributable to an increase in performance margin payable to clients for over-the-counter derivatives in risk management business.

Overview of Equity

As of December 31, 2025, the Group's total equity attributable to owners amounted to RMB5,605,829 thousand, representing an increase of RMB1,480,989 thousand, or 36.09%, year-on-year. The composition of the Group's equity attributable to owners is as follows:

Unit: '000 Currency: RMB

	2025	2024	**Change (%)**
Share capital	**717,725**	610,066	17.65
Capital reserve	**2,133,164**	1,140,629	87.02
Other reserve	**372,562**	417,705	-10.81
Retained earnings	**2,372,402**	1,946,854	21.86
Non-controlling interests	**9,976**	9,586	4.07
Total	**5,605,829**	4,124,840	35.90

On December 22, 2025, the Company conducted global offering of and listing on the Stock Exchange 107,659,000 H-Shares with a par value of RMB1.00 per share, resulting in an increase in share capital of RMB107,659 thousand and an increase in capital reserve of RMB992,535 thousand.

RISK MANAGEMENT

Potential Risks

The primary risks encountered by the Company during its operations include market risk, credit risk, operational risk, compliant risk, and information system risk. In 2025, the Company took effective measures to proactively address these risks, with a view to ensuring the safe and efficient conduct of its business activities.

(1) Market Risk

Market risk refers to the risk of changes in the price or value of derivatives as caused by unfavorable changes or sharp fluctuations in the market prices of underlying assets.

In the futures brokerage business, market risk may result in fluctuations in trading volumes in the futures market, continuous decline in brokerage commission rates, loss of clients and reduction in client margins, decrease in market share, client account deficits, and other situations. These factors can have a significant adverse impact on the Company's revenue from futures brokerage business, as well as its overall results of operation and financial condition, and may also generate a substantial liquidity risk or even bankruptcy risk.

In the risk management business, market risk mainly manifests as the risk arising from price fluctuations when the Company needs to conduct corresponding hedging in securities, futures, and other markets after purchasing or selling OTC derivatives, which could adversely affect the Company's results of operation and financial condition.

In the wealth management business, the return levels of managed or sold wealth management products are significantly influenced by market fluctuations. There may be situations where investment strategies or management measures fail to adapt to market volatility or unfavorable macroeconomic and socio-political environments, thereby impacting the Company's results of operation.

In the overseas financial services business, relevant operations face the market risk similar to those of domestic operations of the same type. Additionally, they must bear the risks associated with changes in the international financial market. Particularly in the Company's overseas futures clearing business, if a client experiences an account deficit, the Company is required to advance funds for the client and subsequently seek reimbursement. If the amount of account deficit is substantial, the overseas subsidiaries may face a significant liquidity risk or even bankruptcy risk.

(2) Credit Risk

Credit risk generally refers to the risk of incurring financial losses due to a counterparty's failure to fulfill its contractual obligations.

In the futures brokerage business, when a client's margin balance is insufficient and the client is unable to continue adding margin, or when the lack of market liquidity prevents the Company from promptly and effectively implementing a series of risk control measures such as mandatory liquidation, the Company is required to advance the insufficient margin on behalf of the client. The aforementioned circumstances may lead to a client's account deficit. If the client is unwilling or unable to return the funds as advanced by the Company on his behalf in accordance with the contract, the Company may face the risk of bearing losses or even legal proceedings.

In the risk management business, credit risk primarily manifests as the risk of losses incurred by the Company due to the failure or intentional default of counterparties in OTC derivatives transactions or spot trading counterparties in basis trading to fulfill their obligations under the contracts, which could have a significant adverse impact on the Company's results of operation and financial condition.

In the wealth management business, due to improper selection of underlying assets, inadequate asset management measures, and other reasons, the credit quality of investment targets may deteriorate, thus leading to reduced product yields, which may place the Company's wealth management business at a continuous disadvantage in future competition and affect the Company's results of operation.

In the overseas financial services businesses, apart from risks similar to those in domestic businesses, credit risk also manifests in terms of the reliability of clients and trading counterparties. Failure to effectively grasp the credit status of trading counterparties, particularly that of upstream brokers, may adversely affect the Company's results of operation.

(3) Operational Risk

Operational risk refers to the risk of the Company's incurring losses due to deficiencies or errors in internal procedures or personnel operations. Operational risk in the futures brokerage business mainly arise during the account opening stage and the operational stage. Such a risk may arise from the lack of systems or the unreasonable design of operational processes and authorizations for key business operations, or the failure to effectively implement these systems, processes, and authorizations, which may result in improper operations, occupational fraud, or violations of laws and regulations by these employees responsible for relevant positions, thereby harming the interests of clients or subjecting the Company to regulatory penalties and damaging its interests and reputation.

In the risk management business, operational risk primarily manifests as a risk arising from operational errors or improprieties by employees in the OTC derivatives business department during hedging transactions and other activities, as well as a risk arising from operational errors or improprieties by employees in the basis trading department during the procurement and sales of spot commodities and the spot-futures transactions.

In the wealth management business, the Company may suffer a direct or indirect operational risk due to deficiencies or failures in internal procedures, personnel or systems, which may lead to a decrease in the scale of the Company's wealth management business and a decline in its revenue, thereby adversely affecting the Company.

The operational risk in overseas financial services business is similar to that in domestic business. However, some trading operations involve cross-border transactions and are subject to different trading and regulatory rules, which may increase the operational risk and could adversely affect the Company's overall revenue.

(4) Compliant Risk

The futures industry is subject to a high degree of regulation. So, changes in regulatory policies, laws and regulations, and regulatory attitudes of regulatory authorities of the futures industry may adversely affect the Company's results of operation and financial condition.

In various businesses such as futures brokerage, risk management, wealth management, and overseas financial services, if compliance issues arise in information disclosure, business development, product design and operation, contract signing and performance, and protection of client rights and interests, the Company may face regulatory investigations from supervisory authorities, inquiries and investigations by other competent authorities, and other regulatory procedures. These judicial proceedings, arbitrations, and regulatory investigations against the Company may lead to court mediation, injunctions, fines, penalties, or other unfavorable outcomes for the Company, thereby damaging its reputation. Even if the Company successfully defends itself against these judicial proceedings and regulatory investigations, it may still incur expenses. Particularly under unfavorable market conditions, the number of legal appeals, the amount of litigation claims, and the amount of penalties may increase.

Especially in terms of overseas financial services business, the Company has established its overseas subsidiaries in Hong Kong, the United States, Singapore, the United Kingdom, and other locations. Due to significant differences in regulatory reviews between overseas regulatory authorities and domestic authorities, these overseas subsidiaries may face sanctions, fines, or other penalties due to differences in understanding, which could adversely affect the Company's business, financial condition, results of operation, and reputation.

(5) Information System Risk

Information system risk refers to the risk of direct or indirect losses due to deficiencies or failures in the system.

In various businesses such as futures brokerage, risk management, wealth management, and overseas financial services, if the Company's information technology system fails to effectively meet business development needs, or if there are deficiencies or poor operation and management in the information technology system, failures in the information system may occur and affect clients' normal trading activities, which may result in claims from clients against the Company and could adversely affect its results of operation and financial condition.

The Company also faces these risks arising from operational failures, deficiencies, or termination of the information technology systems of futures exchanges, margin depositary banks, clearing agents, or other financial institutions. Any operational failures, deficiencies, or termination of the information technology systems of these financial institutions cooperating with the Company could adversely affect the Company's ability to execute transactions, provide client services, and manage risks. Additionally, disputes or cooperation difficulties arising between the Company and these financial institutions due to such issues may also affect the Company's normal operations.

Major Risk Prevention Strategies and Measures

(1) Market Risk

For futures brokerage business, the Company conducts comprehensive market risk assessments and promptly adjusts the announced margin levels to mitigate position risks under different risk levels. Through regular and periodic risk simulations, the Company monitors potential risks of its clients and grasps its own overall position risks.

For risk management business, the Company calculates the hedging thresholds for hedging targets, confirms the required quantity of hedging target assets, and adopts real-time dynamic adjustments to position quantities to avoid risks arising from adverse changes such as market fluctuations. The Company also controls market risk by setting stop-loss points and conducting real-time monitoring of asset price fluctuations.

For wealth management business, the Company ensures that fund utilization matches fund sources through a comprehensive analysis of the liquidity status of investment portfolios and the characteristics of changes in the asset scale of asset management plans. Additionally, the Company monitors the liquidity status of planned investment portfolios in real time to maintain appropriate liquidity and safety of such planned assets.

For overseas financial services business, the Company develops comprehensive market risk control measures against the products intended for trading by improving product investigation procedures and analyzing the price volatility and market liquidity of these products. The Company controls market risk through measures such as adjustments to trading funds and restrictions on trading scales.

(2) Credit Risk

For futures brokerage business, the Company understands the credit status of clients through pre-transaction risk assessments, grants them appropriate margin ratios, monitors their margin risk levels in real time, and promptly enforces mandatory liquidation to mitigate risks in their accounts.

For risk management business, the Company establishes a client assessment system subject to regulatory requirements, conducts due diligence on investors, and only engages in transactions with these clients who meet the requirements. Additionally, based on investors' participation in OTC derivatives transactions, clients are required to provide a certain amount of performance bond to reduce the probability of client default.

For wealth management business, the Company establishes a sound corporate governance structure and an internal control system to comprehensively and effectively control risks. The Company supervises the implementation of its compliance management system, risk control system, and internal audit system, and reviews and evaluates major related party transactions.

For overseas financial services business, the Company establishes and maintains an effective credit assessment system to evaluate the reliability of clients and trading counterparties. For clients, their credit statuses are effectively assessed through investigations into their financial conditions, investment objectives, investment history, trading frequency, and risk tolerance. For trading counterparties, their credit statuses are assessed and understood through monitoring their financial conditions, negative news reports, stock price monitoring, and other aspects.

(3) Operational Risk

For futures brokerage business, the Company establishes a compliant, applicable, and clear daily operation system, formulates strict business processes and authority divisions, improves business systems, adopts dual verification for important positions to reduce the probability of human errors, and establishes a sound performance evaluation mechanism. Simultaneously, the operational risk arising from errors in trading and risk control systems is avoided by establishing emergency plans, conducting system tests, and strengthening the construction of emergency backup channels.

For risk management business, the Company establishes strict internal systems and processes, formulates detailed, specific, and standardized operational processes, and arranges strict operational process training for employees before they assume their positions to continuously improve the professional capabilities of employees and control potential losses arising from operational risk at a relatively low level.

For wealth management business, the Company establishes an internal control system consisting of basic corporate systems, departmental management measures, and job operation guidelines. It also formulates various business guidelines and corresponding work documents to clarify operational risk points in various businesses, enabling employees to have rules to follow when conducting wealth management and minimizing operational risk as much as possible.

For overseas financial services business, the Company achieves effective supervision among departments through the principle of separating front and back-office positions. By improving employee recruitment and training system, it hires appropriate personnel, and strengthens and upgrades their professional ethics through training to prevent operational risk.

(4) Compliant Risk

In response to compliant risk, the Company continuously establishes and improves its overall internal control system based on the regulatory requirements and rules for different businesses, covering various business aspects such as financial management, operation management, investor suitability, and anti-money laundering, to ensure that all its businesses comply with regulatory requirements.

In terms of specific means, the Company implements risk control over business processes by adopting modern management systems (such as OA office system, trading risk control system, anti-money laundering system, etc.) to ensure the compliant conduct of its various businesses.

Simultaneously, the Company applies modern information technology to conduct full-process compliance risk monitoring over its operational and management activities. Through the establishment of an OA modern management system, the Company conducts process-oriented management and hierarchical authorization against various affairs in its daily business activities and strengthens legal and compliance review of the matters around personnel, fund allocation, and contract. In addition, the compliance of client account opening and the investor suitability is reviewed through the account opening system; the risk control and review of client margins, client transaction risks, and transaction results are conducted through the futures trading management system; client risks and abnormal trading behaviors are monitored in real time through the futures risk monitoring system, and control measures are taken accordingly; anti-money laundering monitoring of suspicious transactions is achieved through the anti-money laundering monitoring system; and the monitoring of client funds and bank accounts is achieved through the financial accounting system. Through various types of compliance risk monitoring, the Company achieves process monitoring of its overall operations and ensures its continuous compliant operations according to law.

(5) Information System Risk

In response to information system risk, the Company constructs its IT system with reference to industry norms and standards. In terms of computer room construction, the Company has multiple central computer rooms in Shanghai and Hangzhou, as well as hosted computer rooms at various exchanges such as the Shanghai Futures Exchange, China Financial Futures Exchange, Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Guangzhou Futures Exchange, Shanghai Stock Exchange, and Shenzhen Stock Exchange. In terms of trading system, the Company takes the comprehensive trading platform of the SHFE as its main trading system, while incorporating trading systems from multiple software vendors to provide clients with personalized services. In terms of disaster recovery, a complete trading production backup with real-time data synchronization has been established in Binjiang Computer Room in Hangzhou. Simultaneously, a heterogeneous trading system supporting all clients has been constructed to guard against risks arising from a single software vendor.

Simultaneously, the Company avoids the risks arising from errors in trading and risk control systems by establishing emergency plans, conducting system tests, and strengthening the construction of emergency backup channels.

Risk Management System Construction

The Company implements a comprehensive risk management mechanism and its internal control processes to monitor, assess, and manage financial, operational, compliance, and legal risks in its business activities. It conducts vertical risk management of its subsidiaries through business guidance, operational support, and decision management. The Company has established a complete and effective governance structure system. Its shareholders' meeting and Board perform their duties in accordance with the Company Law, the Securities Law, and the Company's Articles of Association, so as to supervise and manage the Company's business operations. By strengthening the arrangement of internal control-related work and improving the Company's internal control environment and structure, the Board ensures that internal control and risk management become essential components of the Company's decision-making process.

For risk management, the Company has established a tiered risk governance framework, along with scientific supervision procedures and review mechanisms.

(1) Establish a comprehensive institutional framework covering all business links and processes of the Company to ensure the institutionalization of business processes.

1. Establish a sound business decision-making mechanism. The development of various businesses is conducted after scientific demonstration and review by the business decision-making department to ensure prior risk prediction.

2. Establish a scientific business risk assessment system. The Company sets up a trading risk control department to comprehensively monitor and control risks in futures brokerage business. It also sets up a legal affairs department and a compliance review department to uniformly review business contracts and assess the legal and compliance risks associated with the Company's external business activities. And it implements a review system for risk assessment to ensure a comprehensive risk evaluation.

3. Establish a sound inspection and supervision system to ensure the implementation of various systems, ensure that all business activities are conducted within a legal and compliant framework, and ensure the stable operations of the Company.

4. Establish a sound accountability mechanism to ensure an internal handling mechanism where any mistakes are addressed, thereby effectively preventing the occurrence of risks.

(2) At the technical level, the Company establishes a complete system for business risk identification, assessment, and control. It also utilizes various means, including sensitivity analysis, to continuously monitor the aforementioned risks and clarify risk management processes and risk mitigation methods.

1. For risk identification: Identify risks existing in the organizational and business systems, as well as key regulatory indicators.

2. For risk assessment: Conduct quantitative and qualitative analysis of various risks with sensitivity analysis, value at risk, and other methods, analyze the possibility and consequences of various risks, formulate risk management strategies, and report them through communication channels.

3. For risk control: Actively take response measures based on assessed risks to ensure that the Company's operations remain unaffected or the impact is minimized.

The Company establishes a dynamic net capital monitoring mechanism in response to changes in the business environment to ensure that net capital meets regulatory indicator requirements.

Risk Management Organizational Structure

The Company establishes a four-tier risk governance organizational structure consisting of the Board and its specialized committees, the operational management, functional management departments, as well as business departments and branches.

(1) The Board and its specialized committees

The Board represents the highest level of risk management within the Company, being responsible for approving the Company's overall business strategy and major policies, determining the Company's risk appetite and risk tolerance, approving risk management policies, systems, and procedures for various businesses, overseeing, inspecting, and evaluating the effectiveness of the Company's risk management, as well as assuming ultimate responsibility for the Company's risk management.

The Board has established two specialized committees, namely the Risk Management Committee and the Audit Committee, to oversee the Company's risk management related matters.

(2) Operational management

The Company has an operational management that constitutes the second level of the Company's risk management. During the Company's business management, the operational management strictly fulfills corresponding management responsibilities in line with the Company's internal control system and controls these risks related to corporate operations, client funds, finance, and information technology from a professional perspective. This specifically includes Chief Risk Officer, Investment Decision-Making Committee, Risk Control Committee, and IT Governance Committee.

(3) Functional management departments

The Company has established departments such as Risk Control Department 1, Risk Control Department 2, Risk Control Department 3, Financial Management Department, Compliance Review Department, Legal Affairs Department, and Network Engineering Department to specifically implement risk management responsibilities from a professional perspective.

(4) Business departments and branches

Each business department and branch serves as the first line of defense for the Company to comprehensively implement risk management and prevent various potential risks. Their responsibilities are to strictly follow internal control requirements and take the initiative to manage risks in their respective departments/branches under the guidance of the Company's corresponding functional departments, including client suitability management, client complaint handling, risk monitoring and reporting, etc.

FUTURE DEVELOPMENT PROSPECTS AND STRATEGIES

The Company will adhere to its long-term positioning as "a financial services company centered on derivatives business", and promote the coordinated development of various businesses and enhance comprehensive business service capabilities by strengthening a "platform-based, internationalized, and digitally intelligent" development model. It will rely on digital transformation, AI applications, and innovative middle and back-office services to empower business expansion and become a leading comprehensive derivatives service provider with influence both domestically and internationally.

(I) Platform-based – Realizing Coordinated Development of Diverse Business Segments

Currently, the Company possesses four business segments around futures brokerage, risk management, wealth management, and overseas financial services. It has initially formed a comprehensive financial services platform integrating domestic and overseas, on-exchange and off-exchange, public and private offerings, futures and spot, and online and offline services, providing clients with one-stop financial services. The Company will continue to deepen the coordinated development of various business segments with a "industrial, institutional, and high-net-worth" business orientation. It will establish a coordinated service system that "takes brokerage business to consolidate client foundations and service platform functions, takes wealth and risk management to achieve professional service delivery, and takes overseas financial services to expand business extension points", which will enable a business ecosystem in which licenses empower each other, enhance the quality and efficiency of comprehensive services, and build a business pattern of "building foundations domestically and making breakthroughs overseas".

(II) Internationalized – Deepening Business Network Layout Globally

The Company's internationalization strategy will rely on its overseas subsidiary, HGNH International, as its foothold. It will follow the overarching approach of "deepening presence in Asia-Pacific, strengthening operations in Europe and America, and expanding into emerging markets" to construct a phased global "multi-center" network. It will gradually build a multi-dimensional international business system encompassing "derivatives + wealth + securities", empower securities business with futures derivatives capabilities, and link securities and asset management to render services. This will create unique competitive advantages and extend from the current derivatives trading and clearing capabilities to comprehensive financial service capabilities. Ultimately, the Company will become a full-chain financial supplier with cross-border derivatives as its feature and multi-license coordinated services for Chinese enterprises to go global.

(III) Digitally intelligent – Transforming to Empower Business

The Company will gradually establish a digital intelligence system suitable for its strategic development and achieve autonomous control over infrastructure.

For intelligent infrastructure construction, build a technological foundation featuring "high performance, high availability, and high security" to provide a solid, agile, and independently controllable underlying support for the Company's comprehensive digital transformation.

For data security and information security, establish a multi-dimensional security protection system covering all dimensions of "cloud, network, end, data, and application" to achieve the full coverage of classified and hierarchical data management and ensure the confidentiality, integrity, and availability of core information assets.

For intelligent basic capability construction, explore the intelligent implementation of AI in scenarios such as investment research, industrial services, compliance review, customer operation, trading, and risk control.

For operational digital intelligence, establish a platform for connecting business data across the Company to achieve intelligent collaboration across the entire chain of brokerage, wealth management, asset management, and risk management, thus forming a collaborative cycle of "operation – risk control – trading".

(IV) Professional – Building a Professional Talent Team System

The Company will fully promote the ecological construction of a "honeycomb organizational structure" and the establishment of a talent management system for the full-cycle development of employees, centered on the core principles of "talent-driven business, compliance-protected development, and digitalization-enhanced efficiency". By innovating the mechanism of talent cultivation, consolidating the foundation of human resources, and deepening the application of digital tools, the Company will build a compound talent team with "international vision, professional expertise, and digital-intelligent integration". Additionally, it will further construct a comprehensive development and cultivation system covering all levels of "interns – front-line employees – middle management – senior management" to guarantee talents for the Company's sustainable development.

BUSINESS OVERVIEW

The main businesses of the Company shall cover: commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management, and securities investment fund distribution. For details on the Company's main business model, business review, and core competitiveness during the Reporting Period, please refer to the "Management Discussion and Analysis" in this report.

The key financial indicators of the Company are set out in the "Financial Summary" in this report.

MAJOR RISKS AND UNCERTAINTIES

The major risks faced by the Company include market risk, credit risk, operational risk, compliant risk, and information system risk. For details of the Company's risk management policies, risk management organizational structure, potential risks faced, and countermeasures, please refer to the "Risk Management" in this report.

EVENTS AFTER THE REPORTING PERIOD AND PROSPECTS OF THE COMPANY

From the end of the Reporting Period to the date of this report, there have been no other subsequent events with a material impact on the Group.

For the prospects of the Company's future development, please refer to the "Future Development Prospects and Strategies" in this report.

RELEVANT LAWS AND REGULATIONS OF SIGNIFICANT IMPACT

The Company has long adhered to the principle of operating in compliance with laws and regulations, strictly abiding by national laws, administrative regulations, and the requirements of various rules and normative documents issued by regulatory authorities. In 2025, aligning with regulatory stipulations and the practical needs of business management, the Company formulated and revised multiple internal management policies, continuously enhancing its internal control standards and perfecting its compliance management system. It improved business management rules and operational procedures, promptly embedding relevant requirements from regulators and self-regulatory organizations into all business segments to ensure thorough implementation. The Company also consistently strengthened the promotion and training of a legal compliance culture, reinforcing the awareness of compliant operations and proactive risk prevention across all business lines. During the Reporting Period, the Company's overall operational and management compliance was satisfactory, its compliance risk management system operated smoothly, and no significant systemic compliance risks were identified.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Company consistently upholds the concept of green development, deeply implements the new development philosophy, and actively responds to the national strategy for ecological environmental protection and sustainable development. It continuously improves its environmental management system, deeply integrating ecological and environmental protection responsibilities into the entire process of its operation and management, and taking concrete actions to contribute to the construction of a beautiful China. The Company proactively aligns with the national "dual carbon" goals, deeply cultivates green finance, and fully leverages the guiding role of financial institutions in economic transformation, upgrading, and high-quality sustainable development. It comprehensively embeds ESG concepts into all business layouts and operational management, promoting a synergistic win-win situation among economic, social, and environmental benefits. The Company adheres to green operations and low-carbon development, earnestly reducing the impact of its own business activities on the ecological environment, actively participating in the construction of an ecological civilization, and continuously promoting the harmonious coexistence of humanity and nature. For specific details, please refer to the "2025 Environmental, Social and Governance Report" disclosed by the Company.

PROFIT DISTRIBUTION AND PROFIT DISTRIBUTION PLAN

In view of the long-term development and interests of investors, the Company is expected to make the following profit distribution plan:

1. The Company proposes to distribute a cash dividend of RMB0.69 (tax inclusive) for every 10 shares to all shareholders. Calculated based on the total share capital of the Company of 717,724,893 shares as at December 31, 2025 after deducting 5,681,234 shares in the Company's designated securities account for repurchase, being 712,043,659 shares, the total proposed cash dividends to be distributed amounts to RMB49,131,012.47 (tax inclusive), representing 10.10% of the net profit attributable to shareholders of the Company for the year.

2. The Company proposes to issue 4.50 shares for every 10 shares to all shareholders converted out of capital reserves. As of December 31, 2025, the total share capital of the Company was 717,724,893 shares, (including 610,065,893 A shares and 107,659,000 H shares), after deducting 5,681,234 shares in the Company's designated securities account for repurchase, being 712,043,659 shares. Following this conversion of capital reserve, the total share capital of the Company will be 1,038,144,540 shares (including 882,038,990 A shares and 156,105,550 H shares). The total share capital of the Company shall be subject to the final registration results, and any discrepancies are due to rounding.

The aforementioned plan regarding the distribution of profits and the conversion of capital reserve has been approved by the seventh meeting of the fifth session of the Board of the Company and will be submitted to the 2025 Annual Shareholders' Meeting for consideration, and will be subject to shareholders' approval. Should the total share capital of the Company change before the record date, the total distribution amount and the conversion ratio will remain unchanged, and the distribution ratio per share and total conversion amount will be adjusted accordingly. The 2025 profit distribution plan is subject to the approval of the shareholders at the 2025 Annual General Meeting of the Company and the Stock Exchange granting the listing of, and permission to deal in, the new H shares (in relation to the capitalization issue). The Company will separately publish a circular setting out the specific arrangement of the 2025 profit distribution plan and the closure of the register of members. Regarding the distribution of the 2025 Final Dividend, the dividend payable to A Shareholders will be in RMB while those payable to H Shareholders of the Company will be in Hong Kong dollars. The exchange rate shall be calculated on the basis of the average benchmark exchange rate between RMB and Hong Kong dollars as announced by the People's Bank of China for the five working days prior to the date of the 2025 AGM of the Company. During the Reporting Period, the Company is not aware of any arrangements where shareholders have waived or agreed to waive any dividends.

After the 2025 profit distribution plan and conversion of capital reserve of the Company being approved by the 2025 annual Shareholders' Meeting of the Company, payment of the 2025 cash dividend and conversion of capital reserve will be made before July 6, 2026 by the Company. The Company will publish separate announcement on the record date and the book closure period for the payment of the dividends in relation to H Shares, as well as the record date and the date for the payment of the dividends in relation to A Shares.

ISSUE OF SHARES, BONDS AND USE OF PROCEEDS

H Shares

(1) Basic information

As approved by CSRC, the Company was listed on the Main Board of the Stock Exchange on December 22, 2025 and issued 107,659,000 H Shares under the global offering. The numbers of shares under the Hong Kong public offering was 16,148,500 H Shares, representing 15% of total number of offer shares under the global offering. The numbers of offer shares under the international placing was 91,510,500 H Shares, representing 85% of total number of offer shares under global offering, with an offer price of HKD12.00 per H Share, raising total proceeds of approximately HKD1,291.91 million. The net proceeds of the Company amounted to approximately HKD1,202.95 million (after deducting the Group's underwriting fees and all related expenses).

According to the use of proceeds from H Share issuance as set out in the H Shares prospectus, the Company intended to allocate all net proceeds to HGNH International, which plans to enhance the capital base of our overseas subsidiaries in Hong Kong, the United Kingdom, the United States, and Singapore. This initiative aims to expand our overseas operations, optimize our overseas business structure, and enhance our competitiveness and risk resilience in global markets.

(2) Actual utilisation

As of the end of the Reporting Period, the aforementioned proceeds from the global offering had not yet been utilised.

	Approximate percentage of the total net proceeds	**Net proceeds from the global offering (HKD' million)**	**Expected time to utilize the remaining net proceeds in full**
Increase the capital base of the Hong Kong operations, and to establish a subsidiary in Malaysia	30%	360.89	By the end of the year ending 2029
Increase the capital base of the operations in the United Kingdom	30%	360.89	By the end of the year ending 2026
Increase the capital base of the operations in the United States	20%	240.59	By the end of the year ending 2026
Increase the capital base of the Singapore operations	10%	120.29	By the end of the year ending 2026
General corporate purposes and to supplement the working capital of overseas operations	10%	120.29	By the end of the year ending 2029
Total	100%	1,202.95	

The Company intends to use the net proceeds in the same manner and proportion as set out in the section headed "Future Plans and Use of Proceeds" of the prospectus. As at the date of this report, the Company does not anticipate any change to its plan on the use of proceeds.

A Share

(1) Basic information

Unit: 100 million Yuan Currency: RMB

Bond code	Bond abbreviation	Whether it is a special purpose bond	Specific types of special purpose bond	Total amount of proceeds	Balance of proceeds as at the end of the Reporting Period	Balance of special account of proceeds as at the end of the Reporting Period
258904.SH	25 Nanhua C1	No	–	5.00	–	–

(2) Actual use

Unit: 100 million Yuan Currency: RMB

Bond code	Bond abbreviation	Actual amount of proceeds utilized during the Reporting Period	Amount utilized for repayment of interest-bearing debts (excluding corporate bonds)	Amount utilized for repayment of corporate bonds	Amount utilized for supplementation of working capital	Amount utilized for investment in fixed assets	Amount utilized for equity investment, debt investment or asset acquisition	Amount utilized for other purposes
258904.SH	25 Nanhua C1	5.00	-	-	5.00	-	-	-

DIRECTORS

Information on Directors of the Company, their biographies and the changes during the Reporting Period and as of the date of this report is set out in "Information on Directors, Senior Management and Staff" of this report.

SERVICE CONTRACTS OF DIRECTORS

Each of our Directors has entered into a service contract with the Company. Save as disclosed above, none of the Directors has or is proposed to enter into a service contract with any member of the Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

As of December 31, 2025, the Company or its subsidiaries did not enter into any material transactions, arrangements or contracts entitling direct or indirect substantial interests to the Directors of the Company (or the related entities of any Director) during the Reporting Period.

DIRECTORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

As of December 31, 2025, the Company has not given Directors the rights to purchase the Shares or debentures of the Company to obtain benefit, nor did they exercise any such rights; nor have any arrangements been made by the Company or any of its subsidiaries to entitle such rights to the Directors in any other body corporate.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ANY OF ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, the following persons had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the Model Code set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange as follows.

Interest in associated corporation of the Company

Name	Name of associated corporation	Nature of interest	Committed capital contribution amount in the associated corporation (RMB million)	Percentage of equity holding in the associated corporation (Note 1)
Luo Xufeng	Dongyang Henghua LLP	Beneficial owner	15.9	21.65%
Jia Xiaolong	Dongyang Henghua LLP	Beneficial owner	0.9	1.23%

Note 1: The percentage is based on the total committed capital contribution amount of Dongyang Henghua LLP as of December 31, 2025 (i.e. RMB73.44 million).

Save as disclosed above, as at December 31, 2025, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or the associated corporations of the Company (within the meaning of Part XV of the Securities and Futures Ordinance), which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he/she is taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be recorded in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

Repurchase of A shares

On July 8, 2024, The Company convened the Fifteenth Meeting of the fourth session of the Board of Directors, at which the Proposal on the Share Repurchase Plan was considered and approved, and agreed to repurchase the A shares of the Company with its self-owned funds through centralised price bidding, with the amount not less than RMB50 million (inclusive) and not exceeding RMB100 million (inclusive), intended for subsequent implementation of employee shareholding plan. The repurchase price for A shares shall not exceed RMB13.90 per share (inclusive). The repurchase period shall be within 12 months commencing from the date the Board approved the repurchase plan.

As of the repurchase plan's expiration date (being July 8, 2025), the Company completed the repurchase. An aggregate of 5,681,234 A shares was repurchased through centralised price bidding on the Shanghai Stock Exchange system, representing 0.93% of the total share capital of the Company. The highest price was RMB9.37 per share, and the lowest price was RMB8.55 per share. The total amount paid was RMB50,088,766.66 (excluding transaction fees such as stamp duty and brokerage commissions).

The Company intends to use the aggregate of 5,681,234 repurchased A shares for its employee shareholding plan at an appropriate time in the future, with the share transfer to be completed within 36 months after the disclosure of the relevant announcement. If the Company has not fully utilized the repurchased A shares within 36 months after completing the share repurchase, the unutilized portion of such repurchased A shares will be canceled in accordance with the requirements of laws and regulations such as the Company Law and the Securities Law.

During the period when the aforementioned repurchased A shares are held in the Company's dedicated securities account for repurchases, such repurchased A shares shall not enjoy voting rights at shareholders' meetings, profit distribution rights, rights to capitalization of reserves, rights to subscribe for new shares, or rights to be converted into convertible corporate bonds, and shall not be pledged or lent out. Should laws and regulations require adjustments to relevant policies, the adjusted policies shall prevail.

During the Reporting Period, neither the Company nor any of its subsidiaries repurchased, sold, or redeemed any of the listed securities of the Company (including the sale of treasury shares). As of the end of the Reporting Period, the Company held 5,681,234 treasury A shares, intended for subsequent implementation of an employee shareholding plan.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this report and the H Shares prospectus, no contracts of significance to which the Company or its controlling companies or any of its subsidiaries was a party in which the controlling shareholder or its subsidiaries had a material interest subsisted at the end of the Reporting Period or at any time during the year.

PERMITTED INDEMNITY PROVISION

According to the Articles of Association of the Company, where each of a Director causes damage to others while enforcing his/her duties for the Company, the Company shall be liable for compensation. Where a Director acts with intentional misconduct or gross negligence, he/she shall also be liable for compensation.

The Company has purchased insurance for the Directors against legal liabilities arising from performance of their duties. In 2025, there were no claims for compensation against the Directors and senior management.

SHARE SCHEME

The Company and its subsidiaries have no share scheme.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that (i) will or may result in the Company issuing Shares; or (ii) will require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Reporting Year or subsisted at the end of the Reporting Year.

ISSUE OF BONDS

During the Reporting Period, details regarding the issuance of bonds of the Company, please refer to Report of the Board – Issue of shares, use of proceeds. Save as disclosed in this report, there is no other issuances of bonds.

DIRECTORS' INTERESTS IN THE BUSINESS COMPETING WITH THE COMPANY

As of December 31, 2025, none of the Directors of the Company has interest in business, directly or indirectly, competing with the Company during the Reporting Period.

OTHER DISCLOSURES

(1) Equity

Details of changes in equity of the Group for the year ended December 31, 2025 are set out in Note (47) to the financial statements of this report.

(2) Pre-emptive rights arrangements

Pursuant to the PRC laws and the Articles of Association, the Company has no pre-emptive rights arrangements during the Reporting Period.

(3) Sufficiency of public float

Based on information that is available to the Company and within the knowledge of the Directors, during the Reporting Period, the Company has maintained the public float prescribed to the Company as required under the Listing Rules.

(4) Management contract

No contracts concerning the management and administration of the whole or any substantial part of the Company's business (other than the service contracts entered into with the Directors and the senior management) were entered into or existed during the Reporting Period.

