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*(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "东方证券股份有限公司" and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))*

**(Stock Code: 03958)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024**

The board of directors (the **"Board"**) of 東方證券股份有限公司 (the **"Company"**) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2024. This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

### **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.dfzq.com.cn](http://www.dfzq.com.cn)).

The 2024 interim report will be published on the aforesaid websites of The Stock Exchange of Hong Kong Limited and the Company and will be despatched to the shareholders of the Company who have indicated their wish to receive a printed copy in due course.

By order of the Board of Directors  
**JIN Wenzhong**  
Chairman

Shanghai, PRC  
August 29, 2024

*As at the date of this announcement, the Board of Directors comprises Mr. JIN Wenzhong, Mr. GONG Dexiong and Mr. LU Weiming as executive Directors; Mr. YU Xuechun, Mr. ZHOU Donghui, Ms. LI Yun, Mr. REN Zhixiang and Ms. ZHU Jing as non-executive Directors; and Mr. WU Hong, Mr. FENG Xingdong, Mr. LUO Xinyu, Mr. CHAN Hon and Mr. ZHU Kai as independent non-executive Directors.*

## Important Notice

- I. The Board, the Supervisory Committee and its Directors, Supervisors and senior management of the Company warrant that the information contained herein is true, accurate and complete and there are no false representations, misleading statements contained in or material omissions from this interim report, and severally and jointly accept legal liability.
- II. This report was considered and approved at the 37th meeting of the fifth session of the Board and the 21st meeting of the fifth session of the Supervisory Committee of the Company. All Directors and Supervisors of the Company attended the meetings and no Director or Supervisor has raised any objection to this report.
- III. The 2024 interim financial report of the Company, prepared in accordance with the International Financial Reporting Standards (“IFRSs”), was reviewed by KPMG. Unless otherwise stated, all financial information in this report is denominated in RMB.
- IV. Mr. Jin Wenzhong, the chairman of the Company, Mr. Shu Hong, the accounting chief, and Mr. You Wenjie, the person-in-charge of the accounting department (head of accounting), warrant the truthfulness, accuracy and completeness of the financial report set out in the interim report.
- V. The profit distribution proposal or proposal on transfer of capital reserve fund into share capital for the Reporting Period approved by the Board

The 2024 interim profit distribution plan of the Company: Based on the total share capital of the Company as at the record date for the dividend distribution, a cash dividend of RMB0.75 (inclusive of tax) for every 10 shares will be distributed to A Shareholders and H Shareholders whose names appear on the register of members on the record date for the dividend distribution.

According to the relevant provisions of the Guidelines of Shanghai Stock Exchange of Self-Regulation for Listed Companies No.7 – Repurchase of Shares and other relevant regulations, the A Shares in the Company’s designated securities account for repurchase of the Company shall not be entitled to dividend distribution. Based on the Company’s total share capital of 8,496,645,292 shares as at June 30, 2024, after deducting 34,843,324 shares from the Company’s repurchase account as of the disclosure date of the report, the total amount of cash dividends to be distributed is RMB634,635,147.60, accounting for 30.06% of the consolidated net profit attributable to owners of the Parent Company during the first half of 2024.

- VI. Risk representation of the forward-looking statements

Forward-looking statements, including future plans and development strategies, may be contained in this report. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Neither the Company nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information. Investors are advised to pay attention to such investment risks involved and not place undue reliance on forward-looking statements.

## Important Notice

- VII. No appropriation of funds on a non-operating basis by the Company's controlling shareholders or their respective related parties has occurred during the Reporting Period.
- VIII. The Company did not provide any external guarantee in violation of the stipulated decision-making procedures during the Reporting Period.
- IX. There is no situation where more than half of the Directors of the Company are unable to guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company.
- X. Material risk warnings

General economic and political conditions, such as macroeconomic and monetary policies, laws and regulations on the financial and securities industries, upward and downward trends in the market, business and financial sectors, currency and interest rate fluctuations, availability of short-term and long-term market funding sources and financing cost, could affect the business of the Company. As a securities company, the business of the Company is directly affected by the inherent risks associated with the securities markets, including market volatility, changes in investment sentiment, fluctuations in trading volume, liquidity changes, and the creditworthiness or the perceived creditworthiness of the securities industry in the marketplace.

Risks in business operation faced by the Company mainly include: policy risks from national macro-control measures, changes in laws, regulations, relevant regulatory policies and transaction rules in securities industry, which will adversely affect the business of securities companies; the risk of unexpected potential loss in value due to changes in share prices, interest rates, exchange rates, etc. in the securities market; the risk of loss caused to the Company due to failure of the debtor or counterparty to meet its contractual obligations or changes in credit quality; the operational risk due to inadequate internal processes, employee errors and misconduct, information system failure and defects, and external events; the liquidity risk of not being able to obtain sufficient funds in a timely manner and at a reasonable cost to pay debts as they fall due, meet other payment obligations and meet the funds required for normal business operations; the risk of inability of the Company's information technology system to provide normal services, affecting the normal operation of the Company's business; the risk of discontinuity of the Company's business or information security due to inadequate protection and backup measures for information technology systems and key data; the risk of negative perception of the Company's reputation resulting from its operations, management and other actions or external events; and the money laundering risk from the utilization of the Company's products or services by criminals to engage in money laundering activities which lead to negative effects on the Company's legal, reputation, compliance, operation and other aspects. In addition, like other financial institutions, the Company is inevitably exposed to a certain degree of compliance risk, legal risk and ethical risk in the course of operation and management. For these types of risks, the Company has implemented a comprehensive risk management system that fully covers such risks, and has specified relevant responsible departments, established corresponding management systems and implemented corresponding technical measures.

## Important Notice

The Company has described the risks such as market risk, credit risk and liquidity risk in detail in this report. Please refer to the contents of the potential risks and prevention measures of the Company in the section entitled Report of the Board for details.

- XI. Chinese and English versions of this report are provided by the Company. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.
- XII. Unless otherwise stated, all analysis and explanations contained in this report are prepared on a consolidated basis.

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# Section I Definitions

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

## Definitions of the frequently used terms

|  |  |
|--|--|
| “A Share(s)”   | the domestic shares of the Company with a nominal value of RMB1 each, which are listed and traded on the SSE |
| “Articles of Association”                                | the articles of association of DFZQ  |
| “Board” or “Board of Directors”                          | the board of directors of DFZQ   |
| “CCDC”   | China Central Depository and Clearing Co., Ltd. (中央國債登記結算有限責任公司)   |
| “China Galaxy”   | China Galaxy Securities Co., Ltd. (中國銀河證券股份有限公司)   |
| “China Universal”  | China Universal Asset Management Company Limited (匯添富基金管理股份有限公司), an investee company of the Company         |
| “Company” or “the Company” or “Parent Company” or “DFZQ” | 東方證券股份有限公司   |
| “Company Law”  | the Company Law of the People’s Republic of China  |
| “Corporate Governance Code”                              | the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules                          |
| “CSDCC”  | China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)                                |
| “CSRC”   | the China Securities Regulatory Commission (中國證券監督管理委員會)   |
| “Director(s)”  | the director(s) of DFZQ  |
| “Dongguan Securities”                                    | Dongguan Securities Co., Ltd. (東莞證券股份有限公司)   |
| “Everbright Securities”                                  | Everbright Securities Company Limited (光大證券股份有限公司)   |
| “FICC”   | fixed Income, currencies and commodities   |

## Section I Definitions

|  |  |
|--|--|
| “GF Securities”                        | Guangfa Securities Co., Ltd. (廣發證券股份有限公司)  |
| “Group” or “the Group” or “We”         | DFZQ and its subsidiaries  |
| “H Share(s)”                           | ordinary shares of the Company with a nominal value of RMB1 each, which are listed and traded in Hong Kong dollars on the Hong Kong Stock Exchange |
| “Hong Kong”                            | the Special Administrative Region of Hong Kong of the PRC  |
| “Hong Kong Listing Rules”              | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “Hong Kong Stock Exchange”             | The Stock Exchange of Hong Kong Limited  |
| “IPO”                                  | Initial public offering  |
| “Jiangsu Bureau of the CSRC”           | the Jiangsu Securities Regulatory Bureau of the China Securities Regulatory Commission   |
| “Model Code”                           | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules                    |
| “NEEQ”                                 | National Equities Exchange and Quotations (全國中小企業股份轉讓系統)   |
| “Orient Finance Holdings”              | Orient Finance Holdings (Hong Kong) Limited (東方金融控股(香港)有限公司), a wholly-owned subsidiary of the Company   |
| “Orient Futures”                       | Orient Futures Co., Ltd. (上海東證期貨有限公司), a wholly-owned subsidiary of the Company  |
| “Orient Investment Banking”            | Orient Securities Investment Banking Co., Ltd. (東方證券承銷保薦有限公司), a wholly-owned subsidiary of the Company  |
| “Orient Securities Asset Management”   | Shanghai Orient Securities Asset Management Co., Ltd. (上海東方證券資產管理有限公司), a wholly-owned subsidiary of the Company                                   |
| “Orient Securities Capital Investment” | Shanghai Orient Securities Capital Investment Co., Ltd. (上海東方證券資本投資有限公司), a wholly-owned subsidiary of the Company                                 |

## Section I Definitions

|   |   |
|---|---|
| “Orient Securities Innovation”                        | Shanghai Orient Securities Innovation Investment Co., Ltd. (上海東方證券創新投資有限公司), a wholly-owned subsidiary of the Company                                 |
| “Orient Securities International”                     | Orient Securities International Financial Group Co., Ltd. (東證國際金融集團有限公司), a wholly-owned subsidiary of Orient Finance Holdings                        |
| “Orient Securities Runhe”                             | Orient Runhe Asset Management Co., Ltd. (東證潤和資本管理有限公司), a wholly-owned subsidiary of Orient Futures   |
| “PRC” or “China”                                      | the People’s Republic of China and for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Reporting Period”                                    | January 1, 2024 to June 30, 2024  |
| “RMB, RMB’000, RMB’0000, RMB million, RMB100 million” | Renminbi Yuan, Renminbi’000, Renminbi’0000, Renminbi million, Renminbi 100 million (unless otherwise specified)                                       |
| “Securities Law”                                      | the Securities Law of the People’s Republic of China  |
| “SFC”   | Hong Kong Securities and Futures Commission   |
| “SFO”   | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)   |
| “Shanghai Bureau of the CSRC”                         | the Shanghai Securities Regulatory Bureau of the China Securities Regulatory Commission   |
| “Shenergy Group”                                      | Shenergy (Group) Company Limited (申能(集團)有限公司)   |
| “SSE”   | the Shanghai Stock Exchange   |
| “Supervisor(s)”                                       | the supervisor(s) of DFZQ   |
| “Supervisory Committee”                               | the supervisory committee of DFZQ   |
| “SZSE”  | the Shenzhen Stock Exchange   |

## Section I Definitions

“SZSE Component Index”      Shenzhen Stock Exchange Component Index

“Western Securities”      Western Securities Co., Ltd. (西部證券股份有限公司)

Special explanation: The figures set out in this report may differ slightly in the endings from the arithmetic sum of the relevant individual figures presented in this report due to rounding.



## Section II Company Profile and Key Financial Indicators

### I. COMPANY INFORMATION

|   |                                   |
|---|-----------------------------------|
| Chinese name of the Company               | 東方證券股份有限公司                        |
| Chinese abbreviation of the Company       | 東方證券                              |
| English name of the Company               | ORIENT SECURITIES COMPANY LIMITED |
| English abbreviation of the Company       | DFZQ                              |
| Legal representative of the Company       | Jin Wenzhong                      |
| General manager of the Company            | Lu Weiming                        |
| Authorized representatives of the Company | Jin Wenzhong, Wang Rufu           |
| Joint company secretaries                 | Wang Rufu, Ngai Wai Fung          |

#### Registered capital and net capital

Unit: Yuan Currency: RMB

|                    | As at the end of<br>this Reporting<br>Period | As at the end of<br>last year |
|--------------------|--|-------------------------------|
| Registered capital | 8,496,645,292.00                             | 8,496,645,292.00              |
| Net capital        | 51,703,001,850.76                            | 50,592,451,966.46             |

Business scope of the Company:

Securities business; securities investment advisory. The business scope of the Company shall be subject to the items approved by the company registration authority.

## Section II Company Profile and Key Financial Indicators

### Each individual business qualification of the Company

| No. | Name of business qualification  | Approval authority and approval number  |
|-----|---|---|
| 1   | Permit to operate securities and futures business   | CSRC (No.: 913100001322947763)  |
| 2   | Entry qualification for national inter-bank lending market and bonds market to conduct lending, bonds purchase, spot transaction of bonds and bonds repurchase business | Monetary Policy Department of the People's Bank of China (Yin Huo Zheng [2000] No. 108) |
| 3   | Qualification for conducting online securities commissioning  | CSRC (Zheng Jian Xin Xi Zi [2001] No. 8)  |
| 4   | Qualification for conducting distribution business of open-ended securities investment funds  | CSRC (Zheng Jian Ji Jin Zi [2004] No. 50)   |
| 5   | Qualification for conducting SSE Fund Connect business  | SSE Membership Department (SSE [2005])  |
| 6   | Qualification for conducting underwriting business of short-term financing bills  | People's Bank of China (Yin Fa [2005] No. 275)  |
| 7   | Pilot securities companies conducting relevant innovative businesses  | Securities Association of China (Zhong Zheng Han [2004] No. 266)                        |
| 8   | Qualification for conducting share transfer agency business   | Securities Association of China (Zhong Zheng Xie Han [2006] No. 158)                    |
| 9   | Qualification for conducting quotation and transfer business  | Securities Association of China (Zhong Zheng Xie Han [2006] No. 173)                    |
| 10  | Dealer qualification for Integrated Electronic Platform of Fixed-income Securities of SSE   | SSE (Shang Zheng Hui Zi [2007] No. 45)  |
| 11  | Approval of brokerage business qualification on financial futures   | CSRC (Zheng Jian Qi Huo Zi [2007] No. 351)  |
| 12  | Qualification of Type A clearing participants of China Securities Depository and Clearing Corporation Limited   | CSDCC (Zhong Guo Jie Suan Han Zi [2008] No. 25)   |
| 13  | Qualification for clearing business of financial futures transaction  | CSRC (Zheng Jian Xu Ke [2008] No. 684)  |
| 14  | Qualification for trial operation of direct investment business   | CSRC (Ji Gou Bu Bu Han [2009] No. 475)  |
| 15  | Qualification for provision of intermediary and referral services to futures companies  | CSRC (Hu Zheng Jian Ji Gou Zi [2010] No. 132)   |

## Section II Company Profile and Key Financial Indicators

| No. | Name of business qualification   | Approval authority and approval number   |
|-----|--|--|
| 16  | Establishment of wholly-owned subsidiary, Shanghai Orient Securities Asset Management Co., Ltd. and qualification for conducting securities assets management business | CSRC (Zheng Jian Xu Ke [2010] No. 518)   |
| 17  | Permit to operate securities and futures business  | CSRC (No. 91310000555998513B)  |
| 18  | Qualification for conducting margin financing and securities lending business  | CSRC (Zheng Jian Xu Ke [2010] No. 764)   |
| 19  | Type 1 Licence – Dealing in securities   | Securities and Futures Commission of Hong Kong (CE No. AVD362)   |
| 20  | Type 4 Licence – Advising on securities  | Securities and Futures Commission of Hong Kong (CE No. AVH864)   |
| 20  | Type 9 Licence – Asset management  | Securities and Futures Commission of Hong Kong (CE No. AVH864)   |
| 21  | Qualification for implementation of the securities broker system   | CSRC (Hu Zheng Jian Ji Gou Zi [2010] No. 514)  |
| 22  | Type 2 Licence – Dealing in futures contracts  | Securities and Futures Commission of Hong Kong (CE No. AWD036)   |
| 23  | Establishment of Citi Orient Securities Co., Ltd., qualification for conducting investment banking business  | CSRC (Zheng Jian Xu Ke [2011] No. 2136)  |
| 24  | Qualification for trial operation of dealer-quoted collateralized bond repurchase business   | CSRC (Ji Gou Bu Bu Han [2012] No. 20)  |
| 25  | Qualification for provision of integrated services to insurance institutional investors  | China Insurance Regulatory Commission (Zi Jin Bu Han [2012] No. 4)   |
| 26  | Qualification for conducting securities repurchase agreement transaction business  | CSRC (Ji Gou Bu Bu Han [2012] No. 481)<br>SSE (Shang Zheng Hui Zi [2012] No. 167)<br>SZSE (Shen Zheng Hui [2013] No. 15)     |
| 27  | Qualification for investment manager of insurance funds  | China Insurance Regulatory Commission (Zi Jin Bu Han [2012] No. 4)   |
| 28  | Qualification of pilot margin refinancing  | China Securities Finance Corporation Limited (Zhong Zheng Jin Han [2012] No. 149 and Zhong Zheng Jin Han [2012] No. 153)     |
| 29  | Qualification for assets management business   | CSRC (Zheng Jian Xu Ke [2012] No. 1501)  |
| 30  | Qualification for conducting special institutional client business of insurance institutions   | China Insurance Regulatory Commission (Notice on Conducting Special Institutional Client Business of Insurance Institutions) |

## Section II Company Profile and Key Financial Indicators

| No. | Name of business qualification  | Approval authority and approval number   |
|-----|---|--|
| 31  | Qualification of sponsor  | CSRC (Zheng Jian Xu Ke [2013] No. 33)  |
| 32  | Permit to operate securities and futures business   | CSRC (No.: 91310000132110914L)   |
| 33  | Qualification for financial products distribution business  | Shanghai Bureau of the CSRC (Hu Zheng Jian Ji Gou Zi [2013] No. 52)  |
| 34  | Qualification for conducting brokerage business in NEEQ as host broker  | National Equities Exchange and Quotations Co., Ltd. (Gu Zhuan Xi Tong Han [2013] No. 44)   |
| 35  | Conducting comprehensive custodian business for private equity fund (limited partnership)                             | CSRC (Ji Gou Bu Bu Han [2013] No. 174)   |
| 36  | Qualification for conducting pilot consumption and payment service of securities funds of clients                     | CSRC (Ji Gou Bu Bu Han [2013] No. 207)   |
| 37  | Permit to operate securities investment business  | CSRC (RQF2013HKS015)   |
| 38  | Qualification for collateralized stock repurchase business  | SSE (Shang Zheng Hui [2013] No. 77)<br>SZSE (Shen Zheng Hui [2013] No. 60)   |
| 39  | Qualification for conducting securities pledge registration agency business   | CSDCC (Confirmation on Qualification for Securities Pledge Registration Agency Business)   |
| 40  | Qualification for management business of publicly offered securities investment fund                                  | CSRC (Zheng Jian Xu Ke [2013] No. 1131)  |
| 41  | Qualification for equity-based return swaps and OTC options business  | Securities Association of China (Zhong Zheng Xie Han [2013] No. 923)   |
| 42  | Qualification for conducting pilot securities refinancing business  | China Securities Finance Corporation Limited (Zhong Zheng Jin Han [2013] No. 227)  |
| 43  | Qualification for brokerage business of marketable securities in foreign currencies                                   | Shanghai Bureau of State Administration of Foreign Exchange (Shang Hai Hui Fu [2014] No. 15)   |
| 44  | License of Securities Business in Foreign Currency  | State Administration of Foreign Exchange (SC201102)  |
| 45  | Qualification for conducting market maker business in NEEQ as host broker   | National Equities Exchange and Quotations Co., Ltd. (Gu Zhuan Xi Tong Gong Gao [2014] No. 54, Gu Zhuan Xi Tong Han [2014] No. 707)     |
| 46  | Qualification of first batch of quotation and service participants of private fund products trading between companies | China Securities Capital Market Development Monitoring Centre Company Limited (List of Participants of Quotation System [First Batch]) |
| 47  | Type 6 Licence – Advising on corporate finance  | Securities and Futures Commission of Hong Kong (CE No. BDN128)   |

## Section II Company Profile and Key Financial Indicators

| No. | Name of business qualification  | Approval authority and approval number  |
|-----|---|---|
| 48  | Permit to conduct Shanghai-Hong Kong Stock Connect business   | SSE (Shang Zheng Han [2014] No. 626)  |
| 49  | Qualification for pilot OTC market business   | Securities Association of China (Zhong Zheng Xie Han [2014] No. 632)  |
| 50  | Qualification for pilot proprietary business of gold spot contract  | CSRC (Ji Jin Ji Gou Jian Guan Bu Bu Han [2014] No. 1876)  |
| 51  | Pilot online securities business  | Securities Association of China (Announcement on List of Securities Companies Conducting Pilot Online Securities Business (No. 3))  |
| 52  | Qualification for underwriting business of debt financing instruments of non-financial institutions   | National Association of Financial Market Institutional Investors (Announcement of National Association of Financial Market Institutional Investors [2014] No. 16)                             |
| 53  | Qualification of options transaction participants of SSE and permit to operate stock and options brokerage and proprietary business and qualification for options clearing business   | SSE (Shang Zheng Han [2015] No. 61)   |
| 54  | Qualification for conducting transfer and deposit service of clients' deposits  | China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2015] No. 11)<br>China Securities Investor Protection Fund Corporation (Zheng Bao Han [2015] No. 67) |
| 55  | Qualification for stock and options market making business  | CSRC (Zheng Jian Xu Ke [2015] No. 163)  |
| 56  | Qualification for conducting quotation business for debt financing instruments of non-financial institutions  | National Association of Financial Market Institutional Investors (Zhong Shi Xie Bei [2015] No. 32)  |
| 57  | Qualification for sales of securities investment fund   | Shanghai Bureau of the CSRC (Hu Zheng Jian Xu Ke [2015] No. 61)   |
| 58  | Permit to operate securities and futures business, with business scope of underwriting and sponsoring of securities (excluding government bonds, financial bonds of policy banks, short-term financing bills and medium-term notes) | CSRC (No.: 913100007178330852)  |
| 59  | Qualification for funds sales business  | CSRC (No.: 000000519)   |
| 60  | Contractor of service in relation to private equity fund business   | Asset Management Association of China   |

## Section II Company Profile and Key Financial Indicators

| No. | Name of business qualification   | Approval authority and approval number  |
|-----|--|---|
| 61  | Qualification for issue of short-term financing bills  | CSRC (Ji Gou Bu Han [2015] No. 3337)  |
| 62  | Permit to conduct Southbound Trading business under the Shenzhen-Hong Kong Stock Connect   | SZSE (Shen Zheng Hui [2016] No. 326)  |
| 63  | Qualification for company conducting pilot market making business for quotation system   | China Securities Internet System Co., Ltd. (Zhong Zheng Bao Jia Han [2016] No. 185) |
| 64  | Qualification for inter-bank Gold Price Asking Transactions  | Shanghai Gold Exchange (Shang Jin Jiao Fa [2017] No. 81)                            |
| 65  | Qualification of stock options transaction participants of SSE   | SSE (Shang Zheng Han [2017] No. 165)  |
| 66  | Authorization for pledge-type dealer-quoted repurchase transactions of SZSE  | SZSE (Shen Zheng Hui [2017] No. 371)  |
| 67  | Qualification for primary market makers of SSE 50ETF Options   | SSE (Shang Zheng Han [2018] No. 430)  |
| 68  | Qualification of the custodian business for securities investment funds  | CSRC (Zheng Jian Xu Ke [2018] No. 1686)   |
| 69  | Qualification for conducting securities underwriting business (only including government bonds such as treasury bonds, local municipal bonds, financial bonds of policy banks, financing instruments governed by National Association of Financial Market Institutional Investors (including but not limited to debt financing instruments of non-financial institutions)) | Shanghai Bureau of the CSRC (Hu Zheng Jian Xu Ke [2019] No. 8)                      |
| 70  | Qualification for primary market makers of SSE listed funds business   | SSE (Shang Zheng Han [2019] No. 101)  |
| 71  | Qualification for credit derivatives business (inter-bank market credit risk relieving instruments, stock exchange market credit risk relieving instruments and other credit derivatives selling business approved by regulatory authorities)  | CSRC (Ji Gou Bu Han [2019] No. 463)   |
| 72  | Qualification for market making business of treasure bond futures  | CSRC (Ji Gou Bu Han [2019] No. 1023)  |

## Section II Company Profile and Key Financial Indicators

| No. | Name of business qualification   | Approval authority and approval number   |
|-----|--|--|
| 73  | Standard pilot for Internet investment account   | Securities Association of China (Zhong Zheng Xie Han [2019] No.185)                    |
| 74  | Authorisation for trading of stock option business on SZSE   | SZSE (Shen Zheng Hui [2019] No. 470)   |
| 75  | Qualification for commodity options market making business   | CSRC (Ji Gou Bu Han [2019] No. 3058)   |
| 76  | Qualification for stock index options market making business   | CSRC (Ji Gou Bu Han [2019] No. 3067)   |
| 77  | Qualification for Shanghai and Shenzhen 300ETF option primary market maker business on SZSE                    | SZSE (Shen Zheng Hui [2019] No. 483)   |
| 78  | Qualification for Shanghai and Shenzhen 300ETF option primary market maker business on SSE                     | SSE (Shang Zheng Han [2019] No. 2300)  |
| 79  | Qualified domestic institutional investor  | CSRC (Zheng Jian Xu Ke [2019] No. 1470)  |
| 80  | Operation Qualification of Settlement and Sale of Foreign Exchange Business                                    | State Administration of Foreign Exchange (Hui Fu [2020] No. 10)                        |
| 81  | Qualification for Foreign Exchange Agency Business   | State Administration of Foreign Exchange (Hui Zong Bian Han [2020] No. 482)            |
| 82  | Qualification for Fund Investment Advisory Business  | Securities and Fund Institution Supervision Department (Ji Gou Bu Han [2021] No. 1686) |
| 83  | Qualification for Proprietary Trading of Carbon Emission Rights  | CSRC (Ji Gou Bu Han [2023] No. 100)  |
| 84  | Capital Markets Services License (Securities and Futures Activities) of Singapore Subsidiary of Orient Futures | Monetary Authority of Singapore (CMS100869)  |

In addition, the Company has the membership qualifications of the Securities Association of China, SSE, SZSE, National Debt Association of China and Shanghai Gold Exchange. It also has a clearing participant qualification of CSDCC and the membership qualifications of the Asset Management Association of China.

