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恒 投 證 券 HENGTOU SECURITIES

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

(the “Company”)
(Stock Code: 01476)

VOLUNTARY ANNOUNCEMENT REGARDING THE RECEIPT OF THE DECISION ON ADMINISTRATIVE REGULATORY MEASURES FROM THE INNER MONGOLIA SECURITIES REGULATORY BUREAU OF THE CHINA SECURITIES REGULATORY COMMISSION

This is a voluntary announcement made by the Company.

Recently, the Company received the Decision on Ordering Hengtai Securities Co., Ltd. to Take Rectification Measures ([2023] No. 5) (《關於對恒泰證券股份有限公司採取責令改正措施的決定》([2023]5號)) issued by the Inner Mongolia Securities Regulatory Bureau of the China Securities Regulatory Commission (the “**Regulatory Authority**”), the original text of which is set out below:

- “ (I) Inadequate internal control and compliance management in asset management investment transactions. For example, the management system for related party transactions was not sound, the internal approval process for related party transactions was not strict, and there were deficiencies in the management of the databank of trading bonds and databank of counterparties.
- (II) Inadequate control over branches. For example, incompatible duties in individual branches were not properly separated, abnormal transaction warning information was not handled in a timely manner, the customer feedback system was not properly implemented, and the promotion of financial products to customers was not standardized.
- (III) Failure to effectively implement relevant management systems for directors, supervisors, senior management, and practitioners. For example, failure to strictly fulfill the duty of inspection of appointment and timely submit filing materials as required.

The above misconducts have violated Article 3(2), 60 and 66(1) of the Measures for the Administration of Private Asset Management Business of Securities and Futures Operating Institutions (CSRC Order No. 151) (《證券期貨經營機構私募資產管理業務管理辦法》(證監會令 第151號)), hereinafter referred to as the “Measures for the Administration of Asset Management Business”, Article 26 of the Regulations on the Operation and Management of Private Asset Management Business of Securities and Futures Operating Institutions (CSRC Announcement No. [2018]31) (《證券期貨經營機構私募資產管理業務運作管理規定》(證監會公告[2018]31號)), hereinafter referred to as the “Regulations on the Operation and Management”, Article 6(7) of the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (CSRC Order No. 133) (《證券公司和證券投資基金管理公司合規管理辦法》(證監會令133號)), hereinafter referred to as the “Measures for the Compliance Management”, Article 3(4) and Article 4(1) of the Regulations on Strengthening the Administration of Securities Brokerage Business (CSRC Announcement [2010] No. 11) (《關於加強證券經紀業務管理的規定》(證監會公告[2010]11號)), hereinafter referred to as the “Regulations on the Administration of Brokerage Business”, Article 12(1) of the Administrative Provisions on Agency Sale of Financial Products by Securities Companies (CSRC Announcement [2012] No. 34) (《證券公司代銷金融產品管理規定》(證監會公告[2012]34號)), hereinafter referred to as the “Administrative Provisions on Agency Sale”, and Article 3, Article 6, Article 11, and Article 35 of the Measures for the Supervision and Administration of Directors, Supervisors, Senior Management, and Practitioners of Securities Fund Operating Institutions (CSRC Order No. 195) (《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》(證監會令 第195號)), hereinafter referred to as the “Measures for the Administration of Senior Management”.

In accordance with Article 78 of the Measures for the Administration of Asset Management Business, Article 42 of the Regulations on the Operation and Management, Article 32 of the Measures for the Compliance Management, Article 8 of the Regulations on the Administration of Brokerage Business, Article 20 of the Administrative Provisions on Agency Sale, and Article 51(1) of the Measures for the Administration of Senior Management, the Bureau has decided to take administrative regulatory measures against your company and ordered it to carry out rectifications. Your company should take practical and effective rectification measures, improve management systems, strengthen compliance risk control, enhance the effectiveness of internal control, and carry out internal accountability for relevant responsible persons. Your company should submit a written rectification report to the Bureau within 30 days from the date of receipt of this decision.

If you object to the administrative regulatory measures, you may file an application for administrative review with the China Securities Regulatory Commission within 60 days from the date of receipt of this decision, or you may file a lawsuit with a people's court of competent jurisdiction within six months from the date of receipt of this decision. During the period of review and court proceeding, the enforcement of the aforesaid administrative regulatory measures shall not be suspended.”

The Company will further strengthen its compliance risk management, enhance the effectiveness of its internal controls, and actively communicate with the Regulatory Authority to strictly implement the rectification requirements. At present, the Company's operation is normal and the above administrative regulatory measures will not have any material adverse impact on the Company's production and operation, financial position and solvency.

By order of the Board
Zhu Yanhui
Chairman

Beijing, the PRC
21 July 2023

As at the date of this announcement, the Board comprises Mr. Zhu Yanhui and Mr. Wu Yigang as executive Directors; Mr. Yu Lei, Mr. Wang Linjing, Ms. Yu Lei and Mr. Li Ye as non-executive Directors; Dr. Lam Sek Kong, Mr. Xie Deren and Mr. Dai Genyou as independent non-executive Directors.