(5) Data on tax reduction and exemption of the H Shareholders

Individual investors

In accordance with the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) issued by the fifth session of the Standing Committee of the National People's Congress on September 10, 1980, revised on August 31, 2018 and came into effect on January 1, 2019 and the "Regulations for the Implementation of the Individual Income Tax Law of the People's Republic of China" (《中華人民共和國個人所得稅法實施條例》) revised by the State Council on December 28, 2018 and came into effect on January 1, 2019, the dividends paid by Chinese companies shall be subject to the withholding tax at a rate of 20.0%. Non-Chinese resident foreign individuals shall be imposed 20.0% of individual income tax on the dividends from Chinese companies, unless specific exemptions allowed by the tax authorities of the State Council or special deductions in accordance with 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 issued by the State Administration of Taxation (《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》) (Guo Shui Han [2011] No. 348), for domestic non-foreign-invested enterprises publicly listed in Hong Kong, its overseas resident individual shareholders are entitled to the preferential tax treatments under the taxation agreement entered into between China and the countries in which they reside. Dividends paid by domestic non-foreign-invested enterprises listed in Hong Kong to its H share individual holders who are not Chinese residents shall be subjected to individual income tax at the rate of 10.0%, and without prior approval from the Chinese tax authorities. In the event that the tax rate of 10.0% is not applicable, (i) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where an income tax treaty prescribing a rate of less than 10.0% was entered into between China and the country in which he resides, the non-foreign-invested enterprises listed in Hong Kong may, on behalf of such holder, apply for further preferential tax treatment; and upon approval from the competent tax authorities, the withholding tax paid in excess will be refunded; (ii) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where an income tax treaty prescribing a rate higher than 10.0% but less than 20.0% was entered into between China and the country in which he resides, the non-foreign – invested enterprises listed in Hong Kong shall withhold dividends pursuant to the agreement, without making an application; (iii) for a foreign citizen who receives dividend in the capacity of an H share individual holder, where the country he resides in has not entered into any tax treaty or otherwise with China, the non-foreign – invested enterprises listed in Hong Kong shall withhold dividends at the rate of 20.0%.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (Guo Shui Han [2006] No. 884) with respect to taxes on income signed on August 21, 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10.0% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25.0% equity interest in a PRC company, such tax shall not exceed 5.0% of the gross amount of dividends payable by the PRC company.

Enterprise

According to the prevailing effective Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Regulations on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》), the non-resident enterprises shall be subject to 10.0% enterprise income tax for the income originated from the PRC provided that the non-resident enterprises do not establish offices or premises in the PRC, or where there are offices and premises established, but there is no connection between the dividends and bonuses received and the offices or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty. According to the Notice Regarding Questions on Withholding Enterprise Income Tax When PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H Shares (《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》) (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation, which became effective on November 6, 2008, PRC resident enterprises should withhold enterprise income tax at a rate of 10.0% when they distribute dividends to Overseas non-resident enterprise shareholders of H Shares from the year of 2008. Such withholding tax may be reduced pursuant to an applicable double taxation treaty.

(6) Reserves and reserves of profits available for distribution

Distributable reserves of the Company as of December 31, 2025, calculated under the relevant legislation applicable in the PRC, the Company's place of incorporation, amounted to RMB946 million.

Details of the movements in the Company's reserves at the consolidated statement level for the year ended December 31, 2025 are set out in the "Independent Auditor's Report and Notes to the Financial Statement – Consolidated Statement of Changes in Equity".

(7) Charity donation

During the Reporting Period, the Group's charity and other donations amounted to approximately RMB3,091,500 in total.

(8) Major customers and suppliers

During the Reporting Period, the Company served a diverse base of clients comprising corporate, institutional, and individual clients across a spectrum of sectors. Revenue attributable to our top five clients accounted for less than 30% of our total operating income.

To the knowledge of the Directors, none of our Directors and their respective associates or any Shareholders holding more than 5% of the issued share capital of the Company had any interests in any of our five largest clients during the Reporting Period.

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

(9) Relationship with employees, clients and suppliers

For details regarding the Company's employees, remuneration policy and training programs, please refer to "Number and composition of employee", "Remuneration policy" and "Training Plans" of this report. For information on relationship between the Group and its major clients and suppliers, please refer to "Major customers and suppliers" of this report.

(10) Property, plant and equipment

Details of changes in property, plants and equipment of the Group for the year ended December 31, 2025 are set out in Note (3.12), (22) to the financial statements of this report.

(11) Social responsibilities

The Company actively responds to the national rural revitalization strategy, thoroughly implements relevant policy requirements, and regards rural revitalization as a key social responsibility. Upholding the principle of “benevolent business practices”, the Company has established a dedicated task force. Leveraging its industry characteristics and professional strengths, the Company employs multiple measures to consolidate poverty alleviation achievements and contribute to the broader rural revitalization agenda. Centering on the overall goals of rural revitalization, the Company has defined its assistance tasks, focused on the development needs in underdeveloped regions, and fully leveraged its financial expertise to innovate support models. The Company has implemented diversified industrial assistance initiatives to enhance the quality and efficiency of local industries. Meanwhile, the Company has intensified educational support efforts by establishing scholarship platforms to empower underprivileged students to grow and succeed. The Company advanced consumption-based assistance to stimulate endogenous momentum for rural industrial development. Furthermore, through various supplementary assistance initiatives covering areas such as livelihood improvement and industrial cultivation, the Company comprehensively fulfills its corporate social responsibilities. The Company actively supports economic development and livelihood enhancement in underdeveloped regions through concrete actions, demonstrating the responsibility and commitment as a financial institution. During the Reporting Period, details on the Company’s social responsibility fulfillment are disclosed in the “2025 Environmental, Social, and Corporate Governance Report”.

(12) Amendments to the Articles of Association

During the Reporting Period, the Board proposed amendments to the Articles of Association in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines for Articles of Association of Listed Companies, the Administrative Measures for Independent Directors of Listed Companies, the Listing Rules, and other laws, regulations, and normative documents, as well as the actual circumstances of the Company. Pursuant to the authorization granted at the 2025 Second Extraordinary General Meeting, the latest applicable amendments to the Articles of Association were reviewed and approved at the fourth meeting of the fifth session of the Board on November 28, 2025, which became effective upon the H shares were issued and listed. The latest Articles of Association have been published on December 19, 2025.

(13) Charges on the Group’s assets

Charges and other restrictions on the use of the Group’s assets at the end of 2025 are set out in Note (42) to the financial statements of this report.

(14) Foreign exchange risk

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

Although the Company's overseas business is subject to exchange rate fluctuations, the overall risks are controllable. Most of the Company's business transactions are traded in the local bookkeeping currency, and the risk exposure is small. The stress test shows that even if the exchange rate fluctuates extremely, the impact on net profit is still within the bearable range, and the Company has reasonably transmitted some risks through financial instruments.

(15) Contingent liabilities

As of December 31, 2025, the Group has no significant contingent liabilities.

By order of the Board
Luo Xufeng
Chairperson of the Board
March 27, 2026

IMPLEMENTATION STATUS OF UNDERTAKINGS

The commitments made by the Company's actual controllers, shareholders, related parties, purchasers, the Company and other relevant committing parties during the Reporting Period or that continued into the Reporting Period

Undertaking background	Type of the undertaking	Undertaking party	Content of the undertaking	Date of undertakings	Whether there is a performance period	Term of undertakings	Whether timely and strictly performed	Specific reasons for non-performance If not timely performed	Follow-up plan for failure to timely perform
Undertakings in connection with the Initial Public Offering of the A Shares	Resolution of competition conflict	Hengdian Holdings	(1) Hengdian Holdings shall strictly disclose information in respect of itself and other enterprises directly or indirectly controlled by it in accordance with the information disclosure requirements for futures companies and connected persons of listed companies. (2) Neither Hengdian Holdings nor any other enterprise controlled by it is currently engaged in, either alone or jointly with others, or operating or managing for any other person, any business that is the same as or similar to the business of Nanhua Futures. There is no horizontal competition between Hengdian Holdings and Nanhua Futures. (3) For so long as Hengdian Holdings directly or indirectly holds shares in Nanhua Futures, Hengdian Holdings and any other enterprise controlled by it shall not, directly or indirectly, engage in any business that is the same as, similar to, or constitutes substantive competition with the business scope of Nanhua Futures by means of equity participation, holding control, association, joint venture, cooperation or any other means. If any business opportunity obtained by Hengdian Holdings or any enterprise controlled by it competes or may compete with the principal business of Nanhua Futures, Hengdian Holdings shall immediately notify Nanhua Futures and shall use its best endeavours to offer such business opportunity to Nanhua Futures so as to ensure that the interests of Nanhua Futures and all its shareholders are not prejudiced. (4) If Hengdian Holdings breaches any of the foregoing undertakings, all relevant proceeds derived therefrom shall belong to Nanhua Futures. If any loss is caused to Nanhua Futures and its other shareholders as a result, Hengdian Holdings shall promptly and fully compensate Nanhua Futures and its other shareholders for all losses incurred thereby. If Hengdian Holdings fails to perform the foregoing undertakings, Nanhua Futures shall have the right to withhold cash dividends payable to Hengdian Holdings until Hengdian Holdings performs such undertakings.	For so long as it directly or indirectly holds shares in Nanhua Futures	Yes	For so long as it directly or indirectly holds shares in Nanhua Futures	Yes	N/A	N/A

Undertaking background	Type of the undertaking	Undertaking party	Content of the undertaking	Date of undertakings	Whether there is a performance period	Term of undertakings	Whether timely and strictly performed	Specific reasons for non-performance If not timely performed	Follow-up plan for failure to timely perform
	Resolution of competition conflict	Enterprise Association	(1) Neither the Enterprise Association nor any other enterprise controlled by it is currently engaged in, either alone or jointly with others, or operating or managing for any other person, any business that is the same as or similar to the business of Nanhua Futures. There is no horizontal competition between the Enterprise Association and Nanhua Futures. (2) For so long as the Enterprise Association directly or indirectly holds shares in Nanhua Futures, the Enterprise Association and any other enterprise controlled by it shall not, directly or indirectly, engage in any business that is the same as, similar to, or constitutes substantive competition with the business scope of Nanhua Futures by means of equity participation, holding control, association, joint venture, cooperation or any other means. If any business opportunity obtained by the Enterprise Association or any enterprise controlled by it competes or may compete with the principal business of Nanhua Futures, the Enterprise Association shall immediately notify Nanhua Futures and use its best endeavours to offer such business opportunity to Nanhua Futures so as to ensure that the interests of Nanhua Futures and all its shareholders are not prejudiced. (3) If the Enterprise Association breaches any of the foregoing undertakings, all relevant proceeds derived therefrom shall belong to Nanhua Futures. If any loss is caused to Nanhua Futures and its other shareholders as a result, the Enterprise Association shall promptly and fully compensate Nanhua Futures and its other shareholders for all losses incurred thereby. If the Enterprise Association fails to perform the foregoing undertakings, Nanhua Futures shall have the right to withhold cash dividends payable to Hengdian Holdings until the Enterprise Association performs such undertakings.	For so long as it directly or indirectly holds shares in Nanhua Futures	Yes	For so long as it directly or indirectly holds shares in Nanhua Futures	Yes	N/A	N/A

Undertaking background	Type of the undertaking	Undertaking party	Content of the undertaking	Date of undertakings	Whether there is a performance period	Term of undertakings	Whether timely and strictly performed	Specific reasons for non-performance If not timely performed	Follow-up plan for failure to timely perform
	Others	Directors, supervisors, senior management	During their term of office as directors, senior management or supervisors of Nanhua Futures, they shall not transfer more than 25% of the total shares of the Company held by them each year. They shall not transfer any shares of the Company held by them within six months after resignation.	Long-term valid	No	Long-term valid	Yes	N/A	N/A
Undertakings in connection with the Initial Public Offering of the H Shares	Undertakings given to the Stock Exchange pursuant to the Listing Rules	The Company	Except in certain circumstances prescribed by Rule 10.08 of the Listing Rules or pursuant to the global offering and the over-allotment option, no further shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue or sale or transfer out of treasury within six months from the listing date (whether or not such issue of shares or securities, or sale or transfer of treasury shares will be completed within six months from the listing date)	Within six months from the listing date	Yes	Within six months from the listing date	Yes	N/A	N/A

Undertaking background	Type of the undertaking	Undertaking party	Content of the undertaking	Date of undertakings	Whether there is a performance period	Term of undertakings	Whether timely and strictly performed	Specific reasons for non-performance If not timely performed	Follow-up plan for failure to timely perform
	Undertakings given to the Stock Exchange pursuant to the Listing Rules	Controlling Shareholder	Pursuant to Rule 10.07 of the Listing Rules, our controlling shareholders have undertaken to the Stock Exchange and the Company that, except pursuant to the global offering (including the exercise of the over-allotment option), they will not (and will procure that any other registered holder (if any) of the shares in which any of them has a beneficial interest will not) without the prior written consent of the Stock Exchange or unless otherwise in compliance with the Listing Rules: (i) in the period commencing on the date of this prospectus and ending on the date which is six months from the listing date, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares in respect of which any of them is shown by this prospectus to be the beneficial owner (the "Relevant Shares"); and (ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be a group of controlling shareholders of our Company for the purpose of the Listing Rules.	For so long as it directly or indirectly holds shares in Nanhua Futures	Yes	For so long as it directly or indirectly holds shares in Nanhua Futures	Yes	N/A	N/A

Undertaking background	Type of the undertaking	Undertaking party	Content of the undertaking	Date of undertakings	Whether there is a performance period	Term of undertakings	Whether timely and strictly performed	Specific reasons for non-performance If not timely performed	Follow-up plan for failure to timely perform
			Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, our controlling shareholders have further undertaken to each of the Stock Exchange and the Company that, within the period commencing on the date of the prospectus and ending on the date which is 12 months from the listing date, they will: (i) when they pledge or charge any shares or other securities of the company beneficially owned by them in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) relying on Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of securities so pledged or charged; and (ii) when they receive indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged shares or such other securities of the Company will be disposed of, immediately inform the Company of such indications. The Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraph (i) and (ii) above (if any) by our controlling shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.						

Undertaking background	Type of the undertaking	Undertaking party	Content of the undertaking	Date of undertakings	Whether there is a performance period	Term of undertakings	Whether timely and strictly performed	Specific reasons for non-performance If not timely performed	Follow-up plan for failure to timely perform
	Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong underwriting Agreement	The Company	Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the sole sponsor, the sponsor-overall coordinator, the overall coordinators, the joint global coordinators, the joint bookrunners, the joint lead managers, the capital market intermediaries and the Hong Kong underwriters that except pursuant to the global offering (including pursuant to the over-allotment option), at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the listing date (the "First Six-Month Period"), we will not, without the prior written consent of the sole sponsor and the overall coordinators (for themselves and on behalf of the Hong Kong underwriters) and unless in compliance with the Listing Rules: (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or	The First Six-Month Period and the Second Six-month Period commencing from the Listing Date	Yes	The First Six-month Period and the Second Six-Month Period commencing from the Listing Date	Yes	N/A	N/A

Undertaking background	Type of the undertaking	Undertaking party	Content of the undertaking	Date of undertakings	Whether there is a performance period	Term of undertakings	Whether timely and strictly performed	Specific reasons for non-performance If not timely performed	Follow-up plan for failure to timely perform
			(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any shares); or (c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or (d) offer or agree to do any of the foregoing specified in (a), (b) or (c) above or announce any intention to do so,						

Undertaking background	Type of the undertaking	Undertaking party	Content of the undertaking	Date of undertakings	Whether there is a performance period	Term of undertakings	Whether timely and strictly performed	Specific reasons for non-performance If not timely performed	Follow-up plan for failure to timely perform
			in each case, whether any of the foregoing transactions specified in (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six-Month Period). We have further agreed that, in the event that during the six-month period commencing on the date on which the First Six-Month Period expires (the "Second Six-Month Period"), the Company is allowed to enter into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any shares or other securities of the Company.						

There was no failure to timely comply with the above undertakings. The Company had no other outstanding public undertakings by its shareholders and related/connected parties.

APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

(I) Basic Information

Unit: RMB'0,000

	Currently Engaged
Name of Domestic Accounting Firm	Pan-China Certified Public Accountants LLP
Remuneration of Domestic Accounting Firm (audit fee)	76.6
Period of Audit Service by Domestic Accounting Firm	14
Names of Certified Public Accountants from Domestic Accounting Firm	Tang Binbin (唐彬彬), Lan Xiao (蘭笑)
Cumulative Years of Audit Service by Certified Public Accountants of the Domestic Accounting Firm	Tang Binbin (1 year); Lan Xiao (1 year)
Name of Overseas Accounting Firm	Confucius International CPA Limited
Remuneration of Overseas Accounting Firm (audit fee)	50
Period of Audit Service by Overseas Accounting Firm	1

Unit: RMB'0,000

	Name	Remuneration
Internal Control Audit Accounting Firm	Pan-China Certified Public Accountants LLP	19.43 (audit fee)

Note: the above is the 2025 annual financial report and internal control audit fees of the Company. Exclusive of tax.

(II) Description of Appointment and Dismissal of Accounting Firms

The Company appointed Pan-China Certified Public Accountants LLP and Confucius International CPA Limited as its external auditors for the year 2025, which are responsible for providing audit services in accordance with the China Accounting Standards for Business Enterprises and International Financial Reporting Standards respectively. Pan-China Certified Public Accountants LLP was engaged as the Company's internal control audit firm for the year 2025. Pan-China Consulting Firm and Pan-China Tax Firm have been engaged to provide other services. The total fees for the above services are RMB6.2410 million (exclusive of tax). Of which, the total 2025 annual financial report and internal control audit fees amounted to RMB1.4603 million (exclusive of tax); total audit fees for the H-share IPO amounted RMB3.3302 million (exclusive of tax); total audit fees for subordinated debt, convertible bonds, and other matters amounted to RMB0.8028 million (exclusive of tax); and total other fees for, among others, consulting and tax services, amounted to RMB0.6477 million (exclusive of tax).

During the past three years (including the Reporting Period), the Company did not change its accounting firms.

PLAN FOR MAJOR INVESTMENTS OR PURCHASE OF CAPITAL ASSETS IN THE FUTURE

Save as disclosed in the prospectus and the section "Use of Proceeds" in this report, as at the date of this report, the Company has no plans for major investments or purchase of capital assets in the future.

LITIGATION AND ARBITRATION MATTERS

During the Reporting Period, the Company had no material litigation or arbitration matters required to be disclosed under the Listing Rules of the Shanghai Stock Exchange, where the amount involved exceeds RMB10 million and accounts for more than 10% of the absolute value of the Company's most recently audited net assets.

PENALTIES AND RECTIFICATION MEASURES IN RESPECT OF THE LISTED COMPANY, ITS DIRECTORS, SENIOR MANAGEMENT AND THE LARGEST SHAREHOLDER

On November 19, 2025, the Guangdong Bureau of the CSRC issued the Decision on Ordering Corrective Measures against Guangdong Branch of Nanhua Futures Co., Ltd. (《關於對南華期貨股份有限公司廣東分公司採取責令改正措施的決定》) (Administrative Supervision Measures Decision [2025] No. 137 of the Guangdong Bureau of the CSRC) (中國證券監督管理委員會廣東監管局行政監管措施決定書[2025]137 號). The Decision held that the Guangdong Branch had failed to properly maintain business records and had not established and effectively implemented its management and internal control systems in respect of business management, personnel management and investor suitability. The Company and the Branch immediately conducted self-inspections and adopted rectification measures, including improving systems, standardizing procedures, strengthening staff management, and enhancing compliance inspections and accountability. A rectification report has been submitted to the Guangdong Bureau of the CSRC. The Guangdong Bureau of the CSRC has not raised further queries or taken any additional measures in respect of this matter.

On September 24, 2025, the Liaoning Bureau of the CSRC issued the Decision on Taking Warning Letter Measures against Shenyang Business Department of Nanhua Futures Co., Ltd. (《關於對南華期貨股份有限公司瀋陽營業部採取出具警示函措施的決定》) (Administrative Supervision Measures Decision [2025] No. 22 of the Liaoning Bureau of the China Securities Regulatory Commission) (中國證券監督管理委員會遼寧監管局行政監管措施決定書[2025]22 號). The Decision held that Shenyang Business Department had deficiencies in the implementation of internal control systems in respect of the management of WeChat Groups and marketing conduct. The Company and the business department immediately conducted self-inspections and implemented rectification measures, including improving systems and procedures, strengthening staff training, communication and accountability. A rectification report has been submitted to the Liaoning Bureau of the CSRC. The Liaoning Bureau of the CSRC has not raised further queries or taken any additional measures in respect of this matter.

On November 21, 2025, Nanhua Fund was subject to a regulatory measure of order for corrective action by the Zhejiang Branch of the CSRC (浙江證監局) for issues in relation to corporate governance and compliance and internal controls. A rectification report has been submitted to the Zhejiang Branch of the CSRC. As at the present date, the Zhejiang Branch of the China Securities Regulatory Commission has not raised further queries or taken any additional measures in respect of this matter.

On December 29, 2025, Nanhua Fund was subject to the regulatory measures of order for corrective action and suspension of acceptance of part of its business for three months by the Zhejiang Branch of the CSRC due to issues in internal control and compliance, fund sales and investment operations. A rectification report has been submitted to the Zhejiang Branch of the CSRC. As at the present date, the Zhejiang Branch of the China Securities Regulatory Commission has not raised further queries or taken any additional measures in respect of this matter.

With regard to the findings identified above, the Company has earnestly implemented rectification measures, further enhanced compliance awareness and proactively implemented regulatory requirements. The Company has conducted a comprehensive and systematic review of management weaknesses, so as to effectively enhance its level of compliant and prudent operation. The Company will strictly comply with relevant laws and regulations in fulfilling its information disclosure obligations. The Company's business operations are currently normal.

MAJOR RELATED PARTY TRANSACTIONS/NON-EXEMPT CONNECTED TRANSACTIONS

The Group conducts related party/connected transactions in strict accordance with the listing rules of the listing venues and the Company's Connected Transactions Management Measures (《關聯交易管理辦法》). The related party/connected transactions of the Group are conducted on the principles of fairness, openness and impartiality, and the related party/connected transaction agreements are entered into on the basis of equality, voluntariness, equivalence and compensation, at market prices. Details of the related party transactions entered into by the Group in FY2025 are set out in Note (51) to the financial statements of this report; none of these transactions constitute connected transactions or continuing connected transactions required to be disclosed under the Listing Rules. During the Reporting Period, the Group did not conduct any non-exempt connected transactions or continuing connected transactions. The Company's connected transactions and continuing connected transactions have complied with the disclosure requirements under Chapter 14A of the Listing Rules.

OVERVIEW OF OVERSEAS BUSINESS LAYOUT

During the Reporting Period, the Company continued to deepen the global layout of its overseas business. Its subsidiaries in Singapore, the United Kingdom and the United States actively applied for various exchange trading and clearing memberships as well as special business licenses in the key financial markets of Asia, Europe and North America, and continuously improved the overseas business license and qualification system. By steadily obtaining various high-quality overseas qualifications, the Company has continuously expanded the scope and boundary of its business services, further improved its global trading and clearing service system, and continuously enhanced the market coverage capacity and professional service capacity of its overseas business, resulting in a more solid global business layout. The specific overseas qualifications obtained during the Reporting Period are as follows:

Name of the Company	Overseas Qualifications
NANHUA SINGAPORE	1. Pursuant to Rule 30.10 of the U.S. Commodity Futures Trading Commission (CFTC), having become a non-U.S. broker-dealer compliant with CFTC Rule 30.10, the Company may execute futures transactions for U.S. investors in regulated futures markets of Singapore, Hong Kong, Europe and other jurisdictions outside the U.S. futures market.
	2. Trading Membership of ICE Futures Singapore (IFSG) and Clearing Membership of ICE Clear Singapore (ICSG)
NANHUA UK	1. Qualified Foreign Institutional Investor status
	2. Trading and Clearing Membership of Intercontinental Exchange Europe (ICEU)
	3. Principal Member of the Futures Industry Association (FIA)
	4. Pursuant to Rule 30.10 of the U.S. Commodity Futures Trading Commission (CFTC), having become a non-U.S. broker-dealer compliant with CFTC Rule 30.10, the Company may execute futures transactions for U.S. investors in regulated futures markets of Singapore, Hong Kong, Europe and other jurisdictions outside the U.S. futures market.
NANHUA USA	1. Clearing Membership of CBOE Clear
	2. Trading Membership of Cboe Futures Exchange, LLC (CFE)
	3. Clearing Membership of Nodal Clear
	4. Trading Membership of Coinbase Derivatives

As of December 31, 2025, the shareholding of the top ten shareholders of the Company was as follows:

(Unit: Share)

Shareholdings of the top ten shareholders (excluding shares lent through securities lending and refinancing)

Name of shareholder (Full name)	Increase and decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares with selling restriction held	Share pledged, marked or frozen: Status of shares	Share pledged, marked or frozen: Number	Nature of shareholder
Hengdian Group Holding Co., Ltd.	–	425,120,900	59.23	–	Nil	–	Domestic non-state owned-legal person
HKSCC Nominees Limited	107,656,500	107,656,500	15.00	–	Unknown	–	Foreign legal person
Dongyang Henghua Investment Limited Partnership (Limited Partnership)	–	24,480,000	3.41	–	Nil	–	Domestic non-state owned-legal person
Zhejiang Hengdian Import and Export Co., Ltd.	–	10,000,000	1.39	–	Nil	–	Domestic non-state owned-legal person
Hengdian Group DMEGC Magnetics Co., Ltd	–	10,000,000	1.39	–	Nil	–	Domestic non-state owned-legal person
Yang Relie (楊熱烈)	308,925	5,779,825	0.81	–	Nil	–	Domestic natural person
Hong Kong Securities Clearing Company Limited	-2,371,538	4,069,271	0.57	–	Nil	–	Other
National Social Security Fund 413 Portfolio	-2,070,000	2,880,000	0.40	–	Nil	–	Unknown
China Merchants Bank Co., Ltd. – Southern China Securities 1000 Trading Open-ended Index Securities Investment Fund	142,300	1,661,600	0.23	–	Nil	–	Unknown
Xu Fengling (徐鳳玲)	1,452,600	1,452,600	0.20	–	Nil	–	Domestic natural person

(Unit: Share)

Shareholdings of the top ten holders of shares without selling restrictions (excluding shares lent through securities lending and refinancing)

Name of shareholder	Number of shares held without selling restrictions	Class and number of shares	
		Class	Number
Hengdian Group Holding Co., Ltd.	425,120,900	RMB ordinary shares	425,120,900
HKSCC Nominees Limited	107,656,500	Overseas listed foreign shares	107,656,500
Dongyang Henghua Investment Limited Partnership (Limited Partnership)	24,480,000	RMB ordinary shares	24,480,000
Zhejiang Hengdian Import and Export Co., Ltd.	10,000,000	RMB ordinary shares	10,000,000
Hengdian Group DMEGC Magnetics Co., Ltd.	10,000,000	RMB ordinary shares	10,000,000
Yang Relie (楊熱烈)	5,779,825	RMB ordinary shares	5,779,825
Hong Kong Securities Clearing Company Limited	4,069,271	RMB ordinary shares	4,069,271
National Social Security Fund 413 Portfolio	2,880,000	RMB ordinary shares	2,880,000
China Merchants Bank Co., Ltd. – Southern China Securities 1000 Trading Open-ended Index Securities Investment Fund	1,661,600	RMB ordinary shares	1,661,600
Xu Fengling (徐鳳玲)	1,452,600	RMB ordinary shares	1,452,600

Explanation on repurchase special account among the top ten shareholders	As of the end of the Reporting Period, the repurchase special account of Nanhua Futures Co., Ltd. held 5,681,234 shares of the Company, accounting for 0.93% of the Company's total share capital. Such shares do not entitle holders to voting rights at Shareholders' meetings, profit distribution, pledge or other rights.
Explanation on the above shareholders' entrusting voting rights, entrusted voting rights and waiver of voting rights	–
Statement regarding the related relationship or acting in concert arrangements of the above shareholders	Hengdian Holdings is the controlling shareholder of the Company. Dongyang Henghua is the shareholding platform for the Company's management; Hengdian Holdings serves as the general partner and the executive general partner of Dongyang Henghua. Hengdian Holdings directly holds 50.59% of the equity interests in Hengdian DMEGC Magnetics. Hengdian Holdings directly and indirectly holds 75.00% of the equity interests in Hengdian Import and Export. Except for the foregoing relationships, no relationship or concerted action among the other top ten shareholders is known.
Explanation on the preference shareholders with restored voting rights and the number of shares held	–

Note:

1. HKSCC Nominees Limited is the nominee holder of the Company's H Shares held by non-registered holders

2. Hong Kong Securities Clearing Company Limited holds the Shares for non-registered holders of Shanghai Stock Connect

3. The nature of an A-shareholder refers to the account nature registered by the shareholder with CSDC, Shanghai Branch

ISSUE AND LISTING OF SECURITIES

Unit: Share Currency: HKD

Types of stocks and their derivative securities	Date of Issue	Issue price (or interest rate)	Issue size	Date of listing	Amount approved for listing and trading	Maturity date
Ordinary Shares						
H Shares	2025-12-22	12	107,659,000	2025-12-22	107,659,000	–

Unit: Number Currency: RMB

Types of stocks and their derivative securities	Date of Issue	Issue price (or interest rate)	Issue size	Date of listing	Amount approved for listing and trading	Maturity date
Bonds (including enterprise bonds, corporate bonds and debt financing instrument of non-financial enterprises)						
Nanhua Futures Co., Ltd. 2025 Non-public Issuance of Subordinated Bonds to Professional Investors	2025-6-13	3.28%	5,000,000	2025-6-20	5,000,000	2032.6.13

Issue of securities during the Reporting Period:

1. The 107,659,000 H Shares issued by the Company were listed and traded on the Main Board of the Stock Exchange on December 22, 2025, at an issue price of HK$12 per share.

2. "Nanhua Futures Co., Ltd. 2025 Non-public Issuance of Subordinated Bonds to Professional Investors" has a par value of RMB100, coupon rate: 3.28%, issue size of RMB500 million, and term of 7 years.

The Company has a call option and reserves the right to announce whether to exercise the call option on the Bonds at the information disclosure venue prescribed by the competent authority 30 trading days prior to the interest payment date of the 2nd, 4th and 5th interest accrual years of the Bonds.

If the Company decides to exercise the call option at the end of the 2nd year of the Bonds' duration, the Bonds shall be deemed fully due and payable at the end of the 2nd year, and the Company shall redeem all of the Bonds from investors at the par value plus the final interest installment. The payment method for redemption shall be the same as that for the payment of principal and interest upon maturity of the Bonds, and shall be handled in accordance with the relevant provisions of the bond registration institution. If the Company does not exercise the call option at the end of the 2nd year of the Bonds' duration, the Bonds shall continue to exist during the 3rd and 4th years with the coupon rate unchanged;

If the Company decides to exercise the call option at the end of the 4th year of the Bonds' duration, the Bonds shall be deemed fully due and payable at the end of the 4th year, and the Company shall redeem all of the Bonds from investors at the par value plus the final interest installment. The payment method for redemption shall be the same as that for the payment of principal and interest upon maturity of the Bonds, and shall be handled in accordance with the relevant provisions of the bond registration institution. If the Company does not exercise the call option at the end of the 4th year of the Bonds' duration, the Bonds shall continue to exist during the 5th year with the coupon rate unchanged;

If the Company decides to exercise the call option at the end of the 5th year of the Bonds' duration, the Bonds shall be deemed fully due and payable at the end of the 5th year, and the Company shall redeem all of the Bonds from investors at the par value plus the final interest installment. The payment method for redemption shall be the same as that for the payment of principal and interest upon maturity of the Bonds, and shall be handled in accordance with the relevant provisions of the bond registration institution. If the Company does not exercise the call option at the end of the 5th year of the Bonds' duration, the Bonds shall continue to exist during the 6th and 7th years, and the coupon rate shall be adjusted to the initial coupon rate plus 300 basis points (1 basis point equals 0.01%) commencing from the 6th interest accrual year and shall remain unchanged during the 7th interest accrual year.

CHANGES IN SHARE

Statement of Changes in Share

Unit: Share

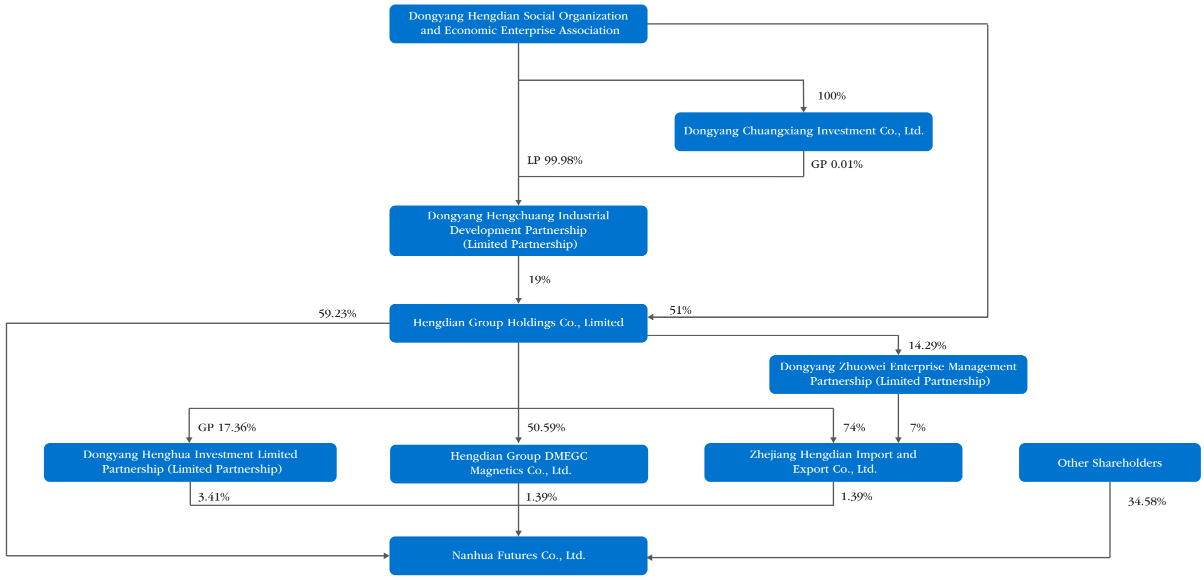
	Before the change		Change			After the change	
	Number	Percentage (%)	Issue of new shares	Others	Sub-total	Number	Percentage (%)
I. Shares not subject to trading restrictions							
1. RMB-denominated ordinary shares	610,065,893	100				610,065,893	85
2. Overseas-listed foreign shares			107,659,000		107,659,000	107,659,000	15
II. Total number of shares	610,065,893	100				717,724,893	100

Notes:

1. The "Shares not subject to trading restrictions" in the above table include 5,681,234 A shares repurchased by the Company.

2. 107,659,000 H shares issued by the Company were listed and traded on the Main Board of the Stock Exchange on December 22, 2025. The Chinese abbreviation of the H shares is "南華期貨股份", the English abbreviation is "NANHUA FUTURES", and the stock code is "2691".

As of the end of the Reporting Period, the diagram of the ownership and control relationship between the Company, its controlling shareholder and actual controller is as follows:



INTERESTS AND SHORT POSITIONS HELD BY MAJOR SHAREHOLDERS

Pursuant to Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), substantial shareholders of the Company are required to disclose their interests and make further disclosure when their interests change by the prescribed percentage. The information in the table below is extracted from the latest information on interests disclosed by the Company's substantial shareholders on the website of HKEXnews of Hong Kong Exchanges and Clearing Limited as of December 31, 2025. As changes in their interests are only required to be disclosed when the prescribed percentage threshold is reached, the information set out in the table below may be inconsistent with their actual interests held as of December 31, 2025.