## Section II Company Profile and Key Financial Indicators

### II. CONTACT PERSONS AND CONTACT METHODS

|                        | Secretary to the Board  | Representative of securities affairs                                    |
|------------------------|---|---|
| Name                   | Wang Rufu   | Li Tingting   |
| Correspondence address | 11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC | 11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC |
| Tel                    | +86-021-63325888  | +86-021-63325888  |
| Fax                    | +86-021-63326010  | +86-021-63326010  |
| E-mail                 | wangrf@orientsec.com.cn   | litingting@orientsec.com.cn   |

### III. CHANGES OF BASIC CORPORATE INFORMATION

|   |  |
|---|--|
| Registered address                              | Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC  |
| Business address                                | Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC, 2-6/F, 12-14/F, 25-27/F, 32/F, 37/F and 38/F, Building 2, No. 318 South Zhongshan Road, Huangpu District, Shanghai, the PRC |
| Postal code of business address                 | 200010   |
| Place of business in Hong Kong                  | 28-29/F, No. 100 Queen's Road Central, Central, Hong Kong  |
| Company website                                 | www.dfzq.com.cn  |
| E-mail  | ir@orientsec.com.cn  |
| Investor relations hotline                      | +86-021-63326373   |
| Customer service hotline for brokerage business | 95503  |

## Section II Company Profile and Key Financial Indicators

### IV. INFORMATION DISCLOSURE AND CHANGES IN PLACE FOR INSPECTION

|   |  |
|---|--|
| Newspapers designated by the Company for information disclosure | China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times |
| Websites for publication of interim reports                     | www.sse.com.cn (SSE)<br>www.hkexnews.hk (Hong Kong Stock Exchange)                     |
| Place where the interim reports of the Company are available    | 11/F, No. 119 South Zhongshan Road, Huangpu District, Shanghai, the PRC                |

### V. BRIEF INFORMATION ON SHARES OF THE COMPANY

| Type of shares | Stock exchange of listing | Stock abbreviation | Stock code |
|----------------|---------------------------|--------------------|------------|
| A Shares       | SSE                       | 東方證券               | 600958     |
| H Shares       | Hong Kong Stock Exchange  | DFZQ               | 03958      |

## Section II Company Profile and Key Financial Indicators

### VI. OTHER RELEVANT INFORMATION

|   |   |  |
|---|---|--|
| Domestic accounting firm appointed by the Company | Name  | KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥))                               |
|   | Office address                                    | 25/F, Tower 2, Plaza 66, No. 1266 West Nanjing Road, Shanghai, China |
|   | Name of the signing accountants                   | Zhang Nan, Ni Yi   |
| Overseas accounting firm appointed by the Company | Name  | KPMG (畢馬威會計師事務所)   |
|   | Office address                                    | 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong           |
|   | Name of the signing accountant                    | Pang Shing Chor Eric   |
| Chief Risk Officer and Chief Compliance Officer   | Jiang Helei                                       |  |
| Legal Advisor to the Company as to the PRC law    | Grandall Law Firm (Shanghai)                      |  |
| Legal Advisor to the Company as to Hong Kong law  | Clifford Chance                                   |  |
| A Share Registrar                                 | Shanghai Branch of CSDCC                          |  |
| H Share Registrar                                 | Computershare Hong Kong Investor Services Limited |  |

## Section II Company Profile and Key Financial Indicators

### VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

#### (i) Key Accounting Data

Unless otherwise indicated, all accounting data and financial indicators set out in this report are prepared in accordance with IFRSs

Unit: '000 Currency: RMB

| Items   | From January to June 2024 | From January to June 2023 | The current period as compared with the previous period |
|---|---------------------------|---------------------------|---|
| <b>Operating results</b>  |                           |                           |   |
| Total revenue, other income and net gains and losses              | <b>12,535,764</b>         | 10,992,854                | 14.04%  |
| Profit before income tax  | <b>2,271,075</b>          | 2,146,769                 | 5.79%   |
| Profit for the period-attributable to shareholders of the Company | <b>2,111,371</b>          | 1,901,450                 | 11.04%  |
| Net cash generated from/(used in) operating activities            | <b>514,675</b>            | (5,989,139)               | N/A   |
| <b>Earnings per share (RMB/share)</b>                             |                           |                           |   |
| Basic earnings per share  | <b>0.24</b>               | 0.21                      | 14.29%  |
| Diluted earnings per share  | <b>N/A</b>                | N/A                       | N/A   |
| <b>Indicators of profitability</b>                                |                           |                           |   |
| <b>Weighted average returns on net assets (%)</b>                 | <b>2.66</b>               | 2.44                      | Increased by 0.22 percentage point                      |

## Section II Company Profile and Key Financial Indicators

Unit: '000 Currency: RMB

| Items   | June 30, 2024      | December 31, 2023 | As at the end of the Reporting Period as compared with as at the end of last year |
|---|--------------------|-------------------|---|
| <b>Indicators of scale</b>  |                    |                   |   |
| Total assets  | <b>367,546,854</b> | 383,690,462       | (4.21%)   |
| Total liabilities   | <b>287,125,159</b> | 304,930,265       | (5.84%)   |
| Account payables to brokerage clients   | <b>95,590,503</b>  | 111,570,987       | (14.32%)  |
| Equity attributable to shareholders of the Company                                  | <b>80,410,855</b>  | 78,745,531        | 2.11%   |
| <b>Share capital</b> ('000 shares)  | <b>8,496,645</b>   | 8,496,645         | 0.00%   |
| <b>Net assets per share attributable to shareholders of the Company</b> (RMB/share) | <b>9.50</b>        | 9.30              | 2.15%   |
| Gearing ratio (%) <sup>Note</sup>   | <b>70.42</b>       | 71.04             | Decreased by 0.62 percentage point  |

*Note:* Gearing ratio = (Total liabilities – Account payables to brokerage clients – Funds payable to securities issuers)/(Total assets – Account payables to brokerage clients – Funds payable to securities issuers)

## Section II Company Profile and Key Financial Indicators

### (ii) Net Capital and Risk Control Indicators of the Parent Company

Unit: '000 Currency: RMB

| Items   | As at the end of the Reporting Period | As at the end of last year |
|---|---------------------------------------|----------------------------|
| Net capital   | 51,703,002                            | 50,592,452                 |
| Net assets  | 74,749,516                            | 72,203,105                 |
| Risk coverage rate (%)  | 347.61                                | 365.27                     |
| Capital gearing ratio (%)   | 13.71                                 | 12.72                      |
| Liquidity coverage ratio (%)  | 192.30                                | 203.97                     |
| Net stable funding ratio (%)  | 134.22                                | 131.89                     |
| Net capital/net assets (%)  | 69.17                                 | 70.07                      |
| Net capital/liabilities (%)   | 28.63                                 | 27.87                      |
| Net assets/liabilities (%)  | 41.40                                 | 39.77                      |
| Proprietary equity-based securities and its derivatives/<br>net capital (%) | 20.75                                 | 13.97                      |
| Proprietary non-equity securities and its derivatives/<br>net capital (%)   | 327.44                                | 318.58                     |

*Note:* All data above have been calculated based on the financial information prepared in accordance with the China Accounting Standards for Business Enterprises (“CASBE”).

## VIII. DIFFERENCES BETWEEN IFRSS AND CASBE

Net profits for January to June 2024 and January to June 2023, and net assets as of June 30, 2024 and December 31, 2023 as stated in the consolidated financial statements of the Company prepared in accordance with CASBE are consistent with those prepared in accordance with IFRSs.

## Section III Report of the Board

### I. MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2024, the macro environment became more complex and challenging. From an international perspective, the external environment became increasingly complex and challenging. The momentum of global economic growth was relatively weak, inflation was sticky, and issues such as geopolitical conflicts and international trade frictions occurred frequently. Specifically, the international geopolitical tensions continued to play out, coupled with the weakened expectations of Federal Reserve interest rate cuts by the Federal Reserve and increasing challenges in the international trade environment and dragging down the global economic recovery. From the perspective of the domestic economy, the overall operation was stable and showed signs of recovery. The continuous release of macroeconomic policy effects, a rebound in external demand and the accelerated development of new quality productive forces formed new support. In the first half of the year, GDP achieved a year-on-year growth of 5.0%, however, there were still issues such as insufficient domestic effective demand, significant operational pressure of enterprises and numerous hidden risks in key areas. Consequently, promoting stable operation of the economy faced many difficulties and challenges, making tasks of domestic reform, development and stability arduous and heavy.

In response to the complicated international and domestic situation, the State Council introduced the new “National Nine Articles” and the “1+N” supporting rules to clarify the principle of high-quality development of capital market. This marks the beginning of a new era aimed at building a highly adaptable, competitive and inclusive capital market. The focus is on comprehensive and deepening reform of the capital market, with an emphasis on strengthening supervision, preventing risks and promoting high-quality development. Additionally, the goal is to correct the positioning of the industry and create first-class securities companies.

Facing the challenges of multiple reforms in the market and policies, under the strong leadership of the Company’s Party Committee and Board of Directors, on one hand, the Company maintained strategic stability, anchored itself in the goal of building a first-class investment bank, firmly implemented the political and people-oriented requirements of financial work, firmly grasped the overall keynote of high-quality development, adhered to the concept of stable and sustainable operation, followed the overall operational philosophy of “holding the bottom line, promoting transformation, improving capabilities and strengthening management”, improved the existing business layout, optimized asset allocation, effectively seized market opportunities, and continuously promoted high-quality development with the characteristics of Orient Securities. On the other hand, we actively responded to the changes, diligently practiced basic skills, strengthened compliance and risk control management, accelerated the construction of the information system, advocated “intensifying cost reduction, enhancing quality and efficiency” among all employees, comprehensively enhanced internal management and governance capabilities, achieved good results in steadily promoting various tasks, and provided solid guarantee for the completion of annual tasks.

## Section III Report of the Board

During the Reporting Period, the Company formulated the action plan of “quality improvement, efficiency enhancement, and focus on shareholder returns” for 2024, actively participated in the construction of “Five Centers” in Shanghai, effectively enhanced resource allocation capabilities, made steady progress in operating results, and maintained a stable position in the industry. Among them, the large investment banking business system anchored on major national strategies, helped the cultivation of new quality productive forces, and built up the characteristic capabilities of science and innovation investment banking and energy investment banking; the large wealth management system completed the customer-centric organizational restructuring of its wealth management business, actively responded to market adjustments, increasing efforts in business expansion, and enhanced the service capabilities of inclusive finance and retirement finance; the large institutional business system continuously improved the domestic and overseas institutional sales and trading platforms for all assets, and the proprietary investment business remained stable. The Company continuously strengthened the concept of “Unified Orient”, promoted the integration of the “Orient Integrated Account” system, continuously enhanced the integrated customer group operation capabilities, digital technology-driven capabilities and endogenous compliance and risk control capabilities, deepened the reforms in four major areas: customer, product, investment and trading, and strived to become “a modern investment bank with first class core competitiveness that provides integrated financial services for clients”.

As at the end of June 2024, the Company’s total assets were RMB367.547 billion, representing a decrease of 4.21% as compared with the end of last year, and the equity attributable to the shareholders of the Company was RMB80.411 billion, representing an increase of 2.11% as compared with the end of last year. The net capital of the Parent Company was RMB51.703 billion, representing an increase of 2.20% as compared with the end of last year.

## Section III Report of the Board

During the Reporting Period, the Company recorded profit for the period attributable to shareholders of the Company of RMB2.111 billion, representing a year-on-year increase of 11.04%, and achieved revenue, gains and other income of RMB12.536 billion, representing a year-on-year increase of 14.04%. In the revenue, gains and other income: investment management business realized RMB799 million, accounting for 5.24% of the total; wealth management and futures business realized RMB6.585 billion, accounting for 43.24% of the total; securities sales and trading business realized RMB3.855 billion, accounting for 25.32% of the total; investment banking business realized RMB576 million, accounting for 3.79% of the total; headquarters and other businesses realized RMB3.413 billion, accounting for 22.41% of the total (Consolidation and offsetting factors were not considered when calculating segment revenue, gains and other income, segment expenses and their proportions. The same approach is adopted below).

### Principal businesses of the Group

Unit: '000 Currency: RMB

| Business segment                       | Principal businesses by segments        |                  |                   |   |  |   |
|--|---|------------------|-------------------|---|--|---|
|  | Segment revenue, gains and other income | Segment expenses | Profit margin (%) | Change in segment revenue, gains and other income over the same period of last year (%) | Change in segment expenses over the same period of last year (%) | Change in profit margin over the same period of last year |
| Investment management                  | 798,735                                 | 554,167          | 61.57             | (43.69)   | (34.14)  | Decreased by 3.72 percentage points                       |
| Wealth management and futures business | 6,585,197                               | 6,824,610        | (3.65)            | 25.99   | 25.54  | Increased by 0.38 percentage point                        |
| Securities sales and trading           | 3,855,238                               | 2,087,233        | 46.08             | 26.41   | (0.11)   | Increased by 14.11 percentage points                      |
| Investment banking                     | 576,410                                 | 423,006          | 26.61             | (28.06)   | (4.36)   | Decreased by 18.19 percentage points                      |
| Headquarters and other                 | 3,412,974                               | 2,120,616        | 36.99             | 21.97   | 6.64   | Increased by 8.38 percentage points                       |

## Section III Report of the Board

### (1) *Investment Management*

The Company provided clients with asset management schemes, public securities investment fund products and private equity investment services. During the Reporting Period, the investment management business realized operating income of RMB799 million, accounting for 5.24% of the total income.

#### *Asset management*

The Company mainly engages in asset management business through Orient Securities Asset Management, a wholly-owned subsidiary of the Company.

#### *Market environment*

In the first half of 2024, the comprehensive in-depth reform of the capital market was actively promoted, the new “National Nine Articles” and the “1+N” series of documents for the capital market were issued successively, and the policy system was further improved. Following the reduction of fees for active equity funds, the “Administrative Provisions on the Securities Trading Expenses of Publicly Offered Securities Investment Funds” was released in April this year. This marked the official implementation of the trading commission reform, which began in July, further reducing costs for investors and promoting the corrective action and high-quality development within the industry. The asset management scale of publicly offered funds reached a new high, exceeding a major threshold, namely RMB30 trillion. Under the influence of the integrated factors such as the bond bull market, reduced risk appetite among investors and the pressures from “asset shortage”, the scale of bond funds and monetary funds grew significantly; among equity products, dividend strategies have received more attention.

#### *Operation initiatives and business development*

Since its establishment, Orient Securities Asset Management has been adhering to the business principle of “putting clients’ interests first”, with focus on active management and insisting on value investment and long-term investment. As at the end of the Reporting Period, the total management scale of Orient Securities Asset Management amounted to RMB224.939 billion, of which RMB169.360 billion was under the management of public funds. As at the end of the Reporting Period, the absolute rate of return of equity funds under the management of Orient Securities Asset Management for the last ten years was 316.86%, ranking second in the industry; the absolute rate of return of fixed income fund for the last seven years was 32.80%, ranking among the top 40% in the industry (source: Financial Products Research Center of Haitong Securities Research Institute – Performance Rankings of Equity and Fixed Income Assets of Fund Managers).

## Section III Report of the Board

The following table sets forth the scale of assets under management (AUM) of the Company by product type:

| <b>(in RMB million)</b>                            | <b>As at<br/>June 30,<br/>2024</b> | <b>As at<br/>December 31,<br/>2023</b> |
|--|------------------------------------|--|
| Collective asset management scheme                 | <b>24,910.95</b>                   | 25,364.66                              |
| Single asset management scheme                     | <b>25,333.13</b>                   | 21,864.68                              |
| Specialized asset management scheme                | <b>5,334.89</b>                    | 5,145.07                               |
| Publicly offered funds issued by securities dealer | <b>169,359.91</b>                  | 183,379.27                             |
| <b>Total</b>                                       | <b>224,938.88</b>                  | 235,753.68                             |

Facing the capital market adjustments and stricter financial regulations, the asset management industry is experiencing fundamental changes in the external environment. Orient Securities Asset Management continued to comprehensively enhance its capabilities by “starting a new undertaking”. Based on its long-held values, it built a management framework, business framework and core business capabilities that adapt to the needs of development, thereby accumulating the momentum of organic growth. The diversification and platform-based transformation of the investment research team showed initial results, the collaborative mechanism for equity investment research operated well, leading to improved investment performance. The fixed income investment research continued to consolidate its advantages in multi-asset business, vigorously expanded cash management business and pure bond business. The Company steadily expanded its product matrix across eight major categories, accelerated product layout, and actively promoted new businesses such as enhanced index, active quantitative and QDII. We continuously promoted the strategy of capital diversification, and the client structure continued to be improved. We constantly promoted systematic brand building, improved the investor education system tailored to different levels of audience segments, and actively fulfilled social responsibilities. We strived to build the digital service capabilities and ecosystem supporting a platform-based fund company, with technology empowering business development; compliance and risk management operated well, and no significant risk events occurred.

During the Reporting Period, Orient Securities Asset Management was awarded more than ten honors, including the “Most Socially Responsible Fund Company Award” in the 2024 Fund Industry Selection by Sina Finance and the First Prize for Outstanding Publicity Works in the 2024 Activity for Preventing and Combating Illegal Financial Activities in Shanghai.

## Section III Report of the Board

### Development plan and outlook

In the second half of 2024, Orient Securities Asset Management will continue to promote its “starting a new undertaking”, establish new core competitiveness while consolidating its existing competitive advantages, and enhance its ability for sound and sustainable development. It will actively integrate into the Company’s “large-scale wealth” transformation strategy and build a first-class asset management institution with “platform-based, diversified and market-oriented” characteristics. Firstly, it continuously expanded the eight product lines, improved the layout of the entire value chain, and constantly enhanced product management capabilities to achieve whole life cycle management, create a customer-oriented product management system and a product life cycle system. Secondly, it further enriched investment strategies, enhanced investment performance and strived to maintain the stability and sustainability of the overall performance. Thirdly, it continuously explored strategic cooperation channels and expanded its strategic institutional customer base, significantly enhanced the number of basic customers, and focused on improving profitability experience and satisfaction of the customers. Fourthly, it continuously improved internal management standards, promoted intensive cost reduction and quality enhancement of the Company, achieved consistently good operating results such as scale, revenue and profit, maintained a leading position in the industry of securities firm’s asset management, and strived to enhance its competitiveness in the publicly offered fund industry.

### Fund management through China Universal

The Company mainly engages in fund management business through China Universal, an associate in which the Company is the largest shareholder with a 35.412% equity interest.

### Market environment

In the first half of 2024, the State Council issued the “Several Opinions on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market” and the CSRC released the “Opinions on Strengthening the Regulation of Securities Companies and Publicly Offered Funds to Accelerate the Construction of First-Class Investment Banks and Investment Institutions (Trial)” and a series of policy arrangements, emphasizing the political and people-oriented nature of capital market work and requiring that functionality shall be placed in a primary position. At the same time, as China’s economy continued to recover and improve, growth and expansion of new momentum was accelerated, the demands for residents’ asset allocation continuously increased, the industry’s high-level opening up was expanded in an orderly manner, the digital transformation was continuously promoted in depth, and the publicly offered fund industry ushered in a new stage of development.

## Section III Report of the Board

### Operation initiatives and business development

During the Reporting Period, by adhering to its 2024 business plan and the requirement of “Year of Management Quality Improvement”, China Universal strived to promote the high-quality development across all its businesses. As at the end of the first half of 2024, the total assets under management of China Universal amounted to approximately RMB1.16 trillion, and the scale of non-monetary publicly offered funds was nearly RMB500 billion. China Universal continued to diversify its underlying asset allocation. During the Reporting Period, a total of 22 publicly offered funds were issued. It adhered to deploying active equity funds against the trend and continuously enriched its products lines of fixed income and equity index.

China Universal persisted in long-term development, continuously implemented investment concepts and principles, emphasized regularized investment, further strengthened the organization and construction of investment research and enhanced investment process management. It continued to build five major fixed income strategy teams and constantly improved the research system; it further improved the “HTF index” product strategy system, continuously enhanced the long-term performance of core broad-based index enhancement products. At the same time, each sales team solidly ensured customer outreach, service and companionship, continuously promoted the construction of the investment advisory empowerment system and constantly enhanced the level of digital empowerment business. In addition, China Universal’s collective and international strategy has achieved an important milestone. In March 2024, China Universal’s subsidiary in Singapore commenced operation, and the China Universal MSCI China A50 Connect ETF, a China-Singapore ETF interoperability product, was successfully listed on the Singapore Exchange.

In the first half of 2024, China Universal won awards such as the “20th Anniversary Special Selection for ETF of China Fund Industry Excellence Award” by China Fund News 《中國基金報》 and the “Outstanding Bond Investment Trading Institution – Fund Category” by the SZSE. Meanwhile, as the president unit of the Shanghai Asset Management Association, China Universal actively promoted the high-quality development of the Shanghai asset management industry and contributed to the construction of Shanghai International Financial Centre and Global Asset Management Centre.

During the Reporting Period, China Universal actively fulfilled its corporate social responsibility by providing assistance to the disaster-stricken areas in Gansu and Qinghai and conducted post-disaster reconstruction. It continuously conducted the “Foundation for Good” Charitable Asset Management Seminar, participated in drafting and releasing two group standards for the “Guidelines for Investment Management of Charitable Organizations”, initiated the “Tribute to Urban Builder” warmth action, etc., which continued to gather more social forces to support rural revitalization and common prosperity.

## Section III Report of the Board

### Development plan and outlook

In the future, China Universal will deeply study and implement the spirit of the Central Financial Work Conference and the new “National Nine Articles”, further enhance its position, balance the relationship between functionality and profitability, adhere to the business philosophy of “all for the long term” and the value of “customer first”, focus on strengthening the regularized management of investment research, continuously enhance product strategy research and forward-looking layout, consistently excel in customer service and companionship, accelerate enhancing the digitalization level of business development, further enhance the effectiveness of compliance and risk control, firmly promote the development strategies of diversification, collectivism and internationalization, continuously move towards the goal of building a first-class investment institution, strive to excel in the “five major areas” of finance, and make positive contribution to serving the real economy, national strategies and residents’ wealth management with its own high-quality development.

### Private equity investment

The Company mainly engages in private equity investment business through Orient Securities Capital Investment, a wholly-owned subsidiary of the Company.

### Market environment

In the first half of 2024, the private equity investment market in China continued to be under pressure and entered a period of transition and adjustment. The market was undergoing a de-bubbling adjustment and valuations gradually returned to normal, but finding targets that meet expectations and have investment value was equally challenging. On the fundraising side, the roles and positions of government-guided funds and industry players gradually became prominent, presenting both challenges and opportunities. On the investment side, PEVC institutions became more cautious in their investment decisions and the pace of investment slowed down. According to the data from the Asset Management Association of China, in the first five months of 2024, 1,786 private equity funds and venture capital funds were registered, representing a year-on-year decrease of 44.2%; and the scale of registered funds was RMB113.37 billion, representing a year-on-year decrease of 30.6%.

### Operation initiatives and business development

During the Reporting Period, the complexity and severity of external environment and continuous policy adjustments brought about numerous uncertainties. Orient Securities Capital Investment grasped the investment rhythm, actively enhanced the foresight and flexibility of investment strategies, and insisted on reserving quality projects based on reasonable valuation and controllable risks. Orient Securities Capital Investment advocated investing in “hard technology enterprises” actively participated in national industrial upgrading, and focused on the sectors such as a new generation of information technology, medical health, new energy and environmental protection, intelligent manufacturing and new materials, as well as defense and military industry. Through the Group’s collaborative advantages and the extension of upstream and downstream of the industrial chain, it deeply explored investment opportunities to serve the development of new quality productive forces with practical actions.

## Section III Report of the Board

As at the end of the Reporting Period, Orient Securities Capital Investment managed 57 funds with a management scale of approximately RMB18.074 billion, among which 2 funds were newly raised and filed, with a corresponding scale of approximately RMB700 million. There were 139 projects under investment, with an investment amount of approximately RMB7.683 billion, and it had investment in 7 listed projects. During the Reporting Period, a total of 4 target companies made IPO applications and were accepted.

### *Development plan and outlook*

In the future, Orient Securities Capital Investment will further strengthen and improve the entire business system of “fundraising, investment, management and exit”. Relying on its own resources and the Group’s synergy, the Company continuously explored new fundraising channels, strived to achieve effective breakthroughs in fundraising; it strengthened pre-investment demonstration and post-investment management of the projects, insisted on developing the existing traditional investment model, maintained investment rhythm, while encouraging innovation and breakthroughs within a compliant framework, and actively explored cooperation opportunities with industry players; it did a good job in reserving quality projects, focused on advantageous tracks and paid special attention to the fields of new energy and science and innovation; it promoted the exit of projects and the elimination of risky assets, and balanced business development and risk management.

### *(2) Wealth management and futures business*

The Company conducted wealth management business through the Wealth Management Committee and its subordinate seven first-level departments and branches, and provided clients with futures brokerage and other services through its wholly-owned subsidiary, Orient Futures. During the Reporting Period, the wealth management and futures business achieved operating income of RMB6.585 billion, accounting for 43.24% of total income.

### *Wealth Management*

The wealth management business of the Company mainly relies on the wealth management committee and its subordinate first-level departments and branches.

## Section III Report of the Board

### Market environment

During the Reporting Period, under the influence of a complex economic environment and uncertainties, the market trend faced multiple pressures. Regulatory policies were frequently introduced to help restore market confidence. The A-share market overall showed a fluctuating and bottoming trend, with the large-cap index performing better. The CSI 300 index slightly increased by 0.89%, the SSE 50 index rose by 2.95%, and the CSI 1000 index fell by 16.84%. Market trading activity declined, with the average daily turnover of Shanghai and Shenzhen stocks during the Reporting Period being RMB864.257 billion, representing a year-on-year decrease of 8.59%. Benefiting from national policy support and gradual maturity of the industry, the industry continued to transform into the role of “buy-side investment adviser”, and the development of wealth management business continued to open up new horizons and growth drivers.