Name of shareholder	Capacity	Class of Shares	Number of shares (share)/Nature of interest held	Percentage of the Company's issued A Shares/H Shares as at December 31, 2025	Percentage of the Company's total issued shares as at December 31, 2025
Hengdian Holdings	Beneficial owner	A Shares	425,120,900/Long	69.68%	59.23%
	Interest in controlled corporation	A Shares	44,480,000/Long	7.29%	6.20%
Dongyang Hengdian Association	Interest in controlled corporation	A Shares	469,600,900/Long	76.98%	65.43%
CITIC Securities Company Limited	Interest in controlled corporation	H Shares	24,389,000/Long	22.65%	3.40%
			8,176,000/Short	7.59%	1.14%
CITIC Securities International Company Limited	Interest in controlled corporation	H Shares	17,962,500/Long	16.68 %	2.50%
			1,749,500/Short	1.63%	0.24%
CLSA B.V.	Interest in controlled corporation	H Shares	16,213,000/Long	15.06%	2.26%
CLSA Capital Limited	Beneficial owner	H Shares	16,213,000/Long	15.06%	2.26%
Huatai Securities Co., Ltd	Beneficial owner	H Shares	6,524,000/Long	6.05%	0.91%
			6,519,000/Short	6.05%	0.91%

Notes:

(1) Hengdian Holdings directly holds 425,120,900 A Shares of the Company, indirectly holds 10,000,000 A Shares through its subsidiary Hengdian DMEGC Magnetics, and indirectly holds 10,000,000 A Shares through its subsidiary Hengdian Import and Export. As Hengdian Holdings is the general partner of Dongyang Henghua (Limited Partnership), Hengdian Holdings is deemed to be interested in 24,480,000 A Shares held by Dongyang Henghua (Limited Partnership) for the purposes of the Securities and Futures Ordinance.

(2) Hengdian Holdings is directly held by Dongyang Hengdian Association and Dongyang Hengchuang with 51% and 19% of the shares respectively. Dongyang Hengchuang is held by Dongyang Hengdian Association as to 0.01% as the general partner and as to 99.98% as the limited partner. Accordingly, Dongyang Hengdian Association is deemed to be interested in all the shares held by Hengdian Holdings for the purposes of the Securities and Futures Ordinance.

Save for the disclosures above, as at December 31, 2025, the Directors are not aware of any other person (excluding the Directors, supervisors and chief executive officer) who had any interests or short positions in the shares and underlying shares of the Company that are required to be recorded in the register required to be kept pursuant to Section 336 of the Securities and Futures Ordinance.

(I) DIRECTORS AND SENIOR MANAGEMENT

Changes in shareholdings and remuneration of directors and senior management who were in office and those who resigned during the Reporting Period

Name	Position(s)	Gender	Age	Term of office start date	Term of office end date	Number of shares held at beginning of year	Number of shares held at end of year	Change in number of shares during the year	Reason for change in shareholding	Pre-tax remuneration received from the company during the Reporting Period (RMB10,000)	Whether remuneration is received from a connected person of the Company
Luo Xufeng	Chairman of the Board	Male	57	2019.11.8	To date					233.73	No
Lyu Yuelong	Director	Male	59	2025.7.14	To date					–	Yes
Xu Wencai	Director	Male	59	2012.10.18	To date					–	Yes
Hu Tiangao	Director	Male	60	2021.4.23	To date					–	Yes
Li Baoping	Director	Male	61	2012.10.18	To date					–	Yes
Xu Lin	Independent Director	Male	55	2024.7.24	To date					12.00	No
Liu Yulong	Independent Director	Male	54	2025.7.14	To date					5.61	No
Li Jing	Independent Director	Female	37	2025.7.14	To date					10.20	No
Sun Yingting	Director	Female	37	2025.7.14	To date					46.34	No
Jia Xiaolong	General manager	Male	47	2022.2.11	To date					193.73	No
Li Jianping	Chief risk officer	Female	42	2017.11.7	To date					154.74	No
Gu Song	Deputy general manager	Male	53	2022.1.18	To date					166.22	No
Chen Donghua	Deputy general manager	Male	59	2023.12.12	To date					137.30	No
Wang Zhenghao	Deputy general manager	Male	55	2025.6.9	To date					101.93	No
Ma Yisheng	Secretary of the Board	Male	44	2026.3.10	To date					–	Yes
Li Li	Chief financial officer	Female	40	2024.5.14	To date					93.95	No
Zhang Hongying	Former Independent Director	Female	59	2019.2.20	2025.7.14					6.43	No
Chen Rong	Former independent Director	Female	49	2019.2.20	2025.7.14					6.43	No
Li Guoping	Former chairman of the supervisory committee	Male	52	2020.4.27	2025.7.14					–	Yes
Jin Longhua	Former supervisor	Male	63	2019.11.25	2025.7.14					–	Yes
Xia Haibo	Former supervisor	Male	55	2012.10.18	2025.7.14					26.98	No
Zhong Yiqiang	Former deputy general manager	Male	44	2025.6.9	2026.3.10					155.91	No
	Former secretary of the Board			2012.10.18	2026.3.10						
Total	/	/	/	/	/				/	1,351.50	/

Note: The remuneration disclosed for Ms. Sun Yingting, Mr. Xia Haibo, Mr. Wang Zhenghao and Mr. Ma Yisheng is the remuneration received during their terms of office as directors, supervisors and senior management.

Primary Work Experience of Current Directors and Senior Management

Executive Director

Luo Xufeng (羅旭峰), born in February 1968, is an executive Director and chairman of the Board of our Company.

Dr. Luo has extensive experience in futures business and is one of the first generation of industry leaders advocating for futures business in the PRC. Having proactively participated in various roles in the industry throughout his tenure, Dr. Luo has accumulated the wealth of experience and skills for the overall operational management and strategic planning to promote the growth of the Company. Dr. Luo joined the Company in May 1996 and since then has been working in various positions, including deputy general manager and general manager of the Company. Dr. Luo was appointed as the chairman of the Board in November 2019. Dr. Luo has also served as a director in certain major subsidiaries of the Company.

Dr. Luo obtained his bachelor's degree in industrial management and engineering from Zhejiang University in December 1992 and his executive master of business administration (EMBA) degree from Shanghai Jiao Tong University in the PRC in March 2014. Dr. Luo obtained his degree of Doctor of Philosophy from University of Technology, Sydney in March 2012. Dr. Luo was recognized as a senior economist by Zhejiang Province Human Resources and Social Security Department Senior Economist Job Qualification Assessment Committee (浙江省人力資源和社會保障廳正高級經濟師職務任職資格評審委員會) in December 2024. Dr. Luo was qualified for engaging in futures business by China Futures Association in 2003. Dr. Luo obtained his qualification for futures investment consultancy by China Futures Association in August 2012.

Non-executive Directors

Lyu Yuelong (呂躍龍), born in March 1966, is a non-executive Director of our Company.

Mr. Lyu joined the Company in July 2025 and since then has been serving as a non-executive Director of the Company. Mr. Lyu served as the Secretary of the Municipal Committee of Jiangshan of Zhejiang (浙江省江山市委書記) from October 2014 to August 2017, and as the vice mayor of Zhejiang Quzhou Municipal Government (浙江省衢州市政府) from April 2017 to December 2019. Mr. Lyu served as the secretary of the Party Committee and the vice president of Hengdian Holdings since December 2019. Mr. Lyu has served as a director of Hengdian Holdings since March 2023.

Mr. Lyu has been serving as a director of Hengdian DMEGC Magnetics (a company listed on the Shenzhen Stock Exchange (SZEX: 002056)) since September 2025, a director of Hengdian Tospo (a company listed on the Shanghai Stock Exchange (SSE: 603303)) since September 2025, a director of Hengdian Entertainment (a company listed on the Shanghai Stock Exchange (SSE: 603103)) since September 2025, and a director of Zhejiang Xinna since September 2025. Mr. Lyu obtained his associate's degree in Chinese from Zhejiang Normal University (浙江師範大學) in the PRC in July 1987.

Xu Wencai (徐文財), born in January 1966, is a non-executive Director of the Company.

Dr. Xu has extensive experience in futures business. Dr. Xu joined the Company in July 2005 and since then has been working in various positions, including Director, legal representative and chairman of the Board of the Company. Dr. Xu has successively served as the assistant president, the vice president, senior vice president and a director of Hengdian Holdings since August 2001. Dr. Xu has been serving as a director of Apeloa Pharmaceutical (a company listed on the Shenzhen Stock Exchange (SZEX: 000739)) since December 2001, a director of Hengdian DMEGC Magnetics (a company listed on the Shenzhen Stock Exchange (SZEX: 002056)) since February 2005, a director of Innuovo Technology (a company listed on the Shenzhen Stock Exchange (SZEX: 000795), formerly known as Taiyuan Twin Tower Aluminum Oxide Co., Ltd. (太原雙塔剛玉股份有限公司)) since August 2003, a director of Hengdian Tospo (a company listed on the Shanghai Stock Exchange (SSE: 603303)) since January 2013, a director of Hengdian Entertainment (a company listed on the Shanghai Stock Exchange (SSE: 603103)) since June 2015, a director of Zhejiang Xinna since August 2019, and an independent director of Hangzhou Haikang Robot Co., Ltd (杭州海康機器人股份有限公司) since July 2022. Dr. Xu has also been serving as a director of Nanhua Capital, a subsidiary of the Company, from May 2013 to January 2026.

Dr. Xu obtained his master's and doctoral degree in agronomy from Zhejiang Agricultural University in the PRC in July 1994 and in January 1998, respectively. Dr. Xu obtained his qualification as a certified public accountant in the PRC in December 1993 and conferred the title of associate professor in September 1998. Dr. Xu was recognized as a senior economist by Zhejiang Province Human Resources and Social Security Department Senior Economist and Economist Job Qualification Assessment Committee (浙江省人力資源和社會保障廳正高級經濟師及高級經濟師職務任職資格評審委員會) in October 2023.

Hu Tiangao (胡天高), born in September 1965, is a non-executive Director of the Company.

Mr. Hu has extensive experience in finance industry. Mr. Hu joined the Company in April 2021 and since then has been serving as a Director of the Company. Since July 1995, Mr. Hu has successively served as the director of the fund settlement committee, an assistant president and the vice president, and currently he has been serving as the senior vice president and a director of Hengdian Holdings. Mr. Hu has been serving as a director of Hengdian DMEGC Magnetics (a company listed on the Shenzhen Stock Exchange (SZEX: 002056)) since March 2008, a director of Apeloa Pharmaceutical (a company listed on the Shenzhen Stock Exchange (SZEX: 000739)) since April 2008, a director of Innuovo Technology (a company listed on the Shenzhen Stock Exchange (SZEX: 000795)) since April 2011, a director of Hengdian Tospo (a company listed on the Shanghai Stock Exchange (SSE: 603303)) since January 2013, a director of Hengdian Entertainment (a company listed on the Shanghai Stock Exchange (SSE: 603103)) since June 2015 and a director of Zhejiang Xinna since August 2019. Mr. Hu has also been serving as a director of Hangzhou Ruiyi, a subsidiary of the Company, from December 2020 to May 2025. Mr. Hu obtained his EMBA degree from Zhejiang University in February 2013.

Li Baoping (厲寶平), born in March 1964, is a non-executive Director of the Company.

Mr. Li has extensive experience in company management. Mr. Li joined the Company in October 2012 and since then has been serving as a Director of the Company. Mr. Li served as an assistant to general manager of Hengdian Group Tospo Co., Ltd. (橫店集團得邦有限公司) from December 1999 to September 2000. Mr. Li successively served as an assistant to the executive vice president, the director of talent management committee, an assistant to the president, the head of the human resources department, the vice president, and the head of the investment supervision department in Hengdian Holdings since September 2000, and currently he has been serving as a director and the vice president of Hengdian Holdings. Mr. Li served as a director and the chairman of the board of Innuovo Technology (a company listed on the Shenzhen Stock Exchange (SZEX: 000795)) from January 2015 to September 2021. Mr. Li has been serving as a director of Hengdian DMEGC Magnetics (a company listed on the Shenzhen Stock Exchange (SZEX: 002056)) since April 2022, a director of Hengdian Tospo (a company listed on the Shanghai Stock Exchange (SSE: 603303)) since January 2013, a director of Hengdian Entertainment (a company listed on the Shanghai Stock Exchange (SSE: 603103)) since June 2015, a director of Apeloa Pharmaceutical (a company listed on the Shenzhen Stock Exchange (SZEX: 000739), and Innuovo Technology (a company listed on the Shenzhen Stock Exchange, (SZEX: 000795) since September 2025, and a director of Zhejiang Xinna since August 2019. Mr. Li has also been serving as a director of Nanhua Capital, a subsidiary of the Company, from May 2013 to January 2026.

Mr. Li obtained his bachelor's degree in marine management from Dalian Maritime Transportation College (大連海運學院, currently known as Dalian Maritime University (大連海事大學)) in the PRC in July 1987 and his EMBA degree from Peking University in July 2006. Mr. Li was recognized as a senior economist by Zhejiang Province Human Resources and Social Security Department Senior Economist Qualification Review Committee (浙江省人力資源和社會保障廳正高級經濟師職務任職資格評審委員會) in October 2023.

Sun Yingting (孫穎婷), born in November 1988, is a non-executive Director and a manager of the financial management department of the Company.

Ms. Sun has extensive experience in the accounting field. Ms. Sun joined the Group in July 2011 and since July 2025 she has served as a non-executive Director of the Company. Ms. Sun worked in HGNH International from July 2011 to October 2018 with her last position as a financial officer, and served as a manager of the financial department of Nanhua Capital from November 2018 to March 2025. Ms. Sun has served as a manager of the financial management department of the Company since April 2025.

Ms. Sun obtained her bachelor's degree in accounting from Zhejiang School of Finance and Economics (浙江財經學院) (currently known as Zhejiang University of Finance and Economics (浙江財經大學)) in the PRC in June 2011. Ms. Sun was qualified for engaging in futures business by China Futures Association July 2011 and has been a non-practicing member of the Zhejiang Institute of Certified Public Accountants since July 2017. Ms. Sun obtained the legal qualification certificate in the PRC in March 2024. Ms. Sun was recognized as a senior accountant by Senior Accountant Qualification Review Committee Zhejiang Province Human Resources and Social Security Department Senior Economist Job Qualification Assessment Committee (浙江省人力資源和社會保障廳正高級會計師職務任職資格評審委員會) in December 2024. Ms. Sun was qualified for engaging in futures business by China Futures Association in April 2025.

Independent non-executive Directors

Xu Lin (徐林), born in July 1970, is an independent non-executive Director of the Company.

Dr. Xu has extensive experience in teaching and scientific research. Dr. Xu joined the Company in July 2024. Since June 1997, Dr Xu has been serving as a lecturer in the local government personnel system, and is currently serving as a professor of the public administration faculty of Zhejiang University.

Dr. Xu obtained his bachelor's degree and master's degree in biomedical engineering and instrumentation from Zhejiang University in June 1993, and June 1997, respectively, and his doctoral degree in political economy from Zhejiang University in March 2005.

Liu Yulong (劉玉龍), born in February 1971, is an independent non-executive Director of the Company.

Dr. Liu has extensive experience in business management and academic field. Dr. Liu joined the Company in July 2025 and since then has been serving as an independent non-executive Director of the Company. Since October 2005, Dr. Liu has been working in Zhejiang Gongshang University (浙江工商大學) and currently serving as a vice professor in the School of Accounting of Zhejiang Gongshang University. Dr. Liu has been serving an independent director of Hangzhou Minsheng Pharmaceutical Co., Ltd. (杭州民生健康藥業股份有限公司) (a company listed on the Shenzhen Stock Exchange (SZEX: 301507)) since May 2021. Dr. Liu served as an independent director of Zhejiang Jinghua Laser Technology Co., Ltd. (浙江京華激光科技股份有限公司) (a company listed on the Shanghai Stock Exchange (SSE: 603607)) from July 2016 to May 2022, an independent director of Zhejiang Jinfei Kaida Wheel Co., Ltd. (浙江今飛凱達輪轂股份有限公司) (a company listed on the Shanghai Stock Exchange (SSE: 002863)) from July 2017 to August 2023, an independent director of Xiamen Jiarong Technology Co., Ltd. (廈門嘉戎技術股份有限公司) (a company listed on the Shenzhen Stock Exchange (SZEX: 301148)) from September 2019 to December 2024, an independent director of Zhejiang Power New Energy Co., Ltd. (浙江帕瓦新能源股份有限公司) (a company listed on the Shanghai Stock Exchange (SSE: 688184)) from March 2019 to December 2023, Shenzhen, and since May 2022, he has been serving as an independent director of Zhejiang Jiecang Linear Motion Technology Co., Ltd. (浙江捷昌線性驅動科技股份有限公司) (a company listed on the Shanghai Stock Exchange (SSE: 603583)).

Dr. Liu obtained his bachelor's degree in mathematics from Xiamen University in the PRC in July 1994, his master's degree and doctoral degree in public finance from Xiamen University in June 1999 and in June 2002, respectively, and his post-doctoral degree in business administration from Xiamen University in September 2005. Dr. Liu was recognized as a vice professor by Zhejiang Provincial Department of Human Resources and Social Security (浙江省人事廳) in May 2008 and obtained the independent directorship certificate issued by SSE in December 2011.

Li Jing (李晶), born in May 1988, is an independent non-executive Director of the Company.

Ms. Li joined the Company in July 2025 and since then has been serving as an independent non-executive Director of the Company. From August 2013 to June 2024, Ms. Li successively served as various positions in Changzhou Municipal Tax Service of State Taxation Administration, including an administrative enforcement officer and a deputy section chief. Ms. Li has been serving as a consultant of Guangdong Chongli Law Firm (廣東崇立律師事務所) since July 2024.

Ms. Li obtained her bachelor's and master's degree in management majoring in accounting from Nanjing University in the PRC in June 2010 and June 2013, respectively. Ms. Li obtained the intermediate accountant qualification recognized by the Department of Human Resources and Social Security of Jiangsu Province (江蘇省人力資源和社會保障廳) in December 2015 and has been a non-practicing member of the Chinese Institute of Certified Public Accountants since May 2018. Ms. Li was recognized as a tax advisor by China Certified Tax Agents Association (中國註冊税務師協會) in November 2017. Ms. Li obtained the legal qualification certificate in the PRC in April 2021.

SENIOR MANAGEMENT

Jia Xiaolong (賈曉龍), born in February 1978, is a general manager of the Company.

Mr. Jia has extensive working experience in the futures business. Mr. Jia joined the Company in March 2005 and since then has been working in various positions, including the customer relationship developer at Fangdian Road business unit of the Shanghai unit, the deputy manager of the Fangdian Road business unit of the Shanghai unit, the manager of the Shanghai Hongqiao Road branch, the general manager of the Southern Region, the general manager of the Shanghai branch, an assistant to the general manager, the deputy general manager of the brokerage business headquarters, the general manager of the market management headquarters, and the deputy general manager of our Company. From November 2021 to February 2022, Mr. Jia has been serving as the general manager of the market management headquarters, and the deputy general manager of our Company. Mr. Jia has been serving as the general manager of the Company since February 2022. Mr. Jia has been serving as the chairman of the board Nanhua Capital since January 2023. Mr. Jia has also served as a director in certain major subsidiaries of our Company.

Mr. Jia obtained his master's degree in business management and his EMBA degree from Shanghai Jiao Tong University in June 2010 and June 2017, respectively. Mr. Jia was qualified for engaging in futures business by China Futures Association in 2004.

Li Jianping (李建萍), born in June 1983, is the chief risk officer of the Company.

Ms. Li joined the Company in April 2017 and since then has been working in various positions, including assistant to the general manager, head of the compliance review department, and chief risk officer of the Company. Ms. Li served as the director officer of futures supervision department and director officer of party office at the Zhejiang Branch of the CSRC (浙江證監局) from July 2007 to April 2017, during which she seconded to futures department II of the CSRC from May 2013 to November 2013.

Ms. Li obtained her bachelor's degree in law from Xiangtan University (湘潭大學) in the PRC in June 2005. Ms. Li obtained her master's degree in Law from Hunan Normal University (湖南師範大學) in the PRC in June 2007. Ms. Li obtained the legal professional qualification issued by the Ministry of Justice of the People's Republic of China in February 2006. Ms. Li was qualified for engaging in futures business by China Futures Association in April 2017. Ms. Li obtained her qualification for futures investment consultancy by China Futures Association in August 2022.

Ma Yisheng (馬易升), born in June 1981, is the assistant of the general manager, secretary of the Board and joint company secretary of the Company.

Mr. Ma joined the Company in November 2025 and served as the assistant of the general manager of the Company. He has served as the secretary of the Board since March 10, 2026, and as a joint company secretary of the Company since March 27, 2026. Mr. Ma has served as a director in Nanhua Fund Management Co., Ltd. (南華基金管理有限公司), a wholly-owned subsidiary of the Company since November 2016 and has served as a director in Suzhou Landing Biopharmaceutical Co., Ltd. (蘇州蘭鼎生物製藥有限公司) since March 2022. Prior to joining the Company, Mr. Ma served as the department head of corporate operations analysis of Hengdian Holdings from October 2010 to July 2017, and as the general manager of Hengdian Capital Venture Capital (Zhejiang) Co., Ltd. (橫店資本創業投資(浙江)有限公司) from August 2017 to October 2025.

Mr. Ma obtained his bachelor's degree in Physics from the University of Science and Technology of China (中國科學技術大學) in 2003, and obtained his Ph.D graduation certificate in optics from the Shanghai Institute of Optics and Fine Mechanics, Chinese Academy of Sciences in 2010. Mr. Ma was qualified to engage in funds business by Asset Management Association of China (中國證券投資基金業協會) in 2017, and was qualified to engage in futures business by China Futures Association in 2025.

Li Li (李莉), born in December 1985, is the chief financial officer of the Company.

Ms. Li joined the Group in April 2012, and she has been serving as the chief financial officer of the Company since May 2024. Ms. Li served as a financial commissioner in the financial management department of Hangzhou Lvcheng Beisheng Property Co., Ltd. (杭州綠城北盛置業有限公司) from April 2011 to March 2012. Ms Li successively served as the financial commissioner and an assistant to the manager of HGNH International Futures from April 2012 to November 2016. Ms Li successively served as an assistant to the chief financial officer and the manager of finance department of HGNH International from November 2016 to February 2024. Ms. Li served as finance department manager of the Company and the deputy director of finance department of the Company from February 2024 to May 2024.

Ms. Li obtained her bachelor's degree in accounting from Sias International University (鄭州大學西亞斯國際學院) in the PRC in June 2008 and her master's degree in accounting from Hangzhou Dianzi University (杭州電子科技大學) in the PRC in January 2011. In July 2015, Ms. Li became a non-practicing member of the Chinese Institute of Certified Public Accountants; she was recognized as a tax advisor by China Certified Tax Agents Association (中國註冊稅務師協會) in November 2020; and Ms. Li obtained the senior accountant qualification recognized by the Department of Human Resources and Social Security of Zhejiang Province (浙江省人力資源和社會保障廳) in December 2025. Ms. Li was qualified for engaging in futures business by China Futures Association in July 2012.

Gu Song (顧松), born in October 1972, is a deputy general manager of the Company.

Mr. Gu has extensive working experience in business management. Mr. Gu joined the Company in August 1996 and since then has been working in various positions, including network engineering department manager and an assistant to general manager.

Mr. Gu obtained his master's degree in business management from the Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in December 2009. Mr. Gu was qualified for engaging in futures business by China Futures Association in 2003.

Chen Donghua (陳冬華), born in July 1966, is a deputy general manager of the Company.

Mr. Chen has extensive working experience in the futures business. Mr. Chen joined our Company in June 2021 and served as a chief strategy officer of the Company from June 2021 to December 2023. Since December 2023, Mr. Chen has been serving as the deputy general manager of the Company. Mr. Chen served as a staff, the manager of trading department and assistant to general manager, the deputy general manager at Shenzhen Intermediary Futures Brokage Co., Ltd (深圳中期期貨經紀有限公司) from March 1994 to October 2003. Mr. Chen served as the vice general manager and the general manager of China International Futures Co., Ltd. (中國國際期貨經紀有限公司, currently known as 中國國際期貨股份有限公司) from March 2008 to January 2014. Mr. Chen served as the general manager of China International Futures Co., Ltd. (中國國際期貨有限公司, currently known as 中國國際期貨股份有限公司) from March 2014 to January 2021. Mr. Chen served as the general manager of Cinda Futures Co., Ltd. (信達期貨有限公司) from February 2010 to January 2014. Mr. Chen has been serving as the chairman of the board of Zhejiang Holland & Muh since February 2023. Mr. Chen has also served as a director in Nanhua SG, a majority-owned subsidiary of the Company since September 2024.

Mr. Chen obtained his EMBA degree from Fudan University in the PRC in June 2012. Mr. Chen was qualified for engaging in futures business by China Futures Association registered by the Company in May 2021 and was qualified for engaging in funds issued by Asset Management Association of China (中國證券投資基金業協會) in January 2022. Mr. Chen obtained his qualification for futures investment consultancy by China Futures Association registered by the Company in June 2021.

Wang Zhenghao (王正浩), born in December 1970, is a deputy general manager of the Company.

Mr. Wang has over 24 years of working experience in business management. Mr. Wang joined the Company in December 1999 and since then has successively served as the finance director, finance department manager, finance management department director and assistant to the general manager of the Company, and currently he has been serving as a deputy general manager of the Company since June 2025.

Mr. Wang obtained his bachelor's degree in accounting from Central South Institute of Technology (中南工學院) (currently known as University of South China (南華大學)) in the PRC in June 1996, his master's degree in business administration from Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in December 2011 and his EMBA degree from Fudan University in June 2016. Mr. Wang was qualified for engaging in futures business by China Futures Association in 2002. He obtained the intermediate accountant qualification awarded by the Ministry of Finance in May 2006 and was recognized as a senior international financial manager by International Financial Management Association in August 2010.

Positions of Current Directors and Senior Management and those Resigned During the Reporting Period in Shareholder Companies.

Name	Name of the shareholder company	Position in shareholder company	Date of appointment	Date of termination
Lyu Yuelong (呂躍龍)	Hengdian Group Holdings Co., Limited (橫店集團控股有限公司)	Secretary of the Party Committee, Director and Vice President	2023.3.21	
	Hengdian Group DMEGC Magnetics Co., Ltd (橫店集團東磁股份有限公司)	Director	2025.9.10	
Xu Wencai (徐文財)	Hengdian Group Holdings Co., Limited (橫店集團控股有限公司)	Director and Senior Vice President	2001.10.8	
	Hengdian Group DMEGC Magnetics Co., Ltd (橫店集團東磁股份有限公司)	Director	2005.2.26	
	Zhejiang Hengdian Import and Export Co., Ltd. (浙江橫店進出口有限公司)	Director	2004.6.15	
Hu Tiangao (胡天高)	Hengdian Group Holdings Co., Limited (橫店集團控股有限公司)	Director and Senior Vice President	2003.11.13	
	Hengdian Group DMEGC Magnetics Co., Ltd (橫店集團東磁股份有限公司)	Director	2008.3.18	
	Zhejiang Hengdian Import and Export Co., Ltd. (浙江橫店進出口有限公司)	Director	2004.6.24	
Li Baoping (厲寶平)	Hengdian Group Holdings Co., Limited (橫店集團控股有限公司)	Director and Vice President	2003.11.13	
	Hengdian Group DMEGC Magnetics Co., Ltd (橫店集團東磁股份有限公司)	Director	2023.4.18	
	Zhejiang Hengdian Import and Export Co., Ltd. (浙江橫店進出口有限公司)	Director	2004.6.15	
Li Guoping (厲國平) (Resigned)	Hengdian Group Holdings Co., Limited (橫店集團控股有限公司)	Vice President, Director of Legal and Discipline, Chief Audit Officer	2015.2.3	
	Zhejiang Hengdian Import and Export Co., Ltd. (浙江橫店進出口有限公司)	Chairman of the Supervisory Committee	2015.12.30	
Description of positions in shareholders companies	Nil			

Positions of Current Directors and Senior Management and those Resigned During the Reporting Period in Other Companies.

Name	Name of other company	Position in other company	Date of appointment	Date of termination
Lyu Yuelong (呂躍龍)	Hengdian Group Tospo Lighting Co., Ltd. (橫店集團得邦照明股份有限公司)	Director	2025.9.3	
	Hengdian Entertainment Co., Ltd. (橫店影視股份有限公司)		2025.9.9	
	Zhejiang Xinna Material Technology Co., Ltd (浙江新納材料科技股份有限公司)		2025.9.12	
Xu Wencai (徐文財)	Apeloa Pharmaceutical Co., Ltd. (普洛藥業股份有限公司)	Director	2023.4.18	
	Innuovo Technology Co., Ltd. (英洛華科技股份有限公司)		2015.9.15	
	Hengdian Group Tospo Lighting Co., Ltd. (橫店集團得邦照明股份有限公司)		2013.1.28	
	Hengdian Entertainment Co., Ltd. (橫店影視股份有限公司)		2021.6.29	
	Zhejiang Xinna Material Technology Co., Ltd (浙江新納材料科技股份有限公司)		2019.8.28	
	Hangzhou Haikang Robot Co., Ltd (杭州海康機器人股份有限公司)	Independent Director	2022.7.21	
Hu Tiangao (胡天高)	Apeloa Pharmaceutical Co., Ltd. (普洛藥業股份有限公司)	Director	2023.4.18	
	Innuovo Technology Co., Ltd. (英洛華科技股份有限公司)		2015.9.15	
	Hengdian Group Tospo Lighting Co., Ltd. (橫店集團得邦照明股份有限公司)		2013.1.28	
	Hengdian Entertainment Co., Ltd. (橫店影視股份有限公司)		2021.6.29	
	Zhejiang Xinna Material Technology Co., Ltd (浙江新納材料科技股份有限公司)		2019.8.28	
	China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司)		2004.5.1	

Name	Name of other company	Position in other company	Date of appointment	Date of termination
Li Baoping (厲寶平)	Hengdian Group Tospo Lighting Co., Ltd. (橫店集團得邦照明股份有限公司)	Director	2016.1.28	
	Hengdian Entertainment Co., Ltd. (橫店影視股份有限公司)		2021.6.29	
	Zhejiang Xinna Material Technology Co., Ltd (浙江新納材料科技股份有限公司)		2019.8.28	
	Apeloa Pharmaceutical Co., Ltd. (普洛藥業股份有限公司)		2023.4.18	
	Innuovo Technology Co., Ltd. (英洛華科技股份有限公司)		2025.9.5	
Xu Lin (徐林)	Public Administration Faculty of Zhejiang University (浙江大學公共管理學院)	Professor	2017.12.31	
Li Jing (李晶)	Guangdong Chongli Law Firm (廣東崇立律師事務所)	Consultant	2024.7.1	
	Fubei (SHANGHAI) Co., Ltd. (上海福貝寵物用品股份有限公司)	Independent Non-executive Director	2025.12.12	
Liu Yulong (劉玉龍)	School of Accounting of Zhejiang Gongshang University (浙江工商大學會計學院)	Faculty Member	2005.10	
	Hangzhou Junzi Zhimei Education Technology Co., Ltd. (杭州君子之美教育科技有限公司)	Supervisor	2018.7.10	
	Zhejiang Jiecang Linear Motion Technology Co., Ltd. (浙江捷昌線性驅動科技股份有限公司)	Independent Director	2022.5.27	
	Hangzhou Minsheng Pharmaceutical Co., Ltd. (杭州民生健康藥業股份有限公司)		2021.5.20	
Chen Rong (陳蓉) (Resigned)	School of Management of Xiamen University (廈門大學管理學院)	Professor	2003.8.14	
Zhang Hongying (張紅英) (Resigned)	Zhejiang Jingsheng Mechanical & Electrical Co., Ltd. (浙江晶盛機電股份有限公司)	Independent Director	2025.12.31	
	Zhejiang Orient Gene Biotech Co., Ltd. (浙江東方基因生物製品股份有限公司)		2023.5.31	
	Zhejiang XinNong Chemical Co., Ltd. (浙江新農化工股份有限公司)		2025.12.30	
	Chongqing Yingfan Technology Co., Ltd. (重慶瑩帆科技股份有限公司)		2023.11.18	
Description of positions in other companies	Please refer to "Primary Work Experience of Current Directors and Senior Management"in this report for other positions held.			

Remuneration of Directors and Senior Management

Decision-making procedures of remuneration of Directors and senior management	Remuneration of Directors of the Company is determined by the shareholders' meetings of the Company; remuneration of senior management is determined by the Board of Directors.
Whether a director recuses himself/herself from the Board's discussion of his/her own emoluments	Yes
Specific circumstances in which the Remuneration and Appraisal Committee or the special meeting of independent Directors issued recommendations on the remuneration of Directors and senior management	The remuneration decision-making process for Directors and senior management of the Company complies with relevant requirements, and the distribution standards and plans conform to the Company's remuneration system provisions. There are no circumstances where this harms the interests of the Company and its shareholders.
Basis for determination of remuneration of Directors and senior management	Determined based on the Company's actual operating scale and other conditions, with reference to industry remuneration levels.
Remuneration paid to Directors and senior management	Remunerations for Directors, supervisors, and senior management were all distributed in a timely manner.
Aggregate actual remuneration received by all Directors and senior management at the end of the Reporting Period (RMB'0,000)	RMB1,324.52
Assessment basis and completion status for the actual remuneration received by all Directors and senior management at the end of the Reporting Period	At the end of the Reporting Period, the actual remunerations of the Directors and senior management of the Company were determined based on the Company's relevant regulations and the completion of annual operating targets. The remuneration distribution was compliant and orderly.
Deferred payment arrangements for the actual remuneration received by all Directors and senior management at the end of the Reporting Period	No deferred payments were implemented during this period. Implementation arrangements for relevant personnel and deferral ratios are expected to be carried out from 2026 onwards in accordance with relevant laws, regulations, and the Company's management system.
Cessation of payment recovery situation regarding the actual remuneration received by all Directors and senior management at the end of the Reporting Period	No circumstances requiring cessation of payment recovery of remuneration occurred.

Changes in Directors, Supervisors and Senior Management

Name	Position	Change
Zhong Yiqiang (鍾益強)	Deputy general manager	Appointed
Wang Zhenghao (王正浩)	Deputy general manager	Appointed
Ma Yisheng (馬易升)	Secretary of the Board	Appointed
Lyu Yuelong (呂躍龍)	Director	Elected
Liu Yulong (劉玉龍)	Independent Director	Elected
Li Jing (李晶)	Independent Director	Elected
Sun Yingting (孫穎婷)	Director	Elected
Chen Rong (陳蓉)	Independent Director	Resigned
Zhang Hongying (張紅英)	Independent Director	Resigned
Li Guoping (厲國平))	Chairman of the supervisory committee	Resigned
Jin Longhua (金龍華)	Supervisors	Resigned
Xia Haibo (夏海波)	Supervisors	Resigned
Zhong Yiqiang (鍾益強)	Secretary of the Board and deputy general manager	Work relocation

Details of changes of Directors, Supervisors and Senior Management of the Company:

At the 21st meeting of the fourth session of the Board of Directors of the Company held on June 9, 2025, it considered and approved Resolution Regarding the Appointment of the Senior Management, appointing Mr. Wang Zhenghao and Mr. Zhong Yiqiang as the vice presidents of the Company for a term commencing from the date of approval by the Board until the expiry of the term of this session of the Board.