### Operation initiatives and business development

During the Reporting Period, the Company completed the organizational structure adjustment for its wealth management line, established the wealth management committee, integrated seven first-level departments to enhance coordinative operation of customers and construction of service capabilities, and built an integrated wealth management service platform of the Company. The Company continued to promote the transformation of wealth management business towards “buy-side investment adviser”, fully utilized its own strengths and experience, constructed business models and business scenarios that align with the interests of investors, and formed a business synergy matrix among securities agency trading, margin financing and securities lending, products distribution, publicly offered fund investment advisory, personal pension, institutional wealth management and private wealth management.

As at the end of the Reporting Period, the Company had 179 securities branches, covering 89 cities. In January to March of 2024, the market share in terms of income of the securities brokerage business was 1.37%, ranking 21st in the industry (data from monthly report of the Securities Association of China). As at the end of the Reporting Period, the Company had 2.804 million customer capital accounts, representing an increase of 4.21% from the beginning of the year, and total assets under custody amounted to RMB702.3 billion. In particular, the Company had 6,704 institutional customers with an asset size of RMB392.6 billion.

## Section III Report of the Board

Focusing on customer needs, we will continue to build our core competitiveness in the financial product sales. On the asset side, the Company continued to enrich and optimize its product offerings, with over 6,000 publicly offered fund products in sale, covering various categories such as active equity, quantitative, fixed income, ETFs and overseas products; on the service side, we enhanced the professional quality of investment consultants to provide clients with personalized product portfolio solutions and investment advices. During the Reporting Period, despite adverse market fluctuations, the Company adhered to the philosophy of long-term holding, strengthened sales services, endeavored to boost customer confidence, and achieved excellent sales performance for multiple products throughout the year. During the Reporting Period, the Company's sales scale of non-monetary products amounted to RMB9.6 billion, representing a year-on-year increase of 17.2%. As at the end of the Reporting Period, the holding size of non-monetary products of the Company amounted to RMB47.3 billion, representing a decrease of 2.28% from the beginning of the year.

The following table sets forth the type and amount of all the financial products the Group distributed during the periods indicated, including Over-The-Counter (OTC) products:

| <b>(in RMB million)</b>  | <b>January –<br/>June 2024</b> | <b>January –<br/>June 2023</b> |
|--|--------------------------------|--------------------------------|
| Publicly offered funds (including monetary funds)                    | <b>54,162</b>                  | 63,605                         |
| Collective wealth management products issued<br>by securities dealer | <b>0</b>                       | 1                              |
| Trust schemes  | <b>2,076</b>                   | 1,018                          |
| Private equity investment fund products                              | <b>108</b>                     | 539                            |
| Other financial products   | <b>2,129</b>                   | 1,687                          |
| <b>Total</b>   | <b>58,475</b>                  | 66,849                         |

## Section III Report of the Board

We leveraged strengths of investment advisory services to optimize investor experience. The Company deepened the long-term trust relationship through the buy-side advisory triangle system of “Content + Investment Research + Service”, guided investors to optimize their investment behavior and effectively improved investor returns. As at the end of the Reporting Period, the fund investment advisory business launched two product systems, namely the “Yue” series and the “Ding” series, with a total of 20 investment portfolio strategies, with a combined size of approximately RMB14.6 billion, representing an increase of 1.67% from the beginning of the year. The number of clients served was approximately 129,000, with a client retention rate of 64% and a repurchase rate of 77%. The clients’ profitability was better than that of the investment in single product, achieving the result that “client returns was better than the performance of the portfolios, and the performance of the portfolios was better than the performance of the market”.

The institutional wealth management platform has been further upgraded, achieving integrated and comprehensive service capabilities. The Company further optimized the institutional wealth management platform to meet the personalized needs of various asset management institutions in the areas such as trading and valuation reconciliation, expand support for the integration of various financial asset management products and achieve an integrated structure both on and off the market. Currently, the Company has initiated various business models with the institutions such as insurance companies, commercial banks and bank wealth management subsidiaries, while strengthening collaborative efforts to expand domestic and overseas customers and effectively increasing the scale of institutional wealth management business. As at the end of the Reporting Period, the size of the Company’s institutional wealth management business reached RMB12.1 billion, representing an increase of 11% from the beginning of the year.

The Company has enriched the system of private fund products to serve high-net-worth individuals. During the Reporting Period, the Company continuously carried out the allocation activities for the Wealth Enjoyment private fund products, established a system of private fund products based on six major strategies, namely bond, composite, quantitative, subjective, FOF and alternative, as well as three major risk categories, namely, low, medium and high, while continuing to promote the “Orient Beauty – Fortune 100” asset allocation service program. We effectively guided high-net-worth individuals in their allocations, and the sales of private equity and asset management product achieved a year-on-year increase of 66.6%. As at the end of the Reporting Period, the number of high net worth retail customers of the Company amounted to 5,857, and the total size of assets was RMB138.3 billion.

## Section III Report of the Board

Custody business deepened collaboration and empowerment to enhance service capabilities. The Company adhered to the service concept of “sincerity and value creation”, insisted on a customer-oriented approach, strengthened the Group’s coordination, and essentially built a marketing service system for custodian outsourcing clients. During the Reporting Period, the Company continuously improved operational efficiency and consistently optimized customer experience. The time required for custodian valuation verification and outsourcing valuation publication was improved by 1 hour compared with the beginning of the year, reaching an advanced level in the industry. During the Reporting Period, the Company introduced 102 new custody outsourcing products. As at the end of the Reporting Period, the Company had a total of 2,707 custody outsourcing products, with a total size of RMB191.3 billion, of which the total size of custody outsourcing securities products was RMB100.1 billion.

Taking platform construction as the main approach, we continuously enhanced the level of digital transformation. The Company established a digital finance headquarters, integrated digital technology empowerment into various specific tasks and processes of customer service, business operation, organizational management and business decision-making, and created a one-stop comprehensive service platform with an ultimate customer experience. During the Reporting Period, the Company continuously optimized the user experience of the Oriental Winners APP and improved the intelligent customer service system; we built an O2O customer acquisition system to continuously enhance the ability to attract and convert traffic from the internet; we established a digital operation system to support business growth; we promoted e-network services, and the number of online business transactions through the APP accounting for over 98% of all the channels. As at the end of the Reporting Period, the Company had 485,600 active brokerage customers on the Internet and mobile phone platforms with stock and fund trading volume of RMB2.11 trillion. The number of customers trading through the Internet and mobile terminals accounts for 99.15% of the total number of customers, the online transaction amount accounts for 99.64% of the total, and the number of newly opened online accounts takes up for 99.20% of all accounts opened in the same period.

During the Reporting Period, the Company won several awards including the “Best Wealth Management Institution Award”, “Best Wealth Management Brand Award”, and “Best Fund Investment Advisory Award” in the first session of Wealth Management – Huazun Award by CLS (《財聯社》), the “Golden Bull Award for Fund Investment Advisory Institutions” by China Securities Journal (《中國證券報》), and the “Excellent Private Equity Custodian Growth Brokerage Demonstration Institution” and “Excellent ETF Seller” by China Fund News.

## Section III Report of the Board

### Development plan and outlook

In the future, the Company will continue to deepen its wealth management transformation, further deepen the integration of the new organizational structure with the strategy of “Unified Orient” to unleash the organizational enthusiasm under the new structure; we will refine the buy-side investment research service system solutions, focus on three major customer groups including mass affluent customer group, high net worth customer group, and institutional and corporate customer group, build a hierarchical service system that provides deeper and customized services and products; we will deepen the investment advisory business model of “content + investment research + service”, expand a diversified product pool, and enrich the investment advisory portfolio product lines; we will accelerate the development of custody business, increase the scale of products and enhance the level of risk control capabilities; we will continuously improve digital technology-driven capabilities and strengthen the supply of specialized and scenario-based professional content.

### Credit trading

#### Market environment

During the Reporting Period, market conditions fluctuated repeatedly, and the scale of margin financing and securities lending declined amid the volatility. As at the end of the Reporting Period, the balance of margin financing and securities lending of the whole market totaled RMB1,480.899 billion, representing a decrease of 10.3% from the beginning of the year. In particular, the balance of margin financing amounted to RMB1,449.327 billion, representing a decrease of 8.23% from the beginning of the year; and the balance of securities lending amounted to RMB31.571 billion, representing a decrease of 55.9% from the beginning of the year.

## Section III Report of the Board

### Operation initiatives and business development

In terms of the margin financing and securities lending business, the Company continuously improved its pricing mechanism by formulating a layered pricing management plan for margin financing business, and actively expanded its customers and business resources through initiatives such as launching good start activities and strengthening front-end services and support for branches. Despite the decline in the market business scale, the Company's margin financing business grew by 10.36%, significantly increasing its market share. In terms of risk management, the Company vigorously implemented various measures for counter-cyclical adjustment mandated by regulatory authorities. Through early warning measures and other strategies, it has successfully withstood several rounds of extreme market fluctuations, ensuring smooth business operations while effectively safeguarding customer interests. In terms of system construction, the Company actively responded to business changes, completed the transformation of relevant business functions, and simultaneously optimized and upgraded the surrounding systems around the construction of the Company's new generation system to significantly improve the overall efficiency of the system. As at the end of the Reporting Period, the balance of margin financing and securities lending of the Company amounted to RMB22.647 billion, representing an increase of 9.04% from the beginning of the year and a market share of 1.53%.

In terms of the collateralized stock business, the Company continued to adhere to the keynote of "risk control and scale reduction" and continuously reduced the scale of collateralized stock business. As at the end of the Reporting Period, the outstanding balance of the Company's collateralized stock business amounted to RMB5.028 billion, all of which were contributed with proprietary funds, representing a decrease of 14.77% from the beginning of the year, effectively reducing the business scale.

### Development plan and outlook

In the future, in terms of margin financing and securities lending business, the Company will consolidate its existing business advantages, integrate the Group's resources, actively develop customer resources, consolidate customer base and optimise business and customer structure. The Company will improve risk management measures to promote the organic combination of business development and risk control and the high-quality development of margin financing and securities lending business. Meanwhile, the Company will continue to put great efforts in clearance and risk mitigation of collateralized stock business to greatly reduce the scale of collateralized stock business.

### Futures business

The Company engages in futures brokerage business and other businesses through Orient Futures, a wholly-owned subsidiary of the Company.

## Section III Report of the Board

### Market environment

During the Reporting Period, China's futures market achieved a total trading volume of 3.5 billion lots, representing a year-on-year decrease of 12%; it achieved a total turnover of RMB282 trillion, representing a year-on-year increase of 7%. Due to the decline in trading volume in the futures market and the delivery and return policy of the exchange, the overall profit level of futures companies was under pressure; among them, in the first half of 2024, the operating revenue of national futures companies was RMB17.976 billion, and the net profit was RMB3.844 billion, representing a year-on-year decrease of 3.8% and 22.45%, respectively.

### Operation initiatives and business development

Facing a challenging and complex external environment, Orient Futures adhered to the two main principles of “diversification and digitalization” with financial technology as its core competitiveness and customer group management as its main focus. It focused on seven major business lines, transformed and upgraded its comprehensive service capabilities, actively implemented various work deployments, and maintained several key operating indicators at the forefront of the industry. As at the end of the Reporting Period, the scale of customer rights and interests of Orient Futures exceeded RMB70 billion, ranking third in the industry.

Orient Futures leveraged its advantages in financial technology, deeply explored the field of financial big data, utilized the Company's independently developed “Finoview” intelligent investment research platform, OST rapid trading platform, CommoSmart commodity trading platform and Zhida all-scenario trading APP to provide powerful tools for managing price risks of futures and options for a wide range of industry and financial institutional clients. Orient Futures actively expanded into overseas markets. During the Reporting Period, the subsidiary in Singapore obtained a license for securities business activities, and the strategic layout of globalization was continuously refined.

During the Reporting Period, Orient Futures won various awards including the “Outstanding Member” award by Zhengzhou Commodity Exchange, the “Outstanding Member Platinum Award” by China Financial Futures Exchange, the “Outstanding Member Gold Award” by Shanghai Futures Exchange, the “Outstanding Member Award” by Shanghai International Energy Exchange, the “Excellent Member” by Dalian Commodity Exchange and the “Outstanding Member Golden Award” by Guangzhou Futures Exchange. “Finoview” intelligent investment research platform won a number of honors, including the Shanghai High-tech Achievement Transformation Project Certification and the Third Prize of Financial Technology Development for 2022 by the People's Bank of China.

### Development plan and outlook

In the future, Orient Futures will adhere to the purpose of stable operation and innovative development, follow the main line of assisting the development of derivatives with financial technology, build the two core competitive advantages of research and technology through financial technologies such as big data, cloud computing, artificial intelligence and block chain, adhere to the digital, market-oriented, internationalized and collectivized development direction, and move forward towards building a first-class risk management service provider in the field of derivatives.

## Section III Report of the Board

### (3) Securities Sales and Trading

The Company conducts securities sales and trading business with its own funds, including proprietary trading and institutional sales trading (equity investment and trading, fixed income investment and trading, financial derivatives trading business), innovative investment and securities research services. During the Reporting Period, the securities sales and trading business realized operating income of RMB3.855 billion, accounting for 25.32% of total income.

#### *Proprietary trading and institutional sales trading*

##### Market environment

During the Reporting Period, stock markets experienced significant downward fluctuations and differentiation, posing challenges to equity investment business as shown by a decrease of 0.25% in the SSE Composite Index, a decrease of 7.10% in the SZSE Component Index, a decrease of 8.01% in the Wind A Share Index, a decrease of 10.99% in the ChiNext Index and an increase of 3.94% in the Hang Seng Index. The yields of bond market also decreased. The yields of 10-year treasury bonds decreased by 35bp to approximately 2.20%, and the 10-year CDB yields decreased by 39bp to approximately 2.29%, and the total price index of ChinaBond increased by 2.24%, and the comprehensive price index of ChinaBond increased by 2.42%.

##### Operation initiatives and business development

The following table sets forth the balance of the Group's proprietary trading and institutional sales trading business by asset class:

| <b>(in RMB million)</b>  | <b>As at<br/>June 30,<br/>2024</b> | <b>As at<br/>December 31,<br/>2023</b> |
|--------------------------|------------------------------------|--|
| Stocks                   | <b>9,133.21</b>                    | 6,149.40                               |
| Funds                    | <b>6,909.01</b>                    | 6,525.37                               |
| Bonds                    | <b>134,307.57</b>                  | 132,986.34                             |
| Others <sup>(Note)</sup> | <b>8,691.04</b>                    | 9,033.98                               |
| <b>Total</b>             | <b>159,040.82</b>                  | 154,695.08                             |

*Note:* Primarily include investment in asset management schemes and wealth management products using its own funds.

## Section III Report of the Board

In terms of proprietary equity investment business, during the Reporting Period, the Company continuously optimized its capital allocation and portfolio structure through its high dividend strategy and maintained tracking analysis of the holdings, achieving a good performance; the trading stocks business strictly controlled positions, promoting diversification of trading strategies and investment targets. In response to market changes and regulatory guidance, the Company constantly developed various quantitative sub-strategies while actively advancing the exploration of volume and price factors, as well as independent development of risk models. The market-making business at the Beijing Stock Exchange progressed steadily, carefully selecting high-quality targets for market making and strategic placements. During the Reporting Period, the Company was recognised as the “2023 Pioneering Market Maker of Stocks on the Science and Technology Innovation Board” by the SSE.

In terms of FICC business, the Company’s all-asset sales trading platform for domestic and overseas markets has taken shape, promoting the coverage and expansion of proprietary trading to sales transactions, domestic customers to overseas customers, and interest rate varieties to FICC.

- The Company steadily increased the size of fixed income proprietary investment business and continued to optimize its position structure. The Company adhered to the business philosophy of “steady operation for long-term success” and a long-term stable investment style, actively built a multi-asset and multi-strategy research and investment system as well as a quantitative decision-making system through financial technology, enhanced its independent pricing capability, strictly controlled credit risk, continuously consolidated the results of its advantageous businesses, and strongly supported the development and expansion of new businesses. During the Reporting Period, the Company’s spot securities trading volume in the interbank market increased by 26.1% year-on-year, the exchange-traded bonds trading volume increased by 81.4% year-on-year, and the nominal principal of interest rate swaps increased by 57.5% from the beginning of the year.
- Market making business deeply cultivated customer needs and technology empowerment, with sustainable innovation and development. During the Reporting Period, the spot securities trading volume of the Company’s market making business in the interbank market increased year-on-year by 30.6%, and the trading volume of exchange market making increased year-on-year by 56.6%. The Company ranked among the top three in market making for interest rate bonds on the SSE and among the top four for credit bonds, while continuously receiving an A rating for its market making in interest rate bonds on the SZSE. The market making for policy bank financial bonds, treasury bond futures and others has consistently maintained a leading position in the industry. During the Reporting Period, the Company covered over 300 overseas clients, the spot securities trading volume for overseas clients amounted to RMB313.3 billion, representing an increase of 15% year-on-year, and the trading volume for overseas clients ranked among the top in the industry. The product line of market making business had been continuously enriched, collaborating with leading funds to provide customized basket bond services, and offering high-quality basket quotations to all market investors. The Company launched a bond inquiry robot on iDeal together with the Foreign Exchange Trading Center, providing efficient, professional, and warm full-range bond market-making quotations and related services.

## Section III Report of the Board

- Steady progress was made in the innovative transformation, and the efficiency of serving the real economy had been enhanced. In particular, the commodity business well grasped market opportunities, and the types of proprietary operations strategies were continuously enriched, effectively improving the revenue performance; the scale and service scope of agency business were further expanded, with steady improvement in commodity swaps and OTC options business; the Company successfully carried out the first batch of carbon quota repurchase transactions in Shanghai, becoming a supervisory unit of the Carbon Action Alliance, and the Group integrated to promote carbon finance innovation. The international business operated smoothly, with foreign exchange proprietary trading volume maintaining a leading position in the industry. The foreign exchange agency business proactively explored business scenarios, and the scale of cross-border investments such as QDII products remained stable, with profit performance exceeding market benchmarks.
- The construction of sales trading platform for domestic and overseas markets was steadily advanced. The Company continued to promote the transformation of investment to sales trading, and built a professional team to independently develop a Super Intelligent Management Platform (SIMP) for market making and trading, which currently covers multiple business scenarios and all trading varieties and introduces functions including bond underwriting, trading management, customer management, and intelligent recommendations, providing clients with comprehensive and one-stop FICC services.
- During the Reporting Period, the Company was awarded the third prize in the FinTech Development Award of the People's Bank of China in 2022, the "Outstanding Trading Team Award for Treasury Bond Futures" and "Golden Award for Outstanding Market Maker of Treasury Bond Futures" by China Financial Futures Exchange, the "Outstanding Market Maker" and "Innovation Cooperation Award" by Agricultural Development Bank, and the "Outstanding Market Maker" and "Best Quotation Award for Bond Connect" by Export-Import Bank and other awards.

## Section III Report of the Board

In terms of financial derivatives business, during the Reporting Period, the Company actively responded to market fluctuations, strengthened collaboration in the Group, established the Orient Derivatives business brand, and assisted in the construction of all-asset sales trading platform for institutional investors in domestic and overseas markets. For market making business, the Company's businesses covered equity options market making, fund market making (including REITs), market making for stocks on the Science and Technology Innovation Board, commodity futures market making, and commodity options market making, and initially established an all-day, cross-product and cross-market pricing trading hedging capability. Among them, equity options were primary market makers with full licenses, maintaining the annual AA rating of the exchange, with the market share of trading volume consistently ranking in the top two; fund market making closely collaborated with leading fund companies, with the number of market making funds exceeding 160, representing an increase of 60% compared to the beginning of the year; a comprehensive service system for individual stocks, ETF, and options products on the Science and Technology Innovation Board was formed generally; and commodity futures market making and commodity options market making achieved rapid development. In terms of OTC business, the Company strictly controlled the Greeks exposure, optimized option structure, and enhanced its systematization. During the Reporting Period, the Company also optimized product structure for OTC options, and improved hedging strategies, with a transaction volume of RMB39.883 billion; in terms of income swaps business, the Company advanced in regular order by increasing the proportion of low-risk exposure business and improving its digitalization construction with a focus on stock index, the transaction volume recorded RMB17.309 billion. During the Reporting Period, the Company continued to served the real economy through OTC derivatives and income certificate instruments. The Company newly added over 70 legal entity and manager counterparties for OTC derivatives, among which non-financial institution legal entity clients exceeded 60%; new income certificate transactions entity accounted for more than 25%, with an income certificate transaction volume of RMB4.46 billion. During the Reporting Period, the Company won 7 major awards for options, funds and futures market making business, including the "Outstanding Option Market Maker Award" by the SZSE, the "Outstanding ETF Liquidity Provider Award" by the SZSE, the "Silver Award for Lithium Carbonate Options (First Session)" and the "Outstanding Award for Industrial Silicon Futures (First Session)" by the Guangzhou Futures Exchange.

### Development plan and outlook

In terms of proprietary equity investment business, the Company will advance innovative combination of quantitative and subjective approaches and enrich the diversity of strategy revenue sources by fully leveraging the depth advantages of subjective research and the breadth advantages of quantitative investment. In addition, the Company will ensure the allocation and tracking research of high dividend strategy to optimize portfolio structure.

## Section III Report of the Board

In terms of FICC business, the Company will further improve the decision-making and pricing system of its investment business. Under the guidance of the strategies of group development, internationalization and digitalization, the Company will further promote the construction of all-asset sales trading platform for domestic and overseas market, continuously improve the FICC industry chain, and facilitate the transformation of FICC business towards sales trading and agency business.

For financial derivative business, the Company will further strengthen the construction of market making business system and strategy, actively apply for new varieties and business qualifications to assist the exchange in developing the market. The overall market making business will strive to catch up with the first echelon while certain business rankings remain among the top market makers. In addition to refining and strengthening the existing model and scale of the OTC derivatives business, the Company will proactively expand customer types and enhance communication, collect market feedback and explore new business models and varieties to promote diversification of business development.

### *Innovative investment*

The Company engages in alternative investment business through Orient Securities Innovation, a wholly-owned subsidiary of the Company. The business of Orient Securities Innovation mainly involves equity investment, special asset acquisition and disposal and quantitative investment.

### *Market environment*

During the Reporting Period, equity investments entered a new development stage. The domestic stock market continued to oscillate with tightening liquidity, leading to changes in valuation anchoring; the channel for exit through listing was narrowed affected by the tightening of IPO policies. In terms of special asset acquisition and disposal, under the influence of adverse factors such as macroeconomic downturn, adjustments in the real estate and capital markets, the supply in the non-performing asset market continued to increase, and competition in the bankruptcy restructuring market became more intense.

## Section III Report of the Board

### Operation initiatives and business development

In terms of equity investment business, during the Reporting Period, focusing on the theme of “investing in early, small-sized and hard-core technology enterprises”, Orient Securities Innovation laid out early-stage projects in advance and targeted investment opportunities in startups with reasonable valuations and core technologies by collaborating with leading domestic universities and jointly incubating with listed companies. In light of the continued tightening of IPO policies and based on a prudent assessment of the equity investment market, on the investment side, it actively explored investment opportunities with exit channels, including in-between market (private placements) and secondary market trading opportunities; on the exit side, it actively promoted the exit of invested projects through transfer, mergers and acquisitions and other methods. As at the end of the Reporting Period, Orient Securities Innovation had 104 existing equity investment projects with an investment scale of RMB4.529 billion. 1 project had applied for IPO and was accepted. In addition, Orient Securities Innovation proactively participated in co-investment on the Science and Technology Innovation Board and made co-investment in a total of 10 projects with an investment scale of RMB549 million as at the end of the Reporting Period.

In terms of special asset acquisition and disposal business, during the Reporting Period, Orient Securities Innovation maintained a prudent tone, and actively reduced the investment proportion in de-stocking projects, especially in commodity residential properties, while increasing investments in operational properties. Meanwhile, it actively explored differentiated opportunities, including proactive acquisitions of foreign non-performing assets, secondary non-performing debts and Pre-REITs to broaden the scope of business. As at the end of the Reporting Period, Orient Securities Innovation had 23 existing special asset disposal projects with an investment scale of RMB1.778 billion.

### Development plan and outlook

In the future, in terms of the equity investment business, the Company will focus on post-investment management and exit for existing projects, while adhering to the investment strategy of “investing in early, small-sized and hard-core technology enterprises”, targeting startups with reasonable valuations and core technologies, and seeking investment opportunities with exit channels. In terms of special asset acquisition and disposal business, the Company will maintain steady progress while vigorously investing in commercial properties, office properties, and industrial plants in prime locations of core cities, effectively integrate and optimize resources from three sides including asset side, operation side, and funding side within the ecosystem of non-performing asset disposal, and actively explore differentiated investment opportunities to enhance comprehensive operational capabilities and industry influence.

## Section III Report of the Board

### *Securities research*

#### Market environment

During the Reporting Period, the trading volume of the entire A Shares market decreased by 9.25% year-on-year. The overall performance of publicly offered equity fund products was roughly in line with the SSE Composite Index, with volatility dominating the half-year trend. The performance of the equity market further affected the commission business space of the securities research institute, leading to an overall contraction. In terms of regulation, on April 19, 2024, CSRC formulated and issued the “Administrative Provisions on the Securities Trading Expenses of Publicly Offered Securities Investment Funds”, which officially came into effect on July 1, 2024. During the Reporting Period, the commission rates for publicly offered funds stock trading have already started to decrease, further compressing the business space for securities research.

#### Operation initiatives and business development

During the Reporting Period, with the full implementation of the second phase of the reform of fee rates in the publicly offered fund industry, the research institute actively explored the path of high-quality development. On the premise of continuously improving the level of public offering services, the Company carried out business transformation, broadened the breadth and depth of research, and created differentiated investment research services; the Company strengthened departmental collaboration to empower internal business departments; the Company enhanced diversified revenue generation and actively expanded revenue types. At the same time, the Company continuously improved the capability of researchers and the quality of research reports, strengthened team research collaboration, and created high-quality research products. As at the end of the Reporting Period, the Company’s securities research business had a total of 90 researchers, including 70 with analyst qualifications and 36 with investment consultancy qualifications, and published a total of 1,168 research reports.