As the term of the fourth session of the Board expired, at the second extraordinary Shareholders' meeting for the year 2025 held on July 14, 2025, it considered and approved the Resolution on the Election of Non-independent Directors for the fifth session of the Board of the Company and the Resolution on the Election of independent Directors for the fifth session of the Board of the Company. The meeting approved to elect Mr. Lyu Yuelong and others five individuals as non-independent directors of the fifth session of the Board of the Company, and Mr. Liu Yulong, Ms. Li Jing and others three individuals as independent directors of the fifth session of the Board of the Company. Among them, Ms. Li Jing was the accounting professional. In addition, pursuant to the provisions of the Company Law and the Articles of Association, the Company cease to establish the Supervisory Committee. Mr. Li Guoping, Mr. Jin Longhua, Mr. Xia Haibo cease to serve as supervisors of the Company and Mr. Xia Haibo continues to work in the Company after his departure. On the same day, at the staff representative meeting of the Company, it elected Ms. Sun Yingting as the staff director of the fifth session of the Board of the Company.

On March 10, 2026 and March 27, 2026, the Company convened the sixth and seventh meetings of the fifth session of the Board, at which the Proposal on the Change of Secretary to the Board, Joint Company Secretary and Authorized Representative and the Proposal on the Appointment of Joint Company Secretary were reviewed and approved. Mr. Ma Yisheng was appointed as the secretary to the Board and joint company secretary of the Company. Mr. Zhong Yiqiang no longer serves as deputy general manager, secretary to the Board, joint company secretary, or any other position in the Company.

RELATIONSHIPS AMONG DIRECTORS AND SENIOR MANAGEMENT

There is no relationship, including financial, business, familial or other significant relationships, between the Company's directors and senior management.

Share incentives regarding Directors and Senior Management

During the Reporting Period, the Company does not have any Share incentives for its directors and senior management.

In accordance with Rule 13.51B(1) of the Listing Rules, changes in directors' particulars during the period since the listing of the Company's H-Share until the end of the Reporting Period are set out in "Directors, Senior Management and Staff" of this report

Save as disclosed above, the Company is not aware of any other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

(二) INFORMATION OF STAFF

Number and composition of staff

As at the end of the Reporting Period, the Company had a total of 1,045 staff, and their compositions are set out below:

Number of working staff of parent company	672
Number of working staff of significant subsidiaries	373
Total number of working staff	1,045
Number of retired staff for which parent company and its subsidiaries are responsible for their expenses	8

Qualification

Category of qualification	**Number of staff**
Managerial staff	40
Business department	575
Functional department	430
Total	1,045

Education level

Education background	**Number of staff**
Master's degree or above	354
Bachelor's degree	612
Below bachelor's degree	79
Total	1,045

Remuneration policy

The Company adheres to the compensation philosophy of "based on positions, and correlation with results and ability manifestations", and its salary structure consists of fixed salary, variable salary and equity incentive, which implements totals control.

The fixed salary is determined based on factors such as the nature of the position, personal ability and quality, and work experience. The variable salary is calculated based on the completion status of the Company's overall and departmental key performance indicators, combined with the employee's job level, position nature, and the employee's comprehensive performance evaluation results in the current year. The Company legally participates in social insurance and deposits housing provident funds. At the same time, it provides necessary labor protection, heatstroke prevention and cooling measures and other stipulated welfare items for employees.

During the Reporting Period, no forfeited contributions had been used by the Company to reduce the existing level of contributions.

Training plans

The Company's training program aims to build a learning-oriented organization and focuses on the sustainable development of talents. It divided employees into four levels: "new employees", "promoted managers", "middle-level managers", and "senior managers" and conducted tailors training and development programs based on the characteristics of different Groups. A "Training Academy" online learning platform is established, and various types of training, including business knowledge, specialized skills, and general knowledge, are conducted in a categorized manner.

Corporate culture

Nanhua Futures takes "integrity, compliance, innovation and service" as its core values, and aims to "become a comprehensive derivative service provider with international competitiveness". It deeply integrates its corporate culture with long-term operations, compliance risk control and information disclosure goals. Through cultural guidance, it regulates business operations, builds a solid line of defense against compliance risks, and safeguards the legitimate rights and interests of all parties. Through on-boarding and on-the-job training, establishing and improving the code of conduct for employees and internal channels, the Company regularly publicize the corporate culture. And it makes special disclosures in official websites, annual reports and investor activities. By industry activities, the Company conveys the value concept to the market.

In practice, the Company has established a "compliance + professional" talent training system, taking the practice of culture as an important consideration, and promoting the implementation of culture in corporate operations. At the same time, we rely on audit, self-examination and customer feedback to detect deviations, and deal with improper behaviors in accordance with regulations.

The Board of the Company is ultimately responsible for the construction of corporate culture, and the management is responsible for implementation. If cultural construction lags behind or significant compliance risks arise due to decision-making or management errors, relevant members will be held accountable according to relevant regulations to ensure equality of rights and responsibilities.

OVERVIEW OF CORPORATE GOVERNANCE

As an A+H public company, the Company has always strictly complied with the requirements set forth in the laws, regulations and normative documents of the PRC and the overseas jurisdiction where the Shares of the Company are listed, and continuously maintained and enhanced the image of the Company in the market with standardized operation as the core. During the Reporting Period, the Company strictly complied with the provisions of the Company Law, the Securities Law, the Futures and Derivatives Law, the Supervision and Administration Measures of Futures Companies, the Code of Governance for Listed Companies, and the Corporate Governance Code in Appendix C1 of the Listing Rules combining with the requirements of the Articles of Association. It continuously improved the corporate governance structure, compliance risk control system and internal control management system. At present, the Company has established a governance structure in which the powers and responsibilities of the Shareholders' Meeting, the Board of Directors, and the management team are separated and mutually balanced, with each governing body performing its duties in accordance with established roles and authorities, ensuring accountability and providing a solid safeguard for the Company's stable operations and regulated development. During the Reporting Period, the convening, holding and voting procedures of the Shareholders' Meetings and Board meetings of the Company are legal and compliant. The disclosure work is true, accurate, timely and complete, the investor relations management is efficient and pragmatic, and the overall corporate governance system is scientific and rigorous, and the operation is standardized. Meanwhile, during the period since the listing of the Company's H-Share until the end of the Reporting Period, the Company has fully complied with the requirements of the Code Provisions as set out in Part II of Appendix C1 to the Listing Rules.

ESTABLISHMENT AND IMPLEMENTATION OF THE ADMINISTRATION SYSTEM FOR PERSONS INFORMED OF INSIDE INFORMATION

Upon consideration and approval by the Board, the Administration System for Persons Informed of Inside Information of the Company became effective from July 14, 2025. During the Reporting Period, the Company managed to achieve the due implementation of inside information management and registration of persons informed of inside information in accordance with the requirements under the System. The Company also maintained the relevant documents for inspection by the Company itself and relevant regulatory authorities, including a true and complete list of persons informed of inside information in various processes such as reporting, circulation, preparation, audit and disclosure prior to dissemination of inside information, as well as the content of the inside information and the timing it became known to such persons. The Company was not aware of any non-compliance with the System.

DEALING IN SECURITIES BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules regarding securities transactions conducted by Directors and employees who are in possession of inside information in relation to the Group's or the Company's securities. Having made specific enquiries with all Directors, all Directorshad confirmed that they had completely complied with the standards of the Model Code during the period since the listing of the Company's H-Share until the end of the Reporting Period. For details about the shareholdings of the Directors and Senior Management in the Company, please refer to "Changes in shareholdings and remuneration of directors and senior management who were in office and those who resigned during the reporting period" of this report.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

The Shareholders' meeting is the highest authority of the Company, and Shareholders can exercise their rights through the Shareholders' meeting. The Company convenes and holds the Shareholders' meeting in strict compliance with the relevant regulations, so as to ensure all Shareholders, especially the minority Shareholders, are being treated equally and can fully exercise their rights. Following the guidance of the Articles of Association of the Company, the Company operates in an orderly manner and maintains healthy and stable development, thus effectively protecting the interests of the Company and its Shareholders.

Pursuant to Article 53 of the Articles of Association of the Company, Shareholders that hold, individually or collectively, 10% or more of the shares in the Company shall have the right to request the Board to hold an extraordinary Shareholders' meeting in writing. The Board shall, in accordance with relevant laws, regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary Shareholders' meeting within 10 days after receipt of the request to call such meeting. If the Board agrees to hold an extraordinary Shareholders' meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant Shareholders shall be sought if any change is to be made in the notice to the original request. If the Board disagrees on holding an extraordinary Shareholders' meeting or fails to give a response within 10 days after the receipt of the request, the Shareholders that hold, individually or collectively, 10% or more of the shares in the Company shall have the right to propose to the Audit Committee to hold an extraordinary Shareholders' meeting in writing. If the Audit Committee agrees to hold an extraordinary Shareholders' meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant Shareholders shall be sought if any change is to be made in the notice to the original request. If the Audit Committee fails to issue the notice calling such meeting within the period specified hereinabove, it shall be deemed to have failed to convene and preside over such meeting. The Shareholders that hold, individually or collectively, 10% of the shares in the Company for 90 days or more consecutively may convene and preside such meeting.

In addition, pursuant to Article 58 of the Articles of Association of the Company, the Board, the Audit Committee and Shareholders that hold, individually or collectively, 1% or more of the shares in the Company shall have the right to propose motions to the Company at the Shareholders' meeting. Shareholders that hold, individually or collectively, 1% or more of the shares in the Company may submit extraordinary proposal in writing to the convener 10 days prior to the date of such meeting. The convener shall, within two days after receipt of the proposal, issue a supplementary notice of the Shareholders' meeting and make a public announcement of the contents of such extraordinary proposal. Except as provided in the preceding paragraph, the convener may not, after publishing the notice of the Shareholders' meeting, make any change to the proposal set forth in such notice or add any new provision. The Shareholders' meeting shall not vote or resolve on any proposal which are not contained in a notice of the Shareholders' meeting or are not in compliance with the preceding provision.

Shareholders may raise their questions about their shareholding with the Company's Hong Kong share registrar and transfer office. Shareholders may also raise their questions to the Board by writing to the Company Secretary at 17th Floor, Centre Point, 181-185 Gloucester Road, the principal place of business of the Company in Hong Kong.

The Company attaches great importance to the management of investor relations, and pursuant to the Management System for Information Disclosure and the Management System for Investor Relations of the Company, the Board Secretary is designated to handle information disclosure matters, and to receive visits and enquiries from the Shareholders, thereby having established a relatively well-managed and effective channel for communication with the Shareholders. In addition to the information disclosure channels prescribed in the laws and regulations, the Company mainly communicates with its investors through telephone, email, online platform, receiving visits, and attending investor meetings, to ensure that all Shareholders, especially the minority Shareholders, can fully exercise their rights. During the Reporting Period, the Company has reviewed above communicating policies between the Company and its Shareholders. The Board is of the view that the views of the Shareholders have been properly received and addressed and that the policies have been effectively implemented.

The Company fully respects and protects the lawful interests of the Shareholders and other creditors, employees, clients and other stakeholders, and involves them in a joint effort to promote the sustained and healthy development of the Company.

The 2024 Annual Shareholders' Meeting of the Company considered and approved fourteen ordinary resolutions and seven special resolutions, the 2025 First Extraordinary Shareholders' Meeting considered and approved one ordinary resolution and seven special resolutions, the 2025 Second Extraordinary Shareholders' meeting considered and approved ten ordinary resolution and two special resolutions. The above-mentioned three meetings were held at The Board Office, 9/F, Hengdian Building, Shangcheng District, Hangzhou, Zhejiang Province, and taken by poll through a combination of on-site voting and online voting, were chaired by Luo Xufeng, the Chairman of the Company, and Mr. Zhong Yiqiang, Directors, existing Supervisors and Board Secretary of the Company, attended the meetings, and other senior management members also attended the meetings.

Note: For details of the resolutions of the meetings mentioned above, please refer to the relevant announcements published on the following day.

During the Reporting Period, the attendances of Directors at the Board meetings, Shareholders' meetings are as follows:

Name of Directors	Independent Director or not	Required attendance of Board meetings during the year	Attendance at Board meetings in person	Attendance at Board meetings by proxy	No. of absence at Board meetings	Absence from two consecutive Board meetings or not	Attendance at Shareholders' meetings
Luo Xufeng	No	9	9	–	–	No	3
Lyu Yuelong	No	4	4	–	–	No	0
Xu Wencai	No	9	9	–	–	No	3
Hu Tiangao	No	9	9	–	–	No	3
Li Baoping	No	9	9	–	–	No	3
Xu Lin	Yes	9	9	–	–	No	3
Liu Yulong	Yes	4	4	–	–	No	0
Li Jing	Yes	4	4	–	–	No	0
Zhang Hongying	Yes	5	5	–	–	No	3
Chen Rong	Yes	5	5	–	–	No	3
Sun Yingting	No	4	4	–	–	No	0

Note: The attendance listed in the table above refers to the attendance during the tenure of Directors during the Reporting Period

THE BOARD AND THE OPERATION MANAGEMENT

Composition of the Board

The Company strictly complies with the requirements of the Articles of Association of the Company for elections and changes of the Directors. The number and composition of the Board have complied with the requirements of the relevant laws and regulations. The Board of the Company also kept improving the Rules of Procedure of the Board. The convening, holding, as well as the voting procedures of all the Board meetings were legitimate and valid. The independent non-executive Directors of the Company are able to protect the interests of minority Shareholders independently and objectively, and play a role of checks and balance in the decision-making of the Board.

As at the end of the Reporting Period, the fifth session of the Board consisted of nine Directors, including one executive Director (Luo Xufeng), five non-executive Directors (Lyu Yuelong, Xu Wencai, Hu Tiangao, Li Baoping, Sun Yingting) and three independent non-executive Directors (Xu Lin, Liu Yulong, Li Jing), and the independent non-executive Directors reached one third of the Board. Luo Xufeng is the Chairman of the Company.

There is no relationship, including financial, business, familial or other significant/relevant relationships, between the members of the Board.

Relevant mechanisms have been established to ensure independent views and input are provided to the Board. These mechanisms include, but are not limited to, regular reviews of the qualifications and professional skills of independent non-executive directors and devoting sufficient time to the Group, ensuring that the number of independent non-executive directors complies with the listing rules requirements. Through various channels (including but not limited to questionnaires or Board meetings) to assess the contributions and opinions of independent non-executive directors. The Board has reviewed the implementation and effectiveness of these mechanisms and believes that they were effective during the Reporting Period.

Directors (including executive Directors, non-executive Directors and independent non-executive Directors) are elected by the Shareholders' meeting for a term of three years commencing from the date on which their appointments are approved at the general meeting. Directors are eligible for re-election upon the expiration of their terms. The terms of independent non-executive Directors are the same as the other Directors, but shall not be re-elected for more than 6 years. In accordance with relevant requirement of Measures for the Administration of Independent Directors of Listed Companies of CSRC and Rule 3.13 of the Listing Rules, the Company has received the self-examination report and annual written confirmation from each of the independent non-executive Director with regard to his independence. Based on these self-examination and confirmations and the relevant information available to the Board, the Company continues to confirm their independence.

The Company has purchased liability insurance for the Directors and senior management, so as to protect them against the compensation liabilities that may arise from performing their duties and to encourage them to earnestly fulfil their duties and responsibilities.

Duties and responsibilities of the Board

As the decision-making body of the Company, the Board is responsible to the Shareholders' meeting. The Board is principally responsible for making the overall and long-term decisions of the Group, as well as making decisions on corporate governance, development strategy, risk management, financial operation and other aspects. The Board is also responsible for reviewing and approving of the major financial and investment decisions, business strategies and other plans of the Company.

The Board shall exercise the following major functions and powers in accordance with the relevant regulations of the Articles of Association of the Company: (I) To convene the Shareholders' meeting and present reports on its work to the Shareholders' meeting; (II) To implement the resolutions of the Shareholders' meeting; (III) To determine the Company's business operation plans and investment plans; (IV) To develop the Company's proposals for profit distribution and loss recovery plans; (V) To formulate plans for increasing or decreasing the Company's registered capital, issuing bonds or other securities, and pursuing the Company's listing; (VI) To develop plans for major acquisitions, share buy-backs, mergers, divisions, dissolution, or changes to the form of the Company; (VII) To determine outbound investments, acquisitions, asset disposals, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations of the Company, within the authority granted by the Shareholders' meeting; (VIII) To establish the Company's internal management structure; (IX) To decide on the appointment or dismissal of the General Manager, the Board Secretary, and other senior management personnel of the Company, and to determine their remuneration, incentives, and penalties; to decide on the appointment or dismissal of senior management members, such as the Deputy General Manager or Financial Officer, based on nominations by the General Manager, and to determine their remuneration, incentives, and penalties; (X) To formulate the fundamental administrative systems of the Company; (XI) To develop amendment proposals for the Articles of Association; (XII) To manage the information disclosure of the Company; (XIII) To propose to the Shareholders' meeting the engagement or replacement of the accounting firm responsible for auditing the Company; (XIV) To review the General Manager's performance reports and conduct evaluations of their executive duties; (XV) Other functions and power granted by applicable laws, administrative regulations, departmental rules, the regulatory rules of the Company's listing jurisdiction, the Articles of Association or the Shareholders' meeting. Matters that fall outside the scope of authorization granted by the Shareholders' meeting shall be submitted to the Shareholders' meeting for examination and approval.

RESPONSIBILITIES OF THE OPERATIONAL MANAGEMENT

The Company's operational management is the core executive body responsible for the Company's daily operations and management. It is composed of senior management personnel, including the General Manager, Deputy General Manager(s), Chief Risk Officer, Chief Financial Officer, and the Secretary of the Board. The General Manager is the chief leader of the operational management. The operational management is accountable to the Board and, in accordance with the Company Law, the Articles of Association, and the Working Rules of the General Manager, exercises the following functions and powers: presiding over the operational and management work of the Company, organizing the implementation of the resolutions of the Board and reporting on its work to the Board; organizing the implementation of the Company's annual operational plan and investment plans; formulating plans for the establishment of the Company's internal management structure and basic management systems, and formulating specific rules and regulations of the Company; proposing to the Board the appointment or dismissal of the Company's Deputy General Manager(s) and the Chief Financial Officer, and deciding on the appointment or dismissal of management personnel other than those whose appointment or dismissal shall be decided by the Board; reviewing, signing or authorizing the review and signing of relevant external documents of the Company; deciding, within the scope of daily operations, on the utilization of the Company's funds and assets and the signing of significant contracts; and performing other functions and powers as granted by the Articles of Association and the Board. All members of the operational management shall abide by the laws, administrative regulations and the provisions of the Articles of Association, fulfill their duties of good faith and diligence, safeguard the interests of the Company, exercise their powers within the scope of their responsibilities in a standardized manner, and effectively implement the various decisions and deployments of the Board to ensure the orderly conduct of the Company's daily operational and management activities.

DIRECTORS' PERFORMANCE OF DUTIES

During the Reporting Period, the attendance of the directors of the Company at Board meetings is as follows:

Name of Director	Independent Director or not	Required attendance of Board meetings during the year	Attendance in person	Attendance by proxy	Absence	Absence from two consecutive meetings in person or not
Luo Xufeng	No	9	9	–	–	No
Lyu Yuelong	No	4	4	–	–	No
Xu Wencai	No	9	9	–	–	No
Hu Tiangao	No	9	9	–	–	No
Li Baoping	No	9	9	–	–	No
Xu Lin	Yes	9	9	–	–	No
Liu Yulong	Yes	4	4	–	–	No
Li Jing	Yes	4	4	–	–	No
Zhang Hongying	Yes	5	5	–	–	No
Chen Rong	Yes	5	5	–	–	No
Sun Yingting	No	4	4	–	–	No

Note: The number of attendances listed in the above table refers to the attendance of directors at meetings during the Reporting Period in which they held office.

DIRECTORS' TRAINING

Pursuant to the provisions of the Listing Rules and the Corporate Governance Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills, thereby ensuring that they continue to make an informed and relevant contribution to the Board.

Each newly appointed director shall receive a formal and comprehensive induction upon their first appointment to ensure appropriate understanding of the Company's purposes. In addition, in the preparation for the listing, the Directors have received formal and comprehensive training in respect of their responsibilities and obligations under the Listing Rules, relevant laws and regulations, and the Company's governance policies.

In order to ensure that each Director has a better understanding of the Company's conduct and business activities to fulfill their responsibilities as directors, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programs for the Directors. This ensures that the Directors can meet the continuous professional development requirements under Rules 3.09F, 3.09G and 3.09H of the Listing Rules, and also ensures that the Directors have an appropriate understanding of the Company's operations and their duties as directors under relevant laws, rules and regulations.

To encourage the Directors to participate in continuous professional development, the Company Secretary updates and provides written training materials regarding directors, their roles, functions and duties from time to time. All Directors have read the reading materials and updated information on the latest developments in the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their knowledge of good corporate governance practices. All Directors have provided the Company with their relevant training records as of the end of the Reporting Period.

During the period from the Company's H-share listing to the end of this Reporting Period, the existing members of the Board have participated in the following training courses:

Name of Director	Participation in training organized by the Company's legal advisors prior to listing;	Reading of updated information on regulatory requirements
Luo Xufeng	✓	✓
Lyu Yuelong	✓	✓
Xu Wencai	✓	✓
Hu Tiangao	✓	✓
Li Baoping	✓	✓
Sun Yingting	✓	✓
Xu Lin	✓	✓
Liu Yulong	✓	✓
Li Jing	✓	✓

CHAIRMAN OF THE BOARD

Luo Xufeng, being the Chairman of the Board, is the legal representative of the Company. He is responsible for presiding over and managing the operations of the Board, ensuring that the Board operates in a manner that is in the best interests of the Company as a whole, promoting the effective performance of the Board's duties, and organizing full discussions on various important and appropriate matters to ensure that Directors receive accurate, timely and clear relevant materials and information.

GENERAL MANAGER

Mr. Jia Xiaolong serves as the General Manager of the Company. He presides over the daily operational and management of the Company, and is responsible for organizing the implementation of the resolutions of the Board, the annual operational plan and investment plans; formulating the Company's basic management systems, specific rules and regulations, and plans for the establishment of the internal management body; proposing the appointment or dismissal of senior management personnel other than the General Manager, the Chief Risk Officer and the Secretary of the Board; deciding on the appointment or dismissal of other responsible management personnel; implementing the risk control system to ensure the Company complies with the relevant risk control indicator requirements of the China Securities Regulatory Commission; and exercising other functions and powers as granted by the Articles of Association and the Board. The General Manager is accountable to the Board and reports to it on a regular basis.

NON-EXECUTIVE DIRECTORS

The Company currently has 5 Non-Executive Directors, 3 of whom are Independent Non-Executive Directors (and among them, there is one Independent Non-Executive Director with appropriate professional qualifications or appropriate expertise in accounting or related financial management). For details of their terms of office and current appointment periods, please refer to the "Information on Directors, Senior Management and Staff "in this report.

SPECIAL COMMITTEES UNDER THE BOARD OF THE COMPANY

The fifth session of the Board of the Company has established an Audit Committee, a Remuneration and Appraisal Committee, a Nomination Committee, a Risk Management Committee and a Strategy Committee, responsible for assisting the Board in performing its duties from different aspects.

The special committees of the Board may engage external experts to attend meetings or seek independent professional opinions when necessary for the performance of their duties, with the costs borne by the Company. The relevant mechanism is funded by the Company to ensure that Directors obtain independent views and opinions. The Board has reviewed such mechanisms to ensure their effective implementation.

To date, the composition of the special committees of the fifth session of the Board is as follows:

Category of Special Committee	Names of Members
Audit Committee	Li Jing (Chairperson), Xu Wencai, Liu Yulong
Remuneration and Appraisal Committee	Liu Yulong (Chairperson), Luo Xufeng, Xu Lin
Nomination Committee	Xu Lin (Chairperson), Lyu Yuelong, Li Jing
Risk Management Committee	Luo Xufeng (Chairperson), Li Baoping, Sun Yingting
Strategy Committee	Luo Xufeng (Chairperson), Xu Wencai, Hu Tiangao

During the Reporting Period, each special committee of the Board of the Company performed its duties diligently and effectively, closely tracked the macroeconomic and financial situation, industry development trends and changes in regulatory policies, deeply participated in the deliberation and collective decision-making of major matters of the Company, and provided professional, practical decision-making support and constructive suggestions regarding the Company's long-term development. The special committees endorsed the Company's overall strategic positioning and development objectives. Taking into account the characteristics of the futures industry and the Company's globalization and comprehensive financial services layout, they made professional recommendations to the Board on important matters such as steadily advancing the internationalization strategy, strengthening domestic and overseas compliance and internal control, improving the full-chain risk management system, optimizing the operational and management structure, and perfecting the incentive and constraint mechanism commensurate with the Company's industry position. During the Reporting Period, none of the members of the special committees raised any objection to the matters deliberated.

AUDIT COMMITTEE

The primary responsibilities of the Audit Committee of the Board of the Company are: to supervise and evaluate the external audit work, and propose the engagement or replacement of the external auditor; to supervise and evaluate the internal audit work, and be responsible for the coordination between internal audit and external audit; to review the Company's financial information and its disclosure; to supervise and evaluate the Company's internal control; to exercise the functions and powers of the supervisory committee as stipulated in the Company Law, etc.

During the Reporting Period, the Audit Committee held a total of 6 meetings. The Audit Committee convened meetings, deliberated relevant matters and made decisions strictly in accordance with the Company's Rules of Procedure of the Audit Committee of the Board, continuously improving the efficiency of deliberation and the level of scientific decision-making. The Audit Committee diligently performed its duties, participated in the preparation, audit and information disclosure of the annual financial reports in accordance with regulations, effectively safeguarded the independence of external audit, continuously enhanced the audit quality, and effectively protected the overall interests of the Company and all shareholders.

During the Reporting Period, the Audit Committee and all its members strictly complied with relevant laws, regulations and regulatory requirements, fully exercised their review and supervision functions, carried out various works diligently and responsibly, and played an important role in improving the Company's corporate governance structure, enhancing the quality of audit work and the transparency of financial information.

During the review of the quarterly, interim and annual results, the Audit Committee, leveraging its professional financial knowledge, prudently examined the selection and application of accounting policies to ensure that the Company's performance information was true, accurate and complete. At the same time, the Committee strictly supervised the Company's compliance operations, carefully reviewed related transaction matters to ensure that the Company's operations complied with the requirements of relevant laws, regulations and internal systems, and timely reported the progress of relevant works and professional recommendations to the Board.

During the Reporting Period and continuing up to the disclosure date of this report, the details of the meetings held by the Audit Committee are as follows:

Date of Meeting	Proposal Passed
January 14, 2025	Considered and approved: 1. Proposal on the Profit Distribution Plan of the Accumulated Profits Prior to the Issuance of H Shares by the Company 2. Proposal on Engaging the Auditor for the H Share Issuance and Listing
March 3, 2025	Considered and approved: 1. Proposal on the 2024 Annual Report and its Summary 2. Proposal on the 2024 Final Financial Accounts and the 2025 Financial Budget Plan 3. Proposal on the 2024 Profit Distribution 4. Proposal on Re-appointing the Accounting Firm 5. The Company's 2024 Internal Control Evaluation Report 6. The Company's Report on the Performance Evaluation of the Accounting Firm 7. Report of the Audit Committee of the Board of the Company on Fulfilling Supervision Duties over the Accounting Firm 8. Proposal on Confirming 2024 Related Transactions 9. Proposal on Estimating 2025 Daily Related Transactions 10. Proposal on Estimating Guarantee Amounts 11. Proposal on the Report on the Use of Previous Proceeds 12. Proposal on Revising the Rules of Procedure of the Audit Committee of the Board in Connection with the Issuance and Listing of H Shares by the Company

Date of Meeting	Proposal Passed
April 15, 2025	Considered and approved: 1. Proposal on the 2025 First Quarterly Report of the Company
July 14, 2025	Considered and approved: 1. Proposal on the Appointment of Senior Management Personnel of the Company
August 8, 2025	Considered and approved: 1. Proposal on the Company's 2025 Interim Report and its Summary
October 16, 2025	Considered and approved: 1. Proposal on the Company's Change of Accounting Policy 2. Proposal on the 2025 Third Quarterly Report of the Company

All members of the Audit Committee attended the above meetings. Before the meetings, they carefully reviewed the meeting materials and made full preparations for the effective performance of their duties. During the discussions at the meetings, each member, drawing on their professional background and work experience, put forward objective and pertinent professional opinions, actively promoting the continuous optimization and improvement of the Company's relevant works.

REMUNERATION AND APPRAISAL COMMITTEE

The primary responsibilities of the Remuneration and Appraisal Committee of the Board of the Company are: to make recommendations to the Board on the Company's overall remuneration policy and structure for Directors and senior management personnel, and on the establishment of a formal and transparent procedure for developing remuneration policies; to recommend to the Board the remuneration packages of executive Directors and senior management personnel, including (if applicable) non-pecuniary benefits, pension rights and compensation amounts (including compensation for loss or termination of office or appointment), and to formulate remuneration/allowance plans for executive Directors and senior management personnel; to make recommendations to the Board on the remuneration of Non-executive Directors; to assess and review management's remuneration proposals in accordance with the corporate policies and objectives set by the Board, etc.

During the Reporting Period, the details of the meetings held by the Remuneration and Appraisal Committee are as follows:

Date of Meeting	Meeting Minutes
March 3, 2025	Considered and approved: 1. Proposal on the Remuneration of Directors for 2024 and the Remuneration Plan for 2025 2. Proposal on the Remuneration of Senior Management Personnel for 2024 and the Remuneration Plan for 2025 3. Proposal on Revising the Rules of Procedure of the Remuneration and Appraisal Committee of the Board in Connection with the Issuance and Listing of H Shares by the Company 4. Proposal on Taking out Insurance for Directors, Supervisors, Senior Management Personnel and Liability Insurance of Prospectus

All members of the Remuneration and Appraisal Committee attended the above meeting. During the Reporting Period, the Committee supervised the implementation of the Company's remuneration system and was of the view that the Company strictly implemented the remuneration system formulated by the Board; the remuneration information of Directors, Supervisors and senior management personnel disclosed in the Company's 2025 annual report was true, accurate and complete, and complied with the relevant regulatory requirements of the China Securities Regulatory Commission and the Stock Exchange.

NOMINATION COMMITTEE

The primary responsibilities of the Nomination Committee of the Board of the Company are: to formulate the selection criteria (including aspects such as skills, knowledge, diversity policy and experience) and procedures for Directors and senior management personnel, to assist the Board in preparing the Board skills matrix, and to review the structure, size and composition of the Board at least annually, and make recommendations on any proposed changes to the Board to complement the Company's strategy; to identify individuals suitably qualified to become Directors and senior management personnel, and nominate relevant persons for directorship, review the candidates for Director and General Manager and make recommendations to the Board on the aforementioned persons, as well as on succession planning for Directors (particularly the Chairman of the Board and the General Manager); to review the candidates for other senior management personnel nominated by the General Manager; when appointing Independent Directors, to assess the independence of Independent Directors and conduct regular reviews; to support the Company in regularly evaluating the performance of the Board, etc.

To achieve diversity of the members of the Board, the Company has adopted a Board Diversity Policy (the "**Board Diversity Policy**"), which sets out the criteria for selecting Board candidates to enhance the effectiveness of the Board and maintain a high standard of corporate governance. According to the Board Diversity Policy, the Nomination Committee shall select Board candidates based on objective criteria, selecting the best candidates, with relevant criteria including but not limited to:

- Considering comprehensive factors such as the gender, age, cultural and educational background, and professional experience of Board candidates

- Considering the Company's business characteristics and future development needs, etc.

To implement the diversity policy, the following measurable objectives have been adopted:

1. All Directors hold educational qualifications of junior college level or above, with several holding Master's or Doctor's degrees;

2. At least one member of the Board has obtained accounting or other professional qualifications;

3. At least one member of the Board is female; and

4. At least one-third of the members of the Board are Independent Non-executive Directors.

As at the date of disclosure of this report, the Company has nine (9) Directors. An overview of the composition of the Board in terms of diversity is as follows: (1) Educational background: four (4) hold Doctor's degrees, three (3) hold Master's degrees; (2) Age: two (2) are aged sixty (60) or above, seven (7) are under the age of sixty (60); (3) Accounting or other professional qualifications: six (6); (4) Gender: seven (7) males, two (2) females; (5) Position: one (1) Executive Director, five (5) Non-executive Directors, three (3) Independent Non-executive Directors. Based on the above, the Company considers that it has achieved its Board diversity objectives.

Pursuant to the Articles of Association of the Company, candidates for Director may be nominated by the Board, or by shareholders individually or jointly holding more than 1% of the total number of shares of the Company with voting rights. The nomination method and procedures for Independent Non-executive Directors shall be implemented in accordance with laws, regulations, regulatory provisions and the relevant Independent Non-executive Director system. The list of candidates for Director shall be submitted to the shareholders' meeting for resolution in the form of a proposal.

All lists of candidates for Director must be reviewed by the Nomination Committee before being submitted to the Board, and recommendations shall be made to the Board and shareholders. In this process, the Nomination Committee reviews the candidates' resumes, conducts due diligence, and assesses the candidates' skills, knowledge, experience and diversity, etc.

During the Reporting Period, the Nomination Committee extensively searched for qualified candidates for senior management personnel, comprehensively considered factors such as professional competence, management experience, independence and compliance, and strategic alignment, reviewed the candidates and provided opinions to the Board, and submitted proposals to the Board for decision.

During the Reporting Period, the Nomination Committee also assessed each Director's time commitment to the Board, their contribution, and their ability to effectively perform their duties. Taking into account each Director's work experience, professional qualifications, number of attendances at Board meetings, positions held outside the Company, and their input to the Company's operations and corporate governance, the Nomination Committee considered that each Director could effectively perform their duties as a Director.

The Company provides the Nomination Committee with sufficient resources to perform its duties. When performing its duties, if necessary, the Nomination Committee may seek independent professional advice, with the costs paid by the Company.

During the Reporting Period, the Nomination Committee held 4 meetings, details of which are as follows:

Date of Meeting	**Proposal Passed**
March 3, 2025	Considered and approved: 1. Proposal on Revising the Rules of Procedure of the Nomination Committee of the Board in Connection with the Issuance and Listing of H Shares by the Company 2. Proposal on Formulating the Board Diversity Policy in Connection with the Issuance and Listing of H Shares by the Company 3. Proposal on Delineating the Roles and Functions of Directors
June 9, 2025	Considered and approved: 1. Proposal on the Appointment of Senior Management Personnel
June 20, 2025	Considered and approved: 1. Proposal on Electing Non-independent Directors of the Fifth Session of the Board of the Company 2. Proposal on Electing Independent Directors of the Fifth Session of the Board of the Company
July 14, 2025	Considered and approved: 1. Proposal on the Appointment of Senior Management Personnel of the Company

All members of the Nomination Committee attended the above meetings.