With respect to external commissions, the Company continued to cultivate the public offering market leveraging institutional customers as a base while also expanding new customer coverage and actively developing non-public offering customers. During the Reporting Period, the Company realized commission income of RMB164 million, of which the public offering commissions (including special accounts, social security and annuity seats) accounted for RMB149 million, with a trading volume of publicly offered funds accounted for 1.73%. According to the data of Wind, the Company received public offering commissions was of RMB527 million in 2023, and the number of commission earning seats accounted for 3.13% of the total and ranked 10th in the market. During the Reporting Period, 10 new institutional customers were added, all of which were non-public offering customers including private placement, insurance, and proprietary business of securities firms. The Company continuously strengthened the construction of integrated service capabilities in terms of investment and research, comprehensively met the diverse needs of various clients, and actively converted them into incremental value for the Company as a whole.

## Section III Report of the Board

### Development plan and outlook

In the future, as the policy of reducing commissions for publicly offered funds is implemented, the Company will place greater emphasis on compliance, focus on understanding the nature of the business, and strive to comprehensively explore market opportunities through in-depth research to provide institutional clients with comprehensive investment research services. Meanwhile, the Company will continue to engage in the company collaboration, providing solid research services to empower other business segments of the Company.

### (4) Investment Banking

The Company mainly engages in investment banking business through Orient Investment Banking, a wholly-owned subsidiary of the Company, and the Fixed Income Business Department and the Investment Banking Business Department (planned) of the Company. In particular, the principal businesses of Orient Investment Banking are stocks underwriting and sponsoring, underwriting of corporate bonds, enterprise bonds, financial bonds and other bonds, and financial advisory services relating to M&A and restructuring and enterprise reform. The Fixed Income Business Department is principally engaged in underwriting of government bonds, policy-driven financial bonds and debt financing instruments of non-financial institutions. The business of recommendation of listing on NEEQ has been transferred from Orient Investment Banking to the Investment Banking Business Department (planned) of the Company in August 2022. During the Reporting Period, investment banking business realized operating income of RMB0.576 billion, accounting for 3.79% of the total income.

### Stock underwriting

#### Market environment

With the introduction of important policy documents such as the “Two Strengthenings and Two Strictness”, the new “National Nine Articles”, and the “1+N” series, the investor-oriented reform of the capital market has been further deepened and implemented. Under the keynote of the strong regulation, risk prevention, and promoting high-quality development, the stock market has entered a counter-cyclical adjustment phase. In the first half of 2024, the overall financing of A Shares tightened. According to the data of Wind, during the Reporting Period, a total of 44 initial public offerings of A Shares were listed, representing a sharp year-on-year decrease of 74.57%, and the size of financing amounted to RMB32.493 billion, representing a significant year-on-year decline of 84.50%. The number of refinancing and financing scale also significantly decreased, and 83 issuers completed the issuance of additional shares, representing a year-on-year decrease of 49.08%, and the size of financing amounted to RMB97.793 billion, representing a year-on-year decrease of 72.21%; the number of convertible bonds financing was 22, representing a year-on-year decrease of 60.71%, and the size of financing amounted to RMB21.397 billion, representing a year-on-year decrease of 70.63%.

## Section III Report of the Board

### Operation initiatives and business development

Orient Investment Banking actively implemented national strategies and accelerated the transformation of its investment banking business model. During the Reporting Period, the Company comprehensively strengthened its core capabilities in business innovation and customer service, and built a comprehensive and professional financial business matrix by leveraging rich project experience, customer accumulation, and talent layout in key industries including new energy, biomedicine, new materials, semiconductors, high-end manufacturing, and TMT, and focusing on the core demand of customers. During the Reporting Period, Orient Investment Banking participated in 1 equity financing project as the lead underwriter with total underwriting amount of RMB0.139 billion. In response to the overall requirements of high-quality development in the capital market, the Company further tightened its control over project quality and maintained a stable reserve of equity projects.

During the Reporting Period, the Company won the “Best STAR Market Equity Underwriter”, “Best Underwriter of A Share Equity for the Biopharmaceutical Industry” and “Best Underwriter of Convertible Bonds” by Wind.

### Development plan and outlook

In the future, Orient Investment Banking will continue to deepen the transformation of investment banking business model, focus on segmented industry tracks, establish an investment banking brand for industry, and create a transaction-oriented investment bank with a direction towards industrial mergers and acquisitions. Guided by customer needs, it will form an “integrated” service value chain for the entire life cycle of the capital market. It will accelerate the construction of a refined business management model, comprehensively improve the professional services and practice quality, and strictly prevent risks throughout the entire chain of issuance and listing. At the same time, Orient Investment Banking will continue to engage in the energy sector, leveraging the integration advantages of “finance + energy industry” and accelerating the creation of a service brand for “Energy Investment Bank” characterized by green finance and ESG.

### Bond underwriting

#### Market environment

Under the policy of converting municipal investment bonds into stock and strictly controlling debt growth, regulatory authorities maintained a comprehensive and strict control on review of municipal investment bonds. Bond financing of municipal investment companies have entered an era of “borrowing new to repay old”, with limited room for debt growth and stock market expansion, and facing greater competition. At the same time, policies encourage high-quality private enterprises and industrial companies to issue bonds for financing, vigorously promoting special bonds such as corporate bonds for science and technology innovation, green corporate bonds, bonds for rural revitalization, and bonds for the Belt and Road, supporting the construction of key projects and facilitating the development of the real economy. In the first half of 2024, the total issuance size of non-financial corporate credit bonds, mainly corporate bonds (including enterprise bonds) and debt financing instruments, amounted to RMB6.89 trillion, representing a year-on-year increase of 5.35%, among which the issuance size of municipal investment bonds amounted to RMB2.16 trillion, representing a year-on-year decrease of 15.35%.

## Section III Report of the Board

### Operation initiatives and business development

According to Wind, the total underwriting size of the Company's bond underwriting business amounted to RMB216.16 billion, ranking 6th in the market.

During the Reporting Period, Orient Investment Banking vigorously supported the construction of major projects in technological innovation, rural revitalization, and “dual carbon” initiatives, earning every effort to make achievements in the “five major areas” of finance and contribute to the high-quality development of the real economy. On one hand, Orient Investment Banking continuously innovated its corporate bond offerings, expanded its client base in various industries, enhanced its customer service capabilities, and underwrote the issuance of multiple innovative bonds including science and technology innovation bonds, rural vitalization-themed bonds, TLAC non-capital bonds, small and micro-enterprise financial bonds, and financial bonds of Sannong. On the other hand, it deeply engaged in the green finance sector, led the establishment of the “Support for ‘Dual Carbon’ Youth Commando Team Through Green Finance”, actively carried out green finance innovation and practice, promoted the issuance of green bonds, and supported the construction of green projects. In addition, the bonds issued by the Company as lead underwriter achieved record low interest rates, reflecting its outstanding sales capability. During the Reporting Period, Orient Investment Banking was awarded the 2023 “Outstanding Underwriter of Corporate Bonds” and “Outstanding Underwriter of Industrial Bond” by the SSE, and won the “Best Investment Bank for Debt Underwriting” and “Best Investment Bank for Corporate Bond” in the 17th by New Fortune (《新财富》).

During the Reporting Period, the Company continued to maintain an industry leading position in the interest rate bond underwriting business. In particular, the Company ranked among the top three securities dealers in terms of book-entry treasury bonds and underwriting of the three major policy banks financial bonds. Specifically, the Company secured the top position among securities dealers for underwriting China Development Bank financial bonds. The Company actively responded to the national strategies, leveraged its business advantages to serve key initiatives such as scientific and technological innovation, green development and rural revitalization, continued to facilitate the underwriting business of thematic bonds of policy banks, ESG bonds, technological innovation notes and other debt financing instruments, actively participated in the underwriting of green bonds and thematic bonds issued by the three major policy banks, and completed the underwriting of ESG-related bonds at both primary and secondary levels with underwriting transaction size of RMB52.079 billion. During the Reporting Period, the Company was recognised as an the “Outstanding Underwriter” by both the Agricultural Development Bank and Export-Import Bank.

## Section III Report of the Board

The table below sets forth the breakdown of bonds underwritten by the Company as lead underwriter:

| (in RMB million)   | January –<br>June 2024 | January –<br>June 2023 |
|--|------------------------|------------------------|
| Corporate debentures:                                    |                        |                        |
| Number of underwriting as the lead underwriter           | 172                    | 162                    |
| Amount underwritten as the lead underwriter              | 57,769                 | 60,884                 |
| Corporate bonds:   |                        |                        |
| Number of underwriting as the lead underwriter           | 2                      | 3                      |
| Amount underwritten as the lead underwriter              | 377                    | 1,177                  |
| Financial bonds:   |                        |                        |
| Number of underwriting as the lead underwriter           | 23                     | 16                     |
| Amount underwritten as the lead underwriter              | 22,112                 | 20,650                 |
| Asset-backed securities:                                 |                        |                        |
| Number of underwriting as the lead underwriter           | 45                     | 40                     |
| Amount underwritten as the lead underwriter              | 6,128                  | 4,619                  |
| Debt financing instruments of non-financial enterprises: |                        |                        |
| Number of underwriting as the lead underwriter           | 91                     | 53                     |
| Amount underwritten as the lead underwriter              | 23,880                 | 17,252                 |
| Local government bonds:                                  |                        |                        |
| Number of underwriting as the lead underwriter           | 77                     | 30                     |
| Amount underwritten as the lead underwriter              | 17,129                 | 4,690                  |
| Total:   |                        |                        |
| Number of underwriting as the lead underwriter           | 410                    | 304                    |
| Amount underwritten as the lead underwriter              | 127,395                | 109,271                |

## Section III Report of the Board

### Development plan and outlook

In the future, the Company will continue to strictly control the quality of bond projects, prioritize diverse, high-quality and international projects, actively serve high-quality clients, and fulfill social responsibilities and the requirements of national policies. Orient Investment Banking will continue to respond to national strategy, explore business innovations, adhere to regional development, and focus on “advantageous areas + core customers” to provide a specialized and matrix-style service model, thus continuously enhancing its ability of financial services for the real economy.

### Financial advisory services

#### Market environment

In recent years, the domestic M&A market has remained at a relatively subdued. According to relevant statistics, the number of approved projects subject to administrative review/registration has been on a downward trend in the past eight years, from over 200 in 2016 to only 2 in the first half of 2024. In terms of cross-border business, affected by factors such as geopolitical risks, regulatory environment, and financial market fluctuations, the number and disclosure amount of overseas M&A transactions with Chinese enterprises remained low.

#### Operation initiatives and business development

During the Reporting Period, the Company completed a total of 3 financial advisory projects for M&A and restructuring (not involving the registration with the CSRC). As at the end of the first half of 2024, the project in which the Company acted as an independent financial advisor for the cross-border acquisition of a leading equipment manufacturer in the field of global photonics and semiconductor automation packaging and testing by RoboTechnik is in the exchange review stage. In the first half of 2024, the Company assisted 2 listed companies in launching a share issuance plan to purchase assets. In addition, the Company continued to explore other types of financial advisory services, such as general financial advisory business related to changes in control of listed companies and financial advisory services for the bankruptcy restructuring of listed companies. In the first half of 2024, the Company assisted Wanhua Chemical in completing the acquisition of control over Annada.

### Development plan and outlook

In the future, Orient Investment Banking will focus on advantageous industries, and put efforts in enterprises with leading advantages in new energy, chemical, advanced manufacturing, automotive, medical, semiconductors and consumer products sectors. In addition, Orient Investment Banking will actively develop innovative businesses opportunity such as financial advisory for bankruptcy restructuring and changes in control of listed companies, thereby capturing the future opportunities of capital operation business of listed companies; focus on the internationalization needs of high-quality listed company customers and meet their needs for overseas market financing and business development through domestic and overseas coordination.

## Section III Report of the Board

### (5) *Headquarters and Others*

Headquarters and others business of the Company mainly include the headquarters' treasury business, overseas business and financial technology business. During the Reporting Period, the headquarters and others business realized operating income of RMB3.413 billion, accounting for 22.41% of total income.

#### *Treasury business*

##### *Market environment*

In the first half of 2024, the economic growth and monetary policies of major global economies showed divergence. The domestic economy continued to recover positively overall, but still faced numerous challenges. The monetary policy of central bank continued the counter-cyclical adjustment approach and maintained a prudent tone to improve the market-oriented interest rate system. Except for the end of the quarter, short-term interest rates were generally stable in the first half of 2024, while long-term interest rates continued to decline in an unbalanced manner and hit record lows.

##### *Operation initiatives and business development*

During the Reporting Period, the Company solidly promoted the treasury business with focus on four functions of liquidity risk management, capital operation and reserve management, debt financing management and peer customer and product management. The Company fully consolidated the responsibility of liquidity management and continued to improve the level of liquidity risk management. As at the end of the Reporting Period, the liquidity coverage ratio and net stable capital ratio of the Parent Company were 192.30% and 134.22%, respectively, which consistently remained above the early warning value since the beginning of the year. The Company enhanced the efficiency of capital operation and digital level, actively optimized the reserve structure; switched to a new mode of centralized bookkeeping in a safe manner and took multiple measures to reduce the comprehensive cost of debt; coordinated the sales of corporate bonds and refined the operation of cash product lines.

## Section III Report of the Board

### Development plan and outlook

The Company will continue to focus on the construction of the liquidity risk management system, play a guiding role in the liquidity indicator allocation plan, and strengthen the key identification, assessment, and monitoring of liquidity risks in major business lines; the Company will accelerate the construction and improvement of the functional modules of the fund management system to further enhance the digital level of capital management and improve the quality and efficiency of liquidity management; the Company will coordinate the issuance of corporate bonds and payment of principal and interest, manage domestic and overseas financing quotas effectively to maintain liquidity safety and control financing costs; the Company will continuously deepen the management of peer clients and credit management, and strengthen the capacity to cope with liquidity risks.

### Overseas business

#### Market environment

During the Reporting Period, the international capital market continued to fluctuate, and key policies in the domestic financial sector continued to take effect. The Hang Seng Index surged following a drop with an increase of 3.94%; the total amount of funds raised from initial public offerings in the Hong Kong stock market and the average daily trading volume in the Hong Kong stock market dropped by 26.2% and 4.5% year-on-year, respectively with a narrowing decline; the index of Chinese-issued US dollar bonds and the investment-grade index recorded an increase of 3.32% and 2.21%, respectively.

### Operation initiatives and business development

The Company engages in overseas business through Orient Finance Holdings and Orient Securities International and their subsidiaries. In particular, as the Group's international business platform, Orient Securities International conducts securities brokerage, futures brokerage, asset management, investment banking, margin financing and other businesses through wholly-owned subsidiaries licensed by the SFC.

During the Reporting Period, the Hong Kong company adhered to optimizing its operational strategy, focusing on the balanced development of both capital light and capital heavy businesses, promoted adjustments in the investment business model of the financial market, actively laid out sales transactions and facilitated the intermediary licensing business to strengthen its foundation and broaden its customer base. The Hong Kong company continued to deepen collaboration within the Group, integrated into cross-border integration construction, so as to advanced its overall operation in the direction of a stable, balanced, sustainable, and high-quality development.

## Section III Report of the Board

For financial market business, the investment business firmly promoted the transformation to a strategic allocation-oriented model. During the Reporting Period, the proportion of positions increased, enhancing asset quality and continuously developing low-risk trading strategies. The Company has become an active trader of the HKEX A50 Index Futures, obtained the qualification of the first batch of market maker and basically completed the preparation for the market making business of treasury bond futures on the Hong Kong Stock Exchange. Sales trading business deeply explored customer needs, promoted diversified layout, and the scale of off-balance notes increased by 40% during the Reporting Period. The Company developed new models for QFLP notes and new transactions for bond reverse repurchase, strengthened the collaboration within the Group and promoted the maturity of the equity agency business.

For brokerage and wealth management business, the Company deepened local market coverage, broadened customer acquisition channels and enhanced business capabilities. The retail sector implemented cooperation with peers, accelerated the layout in line with the new policy on Hong Kong investment immigrants, achieved channel and customer introduction, and promoted the scale of custody asset increased by 20%. For institutional sector, the Company introduced several foreign institutional clients, enriched the client background and explored trading models. In terms of futures brokerage business, the Company served high-frequency trading clients by providing liquidity for index futures and active trading business.

For asset management business, the Company focused on customer needs, optimized the product system, enriched investment and research strategies and enhanced asset allocation capabilities. During the Reporting Period, the Company launched the first high-dividend equity investment product and the first Cayman-listed fund to serve customers' dual asset allocation needs both domestically and overseas.

For investment banking business, the Company insisted on cross-border integration construction and enhanced project execution capabilities. During the Reporting Period, the Company completed 41 bond underwriting projects, representing a year-on-year increase of approximately 100%, with a total underwriting amount of approximately HKD4.6 billion, representing a year-on-year increase of approximately 10%, achieving breakthroughs in terms of products and issuers.

## Section III Report of the Board

### Development plan and outlook

In the future, the Hong Kong company will continue to promote transformation, improve capabilities and strengthen management, clarify its operational approach, stabilize and strengthen its financial market business, promote the intermediary license business to enhance its capabilities and increase its revenue, further integrate into the “Unified DFZQ” cross-border integration construction, and focus on empowering the Group’s advantageous businesses. At the same time, the Company will effectively balance risks and returns, reduce costs and increase efficiency, continuously improve a stable, balanced, and sustainable operational model, so as to promote the comprehensive strength and high-quality development of its international business.

### Financial technology

#### Market environment

The “14th Five-Year Plan” and the report of the 20th National Congress of the Communist Party have successively proposed to accelerate the development of the digital economy, further integrate digital economy with the real economy, and build internationally competitive digital industry clusters. The Central Financial Work Conference in October 2023 proposed to “focus on five major areas of technology finance, green finance, inclusive finance, pension finance and digital finance”, clearly indicating the direction for financial institutions to firmly grasp the advancement of high-quality financial development. Promoting the digital transformation of industry institutions comprehensively is not only an intrinsic engine to support the high-quality development of the securities industry, but also an important measure to better serve the real economy and meet the needs of the people.

### Operation initiatives and business development

The Company facilitated business development, forming the dual drivers and in-depth integration of technology and business. For proprietary investment business, the proprietary platform supports the launch and continuous optimization of the business of bond ETF market making on the SSE and the SZSE, with multiple new trading strategies added to the interbank market, achieving optimization of the pricing engine for credit bonds and interest rate bonds; for wealth management, a new generation of core business systems is steadily being constructed, and a new generation of margin financing and securities lending system has been validated through the first batch of pilot users, while Orient Integrated Account has completed multiple application and system integrations; the Orient Speed Trading (OST) system accelerates FPGA market data development, completing production of the X25 and U50 versions, with consolidated transaction speed at a market-leading position; the “Finoview” intelligent investment research platform has completed rule-based user personalized recommendation content for external services; digital product sales and internet operations are driving continuous growth in users and retained assets.

## Section III Report of the Board

The Company enhanced the quality and efficiency of management and promoted the construction of intelligent compliance control platform and risk control system of the Group, to accelerate collective and intelligent operation of the risk management and control; the operation and management system provided panoramic support for each business segment; the financial instrument accounting platform completed project initiation bidding; the comprehensive budget management system completed the first phase of project construction, establishing an industry-leading digital and intelligent management system of capital and finance; the IT digital platform realized the full-process connection of business procurement, forming a complete data chain.

The Company implemented middle platform strategy and the four capability centers of information, market information, products and certification continued to enhance the capability of the shared business middle platform. As the artificial intelligence and blockchain platform continued to broaden the boundaries of innovation capabilities, the AI large models has been applied to intelligent research report search, intelligent investment advisory and intelligent Q&A applications, and has officially put into operation; the data middle platform covered the whole process of data services and the entire market of the securities industry, with platform capabilities reaching advanced industry levels. The Company standardized the structure review mechanism, and deepened and substantiated the structure transformation and the large middle platform strategy.

The Company strengthened information security, and achieved comprehensive application across proprietary business lines on the intelligent operation maintenance platform, assisted in the development of innovative businesses and the smooth operation of businesses; the capacity management system realized 95% capacity data automating collection and monitoring, and improved the level of automating management.

During the Reporting Period, the Company won the third prize in the FinTech Development Award of the People's Bank of China and others.

### Development plan and outlook

In the future, the Company will continue to implement the guidelines of the "14th Five-Year Plan", solidly promote the implementation of the "3+1" strategic plan, and uphold the concept of digital transformation, integrated development driven by both technology and business. In particular, it will innovate the integration mechanism, promote cross-functional flexible collaboration and internal and external integration; empower business development driven by both technology and business and develop core competitiveness; promote management transformation and strengthen the construction of digital management system; and promote the middle platform strategy and implement the application of shared middle platform. The Company will develop its technological competitiveness based on its technological strength, empower financial services with technological innovation, and assist in forming innovative momentum for the Company's business development, thereby driving the industry development to a new level of quality.

## Section III Report of the Board

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

The core competitiveness of the Company mainly lies in corporate governance, talents, operating abilities, compliance and risk control and party building culture.

#### 1. Long-term and Unwavering Support from Shareholders and Continuously Standardized Corporate Governance

Since the establishment of the Company, the shareholders of the Company, in particular Shenergy Group, the largest shareholder, have been giving strong and unwavering support to the Company's innovative development, business development and operation and system reform. Upon the listing of A Shares and H Shares, the Company continuously improves its corporate governance structure, compliance and risk control system and internal control management system in accordance with the requirements of the governance codes for A Shares and H Shares listed companies.

During the Reporting Period, the Company systematically sorted out and timely revised governance systems such as the Articles of Association, the Independent Director System of the Company, Management Measures for Raised Funds of the Company, and Management Measures for Related Party Transactions of the Company in accordance with relevant regulations, diligently completed the performance assessment of Directors, Supervisors, and senior management, and standardization and effective operation of corporate governance was continuously standardized and operated effectively.

#### 2. United and Pragmatic Senior Management Team and Professional and Enterprising Business Team

The Company's senior management members have worked in the securities and finance industry for many years with in-depth insight and extensive management experience in the industry. The Company owns professional, high-quality and relatively stable business teams which have gathered rich market experience and outstanding professional abilities.

During the Reporting Period, the Company strengthened the top-level design of its cadre and talent work, established the Organization Department of the Party Committee, convened a talent work meeting of the Company, established a talent work leadership group, issued the Guiding Opinions on Accelerating the Construction of a High-quality Talent Team, and comprehensively implemented the strategy of strengthening the Company with talents. The Company revised the Cadre Management Measures, issued the work plan for the education, management and supervision of the "top leaders" and leadership team, optimized the chain of selection, training, employment and retention of cadres, promoted the youthful construction of the cadre team, and further stimulated the vitality of the cadre talent team. The Company implemented "external recruitment and internal training" for talents in key areas and core businesses, and effectively improved the quality of the cadre and talent team.

## Section III Report of the Board

### 3. Continuous Consolidation and Development of Traditional Advantageous Business and Industry Leading Position in Various Business Fields

After years of intensive cultivation, the Company has established competitive advantages in various fields such as fixed income, asset management, fund management, futures brokerage, etc. The Company's fixed income business delivered excellent long-term performance and the carbon finance business has innovatively developed. Orient Securities Asset Management always practices the philosophy of value investment, thereby establishing sound market reputation for the "Dong Fang Hong (東方紅)" brand. China Universal has developed stable and top-class comprehensive capabilities and ranked among the top in the industry in terms of size of active equity business. By strengthening the application of financial technology, Orient Futures maintains a competitive market share.

During the Reporting Period, the Company's fixed income business effectively grasped the trends of bond market, achieving steady growth in investment returns. The FICC OTC derivative business progressed steadily, launching balanced stock-bond strategy indices. The foreign exchange and commodities business operated smoothly. The carbon finance business completed the first batch of Shanghai carbon quota repurchase transactions and the first forward transaction of CCER project. Orient Securities Asset Management actively promoted the "second venture" and continuously improved the layout of eight major product lines, namely currency, pure bonds, active equity, multi-strategy, REITs, FOF, quantitative and QDII, and provided clients with high-quality product offerings. China Universal's overall capabilities ranked among first class in the industry, with a steady increase in management scale. The sales subsidiary was approved, and diversified development made progress. Orient Futures actively responded to the changes in the market and policy environment, focused on developing and serving industrial clients, and continued to maintain its leading position in the industry in terms of the indicators such as scale of client equity.

### 4. Diligent and Effective Efforts in Compliance and Risk Control to Effectively Play a Protective Role

The Company has always adhered to the operating concept of "overall compliance based on risk control", and has formed a closed-loop compliance and risk management system of "culture – people – system – tool" with stable risk culture as the core, sound system as the basis and professional management tools as the support. The Company continuously strengthens the awareness of compliance and risk control among its staff, optimizes the comprehensive risk management system and enhances the effectiveness of compliance and risk management.

## Section III Report of the Board

During the Reporting Period, the Company strengthened vertical penetration and deepened penetration management of the subsidiaries. We conducted risk inspections on key businesses of the subsidiaries, enhanced risk monitoring and analysis of key and core businesses, initiated comprehensive rectification work on stress testing, and optimized the plan for annual corporate risk appetite, risk tolerance, risk limit and the maximum loss limit plan for high-risk businesses. We conducted solid compliance reviews, strengthened business access review and control, emphasized internal and external inspections, enhanced the supervision of implementation of rectifications, improved compliance monitoring and reinforced early warning and handling in specialized areas. The Company promoted the improvement of audit quality and efficiency, strengthened project management and control, strengthened internal and external communication and enhanced the audit supervision function. During the Reporting Period, the Company did not experience any major non-compliance events, accused events or risk events. All risk control indicators continued to meet regulatory requirements, and the effectiveness of compliance and risk management was improved constantly.

### 5. Inheriting the Advantages of Excellent Party Building and Corporate Culture, and Achieving Industry-leading ESG Ratings

As a securities firm under the Shanghai SASAC, the Company attaches great importance to the construction of party building and corporate culture, gives full play to the functions of the Company's party committee as leading core and political core, effectively implements the industry culture of "compliance, integrity, professionalism and stability", and promotes the transformation of party building and corporate cultural soft power into concrete support for innovation and development. The Company takes the lead in practicing ESG concepts and receives an AA rating in the MSCI ESG ratings in the industry, being one of the two brokers with the highest rating in the industry.

During the Reporting Period, the Company held the second Party Congress to elect the members of the new Party Committee and the Discipline Inspection Committee. The Company's Party Committee also carried out organizational reform and established departments such as the Organization Department of the Party Committee and the Publicity Department of the Party Committee. The Party Committee of the Company held a thematic democratic life meeting on thematic education and inspection rectification, a warning education meeting on comprehensive and strict governance of the Party, and made concerted efforts to promote the "coordination of four responsibilities" to deepen the integrity risk prevention and control system. The Party Committee of the Company was awarded the title of one of the first batch of "Grassroots Party Building Innovation Practice Bases" in the system of Shanghai SASAC.