Risk Management Committee

The primary duties of the risk management committee of the Board of the Company are: to design and revise the Company's risk management policies and procedures, and issue risk management standards; to formulate the Company's overall risk control objectives and risk management policies, and review the Company's risk control and administrative measures; to review material and high-risk business decision proposals for the Company; to adjust the Company's overall risk management objectives where necessary; to evaluate and monitor various risks so as to ensure that the overall risk level and structure align with the Company's overall policy; to make suggestions to improve the Company's risk control and management; to evaluate personnel of risk control institutions, etc.

During the Reporting Period, the Risk Management Committee held two meetings, details of which are as follows:

Date of Meeting	Proposals Passed
March 3, 2025	Considered and approved: 1. 2024 Assessment Report on the Internal Control of the Company 2. 2024 Report of the Work of the Chief Risk Officer of the Company 3. 2024 Special Report of Risk Regulatory Indicators of the Company 4. 2024 Anti-money Laundering Work Report of the Company 5. 2024 Internal Audit Report on the Anti-money Laundering Work of the Company 6. Proposal on Revising the Rules of Procedure of the Risk Management Committee of the Board in Connection with the Issuance and Listing of H Shares by the Company
August 8, 2025	Considered and approved: 1. 2025 Interim Special Report of Risk Regulatory Indicators

All members of the Risk Management Committee attended the above meetings.

Strategy Committee

The primary duties of the strategy committee of the Board of the Company are: to study and make recommendations on the Company's long-term strategic development plan, including the its ESG development strategy; to research and make recommendations on major investment and financing plans that shall be approved by the Board as stipulated in the Articles of Association; to research and make recommendations on major capital operations and asset management projects that shall be approved by the Board as stipulated in the Articles of Association; to review and recommend on the Company's ESG periodic reports; to research and recommend on other significant matters affecting the development of the Company; to review the implementation of the above matters, etc.

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

Date of Meeting	Proposals Passed
January 14, 2025	Considered and approved: 1. Proposal on the Issuance and Listing of H Shares on the Hong Kong Stock Exchange by the Company 2. Proposal on the Issuance and Listing Plan of H Shares on the Hong Kong Stock Exchange by the Company 3. Proposal on the Company being converted into a joint stock limited company offering shares overseas 4. Proposal on the Plan for the Use of Proceeds from the Issuance of H Shares by the Company 5. Proposal on the Validity Period of the Company's Issuance and Listing of H Shares 6. Proposal on the Authorization to the Board and its Authorized Persons to Deal with Matters in Relation to the Issuance and Listing of H Shares in their Sole Discretion 7. Resolution on the Designation of the Authorized Person of the Board of Directors
March 3, 2025	Considered and approved: 2024 Social Responsibility Report of the Company, Proposal on Extending the Validity Period of the Issuance Plan for Convertible Corporate Bonds to Unspecified Objects, Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Issuance and Listing of Convertible Corporate Bonds to Unspecified Objects, Proposal on the Report on the Utilization of Previously Raised Funds, Proposal on the Amendment Concerning the Issuance and Listing of H Shares
November 27, 2025	Considered and approved: 1. Proposal on Matters Related to the Global Offering of H Shares (Hong Kong Public Offering and International Offering) and Listing on the Stock Exchange of Hong Kong Limited

All members of the Strategy Committee attended the above meetings.

Performance of Duties by Independent Non-executive Directors

During the Reporting Period, the Company has been in compliance with the requirement of the Listing Rules in relation to appointment of at least three independent non-executive directors, and one of them is an independent non-executive Director who has appropriate professional qualifications or with appropriate accounting or related financial management expertise. For details of performance of duties by independent non-executive Directors, please refer to the Annual Report on Performance of Duties by the Independent Directors disclosed by the Company on the same date.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

All Directors of the Company acknowledges its responsibility to prepare the financial statements for each financial year to ensure that the financial statements give a true and fair view of the Company's position.

AUDITORS' REMUNERATION AND AUDITOR RELATED MATTERS

For details on the auditors' remuneration, please refer to "Appointment and dismissal of accounting firms" in the section headed "Important Matters".

JOINT COMPANY SECRETARY

During the Reporting Period, Mr. Zhong Yiqiang, the secretary of the Board and one of the joint company secretaries of the Company, was responsible for advising the Board on corporate governance matters and ensuring compliance with the Board's policies and procedures, applicable laws, rules and regulations. To uphold sound corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also appointed Ms. Zhang Xiao, vice president of SWCS Corporate Services Group (Hong Kong) Limited, as another joint company secretary to assist Mr. Zhong Yiqiang in fulfilling his duties as the secretary of the Board and joint company secretary of the Company. The main contact person of the Company for Ms. Zhang Xiao is Mr. Zhong Yiqiang, the secretary of the Board and one of the joint company secretaries of the Company.

To better fulfil their duties and in accordance with the relevant requirements of the Listing Rules, Mr. Zhong Yiqiang has undertaken a total of 15 hours of professional training. Ms. Zhang Xiao has also undertaken no fewer than 15 hours of professional training.

GENDER DIVERSITY

The Company places great importance on gender diversity at all levels and has adopted a policy on employee diversity. The Group upholds the principle of diversity throughout the recruitment process, with considerations including, but not limited to, gender. In the recruitment and talent cultivation process, the Company adheres to the principles of equal employment and fair promotion, promotes diverse values among employees, and resolutely opposes discrimination, harassment and misconduct based on factors such as age, gender, marital status, disability, family status, race, skin color, ancestry, nationality, ethnicity or religion. The gender ratio of the Company's Directors, senior management and all employees is set out in the table below. The Company will continue to optimize the gender ratio structure and is committed to achieving the goal of gender diversity among employees.

The table below shows the gender ratio of the Group's employees (including the Board and senior management) as of the end of the Reporting Period:

	Female	**Male**
All employees (including senior management)	49.76%	50.24%

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles of Association were amended during the Reporting Period with specific details set out in "Report of the Board – Other Disclosures – (12) Amendments to the Articles of Association".

INVESTOR RELATIONS

Throughout 2025, the Company placed great emphasis on investor relations management, driving the implementation of various initiatives with a focus on compliance, diversification and target refinement. In terms of system development, the Company further refined and updated its investor relations management systems in accordance with the latest laws, regulations and regulatory requirements, clarified the division of responsibilities among departments to ensure that investor relations management strictly adheres to the principles of compliance, equality, proactivity and integrity, thereby providing a solid institutional foundation for the conduct of all related work.

In terms of communication channels, the Company continued to build and optimize a diversified investor communication system: consolidating traditional channels such as the Investor Relations section on the official website, the enquiry hotline and dedicated email addresses to ensure that all investor enquiries receive timely and professional responses; strengthening the operation of new media matrix such as the WeChat Official Account, using text, images and short videos to promptly disseminate updates on the Company's operational development and highlight key business features, thereby enhancing interaction and engagement with investors; and utilizing platforms such as the SSE e-Interaction to provide timely responses to investor enquiries regarding business priorities, operational developments and significant matters.

In terms of events, the Company meticulously organized and hosted the 2024 Annual Results and Cash Dividend Briefing, engaging in an in-depth discussion with investors on core topics such as the Company's operating results, business development and profit distribution. Relevant Directors and senior management of the Company attended the briefing in accordance with regulations and interacted with investors; in conjunction with major milestones such as the H-share listing, the Company utilized various formats, including roadshows and online exchanges, to comprehensively introduce its business model, core competitive advantages and future development plans to domestic and overseas investors, which helped investors gain a deeper understanding of the Company and the development trends of the futures industry, effectively boosting investor confidence and fostering a favorable capital market environment for the Company's steady development.

The Company has reviewed the implementation and effectiveness of its investor relations policy. Considering that various communication channels are already in place, the Company believes that an effective investor relations policy has been properly implemented during the Reporting Period.

DIVIDEND POLICY

In accordance with the Corporate Governance Code and the Articles of Association of the Company, the Company shall focus on reasonable investment returns to investors and shall implement a consistent and stable profit distribution policy. The Company distributes dividends in the form of cash, shares, or a combination of cash and shares. Provided that the Company is profitable, meets regulatory requirements such as those relating to net capital, and with its normal operations and long-term development, the Company shall give priority to distributing dividends in cash.

The objective of the Company's cash dividend policy is to implement a consistent and stable dividend distribution policy, with the Company's dividend distribution focusing on reasonable investment returns for investors while taking into account the Company's sustainable development. The Company shall formulate the annual profit distribution plan based on its profitability and operational development needs, in combination with considerations such as the reasonable investment returns for investors, thereby maintaining the continuity and stability of the profit distribution policy.

The Company distributes dividends in the form of cash, shares, or a combination of cash and shares; the Company shall give priority to distributing dividends in cash, and the amount of profits distributed in cash each year shall not be less than 10 per cent of the distributable profits realized of the year.

The Board of the Company shall comprehensively consider factors such as the characteristics of the industry in which it operates, the stage of development, its business model, profit levels, debt-repayment capacity, the existence of any major capital expenditure arrangements, and investor returns, distinguish between the following scenarios and, in accordance with the procedures stipulated in the Articles of Association, propose differentiated cash dividend policies.

RISK MANAGEMENT AND INTERNAL CONTROL

Statement of the Board regarding the responsibility of risk management and internal control

In accordance with the requirements of the corporate internal control standard system, it is the core responsibility of the Board of the Company to establish, improve and effectively implement risk management and internal control system, assess its effectiveness and truthfully disclose the assessment report on internal control. The Audit Committee oversees the establishment and implementation of internal control system by the Board. The Company's manager level is responsible for organizing and steering the day-to-day operation of the internal control.

The overall goal of the internal control is to provide reasonable assurance for the legal compliance of the operation and management, safety of the assets, truthfulness and completeness of the financial reports and relevant information, improve operational efficiency and effectiveness, and facilitate the realization of development strategies of the Company. Notably, due to the its inherent limitations, internal control can only provide reasonable assurance for the achievement of the above objectives. Moreover, changes in internal environment may render the internal control to no longer be inappropriate, or reduce the degree of compliance with policies of the internal control, predicting the effectiveness of future internal control based on the current assessment results may involve certain risks.

The Audit Committee of the Board assists the Board in independently reviewing the Company's financial report and the implementation and effects of the internal control system, and supervising the the Company's internal audit work. There was no significant internal control deficit found based on the relevant review. The Board was of the view that the Company's existing risk management and internal control systems were effective and sufficient in 2025 and as at the date of publication of this report.

Risk management system and procedures for identifying, assessing, and managing significant risks

For details of the Company's risk management system and the Company's procedures for identifying, assessing and managing significant risks, please refer to the section "Risk Management" of this report. During the Reporting Period, there were no significant changes to the Company's risk assessment, risk management and internal control systems.

Procedures for resolving severe defects in internal control

Taking into account the specific characteristics of the futures industry, the Company conducts a self-assessment on its risk management system during the annual internal control evaluation, and promptly rectifies any internal control deficiencies identified. During the day-to-day operations, the Company strictly adheres to regulatory rules and regulatory procedures to implement end-to-end control over market, credit and operational risks. In response to market and regulatory developments, the Company continuously optimizes its risk management systems and processes, conducts independent inspections and assessments in key areas such as client asset security and compliant trading, thereby effectively upholding compliance and risk management standards.

Construction and implementation of internal control system

To meet the needs of the industry and the Company's business development, the Company has promptly established supporting guidelines and operational rules based on regulatory requirements, with all departments conducting their business in strict accordance with the Articles of Association and regulations. In particular, the Company has established and improved systems such as information firewalls and the registration and management of persons with access to inside information in accordance with regulatory requirements, thereby preventing the improper use and dissemination of sensitive information. Meanwhile, the Company discloses information truthfully, accurately, completely and in a timely manner in accordance with laws, regulations, the Listing Rules, the Articles of Association and the Information Disclosure Management Measures, ensuring that all investors have an equal opportunity to obtain relevant information about the Company in a timely manner.

Development of compliance management system

During the Reporting Period, under the ongoing supervision and guidance of the relevant regulatory authorities, the Company strictly adhered to the Company Law, the Securities Law, the Futures and Derivatives Law, the Regulations on the Administration of Futures Trading, as well as various regulatory rules and self-regulatory requirements. We made solid progress in all aspects of compliance management, continuously optimized our compliance control mechanisms, and consistently enhanced our capabilities in identifying, warning against and addressing compliance risks, thereby effectively ensuring the compliance and soundness of the Company's operations.

The Company has continued to refine a multi-tiered, comprehensive compliance management organization structure, establishing an independently operating Audit and Supervision Department, as well as dedicated Legal Affairs and Compliance Review Departments, so as to establish a compliance governance system centered on the Board, the Risk Management Committee of the Board and the Chief Risk Officer, with the Risk Control Department, Compliance Review Department, Legal Affairs Department and Audit and Supervision Department working in collaboration within a clearly defined hierarchical framework, with clearly defined responsibilities and unimpeded reporting channels, ensuring the independence and effectiveness of compliance oversight.

Centered around the operational characteristics of futures and derivatives business, the Company has established a comprehensive compliance management system, formulating a series of regulations and operational procedures such as the "Integrity in Business Conduct Management Measures" and the "Compliance Accountability Management Measures", which ensures that compliance management covers all business lines, all departments and all employees, throughout the entire process of decision-making, execution, supervision and rectification. The Company adheres to an operation philosophy of "compliance first with controllable risk", strengthening compliance reviews, supervisory inspections and risk assessments across all business activities. The continuously fosters a culture of compliance to ensure that all business conduct strictly complies with laws, regulations, regulatory requirements and internal policies, thereby providing a solid compliance foundation for the Company's sustained and healthy development.

Internal audit and supervision

During the Reporting Period, the Company established an independent Audit and Supervision Department, staffed with professional internal auditors, and improved its internal audit regulations, in accordance with the regulatory requirements of the futures industry and the specific characteristics of business. The Audit Committee ensures that the it shall exercise its internal oversight functions independently. Under the supervision and guidance of the Audit Committee, the Audit and Supervision Department strictly adhered to national laws and regulations, futures regulatory requirements and the Company's regulations to conduct internal audits independently, and promptly reports significant progress and other relevant matters to the Audit Committee and senior management. The Company formulates targeted internal audit work plans, which are implemented following the review by the Audit Committee of the Board, strengthening audit oversight across the entire futures business process, as well as over subsidiaries and branches, thereby helping to improve internal controls and enhance the quality and efficiency of management.

Furthermore, the Company has established an audit mechanism tailored to the internal control system of a futures firm, routinely conducting both routine and special audits. Strictly adhering to relevant internal and external audit regulations and procedures, the Department promptly provides professional recommendations for rectification regarding key issues identified during audits. Through dedicated supervision and follow-up audits, it ensures that audit findings are effectively implemented. In 2025, the Audit and Supervision Department and other relevant departments will deepen the development of the internal audit system, focusing on risk management and the enhancement of internal control effectiveness within the futures industry. We will continue to innovate audit methodologies and strengthen closed-loop management of rectification measures, thereby providing a solid foundation for the Company's compliant and sound operations.

Development of the Internal Control Evaluation System

The Company strictly adheres to the regulatory requirements of the futures industry and relevant rules and regulations, and has established an efficient and practicable internal control evaluation system tailored to the specific characteristics of its business, clearly defining evaluation methods, operational procedures and implementation standards. The Company has established standardized criteria for identifying internal control deficiencies and adheres to an annual self-inspection and self-assessment process, as well as a closed-loop management system for rectifying issues. The scope of the evaluation comprehensively covers all business segments at the head office and all branch offices, encompassing various business activities such as futures brokerage, risk management and asset management, as well as key management activities. In 2025, the Company conducted a comprehensive self-assessment of the design and operational effectiveness of its internal controls as of December 31, 2025, in accordance with the Basic Specifications for Enterprise Internal Control, evaluation guidelines, relevant laws and regulations, and futures regulatory requirements; Meanwhile, the Company engaged Pan-China Certified Public Accountants LLP to conduct a special audit of the internal controls relevant to the financial statements. For any deficiencies identified during the evaluation and audit processes, the Company promptly formulated rectification plans, rigorously ensured their implementation, and continuously enhanced the effectiveness of internal controls. For further details, please refer to the "2025 Internal Control Audit Report" disclosed by the Company on the same date.

In 2025, the Company, taking into account the development trends of the futures industry, changes in regulatory policies and its own business expansion needs, continued to optimize the internal control evaluation mechanism, improve evaluation methods and strengthen technical support. It actively drew on advanced international experience in internal control evaluation to further broaden the scope of evaluation and enhance the level of evaluation precision. By continuously refining the evaluation system and enhancing the effectiveness of internal control management, the Company has strengthened its capabilities in identifying, assessing and managing various risks, including market risk, credit risk and operational risk, thereby providing a solid foundation for the Company's compliant and prudent operations.

INDEPENDENT AUDITOR'S REPORT

天健國際會計師事務所有限公司
Confucius International CPA Limited
Certified Public Accountants

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TO THE SHAREHOLDERS OF NANHUA FUTURES CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Nanhua Futures Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 148 to 251, which comprise the consolidated statement of financial position as at December 31, 2025, 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

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

KEY AUDIT MATTERS

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

Revenue recognition of commission income and fee

The revenue of commission income and fee of the Company is mainly comprises income from customers. In 2024, the recognized revenue of commission income and fee of the Company was approximately RMB542,397,000; in 2025, the recognized revenue of commission income and fee of the Company was approximately RMB605,560,000.

Since revenue is one of the key performance indicators of the Company, and the accurate recognition of revenue has a material impact on data of the financial statements and various financial indicators of the Company. Therefore, revenue recognition was identified as a key audit matter.

For disclosure on the revenue recognition policy, please refer to Note 3; for disclosure on the revenue, please refer to Note 8.

How Our Audit Addressed the Key Audit Matter

We obtained an understanding of processes and internal controls of revenue recognition; performed testing on the design and execution effectiveness of key internal controls.

We inspected the contract on a sampling basis to identify the sales business contract and each individual performance obligation, and evaluated whether the point of time when the customer obtains control of the service as judged by the management meets the requirements of the Accounting Standards for Business Enterprises.

We performed analytical procedures and detailed tests to review the completeness, authenticity, cut-off of revenue accounting and the accuracy of disclosure.

Fair value measurement of Level 3 financial instruments

Refer to Notes 4.2, 35 and 36 to the consolidated financial statements.

As at December 31, 2025, the Group’s financial instruments measured at fair value including derivative financial assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial liabilities amounted to approximately RMB47,851,000, RMB1,400,000, RMB54,809,000 and RMB49,494,000, respectively, which do not have open market quoted values, were measured based on significant unobservable inputs and classified as “Level 3 financial instruments”.

We focused on this area due to the fact that significant judgments and assumptions were applied by management in determining the fair values of Level 3 financial instruments including selection of appropriate valuation techniques and appropriate assumptions and inputs, such as risk-free rates, expected volatility, discount for lack of marketability and recent transaction prices.

We have identified the above matter as a key audit matter due to the high degree of subjectivity and management judgement involved in determining their fair values. Due to the fact that availability of market data and observable inputs is limited for these Level 3 financial instruments, management judgement is involved in both selection of appropriate valuation technique and unobservable inputs.

How our audit addressed the Key Audit Matter

In respect of the fair value measurement of Level 3 financial instruments, we assessed and tested the key internal controls related to the identification, measurement and management of valuation risks associated with these financial instruments, and evaluated their effectiveness. We evaluated the appropriateness of the valuation methods applied by the Group and compared them with those used by similar entities or in comparable industries.

For the valuation of financial assets at FVTPL classified as Level 3, we independently obtained net asset value reports provided by the relevant asset managers. These were calculated by using valuation techniques that incorporate significant unobservable inputs. We evaluated the appropriateness of the methodologies and reviewed the reasonableness of the key unobservable inputs and assumptions used.

For the valuation of derivative financial instruments classified as Level 3, where management relies on unobservable parameters, we evaluated the assumptions and judgments made by management based on our understanding of current industry practices. We obtained mark-to-market reports or relevant valuation schedules from the Group and, considering the Group's valuation methods and the key parameters adopted by management therein, independently recalculated the valuation of a sample of derivative financial instruments on a test basis.

We found that the management's judgments and assumptions applied in the valuation of Level 3 financial instruments were supported by evidence obtained. The management of the Company uses valuation techniques to determine its fair value. The measurement of its fair value incorporates unobservable inputs such as the volatility of different financial instrument, China's risk-free rate and discount rates.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

– identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

– obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

– evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company;

– conclude on the appropriateness of the Company's 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;

– 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; and

– plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Confucius International CPA Limited
Certified Public Accountants

Wong Ho Yuen, Gary
Practising Certificate Number: P01316

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Net commission and fee income	8	**605,560**	542,397
Net interest income	9	**572,343**	681,800
Including: Interest income		**610,728**	726,092
Interest expense		**(38,385)**	(44,292)
Net investment gains	10	**148,070**	70,336
Trade income	11	**1,347**	2,334
Other operating income	12	**60,191**	57,976
Operating income		**1,387,511**	1,354,843
Staff costs	13	**(463,621)**	(428,655)
Impairment losses on financial assets, net	15	**(27,591)**	(19,501)
Depreciation and amortization	14	**(55,497)**	(50,977)
Trade expenses	16	**(1,153)**	(478)
Other operating expenses	17	**(289,795)**	(336,664)
Operating expenses		**(837,657)**	(836,275)
Operating profit		**549,854**	518,568
Share of loss of associates		**(5)**	(574)
Other (losses)/gains, net	18	**(4,540)**	3,665
Profit before income tax		**545,309**	521,659
Income tax expenses	19	**(58,649)**	(63,622)
Profit for the year		**486,660**	458,037
Attributable to:			
Shareholders of the Company		**486,264**	457,972
Non-controlling interests		**396**	65
		486,660	458,037
Earnings per share attributable to ordinary equity holders of the parent (expressed in RMB per share)			
– Basic	21	**0.80**	0.75
– Diluted	21	**0.80**	0.75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2025

	2025 RMB'000	2024 RMB'000
Profit for the year	**486,660**	458,037
Other comprehensive (loss)/income:		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Fair value changes of other equity instrument investments	**(5,615)**	1,487
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(54,311)**	42,782
Other comprehensive (loss)/income attributable to Shareholders of the Company for the year, net of tax	**(59,926)**	44,269
Other comprehensive loss attributable to non-controlling interests for the year, net of tax	**(6)**	(21)
	(59,932)	44,248
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**426,728**	502,285
Attributable to:		
Shareholders of the Company	**426,338**	502,241
Non-controlling interests	**390**	44
	426,728	502,285

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	22	222,805	226,230
Investment properties	23	–	79
Right-of-use assets	24	190,000	186,341
Intangible assets	25	9,842	8,025
Investments in associates	26	1,772	1,777
Deferred income tax assets	28	3	2,458
Other non-current assets	29	37,197	36,364
Total non-current assets		461,619	461,274
Current assets			
Deposits with exchange-clearing organizations	30	19,949,688	11,782,759
Other current assets	31	269,223	313,241
Prepayments and trade receivables	32	18,732	38,482
Commission receivable	33	36,749	13,433
Buyback financial assets	34	50,685	–
Financial assets at fair value through profit or loss	35	3,462,807	1,968,109
Derivative financial assets	36	838,978	410,360
Financial assets at fair value through other comprehensive income	35	43,819	50,616
Bank balances held for clients		37,102,562	31,551,141
Cash and cash equivalents	38	3,237,780	2,273,982
Total current assets		65,011,023	48,402,123
Total assets		65,472,642	**48,863,397**

	Notes	2025 RMB'000	2024 RMB'000
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	49	717,725	610,066
Capital reserve	50	2,133,164	1,140,629
Other reserves	50	372,562	417,705
Retained earnings		2,372,402	1,946,854
		5,595,853	4,115,254
Non-controlling interests		9,976	9,586
Total equity		5,605,829	4,124,840
LIABILITIES			
NON-CURRENT LIABILITIES			
Debt instrument issued	37	507,782	511,611
Lease liabilities	40	26,213	18,213
Deferred income tax liabilities	28	1,015	2,144
Employee benefit obligations	41	1,843	1,742
Total non-current liabilities		536,853	533,710

December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES			
Trade and other payables	42	967,250	716,815
Lease liabilities	40	18,289	18,355
Current tax liabilities		11,466	12,449
Borrowings	43	626,031	380,677
Financial liabilities at fair value through profit or loss	44	46,757	32,172
Derivative financial liabilities	36	49,494	80,710
Employee benefit obligations	41	140,459	135,887
Accounts payable to brokerage clients	45	57,191,041	42,596,980
Commission payable		38,799	5,715
Futures investors' security funds payable	46	1,153	750
Futures risk reserves	47	239,221	224,337
Total current liabilities		59,329,960	44,204,847
TOTAL LIABILITIES		59,866,813	44,738,557
TOTAL EQUITY AND LIABILITIES		65,472,642	48,863,397

The financial statements were approved by the Board on 27 March 2026 and were signed on its behalf by:

Luo Xufeng
Director

Xu Wencai
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2025

	Notes	Attributable to shareholders of the Company					Non-controlling interests	Total equity
		Share capital RMB'000 (Note 49)	Capital* reserve RMB'000 (Note 50)	Other reserves RMB'000 (Note 50)	Retained Earnings RMB'000	Subtotal RMB'000	RMB'000	RMB'000
At January 1, 2025		610,066	1,140,629	417,705	1,946,854	4,115,254	9,586	4,124,840
Total comprehensive income for the year		–	–	(59,926)	486,264	426,338	390	426,728
Dividends	20	–	–	–	(45,933)	(45,933)	–	(45,933)
Appropriation to surplus reserves		–	–	4,557	(4,557)	–	–	–
Appropriation to general reserves				10,226	(10,226)	–	–	–
Capital injection		107,659	992,535	–	–	1,100,194	–	1,100,194
At December 31, 2025		717,725	2,133,164	372,562	2,372,402	5,595,853	9,976	5,605,829

	Notes	Attributable to shareholders of the Company					Non-controlling interests	Total equity
		Share capital RMB'000 (Note 49)	Capital* reserve RMB'000 (Note 50)	Other reserves RMB'000 (Note 50)	Retained Earnings RMB'000	Subtotal RMB'000	RMB'000	RMB'000
At January 1, 2024		610,066	1,190,728	360,309	1,542,274	3,703,377	9,542	3,712,919
Total comprehensive income for the year		–	–	44,269	457,972	502,241	44	502,285
Dividends	20	–	–	–	(40,265)	(40,265)	–	(40,265)
Appropriation to surplus reserves		–	–	3,605	(3,605)	–	–	–
Appropriation to general reserves		–	–	9,522	(9,522)	–	–	–
Repurchase of shares		–	(50,099)	–	–	(50,099)	–	(50,099)
At December 31, 2024		610,066	1,140,629	417,705	1,946,854	4,115,254	9,586	4,124,840

* Included in the capital reserve, the Company holds 5,681,234 treasury shares with a carrying amount of RMB50,099,397.97. The total issued share capital of the Company remains at RMB610,065,893 (with a par value of RMB1 per share), while the number of shares outstanding is 712,043,659.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities:			
Cash generated from /(used in) operations	51	1,844,125	(631,877)
Income tax paid		(62,081)	(68,531)
Net cash generated from /(used in) operating activities		1,782,044	(700,408)
Cash flows from investing activities:			
Net cash flow from proceeds on disposal of property, plant and equipment, intangible assets and other long-term assets		(32,590)	(10,922)
Net cash flow from investment of financial instruments		(1,828,552)	1,536,777
Net cash flow from other investing activities		183,904	(182,903)
Net cash (used in)/generated from investing activities		(1,677,238)	1,342,952
Cash flows from financing activities:			
Proceeds from issuance of share		1,105,321	–
Cash received from issuing bonds		498,525	–
Cash received from borrowings		675,172	336,162
Cash paid for repayment of debts		(928,837)	(565,732)
Cash paid for distribution of dividend and repayment of interests		(84,059)	(81,820)
Net cash flow from lease liabilities		(21,708)	(70,189)
Net cash generated from/(used in) financing activities		1,244,414	(381,579)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,349,220	260,965
Cash and cash equivalents at the beginning of year	48	1,038,837	772,633
Effect of foreign exchange rate changes, net		(24,520)	5,239
Cash and cash equivalents at the end of year	48	2,363,537	1,038,837

1. GENERAL INFORMATION

Nanhua Futures Co., Ltd. (the "**Company**") is incorporated in Zhejiang Province, the People's Republic of China (the "**PRC**") as a joint stock financial institution.

The Company was set up upon approval from the China Securities Regulatory Commission (the "**CSRC**") in May 1996 as a limited liability company with an initial registered capital of RMB10 million. After a series of share transfers and capital increases and upon approval by relevant government authorities, the Company was converted from a limited liability company into a joint-stock company. After the conversion, the registered share capital of the Company was RMB640 million and the Company's Chinese name was changed accordingly (南華期貨股份有限公司). The Company holds the business license No. 91330000100023242A. The registered address of the Company is Hengdian Building, Shangcheng District, Hangzhou City, Zhejiang Province. The Company's H shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since December 22, 2025.

The Company and its subsidiaries (the "**Group**") are principally engaged in financial futures brokerage, commodity futures brokerage, futures investment consultancy, futures asset management, commodity trading and other business activities as permitted by the CSRC.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards issued by the International Accounting Standards Board ("**IFRS Accounting Standards**").

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments), which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Standards, amendments and interpretations that are effective during the relevant years have been adopted and applied by the Group consistently throughout the relevant years.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING (Continued)

2.2 Change in accounting policies

(a) Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the following amendments to an IFRS Accounting Standard have been adopted by the Group for the first time, which are mandatorily effective for the Group's annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The adoption of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early adopted the following new and amendments to IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]

Notes:

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

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

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING (Continued)

2.2 Change in accounting policies (Continued)

(b) New and amendments to IFRS Accounting Standards in issue but not yet effective (Continued)

The directors of the Company have performed assessment on the new standards and amendments to IFRS Accounting Standards, and has concluded on a preliminary basis that these new standards and amendments to IFRS Accounting Standards will not have a material impact on the Group's consolidated financial statements in the foreseeable future, except for IFRS 18 which will mainly impact the presentation of profit and loss statements.

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

3. MATERIAL ACCOUNTING POLICIES

3.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are entities (including a structured entity) over which the Group has control. The Group controls an entity where the Group is exposed to, 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities; (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors; (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.1 Principles of consolidation and equity accounting (Continued)

(a) Subsidiaries (Continued)

Management applies its judgment to determine whether the Group is acting as agent or principal in relation to the structured entities ("**SEs**") in which the Group acts as an asset manager or an investor. In assessing whether the Group is acting as agent or principal, the Group considers factors such as scope of the asset manager's decision-making authority, rights held by other parties, remuneration to which it is entitled, and exposure to variability of returns by other arrangements (such as direct investments).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method, after initially being recognized at cost.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

(c) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.1 Principles of consolidation and equity accounting (Continued)

(d) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

3.2 Financial instruments

(a) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value, in the case of a financial asset or financial liability not at fair value through profit or loss, plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are classified on the basis of the Group's business model for managing the asset and the cash flow characteristics of the assets:

(i) Amortized cost;

(ii) Fair value through other comprehensive income ("**FVOCI**"); or

(iii) Fair value through profit or loss ("**FVPL**").

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Financial instruments (Continued)

(a) Initial recognition, classification and measurement of financial instruments (Continued)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("**SPPI**"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determine whether their cash flows are SPPI.

The classification requirements for debt instruments and equity instruments are described below:

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Financial instruments (Continued)

(a) Initial recognition, classification and measurement of financial instruments (Continued)

Debt Instruments (Continued)

Classification and subsequent measurement of debt instruments depend on: (i) the Group's business model for managing the asset; and (ii) the cash flow characteristics of asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortized cost:	Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVPL, are measured at amortized cost.
FVOCI:	Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVPL, are measured at FVOCI.
FVPL:	Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at FVPL, which is applied to derivatives, financial liabilities held for trading (e. g. short positions in the trading books) and other financial liabilities designated as such at initial recognition.

Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Financial instruments (Continued)

(a) Initial recognition, classification and measurement of financial instruments (Continued)

Financial liabilities (Continued)

An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss: (i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch'); (ii) a Group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

(b) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.

(c) Fair value of financial instruments

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. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The fair values of quoted financial assets and financial liabilities in active markets are based on quoted market prices. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, the Group uses observable inputs. Unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to access.

Default Valuation Adjustments are applied to the Group's financial liabilities at fair value through profit or loss, and assumes that Default Valuation Adjustments stay the same before and after the transfer of the liability. Default Valuation Adjustments refer to risk that enterprises fail to perform the obligation, including but not limited to their own credit risk.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Financial instruments (Continued)

(c) Fair value of financial instruments (Continued)

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets and financial liabilities based on the inputs used when determining the fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

(d) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

Amortized cost

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount; and (iii) for financial assets, adjusted for any loss allowance. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses ("**ECL**") and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("**POCI**") financial assets, the Group calculates the credit adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Financial instruments (Continued)

(d) Subsequent measurement of financial instruments (Continued)

Amortized cost (Continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in "Interest income", except for: (i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and (ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss allowance). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

Financial assets at fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue on the instrument's amortized cost which are recognized in profit or loss. Interest income from these financial assets is included in "interest income" using the effective interest rate method. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Investment income".

Equity instruments

The equity instrument investments that are held for purposes other than to generate investment returns are designated as FVOCI. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as investment income when the Group's right to receive payments is established, and it is probable that future economic benefits associated with the item will flow to the Group, and the amounts of the dividends can be measured reliably.

Financial assets at fair value through profit or loss

Debt instruments

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within "Investment income" in the period in which it arises.

Equity instruments

Gains and losses on equity investments at FVPL are included in the "Investment income" line in the statement of profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Financial instruments (Continued)

(d) Subsequent measurement of financial instruments (Continued)

Financial assets at fair value through profit or loss (Continued)

Contracts for the purchase or sale of non-financial items that are within the scope of financial instruments accounting standards

The Group enters into commodity purchase and sale contracts in the ordinary course of business. With respect to commodity basis trading, the Group engages in spot commodity transactions with customers while concurrently executing commodity futures trades to hedge risks, thereby generating basis profits. As the Group typically receives and subsequently resells the underlying commodities covered by these business contracts within a short period to profit from short-term price fluctuations, these contracts are not entered into and held for the purpose of taking delivery or delivering non-financial items in accordance with predetermined purchase, sale, or usage requirements. Consequently, the Group classifies such contracts as financial instruments, to which the financial instruments accounting standards apply. The difference between the sales consideration received and the carrying value of the commodities sold is recognized in the current period's net investment income.

(e) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is 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 (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures the ECL of a financial instrument reflects:

(i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(ii) the time value of money; and

(iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Financial instruments (Continued)

(e) Impairment of financial instruments (Continued)

For financial instruments whose impairment losses are measured using the ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognise their ECL, as follows:

Stage I: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL if the credit risk of that financial instrument has not increased significantly since initial recognition.

Stage II: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk of that financial instrument has increased significantly since initial recognition, but is not yet deemed to be credit-impaired.

Stage III: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the financial instrument is credit-impaired.