## Section III Report of the Board

### III. EXPLANATIONS ON THE INDUSTRY AND PRINCIPAL BUSINESSES ENGAGED BY THE COMPANY DURING THE REPORTING PERIOD

Over the past three decades, with the development of China's securities market, China's securities industry has continued to standardize and grow from strength to strength. The securities companies have gradually accelerated their pace of innovation, expanded their business scope, improved their profitability and enhanced their risk resistance capacity. Meanwhile, the profitability of China's securities industry is driven by brokerage, proprietary trading, underwriting, margin trading and asset management businesses, which leads to the revenue and profits of the industry being more dependent on the trends of the securities market. Along with the change in the booming cycle of the securities market, the profitability of China's securities industry also demonstrates the characteristics of cyclical fluctuations.

During the Reporting Period, the State Council issued the "Certain Opinions on Strengthening Regulation, Preventing Risks, and Promoting High-Quality Development of the Capital Market (《關於加強監管防範風險推動資本市場高質量發展的若干意見》)", and the CSRC introduced a series of supporting measures, emphasizing the political and people-oriented nature of capital market work, better leveraging the functions of the capital market, and advancing the construction of a strong financial nation. The securities industry continues to promote high-quality development. On one hand, it actively serves the real economy. Investment banks are leading the synergistic development of investment, research, asset management and other businesses, providing comprehensive financial services covering the entire industry chain for real enterprises. On the other hand, it continuously enhances the professionalism and effectiveness of their comprehensive wealth management services, innovating in investor education and contributing to individual wealth management, and focusing on five major areas: technology finance, green finance, inclusive finance, pension finance, and digital finance. The Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization (《中共中央關於進一步全面深化改革、推進中國式現代化的決定》), considered and approved by the Third Plenary Session, points out that there is a need to further deepen financial system reforms and propose new requirements for key financial services, the positioning and governance of financial institutions, diversified financing support, and the management of state-owned financial capital. The securities industry is facing new opportunities and challenges in its development and operation.

## Section III Report of the Board

For the securities industry, with the implementation of the spirit of the Third Plenary Session, the new “National Nine Articles”, “the “1+N” supporting regulations, and the “Opinions on Strengthening the Regulation of Securities Companies and Publicly Offered Funds to Accelerate the Construction of First-Class Investment Banks and Investment Institutions”, the main line and positioning of the industry will undergo profound changes, competition for leading positions will become more intense, and industry differentiation will accelerate. Next, securities firms need to further align with the China’s major strategies and reform tasks, deeply practice the “political and people-oriented nature” of financial work, comprehensively deepen reforms, rectify the roots, preserve and innovate, and adhere to a high-quality development direction that is functional, intensive, professional, and distinctive. Through their own high-quality development, they should effectively contribute to the “five major areas” of finance, firmly uphold professional ethics, cultivate a good industry culture and investment culture, and effectively serve as the “service providers” for direct financing, “gatekeepers” of the capital market, and “managers” of social wealth.

The Company is a comprehensive securities company established under the CSRC’s approval, which provides all-round, one-stop financial services covering securities, futures, asset management, investment banking, investment consultancy and securities research. After years of development, the Company has established a leading position in its sectors such as asset management, wealth management, sales trading and investment banking.

The Company primarily engages in the following five business sectors during the Reporting Period:

- **Investment Management**

The Company provides its clients with services such as asset management schemes, publicly offered securities investment funds products and private equity investment funds management.

- The Company conducts asset management business through Orient Securities Asset Management, a wholly-owned subsidiary of the Company, providing a complete product line of asset management business including collective asset management, single asset management, specialized asset management and publicly offered securities investment funds.
- The Company conducts fund management business for its clients through China Universal, an associate in which the Company is the largest shareholder with a shareholding of 35.412%.
- The Company engages in private equity investment fund management business through Orient Securities Capital Investment, a wholly-owned subsidiary of the Company.

## Section III Report of the Board

- **Wealth Management and Futures Business**

The Company conducts wealth management business through the Wealth Management Committee and its seven first-level departments and branches, and provides futures brokerage and other services to clients through its wholly-owned subsidiary, Orient Futures.

- The Company's wealth management business primarily targets retail, private, corporate, and institutional clients, accepts entrustment from the clients or trades stocks, funds and bonds on behalf of the clients according to their instructions or entrustments and provides clients with services such as financial product sales, public fund investment consultancy, product custody, digital finance and credit trading. Among them, the Company's credit trading business mainly includes margin financing and securities lending business and collateralized stock repurchase business.
- The Company conducts futures brokerage business through Orient Futures, a wholly-owned subsidiary of the Company, who provides the clients with commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and distribution of funds and other services.
- The Company conducts risk management business through Orient Securities Runhe, a wholly-owned subsidiary of Orient Futures and facilitates companies to manage price risks during operations via warehouse receipt services, basis trade and OTC options in futures and spot markets.

- **Securities Sales and Trading**

The Company conducts securities sales and trading business with its own capital, including equity investment and trading business, fixed income investment and trading business, financial derivatives trading business, innovating investment and securities research services.

- The Company engages in professional equity investment and trading business and fixed income investment and trading business, which includes various stocks, funds, bonds, derivatives and others. In the meantime, the Company actively expands FICC business.
- The Company conducts financial derivatives trading business by flexibly utilizing derivatives and various trading strategies to obtain absolute income with low risk exposure.

## Section III Report of the Board

- The Company engages in alternative investment business through Orient Securities Innovation, a wholly-owned subsidiary of the Company, and its investment products include equity investment, special assets investment, quantitative investment etc.
- The Company provides its institutional clients with securities research services and earns corresponding commission income from research.

### • Investment Banking

The Company carries out investment banking business mainly through Orient Investment Banking, a wholly-owned subsidiary of the Company, the Fixed Income Business Department and the Investment Banking Business Department (planned).

- The Company provides equity underwriting and sponsorship services, including underwriting and sponsorship services of IPOs, and refinancing projects including non-public offerings and rights issues.
- The Company provides debt underwriting services, including underwriting services for corporate bonds, enterprise bonds, treasury bonds, financial bonds and others.
- The Company provides financial advisory services in areas such as mergers and acquisitions and restructuring, NEEQ securities recommendation and listing as well as enterprise reform.

### • Headquarters and Others

The Company's headquarters and other businesses mainly include headquarters' treasury business, overseas business and financial technology.

- Headquarters' treasury business mainly includes the management of headquarters financing business and liquidity reserves.
- The Company conducts internationalization business through Orient Finance Holdings, a wholly-owned subsidiary of the Company, with its business place in Hong Kong. Orient Finance Holdings conducts brokerage business, asset management business, investment banking business and margin financing business regulated by the SFC in accordance with the SFO through Orient Securities International, its wholly-owned subsidiary and various licensed companies.
- The Company keeps up with the trend of technology-driven business development, actively strengthens independent research and development, and continues to promote the integrated development of financial technology.

## Section III Report of the Board

### IV. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

#### (i) Major items in consolidated statement of profit or loss

##### 1 Revenue, other income and gains

During the Reporting Period, the Company realized revenue, other income and gains of RMB12.536 billion, representing an increase of RMB1.543 billion or 14.04% year-on-year. The increase in revenue, other income and gains was mainly due to the year-on-year increase in fixed income investments and bulk commodities trading.

Details were as follows:

Commission and fee income amounted to RMB4.462 billion, accounting for 35.60% of the total and representing an increase of 10.14%, which was primarily attributable to the increase in the fee income of the futures brokerage business;

Interest income amounted to RMB2.776 billion, accounting for 22.15% of the total and representing a decrease of 9.90%, which was primarily attributable to the decrease in interest income from reverse repurchase agreements;

Net investment gains amounted to RMB2.267 billion, accounting for 18.08% of the total and representing an increase of 49.25%, which was primarily attributable to the increase in net income from investment in debt instruments at fair value through other comprehensive income;

Other income and gains amounted to RMB3.030 billion, accounting for 24.17% of the total and representing an increase of 29.45%, which was primarily attributable to the increase in income from bulk commodity trading of subsidiaries.

## Section III Report of the Board

Structures of the Group's revenue, other income and gains for the Reporting Period are set out below:

Unit: '000 Currency: RMB

| Item                                  | From January to June 2024 |            | From January to June 2023 |            | Changes   |            |
|---------------------------------------|---------------------------|------------|---------------------------|------------|-----------|------------|
|                                       | Amount                    | Proportion | Amount                    | Proportion | Amount    | Proportion |
| Commission and fee income             | 4,462,488                 | 35.60%     | 4,051,782                 | 36.86%     | 410,706   | 10.14%     |
| Interest income                       | 2,776,347                 | 22.15%     | 3,081,386                 | 28.03%     | (305,039) | (9.90%)    |
| Net investment gains                  | 2,266,502                 | 18.08%     | 1,518,630                 | 13.81%     | 747,872   | 49.25%     |
| Other income and gains                | 3,030,427                 | 24.17%     | 2,341,056                 | 21.30%     | 689,371   | 29.45%     |
| Total revenue, other income and gains | 12,535,764                | 100.00%    | 10,992,854                | 100.00%    | 1,542,910 | 14.04%     |

### 2 Total expenses

During the Reporting Period, expenses of the Company amounted to RMB10.489 billion, representing a year-on-year increase of RMB1.297 billion or 14.11%, which was mainly attributable to:

Details were as follows:

Staff costs amounted to RMB1.878 billion, down by 7.77%, which was primarily attributable to the decrease in staff costs that fluctuate with business revenue.

Interest expenses amounted to RMB2.082 billion, down by 0.20%, which was primarily attributable to the decrease in interest expenses from bonds issued and short-term financing bills.

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Commission and fee expenses amounted to RMB1.981 billion, up by 376.66%, which was mainly attributable to the increase in fee expenses from securities brokerage business.

Depreciation and amortization expenses amounted to RMB0.404 billion, down by 0.02%, which was primarily attributable to the decrease in depreciation of fixed assets and right-of-use assets.

Other operating expenses, including operation expenses, and tax and surcharges, were totally RMB3.833 billion, up by 16.27%, which was mainly attributable to the increase in bulk commodity trading expenses of subsidiaries.

Credit impairment losses amounted to RMB0.312 billion, down by 67.27%, which was mainly attributable to the decrease in provision for credit impairment losses of the stock pledge repurchase business during the period.

Other impairment losses amounted to RMB-0.001 billion, which was mainly attributable to the reversal of provision for decline in value of bulk commodity inventories by the subsidiary during the period.

The components of total expenses of the Group during the first half of 2024 are set out as follows:

Unit: '000 Currency: RMB

| Item                                   | From<br>January to<br>June 2024 | From<br>January to<br>June 2023 | Changes          |               |
|--|---------------------------------|---------------------------------|------------------|---------------|
|  |                                 |                                 | Amount           | Proportion    |
| Staff costs                            | 1,877,911                       | 2,036,149                       | (158,238)        | (7.77%)       |
| Interest expenses                      | 2,082,326                       | 2,086,513                       | (4,187)          | (0.20%)       |
| Commission and fee expenses            | 1,981,346                       | 415,677                         | 1,565,669        | 376.66%       |
| Depreciation and amortization expenses | 403,693                         | 403,776                         | (83)             | (0.02%)       |
| Other expenses                         | 3,833,148                       | 3,296,775                       | 536,373          | 16.27%        |
| Impairment losses                      | 312,138                         | 953,890                         | (641,752)        | (67.28%)      |
| Other impairment losses                | (1,115)                         | 0                               | (1,115)          | N/A           |
| <b>Total</b>                           | <b>10,489,447</b>               | <b>9,192,780</b>                | <b>1,296,667</b> | <b>14.11%</b> |

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### 3 Cash flows

During the Reporting Period, the Company recorded a net decrease of RMB6.286 billion in cash and cash equivalents. Details were as follows:

- (1) Net cash from operating activities amounted to RMB0.515 billion, which was mainly attributable to:
  - i. RMB15.977 billion of net cash inflow was attributable to decrease in cash and clearing settlement funds restricted or held on behalf of customers;
  - ii. RMB3.046 billion of net cash inflow was attributable to increase in repurchase agreements and placements from banks and other financial institutions;
  - iii. RMB15.980 billion of net cash outflow was attributable to decrease in account payables to brokerage clients.
- (2) Net cash from investment activities was RMB1.664 billion, which was primarily attributable to: RMB2.194 billion of net cash inflow as a result of dividends and interest received from investments.
- (3) Net cash used in financing activities amounted to RMB8.465 billion, which was mainly attributable to:
  - i. RMB5.901 billion of net cash outflow as a result of issuance, borrowing and repayment of debt securities, short-term debt instruments and borrowings;
  - ii. RMB1.269 billion of net cash outflow as a result of dividends paid to shareholders.

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### (ii) Analysis on major items of consolidated statement of financial position

#### 1. Analysis on major items of consolidated statement of financial position

As at the end of the Reporting Period, the Group achieved total assets of RMB367.547 billion, total liabilities of RMB287.125 billion and total equity of RMB80.422 billion.

Analysis on items of consolidated statement of financial position of the Group is set out below:

Unit: '000 Currency: RMB

| Items   | As at the end of June 2024 |            | As of the end of 2023 |            | Changes      |            |
|---|----------------------------|------------|-----------------------|------------|--------------|------------|
|   | Amount                     | Proportion | Amount                | Proportion | Amount       | Proportion |
| Total assets  | 367,546,854                |            | 383,690,462           |            | (16,143,608) | (4.21%)    |
| Cash and bank balances  | 83,098,153                 | 22.61%     | 104,093,142           | 27.13%     | (20,994,989) | (20.17%)   |
| Clearing settlement funds   | 33,994,504                 | 9.25%      | 35,314,411            | 9.20%      | (1,319,907)  | (3.74%)    |
| Deposits with exchanges and financial institutions                  | 2,597,323                  | 0.71%      | 3,241,547             | 0.84%      | (644,224)    | (19.87%)   |
| Derivative financial assets   | 3,622,225                  | 0.99%      | 1,877,650             | 0.49%      | 1,744,575    | 92.91%     |
| Advances to customers   | 23,179,953                 | 6.31%      | 21,071,801            | 5.49%      | 2,108,152    | 10.00%     |
| Account receivables   | 594,725                    | 0.16%      | 670,759               | 0.17%      | (76,034)     | (11.34%)   |
| Reverse repurchase agreements                                       | 3,791,840                  | 1.03%      | 5,437,734             | 1.42%      | (1,645,894)  | (30.27%)   |
| Financial assets at fair value through profit or loss               | 97,278,884                 | 26.47%     | 97,069,644            | 25.30%     | 209,240      | 0.22%      |
| Debt instruments at fair value through other comprehensive income   | 87,231,255                 | 23.73%     | 90,813,713            | 23.67%     | (3,582,458)  | (3.94%)    |
| Equity instruments at fair value through other comprehensive income | 13,924,880                 | 3.79%      | 6,298,178             | 1.64%      | 7,626,702    | 121.09%    |
| Debt instruments measured at amortised cost                         | 1,578,573                  | 0.43%      | 1,586,591             | 0.41%      | (8,018)      | (0.51%)    |
| Deferred tax assets   | 1,740,767                  | 0.47%      | 2,079,575             | 0.54%      | (338,808)    | (16.29%)   |
| Investments in associates   | 6,327,470                  | 1.72%      | 6,253,974             | 1.63%      | 73,496       | 1.18%      |
| Right-of-use assets   | 1,165,939                  | 0.32%      | 557,334               | 0.15%      | 608,605      | 109.20%    |
| Investment properties   | 29,909                     | 0.01%      | 165,413               | 0.04%      | (135,504)    | (81.92%)   |
| Property and equipment  | 2,664,924                  | 0.73%      | 2,739,369             | 0.71%      | (74,445)     | (2.72%)    |
| Other intangible assets   | 255,494                    | 0.07%      | 286,724               | 0.07%      | (31,230)     | (10.89%)   |
| Goodwill  | 32,135                     | 0.01%      | 32,135                | 0.01%      | 0            | 0.00%      |
| Other assets  | 4,437,901                  | 1.21%      | 4,100,768             | 1.07%      | 337,133      | 8.22%      |

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Unit: '000 Currency: RMB

| Items  | As at the end of June 2024 |            | As of the end of 2023 |            | Changes      |            |
|--|----------------------------|------------|-----------------------|------------|--------------|------------|
|  | Amount                     | Proportion | Amount                | Proportion | Amount       | Proportion |
| Total liabilities  | 287,125,159                |            | 304,930,265           |            | (17,805,106) | (5.84%)    |
| Placements from banks and financial institutions           | 25,667,539                 | 8.94%      | 25,670,059            | 8.42%      | (2,520)      | (0.01%)    |
| Short-term debt instruments                                | 2,481,453                  | 0.86%      | 2,797,700             | 0.92%      | (316,247)    | (11.30%)   |
| Account payables to brokerage clients                      | 95,590,503                 | 33.29%     | 111,570,987           | 36.59%     | (15,980,484) | (14.32%)   |
| Repurchase agreements                                      | 76,699,642                 | 26.71%     | 73,716,143            | 24.17%     | 2,983,499    | 4.05%      |
| Financial liabilities at fair value through profit or loss | 14,068,207                 | 4.90%      | 15,301,834            | 5.02%      | (1,233,627)  | (8.06%)    |
| Derivative financial liabilities                           | 1,544,647                  | 0.54%      | 874,202               | 0.29%      | 670,445      | 76.69%     |
| Contract liabilities                                       | 155,447                    | 0.05%      | 147,405               | 0.05%      | 8,042        | 5.46%      |
| Current tax liabilities                                    | 85,964                     | 0.03%      | 102,664               | 0.03%      | (16,700)     | (16.27%)   |
| Accrued staff costs  | 1,720,477                  | 0.60%      | 1,704,042             | 0.56%      | 16,435       | 0.96%      |
| Borrowings   | 1,261,422                  | 0.44%      | 1,700,024             | 0.56%      | (438,602)    | (25.80%)   |
| Lease liabilities  | 1,154,713                  | 0.40%      | 547,475               | 0.18%      | 607,238      | 110.92%    |
| Debt securities issued                                     | 54,905,245                 | 19.12%     | 60,157,845            | 19.73%     | (5,252,600)  | (8.73%)    |
| Deferred tax liabilities                                   | 539                        | 0.00%      | 35,936                | 0.01%      | (35,397)     | (98.50%)   |
| Other liabilities  | 11,789,361                 | 4.11%      | 10,603,949            | 3.48%      | 1,185,412    | 11.18%     |
| Total equity   | 80,421,695                 |            | 78,760,197            |            | 1,661,498    | 2.11%      |

*Note:* Percentages for assets and liabilities refer to the share in total assets and the share in total liabilities respectively.

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### 2. *Assets*

As at the end of the Reporting Period, the Group's total assets reached RMB367.547 billion, a decrease of RMB16.144 billion or 4.21% from the end of last year, which was mainly attributable to the decrease in cash and bank balances. In the Group's assets, currencies, clearing settlement funds and deposits with exchanges and financial institutions amounted to RMB119.690 billion, a decrease of RMB22.959 billion from the end of last year, accounting for 32.57% of total assets. Financial investment and derivative financial assets amounted to RMB203.636 billion, an increase of RMB5.990 billion from the end of last year, accounting for 55.41% of total assets. Advance to financing customers, reverse repurchase agreements and account receivables amounted to RMB27.567 billion, an increase of RMB0.386 billion from the end of last year, accounting for 7.50% of total assets. Long-term equity investment, property and equipment and others amounted to RMB16.655 billion, an increase of RMB0.439 billion from the end of last year, accounting for 4.54% of total assets. During the Reporting Period, the Company maintained stable asset scale with rational structure and sufficient liquidity.

### 3. *Overseas assets*

The size of overseas assets amounted to RMB10.526 billion, accounting for 2.86% of the total asset.

### 4. *Liabilities*

As at the end of the Reporting Period, the Group's total liabilities reached RMB287.125 billion, a decrease of RMB17.805 billion or 5.84% from the end of last year. The gearing ratio, net of account payables to brokerage clients and funds payable to securities issuers, was 70.42%, a decrease of 0.62 percentage point from the end of last year. In the Group's liabilities, borrowings, short-term debt instruments, placements from banks and financial institutions, debt securities issued and repurchase agreements amounted to RMB161.015 billion, a decrease of RMB3.026 billion from the end of last year, accounting for 56.07% of total liabilities. Financial liabilities held for trading and derivative financial liabilities amounted to RMB15.613 billion, a decrease of RMB0.563 billion from the end of last year, accounting for 5.44% of total liabilities. Account payables to brokerage clients amounted to RMB95.591 billion, a decrease of RMB15.980 billion from the end of last year, accounting for 33.29% of total liabilities. Accrued staff cost, current tax liabilities, contractual liabilities and others amounted to RMB14.907 billion, an increase of RMB1.765 billion from the end of last year, accounting for 5.19% of total liabilities.

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### 5. Borrowings and bond financing

As at the end of the Reporting Period, the Company's total borrowings and bond financing were RMB84.316 billion. Set out below is the breakdown of borrowings and bond financing of the Company as at the end of the Reporting Period:

Unit: '000 Currency: RMB

|  | June 30,<br>2024 | December 31,<br>2023 |
|--|------------------|----------------------|
| Debt securities issued                           | 54,905,245       | 60,157,845           |
| Borrowings                                       | 1,261,422        | 1,700,024            |
| Short-term debt instruments                      | 2,481,453        | 2,797,700            |
| Placements from banks and financial institutions | 25,667,539       | 25,670,059           |
| Total  | 84,315,659       | 90,325,628           |

For details of interest rate and maturity profiles of borrowings and bonds financing, please refer to Notes 35, 36, 40 and 41 to the attached financial statements.

Save for the liabilities disclosed in this report, as at the end of the Reporting Period, the Company had no outstanding mortgage, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, lease purchase and finance lease commitment, guarantee or other material contingent liabilities.

## Section III Report of the Board

### (iii) Analysis on investments

#### 1. Overall analysis on external equity investments

As at the end of the Reporting Period, investment in associates of the Group amounted to RMB6.327 billion, representing an increase of RMB0.073 billion or 1.18% from the end of last year. The reason for the change was mainly due to the investment gains recognized under the equity method of RMB0.225 billion and the net decrease in investment in associates of RMB0.169 billion. Please refer to Note 29 to the attached financial statements for the details of the Group's external equity investment.

- (1) *During the Reporting Period, the Company had no material equity investments*
- (2) *During the Reporting Period, the Company had no material non-equity investments*
- (3) *During the Reporting Period, there was no material investment held by the Group or future plans for material investments or acquisition of capital assets, and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as at the end of the Reporting Period*
- (4) *Financial assets at fair value*

Unit: '000 Currency: RMB

| Items  | Investment cost as at the end of the Reporting Period | Book value as at the end of the Reporting Period | Net amount purchased or sold during the Reporting Period | Changes in fair value during the Reporting Period | Net investment income during the Reporting Period |
|--|---|--|--|---|---|
| 1. Financial assets at fair value through profit or loss               | 96,608,644  | 97,278,884                                       | 1,041,548  | (310,096)   | 1,335,137   |
| 2. Debt instruments at fair value through other comprehensive income   | 85,343,576  | 87,231,255                                       | (4,208,158)  | 848,426   | 1,426,934   |
| 3. Equity instruments at fair value through other comprehensive income | 12,759,170  | 13,924,880                                       | 6,970,952  | 653,147   | 277,596   |
| 4. Derivative financial instruments                                    | (131,109)   | 2,077,577  | (207,292)  | 389,046   | (405,466)   |

## Section III Report of the Board

### (iv) Material assets and equity acquisition and disposal

During the Reporting Period, the Group had no material disposal of assets and equity. Save as disclosed in this report, the Company did not make any material acquisition or disposal of subsidiaries, associates or joint ventures during the Reporting Period.

### (v) Analysis on major subsidiaries and associates

1. Orient Futures Co., Ltd., with a registered capital of RMB4.3 billion, is 100% owned by the Company. As at June 30, 2024, total assets of Orient Futures amounted to RMB81.316 billion, and its net assets amounted to RMB5.701 billion. In the first half of 2024, its operating income (income from principal business) amounted to RMB3.552 billion, the profit from principal business amounted to RMB0.284 billion, and the net profit amounted to RMB0.216 billion.

Its principal businesses are commodity futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sales.

2. Shanghai Orient Securities Capital Investment Co., Ltd., with a registered capital of RMB4.0 billion, is 100% owned by the Company. As at June 30, 2024, total assets of Orient Securities Capital Investment amounted to RMB4.765 billion, and its net assets amounted to RMB4.713 billion. In the first half of 2024, its operating income amounted to RMB-0.011 billion, and the net loss amounted to RMB0.053 billion.

Its principal businesses are establishment of direct investment funds, equity investments of enterprises, or investment of other funds related to equity investment, provision of financial advisory services to clients in respect of equity investment and other businesses permitted by the CSRC.

## Section III Report of the Board

3. Shanghai Orient Securities Asset Management Co., Ltd., with a registered capital of RMB0.3 billion, is 100% owned by the Company. As at June 30, 2024, total assets of Orient Securities Asset Management amounted to RMB4.868 billion, and its net assets amounted to RMB3.991 billion. In the first half of 2024, its operating income (income from principal business) amounted to RMB0.742 billion, the profit from principal business amounted to RMB0.240 billion, and the net profit amounted to RMB0.222 billion.

Its principal businesses are securities asset management and management of publicly offered securities investment funds.

4. Orient Securities Investment Banking Co., Ltd., with a registered capital of RMB0.8 billion, is 100% owned by the Company. As at June 30, 2024, total assets of Orient Investment Banking amounted to RMB1.709 billion, and its net assets amounted to RMB1.338 billion. In the first half of 2024, its operating income amounted to RMB0.275 billion, and the net loss amounted to RMB0.069 billion.

Its principal businesses are securities underwriting and sponsorship business (other than government bonds such as treasury bonds and local government bonds, financial bonds of policy banks, financing products governed by National Association of Financial Market Institutional Investors (including but not limited to debt financing instruments of non-financial institutions)); other businesses permitted by the CSRC.

5. Shanghai Orient Securities Innovation Investment Co., Ltd., with a registered capital of RMB7.5 billion, is 100% owned by the Company. As at June 30, 2024, total assets of Orient Securities Innovation amounted to RMB8.679 billion, and its net assets amounted to RMB8.455 billion. In the first half of 2024, its operating income amounted to RMB-0.018 billion, and the net loss amounted to RMB0.043 billion.

Its principal businesses are venture capital, financial products investment, investment management and investment consultancy.

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6. Orient Finance Holdings (Hong Kong) Limited, with a registered capital of HKD2.754 billion, is 100% owned by the Company. As at June 30, 2024, total assets of Orient Finance Holdings amounted to HKD8.879 billion, and its net assets amounted to HKD1.060 billion. In the first half of 2024, its operating income and net profit amounted to HKD0.145 billion and HKD0.040 billion, respectively.

Its principal businesses are investment holding, and operation of securities brokerage business, futures brokerage business, asset management business, investment banking and margin financing business as regulated by the SFC pursuant to SFO through establishment of various subsidiaries and licensed sub-subsidiaries.

7. China Universal Asset Management Company Limited has a registered capital of RMB0.133 billion and its 35.412% equity interests is held by the Company. As at June 30, 2024, total assets of China Universal amounted to RMB13.828 billion, and its net assets amounted to RMB10.566 billion. In the first half of 2024, its operating income (income from principal business) amounted to RMB2.222 billion, the profit from principal business amounted to RMB0.898 billion, and the net profit amounted to RMB0.690 billion.

Its principal businesses are fund raising, fund sales, asset management and other businesses permitted by the CSRC.

*Note:* The above data are all based on financial information prepared in accordance with CASBE.

### (vi) Structured Entities Controlled by the Company

The Company incorporated certain structured entities into the consolidation scope, including asset management plans and funds managed and invested by the Company. The Company mainly judges its control over structured entities by three factors, namely, whether it has power over the structured entities, whether it is entitled to variable returns through participation in the activities of structured entities, and whether it has the ability to use the power over structured entities to influence the amount of returns.

As at the end of the Reporting Period, the Company had a total of 39 structured entities included in the consolidated statement scope, with a total net assets of RMB4.045 billion. During the Reporting Period, the Company added 3 structured entities into the consolidation statement scope, and 6 structured entities were excluded due to reasons such as due liquidation and loss of control caused by changes in shareholding.

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Details of structured entities incorporated into the consolidation scope during the period:

Unit: '000 Currency: RMB

|  | <b>As at the end<br/>of June 2024<br/>or from<br/>January to<br/>June 2024</b> |
|--|--|
| <b>Structured entities incorporated into the consolidation scope</b> |  |
| Total assets   | 4,457,314  |
| Total liabilities  | 412,286  |
| Total net assets   | 4,045,028  |
| Operating income   | (124,146)  |
| Net profit   | (154,987)  |

The accounting data of the above-mentioned structured entities are all based on the CASBE.

### (vii) Scope of Consolidation of the Statements

1. As compared with the beginning of the year, the Group added three entities into its scope of consolidation during the Reporting Period, which include three structured entities newly consolidated by Orient Finance Holdings.
2. As compared with the beginning of the year, the Group reduced seven entities into its scope of consolidation during the Reporting Period, which include one subsidiary reduced by Orient Securities Capital Investment, three structured entities reduced by Orient Futures, and one structured entity each reduced by the Parent Company, Orient Securities Capital Investment and Orient Securities Asset Management. The reasons for the reductions include changes in shareholding resulting in loss of control, liquidation and deregistration.

## Section III Report of the Board

### V. OTHER DISCLOSURES

#### (i) Potential Risks

With the strategic goal of establishing a sound comprehensive risk management system and risk management capability that are in line with the Company's own development strategy, the Company is committed to carrying out reasonable and effective risk control based on actionable management system, sound organizational structure, reliable information technology system, quantitative risk indicator system, professional talent team and effective risk response mechanism. The Company has established a comprehensive risk management system covering various aspects such as organization, business and risk types: in terms of organization, the scope of risk management covers all departments, branches and subsidiaries of the Company; in terms of business, it covers proprietary investment, credit business, investment banking, asset management, wealth management and various other businesses; in terms of risk types, the risk management covers market risk, credit risk, liquidity risk, operational risk and other special risk types.

According to relevant laws and regulations and the Company's Articles of Association and based on the actual situation of the Company, the Company has established a risk management system in line with the development of the Company. It has also established an organizational structure based on the "three lines of defense" for comprehensive risk management, and established a hierarchical authorization system for investment decision-making and an approval mechanism for major decisions. It sets risk appetite, risk tolerance and risk thresholds at the beginning of each year, and divides the thresholds into different levels, thereby maintaining a scientific and effective risk indicator system. The Company has established a graded warning and tracking mechanism for various risk indicators, including risk control indicators, to monitor and provide warning of risk indicators through the corresponding risk management systems. The Company has also established a reasonable risk management reporting mechanism, compliance risk control inspection and mitigation mechanism, and accountability and assessment mechanism.

#### 1. Market risk

Market risk mainly refers to the risk of unanticipated potential loss in value due to changes in stock prices, interest rates, exchange rates, etc. in the securities market, and can be categorized into stock price risk, interest rate risk, exchange rate risk and commodity price risk, which refers to risks which the Company is exposed to due to the fluctuation in securities assets price, interest rate, exchange rate and commodity price respectively.

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Based on the overall business strategy and with the participation of the Board, the management and all staff, the Company accurately identifies, prudently assesses, dynamically monitors, timely responds and entirely manages the market risks in the Company's operation. Relevant committees are established under the Board and the management, and each business department, branch and subsidiary perform their respective duties of market risk management. The Company's business departments, branches and subsidiaries are the first line of defense for against market risks, while the risk management department of the Company is responsible for coordinating the overall market risk management of the Company. The Company manages market risks with focus on net capital, liquidity management and risk tolerance, implements overall management on risk control indicators relating to capital, scale, gearing and risk exposure according to specific level and module, and implements refined management on market risk exposure from the perspective of product type, portfolio, model and hedging to control market risks within a tolerable range and maximize returns under a tolerable risk level.

The Company has established a system covering the Group's allocation of assets and liabilities and market risk limits, reflecting the Company's overall market risk appetite and risk tolerance. The Company has established a hierarchical risk limit authorization system which classifies the limit indicators by major business types and assigns to different business departments from top to bottom to implement effective controls over various businesses and products so as to ensure the risk level to be within risk appetite set by the Company. Risk limits may be adjusted in accordance with market changes and indicator warnings during the year.

The Company closely follows the macro-economic indicators and trend and significant economic policies and development. The Company also evaluates the potential systematic risk of investment as may be caused by changes of macro-economic factors, and adjusts its investment strategies based on regular monitoring of market risk control indicators. The Company establishes decision-making, implementation and accountability systems relating to material issues and develops contingency plans for different predictable extreme situations, under which crises will be categorized and managed according to the level of seriousness. The Company adopts daily mark-to-market, concentration analysis and quantitative risk model to manage business scale, risk exposure, etc., establishes dynamic-tracking stop-loss mechanisms, identifies the key factors affecting investment portfolio returns through sensitivity analysis, and evaluates the tolerance of investment portfolios to extreme market fluctuations by using methods such as scenario analysis and stress testing.

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During the Reporting Period, the Company kept track of the price changes through market research, monitored the exchange rate risk exposure, adjusted the size of proprietary positions in a timely manner based on changes in market conditions, and utilized various derivatives for hedging management to effectively control market risks. As at the end of the Reporting Period, the overall VaR (95%, one day) of the Company's market risk was RMB151 million.

### 2. *Credit risk*

Credit risk mainly refers to the risk of loss due to default by the financier, counterparty or issuer, etc. The Company's credit risks mainly include the following three types: the first is direct credit risk, i.e. the risk arising from failure of issuer to perform contractual obligations; the second is counterparty risk, i.e. the risk arising from a breach of contract by the counterparty and financier in a derivatives transaction or securities financing transaction; the third is settlement risk, i.e. the risk arising from a breach of contract during the settlement and delivery of a transaction, which means that the Company performs its delivery obligation, however the counterparty breaches the contract. Settlement risk may arise from counterparty defaults, liquidity constraints or operational problems. It generally occurs in the settlement of foreign exchange and securities without guarantee of delivery.

Relevant committees are established under the Board and the management, and each business department, branch and subsidiary perform their respective duties of credit risk management. The Company's business departments, branches and subsidiaries are the first line of defense for against credit risk, while the risk management department of the Company is responsible for coordinating the overall credit risk management of the Company.

Relevant business departments and subsidiaries of the Company that conduct business involving credit risk must operate and perform their duties within the framework of credit risk management. The Company implements credit risk limit management according to regulatory requirements and risk management needs, and sets credit risk limits based on the Company's risk tolerance and net capital to control the quality of credit assets and credit risk concentration, in order to realize refined management of credit risk exposure. It also strictly implements credit risk limits approved by the Company in the course of business development and establishes a daily monitoring mechanism for limit indicators to effectively control credit risks.

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The Company has established the credit risk management system with regard to bonds issuers, counterparties and financing clients from the perspective of business practices. The Company has enhanced evaluation of qualities and risk and implemented credit risk management through means including contract review and monitoring of transaction and public sentiment. The Company pays great attention to possible non-compliance in the transaction and has developed contingency plans for risks. In bond investment and counterparty transactions associated with credit risk, the Company has enhanced analysis on the fundamentals of bonds issuer and counterparties, and established the corporate internal scoring system for credit risk, and realized internal rating, united credit management, collective management of investment, defaulting clients management, stress tests, early-warning monitoring, risk reporting and other functions through the management system, thus strengthening its credit risk management and enhancing the ability of credit risk management. In addition, in derivative transactions, the Company has also set the margin ratio and rule restrictions on the transaction for counterparties, scientifically measured the credit risk exposure of counterparties and conducted credit management, and controlled the counterparty's credit risk exposure through daily mark-to-market, margin calls, forced closure of positions and credit monitoring. In securities financial business, the Company has established mechanisms of credit rating assessment for clients, credit management, collateral management and supervisory reporting, and handled risky projects through forced exit mechanism and legal proceeding. In addition, the Company has established the same-business and same-customer management mechanism based on external guidelines and in line with the Company's actual business development, to carry out unified measurement, monitoring and management of credit business, improve the Group credit management system for the Company's credit business and further enhance the refined level of credit risk management.

### 3. *Liquidity risk*

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds at a reasonable cost in time to pay its debts when falling due, fulfill other payment obligations and meet the capital demand for normal business development.

## Section III Report of the Board

According to the regulatory requirements including Guidelines for the Management of Liquidity Risk of Securities Companies (《證券公司流動性風險管理指引》) and for the purpose of its own risk management, the Company continuously improves the liquidity risk management system and internal management system and has dedicated personnel responsible for dynamic monitoring, early-warning, analysis and reporting of the Company's liquidity risk. During the Reporting Period, the Company further improved the liquidity risk management system and realized the effective identification, measurement, monitoring and control of liquidity risk through information system. The Company carefully determines the qualitative principles and quantitative indicators of liquidity risk appetite at the beginning of each year, and has established limit assessment and adjustment mechanism to implement limit management of liquidity risk and conduct monitoring and reporting of compliance with limits, so as to ensure that the Company's liquidity coverage ratio and net stable funding ratio meet regulatory requirements on an ongoing basis. The Company has good credit standing and stable financing channels. In terms of daily liquidity position management, the Company has sufficient reserves of high-quality liquid assets and conducts daily cash flow gap monitoring to ensure smooth operation of the Company's business and timely repayment of its liabilities as they fall due. The Company conducts regular liquidity stress testing and emergency exercise, identifies risk factors and vulnerable areas through analysis of stress test results, and applies the stress test results in relevant decision-making process of the Company. During the Reporting Period, the Company continued to strengthen the coordination of liquidity risk management of its subsidiaries to enhance the liquidity risk management capability of its subsidiaries and improve the overall liquidity risk prevention and control of the Group.

#### 4. *Operational risk*

Operational risk refers to risk of losses which may be caused by weakness or problem existing in internal procedure, staff and information technology systems as well as by external events.

For operational risk management, the Company conducted careful review on the operational procedure based on its internal control procedure and identified operational risks in the procedure and categorized risks according to its management needs. Based on the impacts from and the possibilities of risks, the Company updated the assessment on the identified operational risks, and monitored the key operational risks by establishing key risk indicators. The Company has realized operational risk losses data collection and management with the operational risk losses reporting mechanism. In addition, the Company has completed the development of operational risk management system and realized the identification, evaluation, monitoring, measurement and reporting of operational risks. The Company has completed the implementation of operational risk management of its wholly-owned and controlled subsidiaries to align with the Parent Company.

## Section III Report of the Board

### 5. *Money laundering and terrorism financing risk*

Money laundering risk refers to the risk that the products or services of financial institutions are manipulated by criminals to engage in money laundering activities, which will adversely affect the Company in terms of law, reputation, compliance and operation.

During the Reporting Period, the Company accelerated the improvement of anti-money laundering discussion mechanism and work coordination mechanism, continuously advanced the construction of anti-money laundering internal control mechanism, and persistently organized and carried out key anti-money laundering tasks such as business money laundering risk assessment, customer due diligence, suspicious transaction identification, system effectiveness evaluation, anti-money laundering publicity, training, inspection and assessment. Firstly, we accelerated the improvement of the anti-money laundering discussion mechanism and work coordination mechanism, continuously improved the related work mechanism for senior management's review and decision-making on major anti-money laundering matters, and continuously promoted the anti-money laundering work coordination mechanism of the Company. Secondly, we solidly advanced the money laundering risk assessment work of businesses, comprehensively optimized the money laundering risk assessment indicator system of products and businesses, reorganized and classified all products and businesses and carried out risk assessment. Thirdly, we focused on promoting the due diligence work mechanism and continuously strengthened the control over high-risk clients. We sorted out and integrated the triggering scenarios of due diligence and strengthened the prevention of money laundering risks throughout the client's "entire life cycle". Fourthly, we carried out a special assessment of the effectiveness of the anti-money laundering system. Combining industry characteristics and actual business conditions, we continuously optimized the suspicious transaction monitoring indicator model, the money laundering risk assessment indicator model and the list monitoring logic. Fifthly, we focused on improving the anti-money laundering performance appraisal, publicity, training and inspection work mechanism. By organizing and conducting multi-level targeted anti-money laundering special inspections, training and performance evaluation, we continuously enhanced the effectiveness of anti-money laundering.

### 6. *Technology risk*

Information technology risk refers to the various degrees of security risks of various application systems, the underlying network on which they operate and the data and information they process arising in the Company's information construction due to potential software and hardware defects, system integration defects and potential weaknesses in information security management. These risks not only include technical defects and vulnerabilities, but also cover various aspects of information security management, such as system construction, system operation and maintenance and information security protection.

## Section III Report of the Board

The Company fully recognizes the importance of management, prevention and control of information technology risks in protecting our information assets, ensuring business continuity and maintaining information security. The IT Strategic Development and Governance Committee of the Company proposes and audits the IT management goals and development plans, formulates the IT annual budget, reviews the initiation, input and priorities of major IT projects, and estimates major IT projects and provides opinions. The Company has established a relatively sound information technology management system with supporting management processes, operating rules and other specific control measures. The Company has initiated the Capability Maturity Model Integration (CMMI) Level 3 assessment certification. By introducing the EPG process improvement mechanism, we have comprehensively reviewed and optimized the existing project management processes, identified and established a risk management database, promoted continuous improvement of the R&D processes and enhanced the Company's ability to manage project risks. At the same time, we have established systems such as the Software Project Management Measures and the Engineering Project Operation Guide to manage the whole life cycle of information systems development, testing, launch and decommissioning. For system operation and maintenance, we benchmarked against ISO20000 to establish systematic operation and maintenance management processes, including processes for incidents, changes and problems, achieving tiered approval. We have issued monthly operation reports, conducted annual capacity assessment and ensured reliable operation of the system. For information security, the Company has obtained ISO27001 information security certification. Every year, important information systems of the Company are assessed by third-party professional organizations in accordance with the requirements of equal protection. For emergency handling, we strictly follow regulatory requirements to conduct regular disaster preparedness drills and emergency plan drills, and each operation and maintenance team and each business department regularly conduct emergency drills for specific systems. For data governance, in order to strengthen personal information protection, the Company has appointed the Chief Information Officer (CIO) as the person responsible for personal information protection in the data governance structure. The CIO will be responsible for overseeing the implementation of personal information processing processes and protection measures to ensure compliance and effectiveness, thereby reducing data security risks. The Company continuously improves the client privacy policy, optimizes the methods and procedures for clients to exercise relevant legal rights, and strengthens the protection of clients' personal information. For data backup and recovery verification tasks, they are implemented in accordance with the annual plan, with monthly implementation, review and supervision. For system permission settings, they are operated in accordance with established procedures, with approval, records and filing. The Company regularly organizes supplier evaluation every year, and has established detailed management rules to manage the whole process of outsourcing personnel and control risks.

## Section III Report of the Board

The Company's compliance, risk control and internal audit departments conduct internal inspections, risk assessments or audits of the Information Technology Management Department every year. Every three years, a third-party audit firm conducts a special audit of the Company's information technology management. For the issues identified in various internal and external inspections and audits, the Company assigns dedicated personnel to implement rectification measures to reduce risks.

### 7. *Reputational risk*

Reputation risk mainly refers to the risk that due to the Company's operation or external events, and the violation of honest practice requirements, professional ethics, business norms, industry rules and regulations and other related behaviours by the staff, resulting in negative reviews of the Company by investors, issuers, regulatory authorities, self-regulatory organisations, the general public and the media, thereby damaging the brand value, adversely affecting the normal operation of the Company, and even affecting market stability and social stability.

During the Reporting Period, the Company did not encounter any material public sentiment events that had an impact on the reputation of the Company, certain sensitive events had been addressed efficiently and appropriately. The Company's reputation risk management is mainly reflected in the following aspects:

- (1) Further strengthen supervision on public sentiment, enable the whole process management of monitoring, early warning and tracking of reputational risk events, including early warning in advance, timely handling during the event, and tracking of response effectiveness afterwards; and quantify and visualise the reputational risk management capability.
- (2) Establishing a comprehensive system for reporting public sentiment. Monthly briefings on public sentiment are sent to key management of the Company and relevant situations are reported to the Board of the Company and higher-level entities through relevant departments to ensure that the Board and the management are aware of the level of reputational risk of the Company in a timely manner. For unexpected sensitive public sentiment, a special report on the analysis of public sentiment (usually in the form of a daily report) will be prepared and sent to the leaders and relevant departments of the Company in a timely manner.

## Section III Report of the Board

- (3) The reputation of staff members is incorporated into the human resources management system, and in the process of staff recruitment and subsequent staff management, appraisal and promotion, the human resources management department, together with the department responsible for reputational risk management, will examine and assess the historical reputation of staff members and use it as an important basis for judgement.
- (4) In order to effectively establish a reputation control and evaluation mechanism for staff, the Company has linked its reputation risk management system with performance and set up independent appraisal indicators to assess and evaluate each department and staff for the current period to strengthen reputation control.

In addition, like other financial institutions, the Company is inevitably exposed to certain degree of compliance risks, legal risks, moral risks, etc. during the operation and management process. The comprehensive risk management system implemented by the Company has fully covered such risk types, the corresponding responsible departments have been specified, the corresponding management systems have been established and the corresponding technical measures have been implemented.

The Company has formulated corresponding risk management policies and measures to identify and evaluate the above risks, sets appropriate risk limits and internal control processes, continuously monitors the above risks through reliable management and information systems, and strives to maintain such risks to be measurable, controllable and tolerable.

### **VI. THE COMPANY FAILED TO DISCLOSE INFORMATION ACCORDING TO THE STANDARDS DUE TO SPECIAL REASONS, E.G. NON-APPLICABILITY TO THE STANDARDS OR STATE SECRETS AND TRADE SECRETS AND THE DESCRIPTION OF RELEVANT REASONS**

The Company belongs to the financial securities industry, proprietary securities investment is the main business of the Company, the relevant securities position involves commercial confidentiality, and the Company has already disclosed the overall situation of proprietary securities investment in the relevant section, therefore, it has not disclosed the details in the standard format.

## Section IV Corporate Governance

### I. GENERAL MEETINGS OVERVIEW

| Session of the meeting      | Date of the meeting | Query index of the designated website for resolutions disclosure   | Date of resolutions disclosure | Resolutions of the meeting  |
|-----------------------------|---------------------|--|--------------------------------|-----------------------------|
| 2023 annual general meeting | 2024-05-10          | <a href="http://www.sse.com.cn">http://www.sse.com.cn</a><br><a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> | 2024-05-11<br>2024-05-10       | All resolutions were passed |

#### Explanation on general meetings

During the Reporting Period, the Company convened the 2023 annual general meeting at Meeting Room, 15/F, Orient Securities Building, No. 119 South Zhongshan Road, Shanghai, the PRC on May 10, 2024, at which two special resolutions, being the “Proposal Regarding the General Mandate to Issue Offshore Debt Financing Instruments of the Company” and the “Proposal Regarding the Amendments to the Articles of Association and its Annexes”, and 13 ordinary resolutions, being the “Report of the Board of the Company for the Year 2023”, the “Report of the Supervisory Committee of the Company for the Year 2023”, the “Work Report of the Independent Directors of the Company for the Year 2023”, the “Final Accounts Report of the Company for the Year 2023”, the “Profit Distribution Proposal of the Company for the Year 2023”, the “Proposal Regarding the Proprietary Business Scale of the Company in 2024”, the “Annual Report of the Company for the year 2023”, the “Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2024”, the “Proposal Regarding the Expected Provision of Guarantees by the Company in 2024”, the “Proposal Regarding the Engagement of Auditing Firms for the Year 2024”, the “Proposal Regarding Amendments to the Independent Director Policy of the Company”, the “Proposal Regarding Amendments to the Management Measures of Proceeds from Fund-raising Activities of the Company” and the “Proposal Regarding Amendments to the Management Measures of Related-party Transactions of the Company”. The relevant poll results were published on the website of the SSE (<http://www.sse.com.cn>), the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website (<http://www.dfzq.com.cn>) at the date of the meeting and on China Securities Journal, Shanghai Securities Journal (《上海證券報》), Securities Times (《證券時報》) and Securities Daily (《證券日報》) on May 11, 2024.

### II. DURING THE REPORTING PERIOD, THERE WERE NO CHANGES IN THE COMPANY’S DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## Section IV Corporate Governance

### III. DIRECTORS, SUPERVISORS AND OTHER INFORMATION

#### (i) Dealings in Securities by Directors, Supervisors and Relevant Employees

The Company has adopted the standards set out in the Model Code as the code of conduct regarding the securities transactions conducted by all Directors and Supervisors. Based on the specific enquiries of the Directors and Supervisors, all Directors and Supervisors confirmed that during the Reporting Period, all Directors and Supervisors have strictly complied with the standards stipulated by the Model Code. The Company also sets guidelines on the trading of securities by relevant employees (as defined in the Hong Kong Listing Rules), which are not less exacting than the Model Code. During the Reporting Period, the Company found no breaches of the relevant guidelines by the relevant employees. During the Reporting Period, no current or former Directors, Supervisors or senior management of the Company held shares or share options, or were granted restricted shares of the Company.

#### (ii) Material Changes in Relevant Information of Directors and Supervisors

1. Mr. Xia Lijun, an independent Supervisor of the Company, has ceased to serve as an independent director of Huatai Baoxing Fund Management Co., Ltd. (華泰保興基金管理有限公司) since March 2024.
2. Mr. Wu Junhao, a shareholder representative Supervisor of the Company, has served as the vice chairman and executive director of Shenergy Property & Casualty Insurance Co., Ltd. (申能財產保險股份有限公司) since April 2024, and served as the secretary to the Board of Shenergy Property & Casualty Insurance Co., Ltd. since July 2024.
3. Ms. Zhu Jing, an employee representative Director of the Company, has ceased to serve as the director of union office of the Company since May 2024.
4. Mr. Xu Yongmiao, a shareholder representative Supervisor of the Company, has served as an executive director and general manager of Shanghai Post Science Research Institute (上海郵政科學研究院有限公司) since June 2024.
5. Mr. Luo Xinyu, an independent non-executive Director of the Company, has served as a director of Luoyang Industrial Holdings Group Co., Ltd. (洛陽工業控股集團有限公司) since June 2024.
6. Mr. Du Weihua, the vice chairman of the Supervisory Committee of the Company, has ceased to serve as the deputy secretary of the CPC party committee and the secretary of the discipline inspection commission since July 2024.
7. Mr. Shen Guangjun, a shareholder representative Supervisor of the Company, has ceased to serve as the executive deputy general manager of Shanghai Construction Group (Hainan) Investment Co., Ltd. (上海建工集團(海南)投資有限公司) from July 2024 and the chairman of SCG Yiyun Technology Co., Ltd. (上海建工羿雲科技有限公司) from August 2024, and has served as a director of Shanghai Tower Construction and Development Co., Ltd. (上海中心大廈建設發展有限公司) since August 2024.

Save as disclosed above, in accordance with Rule 13.51B of the Hong Kong Listing Rules, there was no material change in the information of Directors, Supervisors and senior management of the Company during the Reporting Period.

## Section IV Corporate Governance

### (iii) Service Contracts of Directors and Supervisors

The Company has not entered and does not recommend to enter into any service contracts with any Directors or Supervisors in their respective capacity as Director/Supervisor (except those that expire or may be terminated by the employer within one year without payment of compensation (other than statutory compensation)).

### (iv) Employees and Remuneration Policy

As at June 30, 2024, the Company had a total of 8,313 employees (including brokers), including 5,426 in the Parent Company and 2,887 in its wholly-owned and controlling subsidiaries.