As at December 31, 2025 and 2024, the ECL rate of receivables are determined as follows:

	2025	2024
Deposits with exchange-clearing organizations	**0.33%**	0.45%
Trade receivables	**–**	5.03%
Other current assets	**13.86%**	12.71%
Commission receivable	**4.05%**	5.00%

The Group applies the impairment requirements for the recognition and measurement of loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in OCI and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

The Group has measured the loss allowance for a financial instrument at an amount equal to the lifetime ECL in the previous reporting period, but determines to measure it at an amount equal to the next 12 months ECL at the current reporting date since the credit risk of that financial instrument has increased significantly since initial recognition is no longer met, and the amount of ECL reversal is recognized in profit or loss. Excluding POCI financial assets.

The inputs, assumptions and estimation techniques the Group used in ECL models for its debt instrument assets carried at amortized cost and FVOCI refer to Note 4.1(a).

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.2 Financial instruments (Continued)

(f) Derecognition of financial instruments

A financial asset is derecognized, when one of the following criteria is satisfied:

(i) the contractual rights to receive cash flows from the assets have expired; or

(ii) the Group has transferred its rights to receive cash flows from the asset; or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and (a) the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but not retain control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

When the Group has made substantial modifications to a part of the contract terms of an existing financial liability, the relevant portion of the existing financial liability is derecognized, while the financial liability under modified terms is recognized as a new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognized in profit or loss.

If the Group repurchases a part of a financial liability, the Group shall allocate the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) for the part derecognized shall be recognized in profit or loss.

3.3 Derivative financial instruments and hedge accounting

Derivative financial instruments

The Group uses derivatives, such as foreign currency contracts, interest rate swaps, contracts of stock index and contracts for difference to economically hedge its foreign currency risk, interest rate risk and stock price risk, respectively. Derivatives financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including the discounted cash flow analysis and option pricing models, as appropriate. Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are applied to the Group's over-the-counter derivatives to reflect the credit risk of the counterparties and the Group itself, respectively.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.3 Derivative financial instruments and hedge accounting (Continued)

Hedge accounting

At the inception of a hedging relationship, the Group formally designates the hedge instruments and the hedged items, and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedging relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group would rebalance the hedging relationship.

The Group designates such hedged items as debt securities issued with floating interest that expose the Group to the risk of variability of its cash flows.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognized in profit or loss. Hedges which meet the strict criteria for hedge accounting are accounted for in accordance with the Group's accounting policy as set out below.

Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or unrecognized firm commitment, that is attributable to a particular risk and could affect the profit or loss or other comprehensive income. Among them, the circumstances affecting other comprehensive income are limited to the hedging for the risk exposure from fair value change of non-trading equity investment designated as at FVOCI. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and the gains and losses from both are taken to profit or loss or other comprehensive income. For hedged items recorded at amortized cost, the difference between the carrying value of the hedged item and the face value is amortized over the remaining term of the original hedge using the effective interest rate method.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss. The changes in the fair value of the hedging instrument are also recognized in profit or loss.

The Group discontinues fair value hedge accounting when the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised. If the hedged items are derecognized, the unamortized fair value is recorded in profit or loss.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.4 Revenue recognition

(a) Commission and fee income

The Group provides brokerage service to its customers, which contains a series of distinct services that are substantially the same and have the same pattern of transfer. Therefore, the services are identified as one performance obligation. Revenue is recognized upon completion of each service, usually on the date of the transaction or the completion of fund settlement with the exchange.

The Group provides asset management service to its customers, which contains a series of distinct services that are substantially the same and have the same pattern of transfer. Therefore, the services are identified as one performance obligation. Revenue is recognized when services are rendered according to the provisions of the underlying contracts.

Consultancy and advisory fees are recognized when the relevant transactions have been arranged or the relevant services have been rendered.

(b) Interest income

Interest income is recognized using the effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Trading gains from financial assets at fair value through profit or loss

Trading gains from financial assets at fair value through profit or loss is recognized on a trade date basis whilst the unrealized profits or losses are recognized from valuation at the end of reporting period. Gains/(losses) on physical commodities trading is realized on delivering the physical commodities to customers, which generally coincides with the time when physical commodities are delivered to the customers and the ownership has been transferred.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.4 Revenue recognition (Continued)

(e) Trade income

Trade income mainly comes from agricultural products sales of the Group's PRC risk management subsidiary.

The Group recognizes sales revenue in the gross amount from agricultural products when fulfil the Group's performance obligations in the contract, that is, the revenue is recognized when the customer obtains control of the relevant agricultural products.

3.5 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and v liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.5 Current and deferred income tax (Continued)

Deferred income tax (Continued)

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming that the property will be recovered entirely through sale.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3.6 Separate financial statements

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.7 Foreign currency translation

(1) 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**").

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(3) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting currency translation differences are recognized in other comprehensive income.

3.8 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid assets, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash and assets with original maturity of three months or less under cash and bank balances.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.9 Offsetting financial instruments

Financial assets and financial liabilities are separately presented in the statement of financial position without any offsetting, except when:

(a) the Group has a legally enforceable right to offset the recognized amounts; and

(b) the Group has intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.10 Buyback financial assets

Buyback financial assets is a contract to purchase a financial asset from a counterparty and sell the related financial asset back to the same counterparty on an agreed-upon date and at an agreed-upon price, as specified in the contract or agreement.

Buying back the sale business shall be recorded as actual payments made and recognized as “buyback financial assets” in the statement of financial position.

Interest income from buyback financial assets is recognized using the effective interest method over the term of the agreement period of the reverse repurchase. If the difference between the effective interest rate and the contracted interest rate is insignificant, the interest income is calculated based on the contracted interest rate.

3.11 Inventories

Inventories include agricultural products, minerals and other bulk commodities which are used for trading, and they shall be measured at cost when acquired, the cost including purchase cost and purchase expense.

The cost of inventories shall be accounted for on a first-in and first-out basis and their subsequent measurement shall be made at the lower of cost and net realizable value. The net realizable value shall be determined as their estimated selling price less estimated selling expenses and related taxes.

The Group shall determine the net realizable value of inventories separately, at the balance sheet date, and compare it with the corresponding cost to recognize the amount of the accrual or reversal of provision of decline in value of inventories, and account for it in the subject of the provision of decline in value of inventories. The perpetual inventory system was adopted by the Group.

3.12 Property, plant and equipment

The Group’s property, plant and equipment includes buildings, motor vehicles, electronic and other equipment that are used for operation purpose and have useful lives of more than one year.

Property, plant and equipment shall be recognized only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The assets purchased or constructed are initially measured at acquisition cost or deemed cost, as appropriate. Subsequent costs are included in an asset’s carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognized. All other subsequent expenditures are recognized in profit or loss during the period in which they are incurred.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.12 Property, plant and equipment (Continued)

Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. For the assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of property, plant and equipment are as follows:

	Estimated useful lives	Estimated residual rates	Annual Depreciation rates
Buildings	5-40	5.00%	2.38%-19.00%
Motor vehicles	5	5.00%	19.00%
Electronics and other equipment	2-5	5.00%	19.00%-47.50%

The estimated useful life, the estimated residual value and the depreciation method applied to an asset are reviewed, and adjusted as appropriate by the Group at the end of each reporting period.

Property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of property, plant and equipment net of its carrying amount and related taxes and expenses is recognized in the profit or loss. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount as set out in Note 22.

3.13 Intangible assets

Intangible assets comprise of computer software, which are initially recognized at cost. The cost less estimated residual values (if any) of the intangible assets is amortized on a straight-line basis over their useful lives, and charged to the profit or loss. Impaired intangible assets are amortized net of accumulated impairment losses.

3.14 Long-term deferred expenses

Long-term deferred expenses include expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term deferred expenses are amortized on the straight-line basis over the expected useful economic lives and are presented at actual expenditure net of accumulated amortization.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.15 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

3.16 Employee benefits

Employee benefits mainly include salaries, bonus, allowances and subsidies, staff welfare benefits, social security contributions and housing funds, labour union funds, employee education funds and other expenditures incurred in exchange for service rendered by employees. Salary and welfare are expensed in operating expenses in the accounting period of services rendered.

A defined contribution scheme is a pension or social security plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. During the year, the Group's post-employment schemes mainly include basic pension insurance.

In accordance with the relevant laws and regulations, domestic employees of the Group participate in various social insurance schemes such as basic pension insurance, medical insurance, housing fund schemes and other social security schemes. Insurance expenses and pensions are calculated based on certain percentage of gross salary and are paid to the Labour and Social Security Bureau, and insurance companies, etc. The contribution ratios are defined by stipulating regulations or commercial contracts, which should be no higher than statutory upper ceilings. Contributions are recognized in the profit or loss for the current period.

3.17 Government grants

Grants from the government are recognized 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 relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.18 Leases

As a lessee

(a) Initial measurement of the right-of-use asset and lease liability

Initial measurement of the right-of-use asset

The right-of-use asset is defined as the right of underlying assets in the lease term for the Group as a lessee. The lease term is defined as the non-cancellable period of the lease for the Group as a lessee.

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of use asset shall comprise:

(i) the amount of the initial measurement of the lease liability;

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Initial direct costs are defined as incremental costs that would not have been incurred if a lease had not been obtained.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lessee uses as the discount rate the interest rate implicit in the lease – this is the rate of interest that causes the present value of lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.18 Leases (Continued)

As a lessee (Continued)

(b) Subsequent measurement of the right-of-use asset and lease liability

Subsequent measurement of the right-of-use asset

At the commencement date, the Group as a lessee shall measure the right-of-use asset at cost and apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of use asset. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the 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. When the recoverable amount is less than the book value of the right-to-use assets, the Group shall write down its book value to the recoverable amount.

Subsequent measurement of the lease liability

After the commencement date, the Group shall recognise interest on the lease liability in profit or loss. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

(c) Recognition of short-term leases and leases for which the underlying asset is of low value

Short-term leases are defined as leases with a lease term of less than 12 months from the commencement date. Leases for which the underlying asset is of low value are defined as underlying assets of low value when new. The right-of-use asset and lease liability are not recognized by the Group for short-term leases and leases for which the underlying asset is of low value. The lessee shall recognise the lease payments associated with those leases as an expense.

As a lessor

Lease income from operating leases is recognized in income on a straight-line basis over the period of the lease.

3.19 Provisions and contingencies

The obligation pertinent to contingencies shall be recognized as provisions when the following conditions are satisfied concurrently:

(i) the obligation is a present obligation of the Group;

(ii) the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation; and

(iii) the amount of the obligation can be reliably measured.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.19 Provisions and contingencies (Continued)

The amount of a provision is initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Group takes into full consideration of risks, uncertainty, time value of money and other factors pertinent to the contingencies. The Group reviews the book value of the provisions at the end of the Reporting Period. If there is substantial evidence that the amount of provisions cannot actually reflect the current best estimate, the Group will adjust the amount in accordance with the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

3.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group'sand the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.21 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or Group that allocates resources to and assesses the performance of the operating segments of an entity. The Group's reporting segments are decided based on its operating segments while taking full consideration of various factors such as products and services, geographical location and regulatory environment related to administration of the management. Operating segments meeting the same qualifications are allocated as one reporting segment, providing independent disclosures.

The purpose of segment reporting is to assist the chief operating decision-maker in resource allocation and performance assessment of each operating segment. The same accounting policies as adopted in preparation of the Group's financial statements are used for segment reporting.

3. MATERIAL ACCOUNTING POLICIES (Continued)

3.22 Assets segregated for brokerage clients

Pursuant to requirements of the CSRC, funds deposited by brokerage clients relating to exchange traded futures and options must be deposited in designated bank accounts or with exchange-clearing organizations, which are segregated and accounted for separately from the proprietary funds of the Company as bank balances held for clients and client deposits in the deposits with exchange-clearing organizations in the statement of financial position.

Deposits with exchange-clearing organizations pertain primarily to monetary deposits made to satisfy margin requirements on brokerage clients and to satisfy the requirements set by the futures exchanges for clearing membership.

Deposits with exchange-clearing organizations do not include client's non-monetary pledges to exchange-clearing organizations. Such pledges are not presented on the Group's statement of financial position.

3.23 Accounts payable to brokerage clients

Accounts payable to brokerage clients represent the total of brokerage client accounts with credit or positive monetary balances. Brokerage client accounts are used primarily in connection with exchange traded futures and options transactions and include gains and losses on open positions as well as other deposits made as required by the Group or the exchange-clearing organizations. Brokerage client accounts with credit or positive balances are reported gross of client accounts that contain debit or net deficit balances, except where a right of offset exists.

4. FINANCIAL RISK MANAGEMENT

Overview

The Group's business activities are exposed to a variety of financial risks and those activities involve analysis, evaluation, acceptance and management of some degree of risks or combination of risks. Managing risks are core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Group is subject to a number of financial risks, primarily including credit risk, market risk, foreign exchange risk and liquidity risk.

This section describes the Group's position with respect to the above risk exposures, and the Group's objectives, policies and procedures in managing those risk exposures, as well as the Group's capital management.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Credit risk

Credit risk refers to the risk of counterparty's failure or inability to meet its payment obligations, or the risk of loss due to declining credit rating.

The Group's credit risks mainly come from financial assets which include bank balances, financial assets held under resale agreements, bank balances held for clients, deposits with exchange-clearing organizations, financial assets at fair value through profit or loss, contract assets, refundable deposits and other current assets.

In terms of the default risk from its commodity trading and risk management business, the Group has established certain criteria in selecting the counterparty, including but not limited to inspection on the credit status and credit enhancement measures on a case-by-case basis, so as to determine its credit exposure to each counterparty. The Group also reviews the credit status of individual customers at least once in a year, including business performance, repayment ability, as well as industrial outlook in which the customers operate.

The Group's bank balances and bank balances held for clients are mainly deposited with state-owned commercial banks, joint-stock commercial banks and major city commercial banks. Meanwhile, deposits with exchange-clearing organizations and refundable deposits are all placed with authorized exchange-clearing organizations in the PRC, with a relatively low level of credit risk.

The Group's credit risk also arises from its futures brokerage service. Under clearing rules, a minimum margin requirement is set by the respective futures exchanges. Therefore a minimum margin deposit is to be placed with the futures broker when an individual customer has a position. However, the Group has to fulfil the obligation on daily settlements by using its own funds if the customer margin deposit balance is insufficient and the customer fails to replenish the balance by the end of each trading day. Credit risks are mainly associated to customer's inability to meet the daily settlement obligation. To mitigate the credit risk from futures brokerage service, the Group usually requires the customers to maintain a margin deposit balance that is higher than the minimum margin required by futures exchanges. The Group also monitors each customer's credit status on a real-time basis and, therefore, may require customers to deposit additional collateral and/or reduce positions when necessary. Since trading rules set a daily limit move for every futures contract, the Group's credit exposure under normal market conditions at the end of each trading day is generally not significant.

To mitigate risks, the Group also requests the customers to provide standard warehouse warrants or government bonds as collateral where appropriate. An operating procedure for such collateral has been developed, and there is a guideline to specify the suitability of accepting such collateral. Fair value of the collateral is estimated by the Group with reference to the latest prices of the underlying physical commodities of standard warehouse warrants or the latest tradable prices of government bonds.

The Group maintains an ECL model to recognize a loss allowance for assets carried at amortized cost. The Group assesses whether or not the credit risk of relevant instrument has increased significantly since the initial recognition and measures their impairment allowance, ECL and future variance in ECL under the "three stage" impairment model.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Credit risk (Continued)

(a) Forward-looking information incorporated in the ECL models

Both the assessment of significant increase in credit risk (**SICR**) and the calculation of ECL allowances incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables regarding credit risk for each portfolio.

As at December 31, 2025 and 2024, the key economic variables used by the Group is the growth rate of GDP. Under the 2024 baseline scenario, the average forecast value is about 4.80%, the optimistic scenario forecast is 0.30 percentage points higher than the baseline, and the pessimistic scenario forecast is 0.30 percentage points lower than the baseline. Under the 2025 baseline scenario, the average forecast value is about 4.70%, the optimistic scenario forecast is 0.40 percentage points higher than the baseline, and the pessimistic scenario forecast is 0.40 percentage points lower than the baseline.

The weightings assigned to each economic scenario at December 31, 2025 are as follows:

	Base	**Optimistic**	**Pessimistic**
All portfolios	60%	10%	30%

(b) Impairment of financial assets

The Group's bank balances, bank balances held for clients, deposits with exchange-clearing organizations and refundable deposits are all deposited in banks and exchange-clearing organizations which have decent credit rating and no history of default. There are no unfavorable current conditions and forecast of future economic conditions for these assets at December 31, 2025 and 2024. Therefore, their credit risk is considered low and the expected credit loss is limited. For financial assets held under resale agreements, the Group receives sufficient debt securities or warehouse receipts as collateral. Therefore, the expected credit loss is immaterial.

All of these assets are classified under stage 1.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Credit risk (Continued)

(c) Maximum exposure to credit risk

Before considering collaterals or other credit enhancement methods, the maximum credit risk exposure is the carrying amount of financial assets (net of provisions for impairment). The maximum credit risk exposure is as follows:

	2025 RMB'000	2024 RMB'000
Cash and bank balances	3,237,780	2,273,931
Deposits with exchange-clearing organizations	19,949,688	11,782,759
Bank balances held for clients	37,102,562	31,551,141
Other current assets (excluding non-financial assets)	100,385	68,338
Commission receivable	36,749	13,433
Prepayments and trade receivables (excluding prepayments)	–	71
Buyback financial assets	50,685	–
Financial assets at fair value through profit or loss	3,462,807	1,968,109
Derivative financial assets	838,978	410,360
	64,779,634	48,068,142

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk

Market risk is from loss in fair value of financial instruments or cash flows movement, due to key factors such as price risk, interest rate risk and currency risk.

(a) Price risk

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

The Group's price risk exposure mainly relates to investments in equity securities, derivatives, asset management schemes, private securities investment funds and trust schemes with the underlying investments in equity instruments. The market prices of those financial instruments could lead to the fluctuation of investment value. A majority of these investments are traded in relevant capital markets, such as domestic and overseas futures exchanges as well as domestic stock exchanges. The Group is facing high market risk due to the volatility of those investments.

The Group's price risk management policy involves setting investment objectives, scales and loss cut limits for each individual investment. Two main measures are adopted by management level to mitigate the risk: (a) holding an appropriately diversified investment portfolio, setting limits for investments in different type of investments and monitoring the investment portfolio to reduce the risk of concentration in any one specific commodity type, industry or issuer; (b) monitoring the fluctuation of market price and execution of investment limit management.

Sensitivity analysis

The analysis below shows the impact on profit before income tax and other comprehensive income before income tax due to change in the prices of equity instruments and derivatives by 5%, assuming all other variables remain unchanged. A positive result indicates an increase in profit before income tax, while a negative result indicates otherwise

	2025	2024
	RMB'000	RMB'000
Profit before income tax		
Increase by 5%	**(686)**	1,710
Decrease by 5%	**686**	(1,710)

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(b) Interest rate risk

Interest rate risk is defined that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The main interest bearing assets of Group are bank deposits, bank balances held for clients, deposits with exchange-clearing organizations, buyback financial assets, and investments in debt instruments. The interest rates of bank deposits are determined by the agreement established with banks, and the interest rate of deposits with exchange-clearing organizations is determined by the clearing organizations.

The table below presents the contractual re-pricing dates or the residual maturities of the financial assets and liabilities (whichever are earlier):

As at December 31, 2025	Within 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1 year to 3 years RMB'000	over 3 years RMB'000	Non-Interest bearing RMB'000	Total RMB'000
Cash and bank balances	2,505,123	441,948	290,709	–	–	–	3,237,780
Deposits with exchange-clearing organizations	19,949,688	–	–	–	–	–	19,949,688
Bank balances held for clients	24,414,176	1,410,163	11,278,223	–	–	–	37,102,562
Other current assets (excluding non-financial assets)	–	–	–	–	–	100,385	100,385
Commission receivable	–	–	–	–	–	36,749	36,749
Buyback financial assets	–	–	–	–	–	50,685	50,685
Financial assets at fair value through profit or loss	2,107,486	454,195	208,246	–	–	692,880	3,462,807
Derivative financial assets	–	–	–	–	–	838,978	838,978
Financial assets at fair value through other comprehensive income	–	–	–	–	–	43,819	43,819
	48,976,473	2,306,306	11,777,178	–	–	1,763,496	64,823,453
Borrowings	26,917	39,995	559,119	–	–	–	626,031
Debt instrument issued	–	–	–	9,020	–	498,762	507,782
Accounts payable to brokerage clients	55,715,879	–	–	–	–	1,475,162	57,191,041
Derivative financial liabilities	–	–	–	–	–	49,494	49,494
Financial liabilities at fair value through profit or loss	–	–	–	–	–	46,757	46,757
Lease liabilities	731	1,558	16,000	18,788	7,425	–	44,502
Trade and other payables (excluding non-financial liabilities)	–	–	–	–	–	933,396	933,396
	55,743,527	41,553	575,119	27,808	7,425	3,003,571	59,399,003
Interest rate sensitivity gap	(6,767,054)	2,264,753	11,202,059	(27,808)	(7,425)	(1,240,075)	5,424,450

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(b) Interest rate risk (Continued)

As at December 31, 2024	Within 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1 year to 3 years RMB'000	over 3 years RMB'000	Non-Interest bearing RMB'000	Total RMB'000
Cash and bank balances	1,686,017	299,917	287,997	–	–	–	2,273,931
Deposits with exchange-clearing organizations	4,088,739	–	–	–	–	7,694,020	11,782,759
Bank balances held for clients	21,370,028	1,650,457	8,530,656	–	–	–	31,551,141
Other current assets (excluding non-financial assets)	–	–	–	–	–	68,338	68,338
Commission receivable	–	–	–	–	–	13,433	13,433
Prepayments and trade receivables (excluding prepayments)	–	–	–	–	–	71	71
Financial assets at fair value through profit or loss	517,699	842,354	10,570	–	–	597,486	1,968,109
Derivative financial assets	–	–	–	–	–	410,360	410,360
Financial assets at fair value through other comprehensive income	–	–	–	–	–	50,616	50,616
	27,662,483	2,792,728	8,829,223	–	–	8,834,324	48,118,758
Borrowings	279	47,915	332,483	–	–	–	380,677
Debt instrument issued	–	–	511,611	–	–	–	511,611
Accounts payable to brokerage clients	–	–	–	–	–	42,596,980	42,596,980
Derivative financial liabilities	–	–	–	–	–	80,710	80,710
Financial liabilities at fair value through profit or loss	–	–	–	–	–	32,172	32,172
Lease liabilities	187	675	16,941	16,727	2,038	–	36,568
Trade and other payables (excluding non-financial liabilities)	–	6,032	–	–	–	673,651	679,683
	466	54,622	861,035	16,727	2,038	43,383,513	44,318,401
Interest rate sensitivity gap	27,662,017	2,738,106	7,968,188	(16,727)	(2,038)	(34,549,189)	3,800,357

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(b) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to the interest rate risks for interest-bearing assets and liabilities. A 100 basis points increase or decreases in the relevant interest rates will be applied in the sensitivity analysis as possible reasonable shift, assuming all other variables remain unchanged. A positive result below indicates an increase in profit before income tax, while a negative result indicates otherwise.

	2025	2024
	RMB'000	RMB'000
Net interest income		
Increases by 100 bps	666,453	383,495
Decreases by 100 bps	(666,453)	(383,495)

When conducting interest rate sensitivity analysis, the Group makes the following general assumptions in determining commercial terms and financial parameters:

- different interest-bearing assets and interest-bearing liabilities have the same amplitude of interest rate volatility;
- all assets and liabilities are re-priced in the middle of relevant period;
- analysis is based on the static gap on the financial position reporting date, without considering subsequent changes;
- impact of interest rate changes on customer behaviors not considered;
- impact of interest rate changes on market prices not considered;
- interest rate of demand deposits moving in the same direction and extent;
- necessary measures that may be adopted by the Group in response to interest rate changes not considered.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(c) Currency risk

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

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

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In terms of the Group's revenue structure, the majority of the business transactions are denominated in RMB, with only insignificant revenue from foreign currency transactions. The Group considers that its currency risk is immaterial.

As at December 31, 2025 and 2024, the Group's major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in USD and HKD and included in a Group entity with different functional currency:

	2025	2024
	RMB'000	RMB'000
Financial assets denominated in:		
USD	**14,283,892**	9,949,613
HKD	**1,502,557**	407,872
Others	**172,813**	244,205

	2025	2024
	RMB'000	RMB'000
Financial liabilities denominated in:		
USD	**15,369,238**	9,633,237
HKD	**361,444**	372,617
Others	**170,392**	234,108

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(c) Currency risk (Continued)

As shown in the table above, the Group is primarily exposed to changes in USD and HKD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD and HKD denominated financial instruments is as below:

	2025 RMB'000	2024 RMB'000
USD exchange rate -		
Increase 5%	(54,267)	15,819
Decrease 5%	54,267	(15,819)
HKD exchange rate -		
Increase 5%	57,056	1,763
Decrease 5%	(57,056)	(1,763)

Other foreign currencies of changes have no significant impact on foreign exchange risk.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities due to lack of capital or funds. During the normal course of business, the Group may suffer from liquidity risk caused by macroeconomic policy changes, market volatility, poor operations, credit downgrades, mismatches between assets and liabilities, low turnover rate of assets, significant proprietary trading position, or an excessive high ratio of long-term investments. If the Group fails to address any liquidity risk by adjusting the asset structure or comply with regulatory requirements on the risk indicators, the Group could be faced with penalties by the regulatory authorities in the form of restrictions on the Group's business operations, which would cause bad effects on the Group's operations and reputation.

The Group manages and controls its funds in a centralized manner. The Group's liquidity risk management principles are comprehensiveness, prudence and foreseeability and its overall objective is to build a sound liquidity risk management system so that it can identify, measure, monitor and control liquidity risk effectively and ensure that the requirement of liquidity could be met timely with an appropriate cost.

The Group's finance department organizes the cash budget annually and sets up the fund plan based on it. Under the approval of the Company, the funds will be scheduled and arranged uniformly in order to ensure the consistency of funds demand and cost of the capital control.

After approved by the Board, the finance department decides the scale and the structure of a high quality liquid assets, by analysing the condition of the Company's business scale, total liability, financing ability, and duration of the asset and liability prudently, so as to improve the liquidity and the risk resistance.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(d) Liquidity risk (Continued)

The Group invests surplus cash above the balance required for working capital management in time deposits, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The tables below present the cash flows payable by the Group for financial liabilities by remaining contractual maturities As at December 31, 2025 and 2024. The amounts disclosed in the tables are the contractual undiscounted cash flows, including both interest and principal cash flows. For items with floating interest rates, the undiscounted amounts are derived using interest rates at the end of each reporting period.

The liquidity risk will be offset by the movement of deposits with exchange-clearing organizations and bank balances held for clients.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity Groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months usually equal their carrying balances as the impact of discounting is not significant.

As at December 31, 2025	Overdue/ repayable on demand RMB'000	Less than 1 month RMB'000	Between 1 and 3 months RMB'000	Between 3 months and 1 year RMB'000	Over 1 year RMB'000	Total RMB'000	As at December 31, 2025 RMB'000
Borrowings	8,699	18,277	40,198	587,737	–	654,911	626,031
Accounts payable to brokerage clients	57,191,041	–	–	–	–	57,191,041	57,191,041
Financial liabilities at fair value through profit or loss	46,757	–	–	–	–	46,757	46,757
Commission payable	38,799	–	–	–	–	38,799	38,799
Lease liabilities	–	1,604	3,763	14,153	27,200	46,720	44,502
Trade and other payables (excluding non-financial liabilities)	773,736	109,265	22,244	28,144	7	933,396	967,250
Debt instrument issued	–	–	–	–	556,580	556,580	507,782
Futures investors' security funds payable	1,153	–	–	–	–	1,153	1,153
	58,060,185	129,146	66,205	630,034	583,787	59,469,357	59,423,315
Derivative financial liabilities:							
Cash inflow	–	–	–	–	–	–	–
Cash outflow	49,494	–	–	–	–	49,494	49,494

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(d) Liquidity risk (Continued)

As at December 31, 2024	Overdue/ repayable on demand RMB'000	Less than 1 month RMB'000	Between 1 and 3 months RMB'000	Between 3 months and 1 year RMB'000	Over 1 year RMB'000	Total RMB'000	As at December 31, 2025 RMB'000
Borrowings	–	716	49,490	337,304	–	387,510	380,677
Accounts payable to brokerage clients	42,596,980	–	–	–	–	42,596,980	42,596,980
Financial liabilities at fair value through profit or loss	32,172	–	–	–	–	32,172	32,172
Commission payable	5,715	–	–	–	–	5,715	5,715
Lease liabilities	–	–	–	19,164	19,567	38,731	36,568
Trade and other payables (excluding non-financial liabilities)	590,461	33,469	365	61,916	–	686,211	716,815
Debt instrument issued	–	–	–	524,900	–	524,900	511,611
Futures investors' security funds payable	750	–	–	–	–	750	750
	43,226,078	34,185	49,855	943,284	19,567	44,272,969	44,281,288
Derivative financial liabilities:							
Cash inflow	–	–	–	–	–	–	–
Cash outflow	80,710	–	–	–	–	80,710	80,710

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 table below analyzes financial instruments measured at fair value at the end of each reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(d) Liquidity risk (Continued)

The following table presents the financial assets and liabilities that are measured at fair value at December 31, 2025 and 2024.

	As at December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets at fair value through profit or loss:				
Debt securities	**2,844,753**	**–**	**–**	**2,844,753**
Equity instruments	**424,267**	**58,932**	**54,809**	**538,008**
Wealth management products	**–**	**80,046**	**–**	**80,046**
Derivative financial assets	**791,127**	**–**	**47,851**	**838,978**
Financial assets at fair value through other comprehensive income	**17,998**	**24,421**	**1,400**	**43,819**
Other current assets – inventory	**–**	**107,969**	**–**	**107,969**
Other current assets – hedged items	**–**	**13,562**	**–**	**13,562**
Financial liabilities at fair value through profit or loss	**–**	**46,757**	**–**	**46,757**
Derivative financial liabilities	**–**	**–**	**49,494**	**49,494**
Other current liabilities – hedged items	**–**	**9,705**	**–**	**9,705**

	As at December 31, 2024			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Debt securities	1,360,052	–	–	1,360,052
Equity instruments	256,713	–	151,344	408,057
Wealth management products	–	–	200,000	200,000
Derivative financial assets	366,815	–	43,545	410,360
Financial assets at fair value through other comprehensive income	16,997	–	33,619	50,616
Other current assets – Inventory	–	–	176,454	176,454
Other current assets – hedged items	–	–	9,942	9,942
Financial liabilities at fair value through profit or loss	–	–	32,172	32,172
Derivative financial liabilities	–	–	80,710	80,710

There was no transfer between level 1, 2 and 3 in both years.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(d) Liquidity risk (Continued)

(1) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in level 1.

(2) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of these instruments is determined by obtaining quoted prices directly from expert institutions (independent brokers, valuation firms or fund administrators). These quoted prices are regarded as observable market data because they are provided by third-party market participants that are independent of the Group and are based on recent transactions or market information for identical or similar assets. All significant inputs used in the valuations are observable (quoted prices from expert institutions). No material entity-specific estimates or unobservable inputs are applied.

For the year ended December 31, 2025 and 2024, there are no significant transfers between level 1 and level 2 of the fair value hierarchy of the Group.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(d) Liquidity risk (Continued)

(3) Financial instruments in level 3

A financial instrument is included in level 3 if one or more of the significant inputs is not based on observable market data.

For financial assets classified as Level 3, the Company obtains net asset value reports provided by the relevant asset managers. These are calculated using valuation techniques that incorporate significant unobservable inputs. The measurement of its fair value incorporates unobservable inputs such as the volatility of different financial instrument, China's risk-free rate and discount rates.

The Group determines the fair value of the financial instrument by valuation techniques when it is difficult to obtain quotations from the open market.

The main parameters of valuation techniques used in financial instruments includes interest rate, stock and equity price, volatility level, prepayment rates, and the credits spreads of counterparty. All of these parameters can be observed and obtained from the open market.

For financial assets measured at fair value through profit or loss, including wealth management products and funds purchased by the Group, the fair value is calculated based on valuations provided by their respective managers.

For hedged items, the Company determines their fair value based on the difference between the spot price at the period-end and the execution price of forward contracts.

For other equity instrument investments (futures membership investment qualifications) measured at fair value, the Company calculates their fair value based on the purchase cost of the futures membership qualifications.

For over-the-counter (OTC) options measured at fair value through profit or loss, the Company use valuation techniques, including option pricing models, to determine their fair value. These models incorporate unobservable parameters such as volatility.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.2 Market risk (Continued)

(d) Liquidity risk (Continued)

(3) Financial instruments in level 3 (Continued)

For the interests of other unit holders in consolidated structured entities measured at fair value through profit or loss, the Company using the market prices of the underlying investments to calculate fair value.

As at December 31, 2025 and 2024, a 5% increase or decrease in the volatility applied in the valuation technique would result in insignificant changes in profit before income tax and profit after income tax, respectively.

As at December 31, 2025 and 2024, a 5% increase or decrease in the volatility applied in the valuation technique would result in insignificant changes in other comprehensive income.

4.3 Capital management

The Group's objectives of capital management are:

- To safeguard the ability of the Company and its subsidiary to continue as a going concern so that they could make profits and benefits for shareholders or other stakeholders;
- To support the stability and growth of the Company and its subsidiary;
- To maintain a strong capital base to support the development of their business; and
- To comply with the capital requirements under the PRC regulations

According to the "Administrative Measures Concerning Risk Control Indicators for Future Companies" (《期貨公司風險監管指標管理辦法》) issued by the CSRC on April 18, 2017, the Company is required to meet the following risk control requirements on a continual basis:

- The net capital shall be no less than RMB30,000,000;
- The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;
- The ratio of net capital divided by net assets shall be no less than 20%;
- The ratio of current assets divided by current liabilities shall be no less than 100%;
- The ratio of liabilities divided by net capital shall be no greater than 150%;
- The clearing settlement funds shall be greater than RMB26,800,000.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Capital management (Continued)

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Administrative Measures.

The Group manages its capital risk through timely monitoring, evaluating, reporting and comparing with target position of capital management, and the Group takes on a series of measures such as assets growth control, structure adjustment, internal or external capital accumulation, to make sure all the requirements of monitoring could be met as well as continuous improvement across its business.

5. SUMMARY OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates its critical accounting estimates and judgments applied based on historical experience and other factors, including reasonable expectations of future events. The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period are outlined below. It is possible that actual results may be materially different from the estimates and judgments referred to below.

5.1 Classification of financial assets

When the Group determines the classification of financial assets, a number of significant judgements in the business model and the contractual cash flow characteristics of the financial assets are required.

Factors considered by the Group in determining the business model for a Group of financial assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers or trustees are compensated.

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are repayments of principal); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time.

5.2 Fair value of financial instruments

The fair value of financial instruments that are not traded in active markets are determined by using valuation techniques. These techniques include discounted cash flow analysis model, Binomial Model and Black-Scholes Model etc. Observable input are used at arm's length in spite of areas such as credit risk (both own and counterparty) require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

5. SUMMARY OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

5.3 Income taxes

The Group is mainly subject to income taxes in China. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Taxation matters such as tax deductible due to asset impairment loss are subject to the decision of taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax and deferred tax assets and liabilities in the period in which such determination is made.