The Company implements a market-oriented and performance-based remuneration system to ensure that remuneration aligns with the value of positions, performance contributions and market levels. The Company always adheres to the concept of stable operation, and closely integrating remuneration management with risk management. It has formulated an incentive and restraint mechanism that aligns with risk levels, characteristics and duration to ensure the effective implementation of comprehensive risk management. This approach ensures effective coordination between the remuneration restraint mechanism and compliance management, preventing compliance risks arising from excessive and short-term incentives. The Company incorporates professional conduct, honest practice, compliance and risk control, social responsibility performance, quality of customer services and long-term interests of shareholders into its remuneration management. At the same time, it establishes and improves remuneration management system tailored to business characteristics, enhancing its ability to serve the real economy and national strategies. The Company practices the industry culture of “compliance, integrity, professionalism and stability”, and integrates it into remuneration management. We rely on high-quality talents with both integrity and ability to create value for the Company and the society, and promote the sustainable development of the Company and the industry. The Company continued to deepen the two-way linkage between remuneration, economic benefits and labour efficiency levels, continuously optimised and standardized the order of income distribution, deepened the performance concept of value contribution and performance output and continued to improve the performance incentive mechanism.

## Section IV Corporate Governance

Pursuant to the applicable laws and regulations, the Company enters into a labour contract with each of its employees to establish an employment relationship. The labour contract contains the provisions relating to a contract term, working hours, rest and vacation, labour remuneration and insurance benefits, labour protection and conditions, as well as modification and termination of the contract.

In accordance with the applicable laws and regulations, the Company establishes various social insurance schemes (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and housing provident fund for its employees. It made contributions to the above social insurance and housing provident fund on time and in full. Meanwhile, the Company, in accordance with the applicable PRC regulations, also established a corporate annuity system and supplementary medical insurance system to provide employees with supplementary pension and medical benefits.

### (v) Training Programs

During the Reporting Period, the Company continued to focus on the medium and long-term mission of “focusing on capacity building and systematically creating a strong engine for talent development”, the Company carried out diversified brand training programmes in a flexible manner according to the characteristics of career development and stage capacity development requirements of employees at different levels and combining with the requirements of industry culture construction, and continued to improve the hierarchical and classified training system to help improve the comprehensive ability of cadres and employees and strengthen the value and sense of gain of training.

## IV. OTHER INFORMATION ON CORPORATE GOVERNANCE

As a public company listed in both Mainland China and Hong Kong, the Company has operated its business in a standard manner and in strict compliance with the requirements under the relevant laws, regulations and regulatory documents in the places where the shares of the Company are listed. The Company has made great efforts to maintain and improve the Company’s good image in the market. During the Reporting Period, the Company strictly complied with the requirements under the PRC Company Law, the PRC Securities Law, the Promulgation of the Regulations on the Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies, the Code of Corporate Governance for Listed Companies, the Corporate Governance Code and other relevant laws and regulations as well as the Articles of Association, and the corporate governance standards were continuously improved. The governance structure of “general meeting of Shareholders, the Board, the Supervisory Committee and senior management” of the Company promised clear separation of powers and duties, effective balance of authority and scientific decisions, and therefore guaranteed the scientific and regulated operating of the Company. The Company kept on optimizing the establishment of the internal control management system, which enhanced the integrity, reasonableness and effectiveness of the internal control function. For a long time, the Company has been working on the continuous enhancement of the corporate governance structure and system building.

## Section IV Corporate Governance

During the Reporting Period, the operation and management of the Company were standardized and orderly, enabling the Company to continuously optimize its rules and procedures in strict compliance with the relevant requirements under laws and regulations and regulatory documents. During the Reporting Period, according to the Administrative Measures for Independent Director of Listed Companies, the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends Distribution of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and the Guidelines for Self-Regulation for Listed Companies on the Shanghai Stock Exchange No.1 – Standardized Operation, the Company systematically reviewed and promptly amended the Articles of Association, the Independent Director System of the Company, Management Measures for Raised Funds of the Company, Management Measures for Related Party Transactions of the Company, and the Terms of Reference of Special Committees of the Board of the Company. During the Reporting Period, the Company convened 1 general meeting, 4 meetings of the Board, 2 meetings of the Supervisory Committee, 1 meeting of the Strategic Development Committee, 2 meetings of the Compliance and Risk Management Committee, 2 meetings of the Remuneration and Nomination Committee, 3 meetings of the Audit Committee, and 1 special meeting of Independent Directors. The convening procedures and voting procedures of the general meetings, Board meetings and meetings of the Supervisory Committee of the Company were legal and valid. During the Reporting Period, the Company continuously strengthened the investor relationship management and information disclosure, hence the investor relationship management was regulated and professional, and the information disclosed was true, accurate, complete, timely and fair, which enhanced the transparency of the Company continuously. By the formulation, continuous improvement and effective implementation of systems, the corporate governance structure of the Company became more standardized and the level of corporate governance kept on improving. There was no discrepancy between the actual corporate governance of the Company and the requirements of the PRC Company Law and relevant regulations of the CSRC. In addition, the Company strictly complied with all code provisions set out in Part 2 of the Corporate Governance Code and met most of the requirements for the recommended best practices set out in Part 2 of the Corporate Governance Code. There was no discrepancy between the actual corporate governance of the Company and the requirements of the PRC Company Law, relevant regulations of the CSRC and the Corporate Governance Code.

### (i) Shareholders and general meetings

The Company convened and held the general meetings in strict compliance with the requirements under the Articles of Association and Rules of Procedure for Shareholders' General Meetings, to ensure that all shareholders were treated equally and were able to fully exercise their rights.

## Section IV Corporate Governance

### (ii) Directors and the Board

The Company appointed and changed its Directors in strict compliance with the provisions of the Articles of Association. The composition and qualification of the Directors were in compliance with the applicable laws and regulations. As at the end of the Reporting Period, the Board comprised 13 Directors, among whom three were executive Directors, namely Mr. Jin Wenzhong, Mr. Gong Dexiong and Mr. Lu Weiming, four were non-executive Directors, namely Mr. Yu Xuechun, Mr. Zhou Donghui, Ms. Li Yun and Mr. Ren Zhixiang, five were independent non-executive Directors, namely Mr. Wu Hong, Mr. Feng Xingdong, Mr. Luo Xinyu, Mr. Chan Hon and Mr. Zhu Kai, and one was employee representative Director, namely Ms. Zhu Jing. All Directors are able to perform their duties in due diligence and protect the interests of the Company and the shareholders as a whole. The Strategic Development Committee, Audit Committee, Compliance and Risk Management Committee, Remuneration and Nomination Committee of the Board were assigned specific duties, clear authorization and responsibilities, and operated in high efficiency. The Audit Committee and the Remuneration and Nomination Committee were chaired by an independent non-executive Director, and comprised exclusively non-executive Directors with over half of the members being independent non-executive Directors; the convenor of the special meeting of Independent Directors shall be the chairman of Audit Committee of the Board.

The Audit Committee was established under the Board, which is in compliance with the relevant requirements of the CSRC, SSE and Hong Kong Listing Rules. As at the end of the Reporting Period, the Audit Committee comprised five members, namely, Mr. Zhu Kai, Mr. Yu Xuechun, Mr. Zhou Donghui, Mr. Feng Xingdong and Mr. Luo Xinyu. The Audit Committee is mainly responsible for facilitating communication between the internal and external auditors of the Company, supervision and review of the audit process, and provision of professional advice to the Board. The Audit Committee has reviewed and confirmed the 2024 interim financial report of the Company.

### (iii) Supervisors and Supervisory Committee

The Supervisory Committee of the Company currently comprises eight Supervisors, among whom three are employee representative Supervisors, four are shareholder representative Supervisors and one is an independent Supervisor. The qualification of the Supervisors and the composition of the Supervisory Committee are in compliance with relevant laws and regulations. All Supervisors of the Company are able to perform their duties in due diligence, take accountability to shareholders, monitor the legality and compliance of the duty performance of the finance department, Board members and senior management of the Company, and provide recommendations and suggestions to the Board and senior management regarding relevant matters.

## Section IV Corporate Governance

### (iv) Senior management

Procedures for the appointment of the senior management of the Company are in compliance with the rules under the PRC Company Law and the Articles of Association. The senior management of the Company conducts business in compliance with laws, regulations and authorizations from the Board, with a view to maximizing shareholders' value and social benefits.

### (v) Investors' relationship management work progress

The Company attaches great importance to investor relations management and regards the maintenance and management of investor relations as one of the most important deployments of the Company's future capital strategy. By upholding the work philosophy of "Sincerity, Professionalism and Compliance", the Company has formed an investor relations team led by the secretary of the Board to build a two-way communication channel with investors. The Company has established an Investor Relationship work system, mechanism and procedures. Through the dedicated investor hotline, e-mail, "Investor Relations" column of the company website, WeChat official account of "Orient Securities Investor Relation Platform", teleconferences, on-site reception, online interaction, investor meeting, results release press conference, performance roadshow and the E-interactive platform launched by the SSE, the Company strengthens communication with investors. In addition, the Company carefully considers the opinions and suggestions of investors and makes every effort to promote high-quality development.

During the Reporting Period, the Company successfully held the results presentations for the year of 2023 by way of video and online interaction, explained the performance and professionally and promptly answered the questions from investors via video, actively showed the Company's strengths and highlights, and maintained communication with analysts and investors by attending securities dealers' strategy meetings and hosting research visits and other roadshow activities, with 22 roadshow communication activities being conducted. In addition, the Company arranged designated personnel to answer the investor hotline and addressed questions, patiently answered 44 questions from various investors through "SSE E-Information" platform, and published 9 articles with graphics and photos related to the Company's operation on the WeChat official account of "Orient Securities Investor Relation Platform", thereby increasing recognition by investors and facilitating synergies between investors and the Company through multiple channels. Meanwhile, market concerns were regularly reported by the Company to the senior management team, thus building a two-way communication channel between investors and the management of the Company. During the Reporting Period, the Company won various awards including the "Best Practices for the Investor Relations Management of Listed Companies" by China Association of Listed Companies and the "Investor Relations Management Tianma Award" by Securities Times, which effectively enhanced the Company's market reputation and influence.

## Section IV Corporate Governance

During the Reporting Period, the Company held results presentations and was invited to participate in securities dealers' strategy meetings and other exchange activities as follows:

| <b>Date of event</b> | <b>Venue of event</b> | <b>Communication methods</b> | <b>Communication targets</b>   | <b>Communication content</b>   |
|----------------------|-----------------------|------------------------------|--|--|
| January 4, 2024      | Shanghai              | On-site communication        | Investors invited to the 2024 annual strategy meeting of Dongwu Securities                     | The Company's operation, business characteristics and highlights, long-term development strategy, etc. |
| February 27, 2024    | Shanghai              | On-site communication        | Investors invited to the 2024 spring listed company exchange meeting of Shenwan Hongyuan       |  |
| February 28, 2024    | Beijing               | On-site communication        | Investors invited to the 2024 spring industry chain closed-door meeting of Founder Securities  |  |
| February 29, 2024    | Shanghai              | On-site communication        | Investors invited to the spring meeting of listed companies of Kaiyuan Securities              |  |
| March 8, 2024        | Guangzhou             | On-site communication        | Investors invited to the 2024 spring capital forum of GF Securities                            |  |
| March 28, 2024       | Online                | Video and online interaction | 2023 annual results presentation of the Company  |  |
| May 13, 2024         | Online                | Teleconference               | Results presentation of the first quarter of 2024  |  |
| June 4, 2024         | Shanghai              | On-site communication        | Investors invited to the 2024 interim investment summit of Huatai Securities                   |  |
| June 5, 2024         | Shanghai              | On-site communication        | Investors invited to the 2024 interim listed company exchange meeting of Everbright Securities |  |

## Section IV Corporate Governance

| <b>Date of event</b> | <b>Venue of event</b> | <b>Communication methods</b> | <b>Communication targets</b>  | <b>Communication content</b> |
|----------------------|-----------------------|------------------------------|---|------------------------------|
| June 5, 2024         | Shanghai              | On-site communication        | Investors invited to the 2024 capital forum of CITIC Securities               |                              |
| June 12, 2024        | Online                | Teleconference               | Investors invited to the 2024 interim strategy meeting of Sinolink Securities |                              |
| June 19, 2024        | Shanghai              | On-site communication        | Investors invited to the 2024 summer strategy meeting of Shenwan Hongyuan     |                              |

During the Reporting Period, the Company maintained communication with securities dealer analysts, institutional investors and individual investors as follows:

| <b>Date of event</b> | <b>Method of communication</b>                          | <b>Communication targets</b>   | <b>Content of communication</b>  |
|----------------------|---|--|--|
| First half of 2024   | Phone calls, text messages, on-site communication, etc. | Guotai Junan, CICC, CSC Financial, Dongwu Securities, Cinda Securities, HSBC Securities, E Fund, China Southern Asset Management, Wideview Asset, and other institutions, as well as small and medium investors who communicated with the Company through channels such as the investment relations hotline and the investment relations e-mail. | The Company's operation, business characteristics and highlights, long-term development strategy, etc. |

## Section IV Corporate Governance

### (vi) Information disclosure

The Company properly carried out information disclosure and was able to disclose relevant information in a manner that was true, accurate, complete, timely and fair and in strict accordance with the applicable laws, regulations and regulatory documents in the PRC and Hong Kong where its shares are listed. According to relevant information disclosure rules such as the Regulatory Guidelines for Listed Companies No. 5 – Insider Registration and Management System of Listed Companies and the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies issued by the CSRC and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Guidelines of Shanghai Stock Exchange of Self-Regulation for Listed Companies No. 2 – Management of Information Disclosure and Guidelines of Shanghai Stock Exchange of Self-Regulation for Listed Companies No. 5 – Transactions and Related Transactions issued by the SSE, the Company reviewed its management system and adjusted relevant regulations and rules of the Company accordingly.

## V. PROPOSAL ON PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE FUND INTO SHARE CAPITAL

### Proposal on profit distribution or conversion of capital reserve fund into share capital during the first half of year

|   |      |
|---|------|
| Whether to distribute or transfer or not              | Yes  |
| Dividend for every 10 shares (RMB) (inclusive of tax) | 0.75 |

#### Explanation on the Proposal on Profit Distribution or Conversion of Capital Reserve Fund into Share Capital

For the First Half of 2024 profit distribution plan of the Company: Based on the total share capital of the Company on the record date of the dividend distribution, a cash dividend of RMB0.75 (inclusive of tax) for every 10 shares will be distributed to A Shareholders and H Shareholders who are registered on the record date of the dividend distribution. For the First Half of 2024 profit distribution plan of the Company is subject to approval by the shareholders of the Company at the extraordinary general meeting.

In accordance with the relevant provisions of the Guidelines of Shanghai Stock Exchange of Self-Regulation for Listed Companies No. 7 – Repurchase of Shares, the A shares of the Company in the designated securities account for repurchase of the Company shall not be entitled to dividend distribution. Based on the Company's total share capital of 8,496,645,292 shares as of June 30, 2024, after deducting 34,843,324 shares in the repurchase account as of the disclosure date of the report, the total amount of cash dividends to be distributed is RMB634,635,147.60, accounting for 30.06% of the net profit attributable to the owners of the Parent Company in the first half of 2024 consolidated statements.

## Section IV Corporate Governance

The Company will disclose in due course, among other things, further details regarding the expected timetable and arrangement for closure of register of H Shareholders in respect of the proposed payment of interim dividend for the purpose of ascertaining shareholders' entitlement to the payment of interim dividend by the Company.

### VI. THE COMPANY'S SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPACTS

#### Employee Stock Ownership Plan

##### 1. *Overview of the H Share employee stock ownership plan of the Company*

In order to establish and improve the benefit co-sharing mechanism between employees and the Company, improve the cohesion among employees and the competitiveness of the Company, attract and retain quality talents, promote the long-term, sustainable and healthy development of the Company, and maximize the interests of the Company, shareholders and employees, the Company implemented the H Share employee stock ownership plan in 2020.

At the 20th meeting of the 4th session of the Board, the 15th meeting of the 4th session of the Supervisory Committee and the 2020 first extraordinary general meeting, the Proposal in relation to the Employee Stock Ownership Plan (Draft) and Abstracts of 東方證券股份有限公司 and the Proposal in relation to the Authorization to the Board to Fully Handle Matters Related to the Employee Stock Ownership Plan were considered and approved. On July 7, 2020, the 4th plenary meeting of the third session of the employee congress of the Company was convened, at which the Proposal in relation to the Employee Stock Ownership Plan (Draft) and Abstracts of 東方證券股份有限公司 was considered and approved. The actual number of participants in the employee stock ownership plan of the Company is 3,588. The total amount of funds raised is RMB316,657,000, of which the subscription amount of Directors, Supervisors and senior management personnel of the Company accounts for 8.27% of the total amount of the employee stock ownership plan. The funds of the employee stock ownership plan shall be paid by the employees with their lawful remunerations, self-raised funds and other sources as permitted under the laws and regulations. China Universal was entrusted to manage the employee stock ownership plan as the asset management agency.

On July 23, 2020, the first meeting of the holders of the Company's employee stock ownership plan was convened through online voting, at which the Proposal on Election of Members of the Employee Stock Ownership Plan Management Committee of 東方證券股份有限公司 and the Proposal on Authorizing the Employee Stock Ownership Plan Management Committee of 東方證券股份有限公司 to Handle Matters Related to the Employee Stock Ownership Plan were considered and approved.

## Section IV Corporate Governance

The H Share employee stock ownership plan of the Company has completed the acquisition of all subject shares and relevant transfer and registration on December 24, 2020. In particular, “DFZQ ESOP Single Asset Management Scheme No. 1” and “DFZQ ESOP Single Asset Management Scheme No. 2” acquired a total of 65,906,800 H Shares of the Company in the secondary market, accounting for 0.942% of the total share capital of the Company and 6.417% of the H Share capital of the Company, at total consideration of RMB0.30 billion, and the remaining fund will be used for liquidity management.

According to the Employee Stock Ownership Plan of 東方證券股份有限公司, the lock-up period of the subject shares purchased under the H Share employee stock ownership plan of the Company shall be 12 months, which expired on December 24, 2021. The asset management agency of the employee stock ownership plan may decide whether to sell the shares at the discretion of the holders of the employee stock ownership plan.

The Company’s H Share employee stock ownership plan shall have a term of 5 years commencing from the date of consideration and approval of this Employee Stock Ownership Plan at the general meeting of the Company (July 13, 2020). The term of the Employee Stock Ownership Plan may be extended upon consideration at a meeting of the holders of the Employee Stock Ownership Plan and submission to the Board of the Company for approval. If the term of the Employee Stock Ownership Plan is not validly extended upon expiry, the Employee Stock Ownership Plan shall be terminated automatically.

### ***2. Total number of shares held under the employee stock ownership plan during the Reporting Period and as a percentage of the total share capital of the Company***

The lock-up period of the subject shares purchased under the H share employee stock ownership plan of the Company expired on December 24, 2021, and certain holders withdrew from the employee stock ownership plan at their own discretion, resulting in changes in the number of holders, the number of shares held and the percentage of shares held under the employee stock ownership plan. The scope of the employee stock ownership plan covers the Company and its holding subsidiaries. As at the end of the Reporting Period, the employee stock ownership plan had a total of 1,900 holders holding a total of 30,978,800 shares, representing 0.3646% of the total share capital of the Company.

The Company will continue to pay attention to the implementation progress of the Employee Stock Ownership Plan and perform its information disclosure obligations in a timely manner in accordance with the requirements of relevant laws and regulations.

## Section IV Corporate Governance

### **3. Sources of funds for implementation of the plan during the Reporting Period**

The funds of the employee stock ownership plan shall be paid by the employees with their lawful remunerations, self-raised funds and other sources as permitted under the laws and regulations.

### **4. Change of asset management agency during the Reporting Period**

During the Reporting Period, there was no change of asset management agency of the Company's employee stock ownership plan.

### **5. Disposal of shares held by the holders of the employee stock ownership plan when they resign, retire, decease, or are no longer suitable for participating in the stock ownership plan or other disposal other than those mentioned above**

During the Reporting Period, the Company acted strictly in accordance with the provisions of the employee stock ownership plan in the event that the holders become unsuitable to participate in the employee stock ownership plan during the validity period of the plan.

### **6. Changes in the composition of the management committee of the employee stock ownership plan**

During the Reporting Period, there was no change in the composition of the management committee of the employee stock ownership plan of the Company.

The Company will strictly adhere to the market trading rules, continuously monitor the implementation and progress of the employee stock ownership plan of the Company, and perform its obligation of information disclosure under relevant regulations in a timely manner.

The Company had no other incentive measures during the Reporting Period.

## Section V Environmental and Social Responsibilities

### I. INFORMATION ON ENVIRONMENTAL PROTECTION

The Company operates in financial securities industry and is a non-key emission company. The Company has always advocated and carried out the concept of “green office, low-carbon life”, continuously improved energy-saving, environmental protection and efficient management mode, and implemented the concept of green environmental protection in the Company’s management process. During the Reporting Period, the Company did not identify any significant violations related to environmental protection.

#### (i) Information on activities that are conducive to protecting the ecosystem, preventing and controlling pollution, and performing environmental responsibility

The Company attaches great importance to protecting the ecosystem, preventing pollution and fulfilling its environmental responsibilities. We deeply embed the concept of sustainable development into every aspect of corporate daily operations, implement more refined management measures, organize the employees to participate in environmental protection activities, actively spread the concept of sustainable development, comprehensively drive the green development model and practice corporate environmental responsibilities.

In terms of strengthening refined management, the Company actively carried out various energy saving and emission reduction actions, further accelerated the construction of green server rooms, promoted the renewal of old high-energy-consuming equipments, and significantly reduced the energy consumption of server rooms. We also piloted a paperless meeting system on some floors, including electronic nameplates, PAD display of meeting materials, electronic note transmission, and backend meeting data storage, promoting the digitization of files and processes. We continuously promoted “zero waste” buildings and “zero waste” meetings to reduce greenhouse gas emissions and avoid environmental pollution.

For employee environmental protection activities, the Company launched a series of environmental initiatives for its employees through various internal communication channels. In addition, the Company also carried out various environmental protection activities such as coffee grounds recycling, used clothes recycling, plastic reduction activities for employees to redeem environmentally friendly recycled goods, Earth Day and World Environment Day, calling on employees to practice sustainable lifestyle and consumption behaviour.

## Section V Environmental and Social Responsibilities

To spread sustainable development ideas, the Company actively carried out multi-channel promotion to spread the concept of green development to customers, partners and other stakeholders. The Company's official subscription account "Orient Securities Release" launched a series of reports on "Sustainable Development" and "Exploring Orient", continuously demonstrated the Company's actions and achievements in energy saving and emission reduction, responding to climate change and performing corporate social responsibilities, and simultaneously launched the "Exploring Orient" series on external media such as The Paper (《澎湃新聞》) to convey the concept of sustainable development and demonstrate the Company's commitment to responsibility.

### (ii) Measures taken to reduce its carbon emissions during the Reporting Period and their effects

Based on the national strategic goal of "carbon peaking and carbon neutrality", the Company practiced green and low-carbon operation, actively promoted the innovation of green financial products, services and models, implemented "green finance" to safeguard natural resources and the environment, and strived to build a green culture brand with the characteristics of DFZQ, thereby mobilizing our employees, clients, investors, the public and other stakeholders to implement the concept of green development from the inside out.

In terms of organizational safeguards, the Company has established a Green Finance Working Group under the Sustainable Development Committee. This group is responsible for formulating the Company's green finance development plan and policy framework, promoting the Company's green finance services and product innovation, managing green finance-related risks and ensuring proper disclosure of green finance information. The Company formed a Green Finance Youth Task Force to support the goal of "carbon peaking and carbon neutrality", aiming to drive the development of the Company's green finance business with the power of youth, demonstrating the Company's social responsibility and the commitment of our young employees. The Company will also incorporate the development of green finance business into the annual performance evaluation system of relevant departments, and combining with the characteristics of green finance business, improve the long-term evaluation mechanism for green investments and the quality control system for green financing projects.

In terms of development strategy, the Company formulated and released the "Action Plan for the Development of Green Finance by DFZQ". With the guiding ideology of fully implementing the spirit of the Central Financial Work Conference and the fundamental purpose of exerting functionality of financial institutions and serving the national strategy of "carbon peaking and carbon neutrality", the plan focuses on actively seizing green transformation development opportunities, improving the green finance service system in multiple areas and comprehensively enhancing the level of green finance services, proposes the Company's guiding principles, basic principles, main objectives, business areas and supporting guarantee mechanism for developing green finance.

## Section V Environmental and Social Responsibilities

In terms of business development, the Company supported the development of the green finance market, created the DFZQ CFETS Joint Classification Directory Green Bond Basket, continuously and deeply participated in ESG-themed bond underwriting and market-making business, and was elected as a supervisory unit of the Carbon Action Alliance. The Company continuously enhanced our position in the carbon finance industry, successfully implemented the first batch of Shanghai carbon quota repurchase transactions and held the third “Double Carbon Planet Species” Sustainable Innovation Competition. We are committed to building a first-class modern investment bank, providing clients with full-cycle, full-chain green financial services, continuously deepening green finance practice and innovation and actively creating a differentiated competitive advantage in energy investment banking.

In terms of low-carbon operations, as a financial institution, the Company had no material impact on the environment and natural resources. At the same time, we actively promoted a low-carbon and environmentally friendly operation mode and working mode, continuously advanced the implementation of energy saving and environmental protection systems, established a daily energy consumption ledger and constantly monitored energy consumption data. The 2024 annual work meeting is the Company’s first “carbon neutrality” meeting, aiming to maximize resource conservation, protect the environment and reduce pollution.

In terms of concept dissemination, the Company advocated green concepts and facilitated the implementation of the “green office and low-carbon lifestyle” concept by launching the “Plastic Reduction Plan” and the “Sustainable Development” series of reports on its official WeChat subscription account. At the 2024 Shanghai International Carbon Neutrality Expo, the Company held the roundtable forum on “Challenges and Opportunities of Implementing Localized ESG Practices in China’s Multi-level REITs Market” and themed salon on “New Opportunities for Green Investment in the Context of Carbon Emission Reduction”, which demonstrated the Company’s development direction in the field of green finance and brought new perspectives, new thoughts and new inspirations to the audience.

## Section V Environmental and Social Responsibilities

### II. INFORMATION ON CONSOLIDATING AND EXPANDING THE RESULTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

During the Reporting Period, the Company actively responded to the national call and the initiative of the Securities Association of China of “consolidating and expanding the achievements in pair-up assistance and taking up the new task of promoting rural revitalization”, thoroughly implemented the spirit of relevant documents, deeply consolidated the achievements in poverty alleviation and promotes rural revitalization in various aspects such as industry assistance, public welfare assistance and consumption-driven support.