5.4 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: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of investors' returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business engaged in the following activities, which are subject to risks and returns that are different from the other operating segments.

PRC Futures Brokerage: mainly provides a solid bridge for clients to participate in commodity and financial futures trading.

PRC Risk Management Services: mainly provides tailored hedging services for enterprises and institutions using specialized tools, and conduct agricultural products business through its wholly-subsidiary, Nanhua Capital.

PRC Wealth Management: mainly provides mutual fund management, asset management, and agency sales of funds.

Overseas Financial Services: offering core services such as brokerage, clearing, and asset management in international markets.

Others: mainly provides future investment advisory service to assist clients in making investment and trading decisions.

6. OPERATING SEGMENT INFORMATION (Continued)

Segment information for the year ended December 31, 2025 is as follows:

	PRC Futures Brokerage RMB'000	PRC Wealth Management RMB'000	PRC Risk Management Services RMB'000	Overseas Financial Services RMB'000	Others RMB'000	Total RMB'000
Operating income	474,628	64,979	79,978	757,506	10,420	1,387,511
Operating expenses	(419,716)	(89,045)	(73,322)	(255,574)	–	(837,657)
Share of profits or loss of associates	183	–	(188)	–	–	(5)
Other (losses)/gains, net	(3,468)	–	(150)	(922)	–	(4,540)
Profit/(loss) before income tax	51,627	(24,066)	6,318	501,010	10,420	545,309
Income tax expenses						(58,649)
Profit for the year						486,660
Total assets	41,938,197	670,943	1,902,792	20,031,947	934,763	65,472,642
Total liabilities	37,811,373	383,228	2,144,318	18,679,613	848,281	59,866,813
Other segment information:						
Depreciation and amortization	43,401	871	2,449	8,776	–	55,497
Capital expenditure	21,677	712	188	3,329	–	25,906

6. OPERATING SEGMENT INFORMATION (Continued)

Segment information for the year ended December 31, 2024 is as follows:

	PRC Futures Brokerage RMB'000	PRC Wealth Management RMB'000	PRC Risk Management Services RMB'000	Overseas Financial Services RMB'000	Others RMB'000	Total RMB'000
Operating income	494,386	68,220	127,686	654,204	10,347	1,354,843
Operating expenses	(458,600)	(71,568)	(118,059)	(188,048)	–	(836,275)
Share of profits or loss of associates and joint ventures	(576)	–	2	–	–	(574)
Other (losses)/gains, net	–	(18)	7,228	(1,342)	(2,203)	3,665
Profit/(loss) before income tax	35,210	(3,366)	16,857	464,814	8,144	521,659
Income tax expenses						(63,622)
Profit for the year						458,037
Total assets	33,306,836	450,966	2,355,405	12,053,541	696,649	48,863,397
Total liabilities	29,406,095	547,550	2,764,024	11,384,250	636,638	44,738,557
Other segment information:						
Depreciation and amortization	41,478	3,110	1,129	5,260	–	50,977
Capital expenditure	8,288	100	595	389	–	9,372

Geographical information

The Group's operations are located on PRC, USA, Hong Kong and others (included Singapore and UK).

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025	2024	**2025**	2024
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**630,005**	701,034	**430,656**	445,894
USA	**113,412**	135,097	**4,525**	2,296
Hong Kong	**359,135**	319,943	**7,599**	5,918
Singapore	**148,079**	106,680	**15,992**	6,771
UK	**136,880**	92,089	**2,847**	395
	1,387,511	1,354,843	**461,619**	461,274

6. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025 RMB'000	2024 RMB'000
Customer A	215,487	200,519

The Group's major Customer A is included in the Overseas Financial Services segment.

7. THE GROUP'S INTEREST IN STRUCTURED ENTITIES NOT INCLUDED IN THE SCOPE OF CONSOLIDATION

(a) Interests in structured entities initiated and established

Unconsolidated structured entities established by the Group mainly include asset management plans established by the Group. The nature and objective of the structured entities is to manage investors' assets and collect management fees. Financing is sustained through investment products issued to investors. The interests held by the Group in these unconsolidated structured entities mainly involve management fees and performance fees collected from managed structured entities.

The relevant book values and maximum exposures are as follows:

	2025		2024	
	Carrying amount RMB'000	Maximum exposure RMB'000	Carrying amount RMB'000	Maximum exposure RMB'000
Financial assets at fair value through profit or loss	151,285	151,285	95,076	95,076

For the years ended December 31, 2025 and 2024, the Group received the following income from these structured entities held not included in the scope of consolidation:

	2025 RMB'000	2024 RMB'000
Management fees	1,371	384
Performance fees	264	182

As at December 31, 2025 and 2024, the Group has not provided and does not intend to provide any financial support to these structured entities not included in the scope of consolidation.

(b) Interests in structured entities initiated and established by third party

The maximum exposure and the carrying value of relevant balance sheet items of the Group arising from the interest held in directly invested structured entities such as fund, asset management products that are sponsored by third party financial institutions were set out as follows:

	2025		2024	
	Carrying amount RMB'000	Maximum exposure RMB'000	Carrying amount RMB'000	Maximum exposure RMB'000
Financial assets at fair value through profit or loss	151,285	151,285	357,583	357,583

8. NET COMMISSION AND FEE INCOME

	2025 RMB'000	2024 RMB'000
Futures brokerage services	500,313	446,298
Asset management services	40,287	25,763
Mutual fund services	54,613	58,093
Other commission income	10,347	12,243
	605,560	542,397

The net commission and fee income of mutual fund services and asset management services are recognized over time. And the net commission and fee income of futures brokerage services and other commission income are recognized at a point in time.

9. NET INTEREST INCOME

	2025 RMB'000	2024 RMB'000
Interest income from own funds	52,767	81,971
Interest income from client funds	557,961	644,121
Interest expense on loan, bonds and others	(37,188)	(42,362)
Consolidated structured entities' distribution	(1,197)	(1,930)
	572,343	681,800

10. NET INVESTMENT GAINS

	2025 RMB'000	2024 RMB'000
Net realized gains/(losses) of		
– Financial assets at fair value through profit or loss	42,521	(210,011)
– Financial liabilities at fair value through profit or loss	73,244	312,998
Dividend income	217	1,872
Unrealized fair value changes of		
– Financial assets at fair value through profit or loss	59,916	12,765
– Financial liabilities at fair value through profit or loss	(21,641)	(36,644)
– Executory contracts	(2,688)	(1,748)
– Physical commodities	(2,023)	(750)
Exchange losses	(1,476)	(8,146)
	148,070	70,336

11. TRADE INCOME

	2025 RMB'000	2024 RMB'000
Trade income	**1,347**	2,334

The timing of trade income recognition is at a point in time.

12. OTHER OPERATING INCOME

	2025 RMB'000	2024 RMB'000
Government grants[(i)]	**1,242**	1,367
"Insurance + Futures" income	**15,746**	28,640
Market maker rebate income	**23,331**	11,364
Other income	**19,872**	16,605
	60,191	57,976

(i) This amount includes government subsidies related to profits and the refund of personal income tax withholding fees. All of these are unconditional subsidies enjoyed in accordance with the policy provisions issued by the government.

13. STAFF COSTS

	2025 RMB'000	2024 RMB'000
Salaries and bonus	**386,204**	358,391
Pension	**47,590**	46,218
Other social securities	**16,799**	17,489
Labour union charge and employee education charge	**4,240**	4,449
Other welfares	**8,788**	2,108
	463,621	428,655

13. STAFF COSTS (Continued)

(1) The five highest paid individuals:

The five individuals whose emoluments were the highest in the Group did not include any director for the year ended December 31, 2025 (2024: did not include any director). All of these individuals have not waived any emoluments from the Group and did not received any emoluments from the Group as an inducement to join the Group during the years ended December 31, 2025 and 2024. The emoluments paid/payable to the five (2024: five) individuals during the years are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and other welfares	10,803	7,132
Social insurance, housing fund and related pension costs	916	1,262
Bonus	19,601	12,505
	31,320	20,899

The number of the above individuals whose remuneration fell within the following bands is set out below:

	2025	2024
HKD3,000,001 to HKD3,500,000	–	2
HKD3,500,001 to HKD4,000,000	–	1
HKD4,000,001 to HKD4,500,000	1	–
HKD4,500,001 to HKD5,000,000	1	–
HKD5,000,001 to HKD5,500,000	–	1
HKD6,000,001 to HKD6,500,000	–	1
HKD6,500,001 to HKD7,000,000	1	–
HKD9,000,001 to HKD9,500,000	1	–
HKD9,500,001 to HKD10,000,000	1	–
	5	5

13. STAFF COSTS (Continued)

(2) Directors' and Supervisors' Remuneration

Directors' and supervisors' remuneration is set out below:

Year ended December 31, 2025	Fees RMB'000	Salaries, wages and bonuses RMB'000	Retirement benefits RMB'000	Discretionary bonus RMB'000	Housing fund and other benefits RMB'000	Total remuneration before tax RMB'000
Non-executive directors:						
Hu Tiangao	–	–	–	–	–	–
Li Baoping	–	–	–	–	–	–
Xu Wencai	–	–	–	–	–	–
Executive directors:						
Luo Xufeng	–	1,000	50	1,200	87	2,337
Sun Yingting(i)	–	117	20	300	27	464
Independent non-execute directors:						
Chen Rong	64	–	–	–	–	64
Guan Qingyou	–	–	–	–	–	–
Xu Lin	120	–	–	–	–	120
Zhang Hongying	64	–	–	–	–	64
Li Jing(i)	102	–	–	–	–	102
Liu Yulong(i)	56	–	–	–	–	56
Supervisors:						
Li Guoping	–	–	–	–	–	–
Jin Longhua	–	–	–	–	–	–
Xia Haibo	–	199	29	–	42	270
Total	406	1,316	99	1,500	156	3,477

(i) Appointed on July 14, 2025.

13. STAFF COSTS (Continued)

(2) Directors' and Supervisors' Remuneration (Continued)

Year ended December 31, 2024	Salaries, wages and bonuses RMB'000	Retirement benefits RMB'000	Discretionary bonus RMB'000	Housing fund and other benefits RMB'000	Total remuneration before tax RMB'000
Non-executive directors:					
Hu Tiangao	–	–	–	–	–
Li Baoping	–	–	–	–	–
Xu Wencai	–	–	–	–	–
Executive director:					
Luo Xufeng	1,040	68	940	206	2,254
Independent non-execute directors:					
Chen Rong	120	–	–	–	120
Guan Qingyou	68	–	–	–	68
Xu Lin	53	–	–	–	53
Zhang Hongying	120	–	–	–	120
Supervisors:					
Li Guoping	–	–	–	–	–
Jin Longhua	–	–	–	–	–
Xia Haibo	383	68	472	166	1,089
Total	1,784	136	1,412	372	3,704

13. STAFF COSTS (Continued)

(3) Directors' and Supervisors' Other Benefits

The executive director's emoluments shown above were mainly for his service in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company. The supervisors' emoluments shown above were mainly for their services as supervisors of the Company.

All of the directors and supervisors have not waived any emoluments from the Group and did not receive any emoluments from the Group as an inducement to join the Group during the years ended December 31, 2025 and 2024.

No retirement and termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the year.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the year.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the year.

Save as disclosed in Note 53 there were no significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the year.

During the Track Record Period, no Directors have waived or agreed to waive any emoluments. During the Track Record Period, no emoluments are paid to any Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

During the Reporting Period, none of the Directors waived or agreed to waive any remuneration. During the Reporting Period, there were no emoluments paid by the Company to any Directors, Supervisors or five highest paid individuals as an inducement to join, or upon joining the Company, or as compensation for loss of office.

14. DEPRECIATION AND AMORTIZATION

	2025 RMB'000	2024 RMB'000
Depreciation of right-of-use assets	26,279	22,878
Depreciation of property, plant and equipment	23,894	23,101
Amortization of intangible assets	3,453	2,822
Amortization of long-term deferred expenses	1,792	2,098
Depreciation of investment properties	79	78
	55,497	50,977

15. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	2025 RMB'000	2024 RMB'000
Net impairment losses on deposits with exchange-clearing organizations and other current assets	27,591	19,501

16. TRADE EXPENSES

	2025 RMB'000	2024 RMB'000
Trade expenses	1,153	478

17. OTHER OPERATING EXPENSES

	2025 RMB'000	2024 RMB'000
Information service fees	56,068	57,788
Office expenses	36,319	39,437
Information system maintenance fees	30,932	28,979
Property maintenance fees	11,926	14,289
Consulting expenses	39,164	17,462
Auditors' remuneration	613	613
Futures investors protection fund	1,147	709
Marketing and distribution expenses	11,672	14,566
Service costs	9,361	16,212
"Insurance + Futures" expenses	9,559	29,750
Taxes and surcharges	7,161	8,864
Risk reserves	15,394	14,933
Impairment losses on assets	(300)	(1,562)
Software fee	17,941	16,596
Storage fee	4,578	5,270
Premium for "Insurance + Futures"	5,912	32,331
Annual fee	9,785	9,980
Other expenses	22,563	30,447
	289,795	336,664

18. OTHER (LOSSES)/GAINS, NET

	2025 RMB'000	2024 RMB'000
Non-recurring losses	–	(1,453)
Breach penalty	173	2,852
Donation	(3,092)	(1,550)
Others	(1,621)	3,816
	(4,540)	3,665

19. INCOME TAX EXPENSES

	2025 RMB'000	2024 RMB'000
Current income tax ("CIT") expenses	59,353	56,884
(Over)/under provision in respect of prior years	(2,030)	2,234
Deferred income tax expenses	1,326	4,504
	58,649	63,622

The mainland China income tax provision is based on the statutory tax rate of 25% of the taxable income of the Group as determined in accordance with the relevant PRC income tax rules and regulations. Hong Kong subsidiaries apply a tiered CIT rate of 8.25% on taxable income up to HKD2,000,000 and 16.5% on income exceeding HKD2,000,000. Nanhua Singapore Pte. Ltd. is subject to 13.5%, and other Singapore subsidiaries are subject to 17%. Nanhua Financial (UK) Co., Limited, registered in the UK, was subject to a CIT rate of 19% for the period up to March 2023. For the period from April 2023 onwards, the applicable rate increased to 25%. The U.S. subsidiaries are subject to a CIT rate of 30.5%, the Cayman Islands/Virgin Islands entities are not subject to CIT.

The Group incurred R&D expenses of approximately RMB20,959,000 during the year (2024: RMB34,059,000), all from Nanhua Futures Co., Ltd. under PRC Corporate Income Tax Law, eligible R&D expenses are entitled to an additional 25% tax deduction, a preferential policy applicable to all enterprises undertaking qualifying R&D activities.

Eligible R&D expenses are entitled to a deductible tax rate benefit of 25%.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the taxation rate applicable to profits in the respective countries and regions. The major reconciliation items are as follows:

	2025 RMB'000	2024 RMB'000
Profit before income tax	545,309	521,659
Tax calculated at a tax rate of 25%	136,327	130,415
Different tax rates in other countries/areas	(31,833)	(22,574)
Super deduction for research and development	(2,465)	(2,567)
Utilisation of previously unrecognized tax losses	(13,968)	(20,171)
Income not subject to tax	(45,385)	(32,910)
Items not deductible for tax purpose	7,378	3,680
(Over)/under provision in respect of prior years	(2,030)	2,234
Tax effect of temporary differences not recognized	10,625	5,515
	58,649	63,622

19. INCOME TAX EXPENSES (Continued)

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Hong Kong, the jurisdiction in which some subsidiaries of Nanhua Futures Co., Ltd. are incorporated, and has come into effect from January 1, 2025.

The Group is in the process of assessing its exposure to the Pillar Two legislation when it comes into effect. This assessment indicates for that the subsidiary that operates in jurisdiction A, the estimated weighted average effective tax rate based on accounting profit is 9.4% for the reporting period ended June 30, 2025. However, although the average effective tax rate is below 15%, the Group's exposure to paying Pillar Two income taxes might not be for the full difference in tax rates in relation to jurisdiction A. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with HKAS 12.

Based on the current assessment, the application of the Pillar Two legislation is expected to increase the Group's annual effective tax rate by 0.5 to 1.0 percentage points once enacted in 2025. The Group is currently engaging with tax specialists to assist it to refine its application of the legislation and to determine the related impact.

20. DIVIDENDS

	2025 **RMB'000**	2024 RMB'000
Dividends on ordinary shares proposed but not paid	**49,131**	45,933
Dividends on ordinary shares paid	**45,933**	40,265

Final dividends attributable to owners of the Company in respect of the years ended December 31, 2024 of RMB0.76 yuan per 10 shares (tax inclusive), were approved by the Shareholders' Meeting. The dividend for the year 2024 has been paid on May 23, 2025.

Final dividends attributable to owners of the Company in respect of the year ended December 31, 2025, of RMB0.69 yuan per 10 shares (tax inclusive), are to be proposed at the upcoming annual general meeting according to the resolution passed at the Board meeting held on March 27, 2026. These financial statements have not reflected this proposed dividend.

The Company proposes to distribute 4.50 shares per 10 shares to its shareholders by way of a capital reserve conversion, based on the total share capital of the Company of 717,724,893 shares, consisting of 610,065,893 A-shares and 107,659,000 H-shares; excluding 5,681,234 shares held in the Company's special securities account for repurchase, the adjusted total share capital was 712,043,659 shares. After the conversion, the total share capital of the Company will be increased to 1,038,144,540 shares, comprising 882,038,990 A-shares and 156,105,550 H-shares. This proposal will also be submitted at the upcoming annual general meeting according to the resolution passed at the Board meeting held on March 27, 2026.

21. EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2025 RMB'000	2024 RMB'000
Profit attributable to shareholders of the Company (in RMB thousands)	486,264	457,972
Weighted average number of ordinary shares in issue (in thousands)	607,334	610,066
Basic earnings per share (in RMB)	0.80	0.75

(2) Diluted earnings per share

For the years ended December 31, 2025 and 2024 extra punctuation, there are no potential diluted ordinary shares, so the diluted, earnings per share is the same as the basic earnings per share.

22. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Electronics and other equipment RMB'000	Total RMB'000
Cost				
At January 1, 2025	194,918	2,779	121,297	318,994
Purchase	297	–	20,339	20,636
Disposals	–	–	(1,708)	(1,708)
At December 31, 2025	195,215	2,779	139,928	337,922
Accumulated depreciation				
At January 1, 2025	(17,652)	(2,049)	(73,063)	(92,764)
Additions	(5,564)	(222)	(18,108)	(23,894)
Disposals	–	–	1,541	1,541
At December 31, 2025	(23,216)	(2,271)	(89,630)	(115,117)
Carrying amount				
At December 31, 2025	171,999	508	50,298	222,805

22. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Motor vehicles RMB'000	Electronics and other equipment RMB'000	Total RMB'000
Cost				
At January 1, 2024	192,750	2,597	119,769	315,116
Purchase	1,801	182	4,895	6,878
Currency translation differences	367	–	–	367
Disposals	–	–	(3,367)	(3,367)
At December 31, 2024	194,918	2,779	121,297	318,994
Accumulated depreciation				
At January 1, 2024	(12,105)	(1,833)	(58,287)	(72,225)
Additions	(5,547)	(216)	(17,338)	(23,101)
Disposals	–	–	2,562	2,562
At December 31, 2024	(17,652)	(2,049)	(73,063)	(92,764)
Carrying amount				
At December 31, 2024	177,266	730	48,234	226,230

23. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Cost		
At January 1 and December 31,	**1,841**	1,841
Accumulated depreciation		
At January 1,	**(1,762)**	(1,684)
Additions	**(79)**	(78)
At December 31,	**(1,841)**	(1,762)
Carrying amount		
At December 31,	**–**	79

23. INVESTMENT PROPERTIES (Continued)

The relevant properties has not been rented out yet, therefore there is no rental income for this year (2024: RMB nil)

The fair value of the Group's investment properties at December 31, 2025 was RMB1,830,682 (2024: RMB2,189,457). The fair value measurement is categorized within Level 2 of the fair value hierarchy and was determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. There has been no change from the valuation technique used in the prior year.

The fair value has been determined on the basis that the highest and best use of the properties is their current use as investment properties, which does not differ from their actual use. Investment properties are depreciated using the straight-line method over their estimated useful lives of 20 years. The properties are fully depreciated as at 31 December 2025.

24. RIGHT-OF-USE ASSETS

	2025	2024
	RMB'000	RMB'000
Cost		
At January 1,	259,544	253,627
Purchase	39,367	26,545
Disposals	(25,679)	(20,628)
As at December 31,	273,232	259,544
Accumulated depreciation		
At January 1,	(73,203)	(69,161)
Charges	(26,279)	(22,878)
Disposals	16,250	18,836
As at December 31,	(83,232)	(73,203)
Carrying amount		
As at December 31,	190,000	186,341

24. RIGHT-OF-USE ASSETS (Continued)

For both years, the Group leases various of offices, warehouses, retail stores, equipment, leasehold land and vehicles for its operations. Lease contracts are entered into for a fixed term of 1 year to 10 years (2024: 2 years to 10 years), but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain different terms and conditions.

In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The Group's right-of-use assets in respect of leasehold land have lease terms ranging from approximately 40 years to 50 years (2024: 40 years to 50 years). Depreciation of right-of-use assets is changed over the shorter of the lease term and useful lives.

	2025 RMB'000	2024 RMB'000
Total cash outflow for leases	25,000	25,214
Additions to right-of-use assets	39,367	26,545

25. INTANGIBLE ASSETS

	2025 RMB'000	2024 RMB'000
Cost		
At January 1,	21,241	20,743
Additions	5,270	2,494
Disposals	–	(1,996)
At December 31,	26,511	21,241
Accumulated depreciation		
At January 1,	(13,216)	(12,389)
Additions	(3,453)	(2,822)
Disposals	–	1,995
At December 31,	(16,669)	(13,216)
Carrying amount		
At December 31,	9,842	8,025

The above intangible assets have finite useful lives. Such intangible assets are amortized on a straight-line basis over the following periods:

Computer software	5 – 10 years

26. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Investments in associates under equity method	1,772	1,777

(1) Interests in associates

Set out below are the associates of the Group as at December 31, 2025 and 2024 that are considered material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business of each entity, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	Principle place of business	Proportion of ownership interest held by the Group 2025	Proportion of ownership interest held by the Group 2024	Proportion of voting rights held by the Group 2025	Proportion of voting rights held by the Group 2024	Principle activity
Heilongjiang Agricultural Investment International Far East Agricultural Development Co., LTD*	China	China	5.00%	5.00%	5.00%	5.00%	Investment management and asset management.
Zhejiang Holland & Muh Investment Management Co., Ltd. ("Zhejiang Holland & Muh")	China	China	24.896%	24.896%	24.896%	24.896%	Agricultural professional and auxiliary activities.

* The Company has appointed a director to Heilongjiang Agricultural Investment International Far East Agricultural Development Co., Ltd. and is able to exert significant influence over its operational and financial policy decisions.

(2) Summarised financial information of associates

The tables below provide summarised financial information of the Group's material associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Nanhua Futures Co., Ltd.'s share of those amounts. The amounts have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies.

26. INVESTMENTS IN ASSOCIATES (Continued)

(2) Summarised financial information of associates (Continued)

Heilongjiang Agricultural Investment International Far East Agricultural Development Co., LTD

	2025 RMB'000	2024 RMB'000
Current assets	18,056	21,794
Non-current assets	31	46
Total assets	18,087	21,840
Current liabilities	8,664	8,655
Non-current liabilities	–	–
Total liabilities	8,664	8,655
Equity	9,423	13,185
Share of net assets calculated according to shareholding ratio	471	659
Book value of investment in associates	471	659

	2025 RMB'000	2024 RMB'000
Operating income	600	18,362
Net (loss)/profit	(3,762)	15
Other comprehensive income	–	–
Total comprehensive (loss)/income	(3,762)	15

26. INVESTMENTS IN ASSOCIATES (Continued)

(2) Summarised financial information of associates (Continued)

Zhejiang Holland & Muh

	2025 RMB'000	2024 RMB'000
Current assets	5,287	4,451
Non-current assets	20	25
Total assets	5,307	4,476
Current liabilities	611	518
Non-current liabilities	–	–
Total liabilities	611	518
Equity	4,696	3,958
Share of net assets calculated according to shareholding ratio	1,169	986
Book value of investment in associates and joint ventures	1,301	1,118

	2025 RMB'000	2024 RMB'000
Operating income	724	2,533
Net profit /(loss)	737	(2,319)
Other comprehensive income	–	–
Total comprehensive income /(loss)	737	(2,319)

27. SUBSIDIARIES

The following is a list of material subsidiaries of the Company as at December 31, 2025:

Name of subsidiary	Place of incorporation	Share capital registered/ paid-up capital *In thousand*	Principal Business Activities	Equity interest and voting right 2025	2024
HGNH International Financial Corporation Limited	Hong Kong	HKD826,000	Investment holding	**100%**	100%
Zhejiang Nanhua Capital Management Co., Ltd.	PRC (Limited Liability Company)	RMB600,000	Risk Management services	**100%**	100%
Nanhua Fund Management Co., Ltd.	PRC (Limited Liability Company)	RMB350,000	Funds management and asset management	**100%**	100%
HGNH International Asset Management Co., Limited	Hong Kong	HKD10,000	Asset management	**100%**	100%
HGNH International Futures Co., Limited	Hong Kong	HKD255,000	Futures services	**100%**	100%
HGNH International Securities Co., Limited	Hong Kong	HKD90,000	Security services	**100%**	100%
Nanhua USA LLC	USA	USD31,791	Futures services	**100%**	100%
Nanhua Singapore Pte. Ltd.	Singapore	USD12,000	Futures services	**100%**	100%
Nanhua Financial (UK) Co., Limited	UK	USD46,000	Financial services	**100%**	100%
Nanhua Asset Management SG Pte. Ltd.	Singapore	USD2,000	Asset management	**70%**	70%

28. DEFERRED INCOME TAX ASSETS AND LIABILITIES

	As at December 31, 2025			
	Temporary differences RMB'000	Deferred income tax assets RMB'000	Temporary differences RMB'000	Deferred income tax liabilities RMB'000
Fair value changes of financial instruments	49,814	12,439	111,985	27,993
Lease liabilities	42,533	10,633	–	–
Interest payable	7,782	1,945	–	–
Right-of-use assets	–	–	45,022	11,255
Deductible loss	22,558	5,640	–	–
Credit loss	6	2	–	–
Others*	30,307	7,577	–	–
	153,000	38,236	157,007	39,248

	As at December 31, 2024			
	Temporary differences RMB'000	Deferred income tax assets RMB'000	Temporary differences RMB'000	Deferred income tax liabilities RMB'000
Fair value changes of financial instruments	22,050	5,512	62,357	15,589
Lease liabilities	20,200	5,031	–	–
Interest payable	13,403	3,351	–	–
Right-of-use assets	–	–	22,346	5,569
Credit loss	3	1	–	–
Others*	30,307	7,577	–	–
	85,963	21,472	84,703	21,158

* The "Others" item mainly represents temporary differences arising from impairment loss on domestic warehouse receipts recognized as non-operating expenses in 2023. As the related litigation case has not yet reached a final conclusion, the tax adjustment will be made in subsequent periods after the cases are settled.

Offsetting of deferred income tax assets and liabilities:

	As at December 31, 2025		As at December 31, 2024	
	Offsetting amount RMB'000	After offsetting RMB'000	Offsetting amount RMB'000	After offsetting RMB'000
Deferred income tax assets	(38,233)	3	(19,014)	2,458
Deferred income tax liabilities	(38,233)	1,015	(19,014)	2,144

29. OTHER NON-CURRENT ASSETS

	2025 RMB'000	2024 RMB,000
Long-term deferred expenses (i)	28,049	21,110
Contract fulfilment costs (ii)	3,262	8,069
Others	5,886	7,185
	37,197	36,364

(i) Long-term deferred expenses include prepaid expenses and building renovation costs, which are amortized over the period of expense revenue. These deferred expenses mainly consist of prepaid information fees and software fees.

(ii) The Company's contract fulfillment costs primarily arise from "futures + insurance" projects. Under the relevant project contracts, the Company advances premiums and other expenditures during the pilot phase and recognizes them as contract fulfillment costs. Upon completion of the pilot project, the exchange conducts a final evaluation and determines the amount of financial support, the reimbursed premium typically around 10% of the originally advanced premium.

30. DEPOSITS WITH EXCHANGE-CLEARING ORGANIZATIONS

	2025 RMB'000	2024 RMB'000
Currency margin receivable	18,073,089	10,595,685
Pledge margin receivable	1,475,162	900,050
Settlement guarantees receivable	377,769	258,290
Settlement provisions	23,668	28,734
	19,949,688	11,782,759

30. DEPOSITS WITH EXCHANGE-CLEARING ORGANIZATIONS (Continued)

(1) Currency margin receivable

	2025 RMB'000	2024 RMB'000
Cost	18,139,323	10,642,981
Allowance	(66,234)	(47,296)
Carrying amount	18,073,089	10,595,685

(2) Pledge margin receivable

	2025 RMB'000	2024 RMB'000
Shanghai Futures Exchange	597,692	540,826
Zhengzhou Commodity Exchange	84,055	105,026
China Financial Futures Exchange	113,417	159,966
Shanghai International Energy Exchange Co., LTD	48,499	31,054
Guangzhou Futures Exchange	–	12,895
Dalian Commodity Exchange	36,855	50,283
Chicago Mercantile Exchange Group Inc	594,644	–
	1,475,162	900,050

(3) Settlement guarantees receivable

	2025 RMB'000	2024 RMB'000
China Financial Futures Exchange	41,116	22,339
China Securities Depository and Clearing Corporation Limited	13,704	13,681
Hong Kong Exchanges and Clearing Limited	21,203	36,775
Singapore Exchange Derivatives Clearing Limited	50,845	47,119
CME Group Inc.	127,775	90,711
ICE Clear U.S., Inc.	30,532	14,377
MIAX Futures Exchange	3,514	2,933
London Metal Exchange	89,080	30,355
	377,769	258,290

30. DEPOSITS WITH EXCHANGE-CLEARING ORGANIZATIONS (Continued)

(4) Settlement provisions

	2025 RMB'000	2024 RMB'000
Cost	24,339	29,642
Impairment allowance	(671)	(908)
Amount	23,668	28,734

31. OTHER CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Exchange performance securities (Note a)	101,138	51,809
Inventories (Note b)	108,090	204,126
Hedged items (Note c)	13,562	9,942
Deductible VAT	47,186	40,777
Others	15,392	15,063
Credit loss		
– exchange performance securities	(10,770)	(2,600)
– others	(5,375)	(5,876)
	269,223	313,241

Note a: Exchange performance securities refer to the common guarantee funds that are used against the risk of default of clearing members, which are deposited by the Company as a clearing member in futures exchanges and registration companies in accordance with their regulations. Their fair values are equal approximates to their book values.

Note b: The carrying amount of RMB9,168,000 (2024: RMB77,409,000) of inventories had been pledged to secure the Group's borrowings. Details of borrowings are disclosed in note 42.

Note c: The hedged item is the net exposure of the Company's held spot commodities and pending contracts. The risk hedged is commodity price risk from market price fluctuations. The strategy uses futures contracts from 1 January to 31 December 2025, maintaining a hedge ratio of 90%-110% of net spot exposure (post-tax) to reduce risk. An economic relationship exists between the hedged item and hedging instrument, with the hedge effective overall despite ineffectiveness from basis risk and market volatility. The hedged item impacts a loss by approximately RMB13,714,000 and the derivatives a profit by approximately RMB32,749,000 both recognized in profit and loss.

32. PREPAYMENTS AND TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments		
–goods	18,732	38,412
Trade receivables	–	75
Less: credit loss allowance	–	(5)
	18,732	38,482

The goods under prepayments are all commodities, and has been transferred to other current assets-inventory after the reporting period.

The following is an aged analysis of prepayments and trade receivables net of allowance for credit losses presented based on payment date.

	2025 RMB'000	2024 RMB'000
0-60 days	16,112	37,649
61-90 days	510	795
91-120 days	2,110	37
121-180 days	–	1
	18,732	38,482

During the year ended December 31, 2025, the Group did not recognise credit loss allowances for trade receivables (2024: RMB5,000) in profit or loss.

33. COMMISSION RECEIVABLE

	2025 RMB'000	2024 RMB'000
Commission receivable	38,301	14,140
Less: allowance	(1,552)	(707)
	36,749	13,433

33. COMMISSION RECEIVABLE (Continued)

Commission receivable arising from futures business, mutual fund services, and asset management services. The mutual fund services and asset management services are generally due at the end of the relevant valuation period of the investment funds and managed accounts. However, some of these commission receivables are only due after the relevant valuation period as a result of credit periods granted to certain investment funds and managed accounts, which are generally within three months.

These commission receivables are generally deducted from the net asset value of the investment funds and managed accounts and paid directly by the administrator or custodian of these investment funds and managed accounts at the end of the relevant valuation period or credit period, as appropriate.

34. BUYBACK FINANCIAL ASSETS

	2025 RMB'000	2024 RMB'000
Analysed by business:		
Bond pledge repo	50,685	–
Analysed by collateral:		
Bond	50,685	–

As at 31 December, 2025, the Group had outstanding bond pledge repo receivables of RMB50,685,000 (2024: nil) under reverse repurchase agreements. classified as current financial assets measured at amortized cost. The agreements are short-term in nature, with maturities ranging from 1 day to 2 days . The average repo rate during the year was 2.08%. There is no credit impairment loss allowance during the year.

As at 31 December, 2025, the Group received collateral comprising 5 bonds with a fair value of RMB50,685,000, in connection with its reverse repurchase agreements. These securities may not be sold or re-pledged except in the event of counter party default.

35. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Debt securities (Note a)	**2,844,753**	1,360,052
Financing products (Note b)	**80,046**	200,000
Equity instruments (Note c)	**538,008**	408,057
	3,462,807	1,968,109

Note a: The debt securities comprise investments in U.S. Treasury securities and exchange-traded funds (ETFs) primarily holding U.S. government debt. Details of fair value measurement are disclosed in note 4.2(d).

Note b: The financing products are mainly investment in open ended bank financing products. Details of fair value measurement are disclosed in note 4.2(d).

Note c: The equity instruments are mainly investments in unlisted privately offered securities investment funds and collective asset management schemes. The Company holds share in the funds and the benefit is based on the performance of the funds. Details of fair value measurement are disclosed in note 4.2(d).

The Group has also invested in a portfolio of listed shares which are held for trading.

35. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/OTHER COMPREHENSIVE INCOME (Continued)

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Equity investments in listed entities (Note a)	17,998	16,997
Equity investments in unlisted entities	25,821	33,619
	43,819	50,616

Note a: The above listed equity investments represent ordinary shares of an entity listed in Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. Details of fair value measurement are disclosed in note 4.2(d).

36. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2025			2024		
		Fair value			Fair value	
	Notional amounts RMB'000	Assets RMB'000	Liabilities RMB'000	Notional amounts RMB'000	Assets RMB'000	Liabilities RMB'000
OTC options	74,943,076	47,851	49,494	64,392,564	43,545	80,710
Futures contracts	–	791,127	–	–	366,815	–
Total	74,943,076	838,978	49,494	64,392,564	410,360	80,710

(1) Fair value hedges

The Group hedges its the net exposure of its held spot goods and contracts to be executed with futures contracts corresponding to the underlying spot commodities. Details disclosed in note 31.

The Group's net gains/(losses) on fair value hedges are as follow:

	2025 RMB'000	2024 RMB'000
Net gains/(losses)		
– Hedging instrument	32,749	(8,825)
– Hedged item	(13,715)	34,197

37. DEBT INSTRUMENT ISSUED

	2025 RMB'000	2024 RMB'000
22 Nanhua C1	–	307,562
22 Nanhua C2	–	204,049
25 Nanhua C1	507,782	–
	507,782	511,611

As at December 31, 2025 and 2024, there was no default related to any issued debt instruments. Relevant accounting policy refer to note 3.2(a) and note 4.2(d).

Name	Par value	Issue date	Term	Nominal coupon rate	Book value 2025 RMB'000	Book value 2024 RMB'000
22 Nanhua C1	300,000	2022/06/27	6 years	4.98%	–	307,562
22 Nanhua C2	200,000	2022/08/02	6 years	4.98%	–	204,049
25 Nanhua C1	500,000	2025/06/13	7 years	3.28%	507,782	–

38. CASH AND BANK BALANCES

	2025 RMB'000	2024 RMB'000
Cash in treasury	–	51
Bank balances	40,282,175	33,745,505
Less: Futures margin deposits	(36,946,978)	(31,311,170)
Margins of brokerage business	(155,584)	(239,971)
Others	58,167	79,567
Total	3,237,780	2,273,982

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitments, which carry interest at variable market rates range from 0.05% to 4.37% (2024: 0.05% to 5.60%)

As at 31 December 2025, bank balances that are placed in included restricted bank accounts in accordance with the applicable government regulations amounting to RMB34,380,840 (2024: RMB28,259,286), such balances can only be applied in the designated property development projects, of which RMB34,380,840 are held for meeting short-term cash commitments and are included in cash and cash equivalents. The balances carrying interest at variable interest rates ranging from 0.05% to 2.07% (2024: 0.05% to 1.50%) per annum.

The others are mainly include available cash in the brokerage account and risk reserve funds held in a designated account by the fund.

38. CASH AND BANK BALANCES (Continued)

Cash and bank balances that are denominated in currencies other than the functional currencies of the relevant Group entities are set out below:

	2025 RMB'000	2024 RMB'000
USD	**1,052,995**	1,438,811
HKD	**1,142,601**	11,632
Total	**2,195,596**	1,450,443

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at December 31, 2025 and 2024 are as follows:

Financial assets	2025 RMB'000	2024 RMB'000
Financial assets at amortized cost:		
Cash and bank balances	**3,237,780**	2,273,982
Deposits with exchange-clearing organizations	**19,949,688**	11,782,759
Bank balances held for clients	**37,102,562**	31,551,141
Other current assets	**147,692**	126,845
Commission receivable	**36,749**	13,433
Trade receivables	**–**	70
Financial assets at fair value:		
Financial assets at fair value through profit or loss	**3,462,807**	1,968,109
Other current assets – inventory	**107,969**	176,454
Other current assets – hedged items	**13,562**	9,942
Derivative financial assets	**838,978**	410,360
Financial assets at fair value through other comprehensive income	**43,819**	50,616
Financial liabilities		
Financial liabilities at amortized cost:		
Borrowings	**626,031**	380,677
Lease liabilities	**44,502**	36,568
Trade and other payables	**933,396**	679,683
Accounts payable to brokerage clients	**57,191,041**	42,596,980
Commission payable	**38,799**	5,715
Futures investors' security funds payable	**1,153**	750
Futures risk reserves	**239,221**	224,337
Financial liabilities at fair value:		
Financial liabilities at fair value through profit or loss	**46,757**	32,172
Derivative financial liabilities	**49,494**	80,710

40. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Within 1 year	18,289	18,355
Within a period of more than one year but not exceeding two years	12,169	11,738
Within a period of more than two years but not more than five years	14,044	6,475
	44,502	36,568
Less: Amount due for settlement within 12 months shown under current liabilities	(18,289)	(18,355)
Amount due for settlement after 12 months shown under non-current liabilities	26,213	18,213

The incremental borrowing rates applied to lease liabilities range from 3% to 5.25% (2024: from 2.55% to 5.25%). The interest expense of lease liabilities is RMB1,293,000 (2024: RMB1,276,000). The variable lease payable is RMB 3,292,000 (2024: RMB5,125,000).

Lease obligations that are denominated in currencies other than the functional currencies of the relevant Group entities are set out below:

	2025 RMB'000	2024 RMB'000
USD	8,098	7,101
HKD	1,063	2,687
GBP	10,564	–
Total	19,725	9,788

41. EMPLOYEE BENEFIT OBLIGATIONS

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	140,459	135,887
Long-term defined contribution plans	1,843	1,742
	142,302	137,629

Short-term employee benefits represents accrued staff salary, bonus, medical insurance and work injury insurance.

Long-term defined contribution plans representing accrued unemployment insurance and pension insurance.

41. EMPLOYEE BENEFIT OBLIGATIONS (Continued)

The employees of the Group's subsidiary participate in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. For members of the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a monthly cap of HK$1,500.

The employees of the Group's subsidiary are members of a state-managed retirement benefit scheme operated by the government. The subsidiary is required to contribute 1.29% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The Group's employee benefit obligations are not funded by any plan assets; accordingly, the full liability is recognized in the statement of financial position.

The total expense recognized in profit or loss of RMB142,302,463,621 (2024: RMB428,685,137,629) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2025, contributions of RMB142,302 (2024: RMB137,629) due in respect of the year ended 31 December 2025 had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

42. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Derivatives performance securities (Note a)	**798,799**	617,975
Hedged items (Note b)	**9,705**	3,396
Payables for construction and software	**14,047**	28,247
Non-current liability matured within one year	**2,470**	2,636
Taxes other than current tax liabilities	**7,634**	6,528
Trade payables	**92**	5,641
Contract Performance deposit	**59,602**	781
Construction payable	**21,970**	24,290
Clearing payable	**15,371**	10,557
Share issuance costs	**9,704**	–
Others	**27,856**	16,764
	967,250	716,815

Note a: The derivative performance securities are mainly equity payable arising from OTC option contracts. The purpose is for trading.

Note b: The Group designates derivative financial instruments such as forward contracts and option contracts as hedging instruments, which are recognized at fair value with the hedged risk being fair value fluctuation risks such as market interest rate risk and exchange rate risk.

42. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payable presented based on the transaction date.

	2025 RMB'000	2024 RMB'000
0-60 days	912,078	676,137
61-90 days	8,212	12,614
91-120 days	21,733	5,001
121-180 days	25,227	23,063
	967,250	716,815

43. BORROWINGS

	2025 RMB'000	2024 RMB'000
Pledged loan	8,699	64,051
Credit loan	617,332	316,626
	626,031	380,677

As at December 31, 2025, the Group has pledged warehouse receipt with carrying amount of RMB9,168,000 (2024: RMB77,409,000) to secure the loans granted to the Group. Details as disclosed in note 31.

As at the end of the reporting period, the Group has the following undrawn borrowing facilities:

	2025 RMB'000	2024 RMB'000
Variable rate		
– Unsecured, expiring with one year, reviewed annually	592,760	590,375

Unsecured revolving loan of RMB91,340,600 (2024: RMB47,274,400) carrying interest at the rate of HIBOR plus 1.3% per annum in HKD, The Bank's Cost of Funds ("COF") plus applicable margin mutually agreed by the Bank and the Borrower in USD, The Bank's COF plus applicable margin mutually agreed by the Bank and the Borrower in RMB, was drawn under the bank facilities of RMB684,100,800 (2024: RMB637,649,600).

As at December 31, 2025 and 2024, borrowings above were short-term borrowings, the annual interest rate of these short-term borrowings was ranged from 3.35% to 7.10%, and 3.35% to 7.10% respectively.

44. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000
Structured entities included in the consolidated financial statement	46,757	32,172

The nature and objective of the structured entities is to manage investor's assets and collect management fees, Financing is sustained through investment products issued to investors. The interest held by the Group on these unconsolidated structured entities mainly involve management fees and performance fees collected from managed structured entities.

45. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	2025 RMB'000	2024 RMB'000
Currency margins payable	55,575,136	41,468,145
Pledge margins payable	1,475,162	900,050
Trading securities	140,743	228,785
	57,191,041	42,596,980

The following is an aged analysis of payables to brokerage clients presented based on the remaining contractual maturities at the end of the reporting period.

	2025 RMB'000	2024 RMB'000
0-60 days	57,191,041	42,596,980

Currency margins payable refers to the Company's liabilities to customers resulting from the receipt of currency margin deposited by customers and the realization of profits or losses from customers' trading in futures and options; money temporarily deposited with the Group by investors of exchanges for which the Group provides registration and settlement services.

The Company acts as an agent for the customer in pledged goods to cover margin business with the future exchange, forming the pledge margin receivable from the future exchange and the pledge margin payable to the customer.

When the fair value of the pledge items changes, the future exchange shall adjust the approved amount of the pledge margin accordingly, and the Company shall adjust the book value of the pledge margin receivable and the pledge margin payable accordingly.

When the future exchange returns the pledge items to the customer, the Company shall recognize the pledge margin receivable and the pledge margin payable at the amount of offsetting margin approved by the futures exchange.

46. FUTURES INVESTORS' SECURITY FUNDS PAYABLE

	2025 RMB'000	2024 RMB'000
At January 1,	**750**	670
Current year charge	**1,148**	708
Current year payment	**(745)**	(628)
At December 31,	**1,153**	750

47. FUTURES RISK RESERVES

	2025 RMB'000	2024 RMB'000
As at January 1,	**224,337**	210,014
Increased	**15,394**	14,933
Recognized	**(510)**	(610)
As at December 31,	**239,221**	224,337

The futures risk reserves are provided at the rate of 5% of the net commission and fee income and 10% of the management fee income from asset management products, and recognized in the profit or loss.

The criteria for recognizing risk losses are as follows:

(1) Risk losses caused by the Company's oversight such as information system failure, wrong order trading, forced closing of positions not in compliance with regulations, etc.;

(2) Recognized bad debt losses

Any losses not covered by the risk reserve shall be recognized in the current period's profit or loss.

48. SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash and Cash Equivalents

	2025 RMB'000	2024 RMB'000
Cash and bank balances	3,237,780	2,273,982
Less: Restricted funds	(874,243)	(1,235,145)
	2,363,537	1,038,837

(b) Reconciliation of liabilities arising from financing activities

		Increase for the year		Decrease for the year		
	1-Jan-25	Cash	Non-cash	Cash	Non-cash	31-Dec-25
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	380,677	675,172	12,245	442,063	–	626,031
Dividend payable	–	–	45,933	45,933	–	–
Debt instruments issued	511,611	498,525	22,546	524,900	–	507,782
Lease liabilities	36,568	–	31,762	21,708	2,120	44,502
	928,856	1,173,697	112,486	1,034,604	2,120	1,178,315

		Increase for the year		Decrease for the year		
	1-Jan-24	Cash	Non-cash	Cash	Non-cash	31-Dec-24
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	609,661	336,162	1,269	566,309	106	380,677
Dividend payable	–	–	40,265	40,265	–	–
Debt instruments issued	510,951	–	25,560	24,900	–	511,611
Lease liabilities	29,772	–	26,874	19,896	182	36,568
	1,150,384	336,162	93,968	651,370	288	928,856

49. SHARE CAPITAL

All shares issued by the Company are fully paid common shares, with a notional value of RMB1.00 per share. The number of shares and nominal value of the Company's share capital are as follows:

	2025 RMB'000	2024 RMB'000
At January 1	610,066	610,066
Issuance of H share IPO (Note a)	107,659	–
At December 31 (Note b)	717,725	610,066

(a) In connection with the Company's initial public offering and the full exercise of the over-allotment option, 107,659,000 ordinary shares of par value of RMB1.00 each were issued at a price of HK$12.00 per share, generating total cash consideration of HK$1,291,908,000, equivalent to RMB1,171,748,000, before deducting under writing fees, commissions and other estimated listing expenses. After deducting the paid issuance expenses, the net proceeds amounted to RMB1,105,321,000, of which RMB992,535,000 was credited to share premium in capital reserve (Note 48). There is no difference in rights between the new H-share and the A-share.

(b) The Company holds 5,681,234 treasury shares with a carrying amount of RMB50,099,398. The total issued share capital of the Company remains at RMB610,065,893 (with a par value of RMB1 per share), while the number of shares outstanding is 712,043,659.

50. CAPITAL RESERVE AND OTHER RESERVES

	Capital reserve		Other reserves				
	Share premium RMB'000	Treasury shares RMB'000	Surplus reserves RMB'000	General reserves RMB'000	Foreign currency translation reserve RMB'000	Fair value change RMB'000	Total RMB'000
Balance at January 1, 2025	1,190,728	(50,099)	142,353	185,569	88,296	1,487	1,558,334
Other comprehensive loss for the year	–	–	–	–	(54,311)	(5,615)	(59,926)
Total comprehensive loss for the year	–	–	–	–	(54,311)	(5,615)	(59,926)
Appropriation to surplus reserves	–	–	4,557	–	–	–	4,557
Appropriation to general reserves	–	–	–	10,226	–	–	10,226
Capital increase by equity holders (Note 49a)	992,535	–	–	–	–	–	992,535
Balance at December 31, 2025	2,183,263	(50,099)	146,910	195,795	33,985	(4,128)	2,505,726

50. CAPITAL RESERVE AND OTHER RESERVES (Continued)

	Capital reserve		Other reserves				
	Share premium RMB'000	Treasury shares RMB'000	Surplus reserves RMB'000	General reserves RMB'000	Foreign currency translation reserve RMB'000	Fair value change RMB'000	Total RMB'000
Balance at January 1, 2024	1,190,728	–	138,748	176,047	45,514	–	1,551,037
Other comprehensive income for the year	–	–	–	–	42,782	1,487	44,269
Total comprehensive income for the year	–	–	–	–	42,782	1,487	44,269
Appropriation to surplus reserves	–	–	3,605	–	–	–	3,605
Appropriation to general reserves	–	–	–	9,522	–	–	9,522
Share repurchase (note c)	–	(50,099)	–	–	–	–	(50,099)
Balance at December 31, 2024	1,190,728	(50,099)	142,353	185,569	88,296	1,487	1,558,334

Note a : According to the Articles of Association of the Company, the Company withdraws the surplus reserve at 10% of the annual net profit. When the accumulated amount of the statutory surplus reserve reaches more than 50% of the registered capital, it can no longer be withdrawn. After approval, the surplus reserve may be used to make up to make up for losses or increase the share capital.

Note b : The company withdraws general reserve at 10% of its net profit for risk compensation.

Note c : During 2025, the Company has paid a total of RMB50,099,000 to repurchase 5,681,234 shares, which are intended to be used for the subsequent implementation of an employee stock ownership plan.

51. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2025 RMB'000	2024 RMB'000
Profit before income tax	**545,309**	521,659
Adjustments for:		
Depreciation and amortization	**55,497**	50,977
Provision of impairment losses	**27,591**	17,939
Net increase in futures risk reserves	**15,394**	14,933
Net losses on disposal of property, plant and equipment and intangible assets and other long-term assets	**53**	604
Net investment gain	**(159,896)**	(39,118)
Share of profit or loss of associates	**5**	574
Interest expenses	**39,213**	50,529
Interest income from bank deposits	**(20,550)**	(44,003)
	502,616	574,094
Changes in working capital:		
Bank balances held for clients	**(5,551,421)**	(12,828,035)
Deposits with exchange-clearing organizations	**(8,166,929)**	(843,716)
Other operating assets	**(236,788)**	180,503
Accounts payable to brokerage clients	**14,594,061**	13,557,627
Other operating liabilities	**702,586**	(1,272,350)
Cash generated from /(used in) operations	**1,844,125**	(631,877)

(b) Net cash reconciliation

This section sets out an analysis of net cash and the movements in net cash for each of the years presented.

Net cash	**As at December 31,**	
	2025 **RMB'000**	2024 RMB'000
Cash and cash equivalents	**2,363,537**	1,038,837
Debt instrument issued	**(507,782)**	(511,611)
Borrowings	**(626,031)**	(380,677)
Lease liabilities	**(44,502)**	(36,568)
Net cash	**1,185,222**	109,981

51. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Net cash/(debt) reconciliation (Continued)

	Cash and cash equivalents RMB'000	Debt instrument issued RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
Net cash/(debt) as at January 1, 2025	**1,038,837**	**(511,611)**	**(380,677)**	**(36,568)**	**109,981**
Financing activities	**1,244,414**	**26,375**	**(233,109)**	**21,708**	**1,059,388**
New leases	**–**	**–**	**–**	**(31,762)**	**(31,762)**
Foreign exchange adjustments	**(24,520)**	**–**	**–**	**–**	**(24,520)**
Interest expense	**–**	**(22,546)**	**–**	**(1,292)**	**(23,838)**
Changes from operating, investing and non-cash activities	**104,806**	**–**	**(12,245)**	**3,412**	**95,973**
Net cash/(debt) as at December 31, 2025	**2,363,537**	**(507,782)**	**(626,031)**	**(44,502)**	**1,185,222**
Net cash/(debt) as at January 1, 2024	772,633	(510,951)	(609,661)	(29,772)	(377,751)
Financing activities	(381,579)	24,900	230,147	19,896	(106,636)
New leases	–	–	–	(25,696)	(25,696)
Foreign exchange adjustments	5,239	–	–	–	5,239
Interest expense	–	(25,560)	(1,269)	(1,276)	(28,105)
Changes from operating, investing and non-cash activities	642,544	–	106	280	642,930
Net cash/(debt) as at December 31, 2024	1,038,837	(511,611)	(380,677)	(36,568)	109,981

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	As at December 31, 2025 RMB'000	2024 RMB'000
Within operating activities	**3,292**	5,318
Within financing activities	**21,708**	19,896
	25,000	25,214

52. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	2025	2024
	RMB'000	RMB'000
Property, plant and equipment commitments:		
Contracted, but not provided for	**2,714**	6,969

(b) Legal proceedings

In the ordinary course of business, the Group is subject to claims and is party to legal and regulatory proceedings. As at December 31, 2025 and 2024, the Group was not involved in any material legal proceedings that would materially and adversely affect the Group's financial position or results of operations.

53. RELATED PARTY TRANSACTIONS

(1) Related parties

(i) Parent entities

Name	**Place of registration**	**Direct equity interest**	
		2025	2024
Hengdian Group Holding Co., Ltd. ("Parent company")	Zhejiang, PRC	**61.57%**	69.68%

The Company's ultimate holding company is Dongyang Hengdian Social Organization and Economic Enterprise association.

53. RELATED PARTY TRANSACTIONS (Continued)

(1) Related parties (Continued)

(ii) Related parties

When the Group exercises control, common control over or has significant influence on another entity; or another entity exercises control, common control over or has significant influences on the Group; or the Group and another entity are under control, common control or significantly influenced by the same party, the Group and the entity are related parties. Related parties can be individuals or legal entities.

The below table lists the Group's significant related legal entities for the years ended December 31, 2025 and 2024:

Significant related legal entities	The relationship with the Group
Dongyang Yite Trading Co., Ltd.	Controlled by the same parent company
Hengdian Group Real Estate Development Co., Ltd.	Controlled by the same parent company
Hangzhou Jiulisong Resort Hotel Co., Ltd.	Controlled by the same parent company
Zhejiang Hengdian World Studios Co., Ltd.	Controlled by the same parent company
Hangzhou By Creations Technology Co., Ltd.	Controlled by the same parent company
Hengdian Group Zhejiang Tospo Public Lighting Co., Ltd.	Controlled by the same parent company
Dongyang Hengdian VIP Building Hotel Co., Ltd.	Controlled by the same parent company
Dongyang Hengdian World Studios International Trade Building Co., Ltd.	Controlled by the same parent company
Zhejiang Apeloa Kangyu Pharmaceutical Co., Ltd.	Controlled by the same parent company
Hengdian Group DMEGC Magnetics Co., Ltd.	Controlled by the same parent company
Zhejiang NanHua Investment Management Co., Ltd.	A company where the Company's directors serve as directors
China Zheshang Bank Co., Ltd.	A company where the Company's directors serve as directors
Jiusan Group Soybean Trading Market (Heilongjiang) Co., Ltd.	A company where the Company's directors serve as directors
Trade Union Committee of Nanhua Futures Co., Ltd.	Trade Union Committee of the Company
Dongyang Hengdian Dongcui Building Management Co., Ltd.	Second-tier subsidiary of the parent company
Dongyang Hengdian Yushan Sports and Leisure Co., Ltd.	A company where the Company's directors serve as directors
Dongyang Hengdian Yuanwei Property Management Co., Ltd.	A company where the Company's directors serve as directors
Zhejiang Belovely Bio-Technology Co., Ltd.	A company where the parent company's directors serve as directors
Nanhua Futures Co., Ltd. Dalian Branch Trade Union Committee	Other related legal entities of the parent company
ZHEJIANG TREFAN AUDIO TECHNOLOGY CO., LTD	First-tier subsidiary of the parent company
Zhejiang Holland & Muh	An associate of the Company

53. RELATED PARTY TRANSACTIONS (Continued)

(1) Related parties (Continued)

(ii) Related parties (Continued)

Significant related legal entities	**The relationship with the Group**
Zhejiang Wedu Medical Co., Ltd.	A company where the Company's directors serve as directors
HENGDIAN GROUP JIAYUAN CHEMICAL CO., LTD.	Controlled by the same parent company
Hengdian Capital Management Co., Ltd.	Controlled by the same parent company
HENGDIAN GROUP DMEGC MAGNETICS (HK) LIMITED	Controlled by the same parent company
Heilongjiang Jiusan Grain Storage Co., Ltd.	Other related party
Hengdian Group Holding Co., Ltd.	Parent company
Dongyang Haoleduo Supply Chain Management Co., Ltd.	Legal person controlled by the company's actual controller or controlling shareholder
Dongyang Hengdian World Studios International Travel Service Co., Ltd.	Legal person controlled by the company's actual controller or controlling shareholder
Zhejiang Quanfang Technology Co., Ltd.	Legal person controlled by the company's actual controller or controlling shareholder
Zhejiang Hengdian World Studios Co., Ltd.	Legal person controlled by the company's actual controller or controlling shareholder
Hu Wangyang	Family members of the Company's directors
Luo Xufeng	Chairman of the Company
Li Beixin	Senior Management of the Company (Resigned in February 2022)
Zhong Yiqiang	Senior Management of the Company
Zhang Zijian	Senior Management of the Company (Resigned in February 2022)
Jia Xiaolong	Senior Management of the Company
Li Jianping	Senior Management of the Company
Zhang Yuhao	Family Members of Zhang Zijian
Gu Song	Senior Management of the Company
Wang Zhenghao	Senior Management of the Company (Resigned in December 2023)
Zhang Zhe	Senior Management of the Company (Resigned in December 2023)
Zhou Yi	Family members of the Company's directors
Zhu Bin	Senior Management of the Company (Resigned in February 2022)
Chen Donghua	Senior management of the Company
Li Jianhua	Close family members of senior management personnel of the company
Sun Yinting	Company Director

53. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions and balances

1) Purchase of goods/Acceptance of services

(a) Some related parties have opened futures accounts with the Company to engage in futures trading. The details are as follows:

	Rights	
	2025	2024
	RMB'000	RMB'000
Zhejiang Nanhua Investment Management Co., Ltd.	**803**	35,803
Zhejiang Holland & Muh	**289,161**	259,256
Hu Wangyang	**40**	575
Zhou Yi	**17**	17
Hengdian Group DMEGC Magnetics Co., Ltd.	*	–
	290,021	295,651

* The transaction/balance amount is below RMB1,000.

	Commission income	
	2025	2024
	RMB'000	RMB'000
Zhejiang Holland & Muh	**6,068**	4,743
Hu Wangyang	**3**	*
	6,071	4,743

(b) Some related parties have opened securities accounts with the Company to engage in securities trading. The details are as follows:

	Funds available/margins	
	2025	2024
	RMB'000	RMB'000
Zhong Yiqiang	**18**	1
Luo Xufeng	*	*
Sun Yinting	**4**	–
	22	1

53. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions and balances (Continued)

1) Purchase of goods/Acceptance of services (Continued)

(c) Some related parties have subscribed to fund and asset management product shares through the Company. The details are as follows:

		As at December 31,			
		2025		2024	
	Number of the fund	Subscription shares RMB'000	Net subscription value RMB'000	Subscription shares RMB'000	Net subscription value RMB'000
Zhejiang Nanhua Investment Management Co., Ltd.	SAUQ04	5,000	5,131	–	–
China Zheshang Bank Co., Ltd.	005625	1,949,370	2,016,818	1,949,370	2,038,846
China Zheshang Bank Co., Ltd.	017928	999,999	1,029,399	999,999	1,041,299
China Zheshang Bank Co., Ltd.	006667	684,682	704,401	684,682	725,421
Hengdian Group Holding Co., Ltd.	512870	11,800	16,804	11,800	13,755
Chen Donghua	SSN883	–	–	1,000	1,020
Chen Donghua	1003409108	1,000	1,220	1,000	1,122
Zhejiang Nanhua Investment Management Co., Ltd.	SADC05	7,014	7,059	10,014	9,460
Hengdian Group Holding Co., Ltd.	017928	–	–	–	–
Li Jianping	015245	122	235	–	–
Li Jianhua	015245	53	101	53	101
Jia Xiaolong	004846	–	–	10	14
Jia Xiaolong	20118	50	58	50	58
Li Jianping	004845	12	16	4	6
Gu Song	004846	–	–	2	3
Gu Song	004845	–	–	1	1
Gu Song	008345	*	*	*	*
Gu Song	005296	*	*	*	*
Gu Song	010278	–	–	*	*
Gu Song	007843	*	*	*	*

53. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions and balances (Continued)

1) Purchase of goods/Acceptance of services (Continued)

(d) Some related parties have subscribed to subordinated debt shares through the Company. The details are as follows:

	Name of the debt	As at December 31, 2025 RMB'000	2024 RMB'000
China Zheshang Bank Co., Ltd.	Nanhua Futures 2022 Subordinated Bonds (Series I and Series II)	–	63,000
China Zheshang Bank Co., Ltd.	Nanhua Futures 2025 Private Placement of Subordinated Bonds for Professional Investors	100,000	–
		100,000	63,000

(e) The Company has subscribed to fund and asset management product shares from some related parties. The details are as follows:

	Number of the fund	2025 Subscription shares RMB'000	2025 Net subscription value RMB'000	2024 Subscription shares RMB'000	2024 Net subscription value RMB'000
Zhejiang Holland & Muh	SVM664	–	–	26,796	20,649
Zhejiang Holland & Muh	SB6534	19,998	22,062	19,998	20,780
Zhejiang Holland & Muh	SB7768	959	–	29,116	30,033
		20,957	22,062	75,910	71,462

(As at December 31,)

(f) Some related parties have engaged in over-the-counter (OTC) derivatives transactions with the Company. The details are as follows:

	Notional principal 2025 RMB'000	Notional principal 2024 RMB'000	Profit or loss 2025 RMB'000	Profit or loss 2024 RMB'000
Zhejiang Holland & Muh	–	–	–	510
Zhejiang Nanhua Investment Management Co., Ltd.	6,629	10,000	405	572
	6,629	10,000	405	1,082

53. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions and balances (Continued)

1) **Purchase of goods/Acceptance of services** (Continued)

(g) ***The Company acts as an agent for the sale of funds for some related parties and earns income from the agency sales of funds.***

	As at December 31, 2025 RMB'000	2024 RMB'000
Zhejiang Holland & Muh	36	244

(h) ***Deposit balances with some related parties are as follows:***

	As at December 31, 2025 RMB'000	2024 RMB'000
China Zheshang Bank Co., Ltd.	3,082,014	3,384,496

(i) ***Related-party transactions involving the purchase of goods and acceptance of services***

		As at December 31, 2025 RMB'000	2024 RMB'000
Hangzhou By Creations Technology Co., Ltd	Cost of clothing	90	165
Hengdian International Conference Center Hotel	Accommodation expenses and admission tickets	5	9
Hengdian Group DMEGC Co., Ltd	Catering expenses	–	*
Hangzhou Jiulisong Resort Hotel Co., Ltd.	Catering expenses, accommodation fees and food	77	143
Zhejiang Belov Biotechnology Co., Ltd	Entertainment expenses	27	6
Dongyang Hengdian Yushan Sports and Leisure Co., Ltd.	Entertainment expenses	–	5
Dongyang Hengdian World Studios World Trade Mansion Co., Ltd.	Accommodation expenses	1	1
Dongyang Hengdian Yuanwei Property Management Co., Ltd	Property management fee	4,772	3,217
Hengdian Group Holding Co., Ltd.	Subscription fee	–	*
Zhejiang Trefan Audio Technology CO., LTD	Service fee	157	–
Dongyang Haoleduo Supply Chain Management Co., Ltd	Textiles and Lighting	56	–
Dongyang Hengdian World Studios International Travel Co., Ltd	Tourism Service Fee	5	–
China Zheshang Bank Co., Ltd	Sales service fee	522	–
		5,712	3,546

53. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions and balances (Continued)

1) Purchase of goods/Acceptance of services (Continued)

(j) Related-party transactions involving the sale of goods and the provision of services

		As at December 31,	
		2025	2024
		RMB'000	RMB'000
Hengdian Group Holding Co., Ltd.	Food	**935**	114
Trade Union Committee of Nanhua Futures Co., Ltd.	Food	**10**	17
Nanhua Futures Co., Ltd. Dalian Branch Trade Union Committee	Food	**–**	1
Jiusan Group Soybean Trading Market (Heilongjiang) Co., Ltd	Food	**12**	–
Zhejiang Nanhua Investment Management Co., Ltd.	Food	**38**	–
		995	132

(k) Amounts payable to related parties

The balances of other payables due to Dongyang Yite Trading Co., Ltd. at the end of the years represent rental deposit. The balances of other payables due to Hengdian Group Zhejiang Tospo Public Lighting Co., Ltd. at the end of the years represent retainage of the building's renovation. The balances of other payables due to China Zheshang Bank Co., Ltd. at the end of the years represent fees and commissions payable.

		As at December 31,	
	Related party	**2025**	2024
		RMB'000	RMB'000
Other payables (non-trade)			
	Hengdian Group Zhejiang Tospo Public Lighting Co., Ltd.	**–**	105
	Zhejiang Hengdian World Studios Co., Ltd	**12**	–
	Trade Union Committee of Nanhua Futures Co., Ltd	**47**	–
	China Zheshang Bank Co., Ltd.	**186**	–
		245	105

53. RELATED PARTY TRANSACTIONS (Continued)

(2) Related party transactions and balances (Continued)

2) Intercompany borrowings (non-trade)

The balances of intercompany borrowings due to China Zheshang Bank Co., Ltd at the end of the years represent liquidity loans. The balances will be settled in June 2026.

Borrower	As at December 31, 2025 RMB'000	As at December 31, 2024 RMB'000
China Zheshang Bank Co., Ltd.	91,341	47,274

3) Key management personnel

Key management personnel are those persons who have the power to, directly or indirectly, plan, direct and control the activities of the Group, including members of the Board, Supervisory Committee and other members of the senior management.

	As at December 31, 2025 RMB'000	As at December 31, 2024 RMB'000
Key management compensation	13,515	11,447

54. STATEMENT OF FINANCIAL POSITION AND MOVEMENTS IN RESERVES OF THE COMPANY

Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	216,812	221,733
Investment properties	–	79
Right-of-use assets	25,079	171,033
Intangible assets	151,402	6,093
Investments in associates	1,301	1,117
Investments in subsidiaries	1,667,072	1,667,072
Deferred income tax assets	–	2,458
Other non-current assets	40,496	32,511
Total non-current assets	2,102,162	2,102,096
Current assets		
Deposits with exchange-clearing organizations	12,210,753	8,088,977
Other current assets	12,062	12,794
Commission receivable	7,900	290
Buyback financial assets	20,288	–
Financial assets at fair value through profit or loss	478,274	319,479
Financial assets at fair value through other comprehensive income	1,400	1,400
Bank balances held for clients	29,069,829	25,586,909
Cash and bank balances	1,843,984	316,409
Total current assets	43,644,490	34,326,258
Total assets	45,746,652	36,428,354
EQUITY		
Capital and reserves attributable to shareholders of the Company		
Share capital	717,725	610,066
Capital reserve	2,266,550	1,278,591
Other reserves	311,330	302,216
Retained earnings	945,988	955,468
Total equity	4,241,593	3,146,341

54. STATEMENT OF FINANCIAL POSITION AND MOVEMENTS IN RESERVES OF THE COMPANY (Continued)

Statement of financial position of the Company (Continued)

	2025 RMB'000	2024 RMB'000
LIABILITIES		
NON-CURRENT LIABILITIES		
Debt instrument issued	507,782	511,611
Lease liabilities	11,678	11,608
Deferred income tax liabilities	246	1,185
Total non-current liabilities	519,706	524,404
Current liabilities		
Trade and other payables	70,611	58,024
Lease liabilities	10,972	9,594
Current tax liabilities	5,023	–
Employee benefit obligations	58,673	62,464
Accounts payable to brokerage clients	40,539,357	32,392,905
Commission payable	60,343	9,535
Futures investors' security funds payable	1,153	750
Futures risk reserves	239,221	224,337
Total current liabilities	40,985,353	32,757,609
Total liabilities	41,505,059	33,282,013
TOTAL EQUITY AND LIABILITIES	45,746,652	36,428,354

The financial statements were approved by the Board on March 27, 2026 and were signed on its behalf by:

Luo Xufeng	Xu Wencai
Director	Director

54. STATEMENT OF FINANCIAL POSITION AND MOVEMENTS IN RESERVES OF THE COMPANY (Continued)

Movements in reserves of the Company

	Retained earnings RMB'000	Other reserves RMB'000
At January 1, 2025	**955,468**	**302,216**
Profit for the year	**45,567**	**–**
Dividends	**(45,933)**	**–**
Appropriation to surplus reserves	**(4,557)**	**4,557**
Appropriation to general reserves	**(4,557)**	**4,557**
At December 31, 2025	**945,988**	**311,330**
At January 1, 2024	966,889	295,005
Profit for the year	36,054	–
Dividends	(40,265)	–
Appropriation to surplus reserves	(3,606)	3,606
Appropriation to general reserves	(3,605)	3,605
At December 31, 2024	955,468	302,216

55. EVENTS AFTER THE REPORTING PERIOD

On 27 March 2026, the Company announced a change in accounting estimate in respect of the credit risk portfolios for the Group's receivable balances. The change will be applied prospectively from 1 January 2026 and will have no impact on the consolidated financial statements for the year ended 31 December 2025.

56. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on March 27, 2026.

Nanhua Futures Co.,Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 南華期貨股份有限公司 and carrying on business in Hong Kong as 橫華國際 through our Hong Kong subsidiaries)

Stock Code： 02691