As of the end of the Reporting Period, the Company and its subsidiaries had signed twinning assistance agreements with 40 areas, including Morin Banner in Inner Mongolia, Tongyu County in Jilin Province, Jingle County in Shanxi Province, Muchuan County in Sichuan Province, Wufeng County in Hubei Province, Yanchi County in Ningxia Province, Yanchang County in Shaanxi Province, Qin’an County in Gansu Province, Luding County in Sichuan Province, Mitun Village, Pulandian District in Liaoning Province, Jinggu County in Yunnan Province, Lancang County in Yunnan Province, Menglian County in Yunnan Province, Nankang City in Jiangxi Province, Funing County in Yunnan Province, Suibin County in Heilongjiang Province, Maigaiti in Xinjiang, Tongbai County in Henan Province, Shangdu County in Inner Mongolia, Nanxiong City in Guangdong Province, Lindian County in Heilongjiang Province, Xichou County in Yunnan Province, Li County in Gansu Province, Neixiang County in Henan Province, Lankao County in Henan Province, Jinggangshan City in Jiangxi Province, Ruijin City in Jiangxi Province, Chenxi County in Hunan Province, Tongjiang City in Heilongjiang Province, Raoh County in Heilongjiang Province, Shimen County in Hunan Province, Anhua County in Hunan Province, Rucheng County in Hunan Province, Xupu County in Hunan Province, Quanzhou County in Guangxi Province, Anlong County in Guizhou Province, Shule County in Xinjiang and Qiongzong County in Hainan Province, Shache County in Xinjiang, and Gaozhou City in Guangdong Province to carry out relevant tasks of rural revitalization.

During the Reporting Period, the Company and its subsidiaries invested a total of approximately RMB6.05 million in consolidating poverty alleviation results and promoting rural revitalization and carried out a total of 30 projects of various types, including 5 industry assistance projects, 5 financial assistance projects, 6 public welfare assistance projects, 8 consumption assistance projects and 6 organizational assistance projects.

In the future, the Company will continue to implement the rural revitalization strategy, continuously improve the mechanism and processes of assistance work, and promote sustainable development in rural areas with high-quality assistance results through various means such as industry assistance, financial assistance, educational assistance and ecological assistance.

## Section VI Significant Events

### I. PERFORMANCE OF UNDERTAKINGS

#### (i) Undertakings made by the Company's de facto controller, shareholders, related parties, acquirers, the Company and other related undertakers during the Reporting Period or subsisting in the Reporting Period

| Background of undertaking                           | Type of undertaking                          | Covenantor     | Content of undertaking   | Date of undertaking | Subject to expiry | Validity period of undertaking                                   | Whether strictly performed in a timely manner | If not performed in a timely manner, describe the specific reasons | If not performed in a timely manner, describe plans in the next step |
|---|--|----------------|--|---------------------|-------------------|--|---|--|--|
| Undertakings in relation to initial public offering | To solve the problem of industry competition | Shenergy Group | Shenergy Group has issued the Commitment Letter of Avoiding industry competition to the Company and undertook that it and the companies and enterprises under its direct or indirect control would not participate in any form of business or operation that compete or might compete with the Company and its subsidiaries. | February 8, 2014    | Yes               | After the public offering and listing of A Shares of the Company | Yes   | /  | /  |

## Section VI Significant Events

| Background of undertaking | Type of undertaking                                | Covenantor     | Content of undertaking   | Date of undertaking | Subject to expiry | Validity period of undertaking                                   | Whether strictly performed in a timely manner | If not performed in a timely manner, describe the specific reasons | If not performed in a timely manner, describe plans in the next step |
|---------------------------|--|----------------|--|---------------------|-------------------|--|---|--|--|
|                           | To solve the problem of related party transactions | Shenergy Group | Shenergy Group and the companies and enterprises under its direct or indirect control will take every effort to avoid and regulate related party transactions with DFZQ and its subsidiaries; for those related party transactions that cannot be avoided or are necessary, the price of the related party transactions will be determined in accordance with the principles of fairness, openness and equity to ensure the fairness of the related party transactions. If Shenergy Group breaches the above undertaking to regulate related party transactions with the issuer, Shenergy Group shall cease to receive shareholders' dividends from the issuer from the date of the breach of the relevant undertaking and shall not transfer its shares in the issuer until the corresponding measures have been taken and implemented in accordance with the above undertaking; if the issuer or other investors suffer loss as a result of the failure to comply with the undertaking to regulate the related party transactions, compensation shall be made to the issuer or other investors in accordance with relevant laws. | February 8, 2014    | Yes               | After the public offering and listing of A Shares of the Company | Yes   | /  | /  |

## Section VI Significant Events

| Background of undertaking               | Type of undertaking | Covenantor     | Content of undertaking  | Date of undertaking | Subject to expiry | Validity period of undertaking   | Whether strictly performed in a timely manner | If not performed in a timely manner, describe the specific reasons | If not performed in a timely manner, describe plans in the next step |
|---|---------------------|----------------|---|---------------------|-------------------|--|---|--|--|
| Undertakings in relation to refinancing | Other               | Shenergy Group | The undertaking regarding the effective implementation of the immediate return remedial measures for the Company's the Rights Issue. Shenergy Group has undertaken not to interfere with the Company's operation and management activities beyond its authority and not to embezzle the interests of the Company. | March 24, 2021      | Yes               | During the period when Shenergy Group remains as the largest shareholder | Yes   | /  | /  |

**II. NO APPROPRIATION OF FUNDS ON A NON-OPERATING BASIS BY THE COMPANY'S CONTROLLING SHAREHOLDERS OR OTHER RELATED PARTIES HAS OCCURRED DURING THE REPORTING PERIOD**

**III. DURING THE REPORTING PERIOD, THE COMPANY DID NOT PROVIDE ANY NON-COMPLIANCE GUARANTEE**

## Section VI Significant Events

### IV. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company was not involved in any material litigation or arbitration that involved claims of over RMB10 million and accounting for more than 10% of the absolute value of the Company's net assets as audited in the latest financial statements, which shall be disclosed in accordance with the requirements under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. The Company did not encounter any issues commonly questioned by media during the Reporting Period.

#### 1. Existing litigations and arbitrations

As of the end of the Reporting Period, the existing major litigations and arbitrations (representing nearly 90% of the total litigation and arbitration of the Company) in which the Company is involved are as follows:

| Plaintiff | Defendant  | Type of the litigation/arbitration | Cause of action  | Amount involved  | Case Progress  |
|-----------|--|------------------------------------|--|--|--|
| DFZQ      | Shanghai Yutai Dengshuo Investment Center (Limited Partnership) (上海郁泰登頓投資中心(有限合夥)) and the guarantors, being Shanghai Fuxing Industrial Group Co., Ltd. (上海阜興實業集團有限公司) and Shanghai Yutai Investment Management Co., Ltd. (上海郁泰投資管理有限公司) | Litigation                         | Shanghai Yutai Dengshuo Investment Center (Limited Partnership) conducted the share collateralized repurchase transaction with the Company by the shares of "Blivex (保力新)" (formerly known as "Jianrui Woneng (堅瑞沃能)") held by it in September 2016 and Shanghai Fuxing Industrial Group Co., Ltd. and Shanghai Yutai Investment Management Co., Ltd. provided the joint guarantee. The above-mentioned transaction has been in default. | Principal of RMB170 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | According to the enforcement certificates issued by the notary public's office to Yutai Dengshuo and Fuxing Industrial, the case was filed with enforcement procedure in Shanghai No.2 Intermediate People's Court in August 2018. By early 2020, partial repayment was enforced through the courts.<br><br>In March 2020, the Company filed a lawsuit against Shanghai Yutai Investment Management Co., Ltd. (上海郁泰投資管理有限公司), the guarantor, in the Shanghai Financial Court in respect of the disposal of the underpaid part of the pledged shares. Due to the involvement of the principal debtors, Yutai Dengshuo and Fuxing Industrial, in other cases, the Shanghai Financial Court has adjourned the hearing of the Yutai Investment guarantee contract litigation. In June 2023, the guarantee contract litigation was assigned to the Jing'an District Court. In August 2023, the Company went to the Jing'an Court to have a conversation and sign a written record. In May 2024, the Company sent an application for opposition to enforcement to the court. |

## Section VI Significant Events

| Plaintiff | Defendant | Type of the litigation/ arbitration | Cause of action   | Amount involved  | Case Progress   |
|-----------|-----------|-------------------------------------|---|--|---|
| DFZQ      | Xu Leilei | Litigation                          | Xu Leilei conducted the share collateralized repurchase transaction with the Company by the restricted shares of "Royal Group" (002329) held by her since November 2016. The above-mentioned transaction has been in default. | Principal of RMB119 million and interest, delayed interest, penalty interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | According to the enforcement certificate issued by the notary public's office to Xu Leilei, the case was filed with enforcement procedure in Beijing No. 3 Intermediate People's Court in October 2019. In December, the execution settlement agreement was reached between the Company and the party subject to enforcement. However, due to the defendant's failure to repay the loan in accordance with the agreement, the Company applied for resumption of the enforcement in January 2020. The Nanning Intermediate People's Court, the first sealing court for the pledged shares, temporarily declined to transfer the right of disposal on the grounds that the first sealing case had not yet been concluded. The first sealed case on the dispute between Royal Group and Xu Leilei over performance compensation entered into a retrial procedure in September 2020, with the Company responding as a third party, and Nanning Intermediate People's Court issued a judgment in February 2021 that the Company had the right to pledge the relevant disputed shares and Royal Group was entitled to claim cash compensation from Xu Leilei for the portion of shares that cannot be repurchased by Royal Group for this reason. Royal Group appealed against this. In November 2021, the Guangxi High Court made the second instance judgment that considered the pledge right held by the Company could not prevent Royal Group's request for repurchase at RMB1. In December 2021, the Company applied to the Supreme Court for a retrial and filed an enforcement objection with the Nanning Intermediate People's Court regarding non-transfer. In July 2022, the Supreme Court made a retrial ruling. Although the retrial application was rejected for procedural reasons, it was clearly determined that the Company's pledge right had priority over the creditor's rights. In September 2022, the Company received the ruling on the objection to the enforcement from the Nanning Intermediate People's Court: The court, based on the Supreme Court's ruling in favor of the Company, revoked the enforcement ruling in the enforcement case. In November 2022, Royal Group filed the case for reconsideration of the ruling on the objection to the enforcement. In April 2023, the Guangxi High Court made a ruling on the review of the objection to the enforcement: it revoked the ruling on the objection to the enforcement made by the Nanning Intermediate People's Court that was in favor of the Company. In June 2023, the Company sent the enforcement supervision materials regarding the review ruling to the Supreme Court. In April 2024, we received a Notice of Enforcement Supervision issued by the Supreme Court, and this case has been assigned to the Enforcement Bureau of the Guangxi High Court for further review by the Supreme Court. |

## Section VI Significant Events

| Plaintiff | Defendant  | Type of the litigation/ arbitration | Cause of action  | Amount involved  | Case Progress  |
|-----------|--|-------------------------------------|--|--|--|
| DFZQ      | Zhuhai Zhongzhu Group Co., Ltd. (珠海中珠集團股份有限公司) and Zhuhai S.E.Z. Dezheng Group Co., Ltd. (珠海經濟特區德正集團有限公司), the guarantor | Litigation                          | Zhuhai Zhongzhu Group Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "ST Zhongzhu (ST中珠)" (formerly known as "Zhongzhu Medical (中珠醫療)") held by it since November 2017, which was guaranteed by Zhuhai S.E.Z. Dezheng Group Co., Ltd. with its immovable assets. The above-mentioned transaction has been in default. | Principal of RMB461 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | In April 2021, the lawsuit was filed in the Shanghai Financial Court. In February 2022, a first instance judgment in favor of the Company was received. In March 2022, the defendant filed an appeal. In September 2022, the Shanghai High Court delivered the second instance judgment, which upheld the original verdict. In November 2022, the enforcement case was accepted by the Shanghai Financial Court. In April 2023, the disposal of all the pledged shares on the new bulk trading platform was completed. In June 2023, the Company received the enforcement payment. In August 2023, the auction of the collateral was initiated, but after multiple rounds of unsuccessful auctions, the Company received the final ruling at the end of February 2024. In May 2024, an application was made to the Shanghai Financial Court for resumption of enforcement. |

## Section VI Significant Events

| Plaintiff | Defendant                             | Type of the litigation/arbitration | Cause of action  | Amount involved  | Case Progress   |
|-----------|---------------------------------------|------------------------------------|--|--|---|
| DFZQ      | Xu Wei and Teng Yingqi, the guarantor | Litigation                         | Xu Wei conducted the share collateralized repurchase transaction with the Company by the shares of "R Tensyn (R 騰信 1)" (formerly "Tensyn (騰信 股份)") held by him since September 2017 and Teng Yingqi provided the joint guarantee for the transaction. The above-mentioned transaction has been in default. | Principal of RMB483 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | In May 2021, the lawsuit was filed in the Shanghai Financial Court. In June 2022, the court ruled in favour of the Company in the first instance judgment. In July 2022, the guarantor, appealed and in August 2022, the Shanghai High Court accepted the guarantor's appeal, after which the Company signed a letter of intent for settlement with the counterparties and the Shanghai High Court subsequently ruled to allow the withdrawal of the appeal and the first instance judgment came into effect. In September 2022, the enforcement case was accepted by the Shanghai Financial Court. In November 2022, the Company signed an enforcement settlement agreement with the counterparties under the auspices of the Shanghai Financial Court. In December 2022, the defendant confirmed that they were unable to perform the agreement and the Company subsequently filed an application with the Shanghai Financial Court for resumption of enforcement and judicial auction, together with an application for restriction on large spending, inclusion in list of defaulted executes and other measures against defendant. In June 2023, the first auction failed. Due to delisting of shares, the case will continue after completing the board transfer. In July 2023, the Company received the final ruling from the court and applied to resume enforcement upon the completion of the board transfer. In September 2023, the board transfer of shares of "R Tensyn 1 (R 騰信 1)" was completed and the shares were listed for trading on September 8. Subsequently, the Company submitted application materials for resumption of enforcement to the Shanghai Financial Court. In October 2023, the enforcement of this case was resumed. In December 2023, the Company received the enforcement ruling on the pledged shares which have been disposed of. In May 2024, Shanghai Financial Court issued an auction announcement. In June 2024, after the first auction of pledged shares failed, the court issued a second auction announcement, and the second auction will take place in July 2024. |

## Section VI Significant Events

| Plaintiff | Defendant | Type of the litigation/arbitration | Cause of action  | Amount involved  | Case Progress  |
|-----------|-----------|------------------------------------|--|--|--|
| DFZQ      | Zeng Zhuo | Litigation                         | Zeng Zhuo conducted the share collateralized repurchase transaction with the Company by the shares of "Xinning Logistics (新寧物流)" held by him since July 2016. The above-mentioned transaction has been in default. | Principal of RMB166 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | <p>In respect of the notarized transactions, according to the enforcement certificates issued by the notary public's office to Zeng Zhuo, the case was filed with enforcement procedure in Suzhou Kunshan District Court in November 2021. In November 2022, the Kunshan Court ruled to sell the pledged shares by auction. In December 2022, the auction was completed. From June 2023 to January 2024, the court successively granted a portion of enforcement payment to the Company.</p> <p>In respect of the unnotarized transactions, in November 2021, an application was filed with the Shenzhen Futian District Court to realise the security interest. In January 2022, the court ruled that the pledged shares be sold by auction and the Company has priority in repayment with the auction proceeds. In May 2022, the application for enforcement against Zeng Zhuo for realisation of security interest was filed with the Kunshan Court, and shall be handled together with the above case of enforcing the notarized debt instruments.</p> |

## Section VI Significant Events

| Plaintiff | Defendant   | Type of the litigation/arbitration | Cause of action   | Amount involved  | Case Progress  |
|-----------|---|------------------------------------|---|--|--|
| DFZQ      | Xinjiang Maiquer Group Co., Ltd. (新疆麥趣爾集團有限責任公司) and Xinjiang Hengjia Property Co., Ltd. (新疆恒佳房地產開發有限公司), the guarantor | Litigation                         | Xinjiang Maiquer Group Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "Maiquer (麥趣爾)" held by it since March 2015, which was guaranteed by Xinjiang Hengjia Property Co., Ltd. (新疆恒佳房地產開發有限公司) with its immovable assets. The above-mentioned transaction has been in default. | Principal of RMB303 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | The lawsuit was filed in the Shanghai Financial Court in August 2022. In July 2023, the court ruled in favour of the Company in the first instance judgment. The counterparty appealed in August 2023. In September 2023, a second instance judgment was filed in Shanghai High Court. In November 2023, the Company received a second instance judgment: the appeal was dismissed, upholding the original judgment, and the first instance judgment has come into effect. In December 2023, the case was filed with enforcement procedure. From February to March 2024, as per the court's request, coordinated lawyers conducted on-site due diligence on the mortgaged real estate under the name of the party subject to enforcement and submitted newly retrieved pledged shares inquiry receipts to the court. In May 2024, the Company received the ruling on the auction of the shares involved in the case. In June 2024, regarding the appraisal of the real estate in the name of Hengjia Company (恒佳公司), as Hengjia Company (恒佳公司) always failed to cooperate in providing the necessary materials for the appraisal, the court issued an investigation order as requested by the Company. |
| DFZQ      | Qingdao Yaxing Industry Co., Ltd. (青島亞星實業有限公司)  | Litigation                         | Qingdao Yaxing Industry Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "R Capstone 1 (深大通1)" (formerly known as "Shenzhen Capstone (深大通)") held by it since March 2016. The above-mentioned transaction has been in default.   | Principal of RMB653 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | According to the enforcement certificates issued by the notary public's office to Qingdao Yaxing, an enforcement case was filed in the Shenzhen Intermediate Court in August 2022. In October 2022, the Shenzhen Intermediate Court issued a disposal ruling. In November 2022, Qingdao Yaxing filed an objection to the enforcement, after which the court agreed the Company to continue to enforcement on the guarantee provided by the Company on its own credit. In January 2023, the pledged shares were listed for auction. In February 2023, the first auction of the pledged shares failed. In June 2023, the court ordered a second auction of the pledged shares. Subsequently, the second auction of the pledged shares failed. In July 2023, the Shenzhen Intermediate Court ruled to terminate the enforcement procedure, and subsequently the application for resumption of enforcement will be made upon the completion of the board transfer.   |

## Section VI Significant Events

| Plaintiff | Defendant   | Type of the litigation/arbitration | Cause of action  | Amount involved  | Case Progress   |
|-----------|-------------|------------------------------------|--|--|---|
| DFZQ      | Jiang Jian  | Litigation                         | Jiang Jian conducted the share collateralized repurchase transaction with the Company by the shares of “R Capstone 1 (“R大通1)” (formerly known as “Shenzhen Capstone (深大通)”) held by it since June 2016. The above-mentioned transaction has been in default.   | Principal of RMB261 million and interest, default penalty, and other expenses for the realization of creditors’ rights are payable but unpaid. | According to the enforcement certificates issued by the notary public’s office to Jiang Jian, an enforcement case was filed in the Shenzhen Intermediate Court in September 2022. In February 2023, the Company received the auction ruling. In June 2023, the pledged stocks were delisted. In December 2023, the Court ruled to terminate the enforcement procedure as the pledged shares were still at the evaluation stage and could not be disposed of and there were no property clues available for enforcement. Subsequently, the application for resumption of execution will be made upon the completion of the board transfer. |
| DFZQ      | Zhu Lanying | Litigation                         | Zhu Lanying conducted the share collateralized repurchase transaction with the Company by the shares of “R Capstone 1 (“R大通1)” (formerly known as “Shenzhen Capstone (深大通)”) held by it since March 2016. The above-mentioned transaction has been in default. | Principal of RMB346 million and interest, default penalty, and other expenses for the realization of creditors’ rights are payable but unpaid. | According to the enforcement certificates issued by the notary public’s office to Zhu Lanying, an enforcement case was filed in the Shenzhen Intermediate Court in September 2022. In June 2023, the pledged shares were delisted. In November 2023, the Court ruled to terminate the enforcement procedure as the pledged shares were still at the evaluation stage and could not be disposed of and there were no property clues available for enforcement. Subsequently, the application for resumption of execution will be made upon the completion of the board transfer.   |

## Section VI Significant Events

| Plaintiff | Defendant   | Type of the litigation/arbitration | Cause of action  | Amount involved  | Case Progress   |
|-----------|---|------------------------------------|--|--|---|
| DFZQ      | Shanxi Shengnong Investment Co., Ltd. (山西盛農投資有限公司) and its guarantor Ren Yongqing (任永青) | Litigation                         | Shanxi Shengnong Investment Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of “GoodySci-Tech (顯地科技)” held by it since September 2016, and Ren Yongqing provided the joint guarantee for the transaction. The above-mentioned transaction has been in default.  | Principal of RMB215 million and interest, default penalty, and other expenses for the realization of creditors’ rights.                        | The lawsuit was filed in the Shanghai Financial Court in November 2022. In May 2023, the judgment of the first instance in favour of the Company was received. In June, the guarantor appealed to the Shanghai High Court, and the second instance was accepted by the Shanghai High Court in July. In September 2023, the Guarantor submitted an application for extension of the trial period to the Shanghai High Court. At the end of November, the guarantor applied to the Shanghai High Court for withdrawal of the appeal. In December, the Company received the second instance ruling from the Shanghai High Court, which ruled that the guarantor was allowed to withdraw the appeal, and the first instance judgment came into effect. In January 2024, the case was filed for enforcement in January 2024. In May 2024, the Shanghai Financial Court issued an announcement for the auction of pledged shares, the judicial auction will be held in July 2024. |
| DFZQ      | Li Zongsong   | Litigation (against the guarantor) | Xinyi Bikang New Pharmaceutical Industry Complex Investment Co., Ltd., the debtor, conducted the share collateralized repurchase transaction with the Company by the shares of “Bikang 3 (必康3)” (formerly known as “Bikang Share (必康股份)”) held by it since March 2016 and Li Zongsong provided the joint guarantee for the transaction. The above-mentioned transaction has been in default. | Principal of RMB199 million and interest, default penalty, and other expenses for the realization of creditors’ rights are payable but unpaid. | The lawsuit was filed in the Xi’an Intermediate Court in June 2023. In February 2024, the court ruled in favour of the Company in the first instance judgment. In June 2024, the enforcement case was filed.  |

## Section VI Significant Events

| Plaintiff | Defendant  | Type of the litigation/ arbitration | Cause of action  | Amount involved  | Case Progress   |
|-----------|--|-------------------------------------|--|--|---|
| DFZQ      | Li Zongsong  | Litigation (against the guarantor)  | Shaanxi Beidu New Material Technology Co., Ltd., the debtor, conducted the share collateralized repurchase transaction with the Company by the shares of "Bikang 3 (必康3)" (formerly known as "Bikang Share (必康股份)") held by it since April 2016 and Li Zongsong provided the joint guarantee for the transaction. The above-mentioned transaction has been in default. | Principal of RMB86 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid.  | In June 2023, the lawsuit was filed in the Shanghai Financial Court. In December 2023, the court ruled in favour of the Company in the first instance judgment. In February 2024, the enforcement case was filed.   |
| DFZQ      | Nantong Qiyi Investment Co., Ltd. (南通琦藝投資有限公司)   | Litigation                          | Nantong Qiyi Investment Co., Ltd. conducted the stock-pledged repurchase transaction with the Company with the shares of "R Global 1 (R環球1)" (formerly known as "Shangying Global (商贏環球)") held by it since October 2016. The above-mentioned transaction has been in default.   | Principal of RMB256 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | According to the enforcement certificates issued by the notary public's office to Nantong Qiyi, an enforcement case was filed in the Shanghai Financial Court in December 2023. In March 2024, the Company received the enforcement ruling on the conversion of shares. In May 2024, the Shanghai Financial Court announced the auction of the pledged shares. In June 2024, the auction of pledged shares failed.      |
| DFZQ      | Nantong Hongxiang Equity Investment Partnership (Limited Partnership) (南通泓翔股權投資合夥企業(有限合夥)) | Litigation                          | Nantong Hongxiang Equity Investment Partnership (Limited Partnership) conducted the stock-pledged repurchase transaction with the Company with the shares of "R Global 1 (R環球1)" (formerly known as "Shangying Global (商贏環球)") held by it since October 2016. The above-mentioned transaction has been in default.   | Principal of RMB117 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | According to the enforcement certificates issued by the notary public's office to Nantong Hongxiang, an enforcement case was filed in the Shanghai Financial Court in December 2023. In March 2024, the Company received the enforcement ruling on the conversion of shares. In May 2024, the Shanghai Financial Court announced the auction of the pledged shares. In June 2024, the auction of pledged shares failed. |

## Section VI Significant Events

| Plaintiff               | Defendant   | Type of the litigation/arbitration | Cause of action   | Amount involved  | Case Progress  |
|-------------------------|---|------------------------------------|---|--|--|
| DFZQ                    | Jiangsu Caihao Investment Co., Ltd. (江蘇彩浩投資有限公司)                  | Litigation                         | Jiangsu Caihao Investment Co., Ltd. conducted the stock-pledged repurchase transaction with the Company with the shares of "R Global 1 (R環球1)" (formerly known as "Shangying Global (商贏環球)") held by it since October 2016. The above-mentioned transaction has been in default.  | Principal of RMB267 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | According to the enforcement certificates issued by the notary public's office to Jiangsu Caihao, an enforcement case was filed in the Shanghai Financial Court in December 2023. In March 2024, the Company received the enforcement ruling on the conversion of shares. In May 2024, the Shanghai Financial Court announced the auction of the pledged shares. In June 2024, the auction of pledged shares failed.   |
| Orient Finance Holdings | China Vered Asset Management (Hong Kong) Limited (中薇資產管理(香港)有限公司) | Litigation                         | Orient Finance Holdings invested in the CM Shareholder Value Fund SVF (中民股東價值基金SVF) in 2016. In 2020, the fund manager changed shareholders, with CM Financial (中民金融) being renamed as China Vered Financial (中薇金融), and the manager being renamed from CM Asset Management (中民資管) to CVAM (中薇資管). In May 2021, Orient Finance Holdings initiated a full redemption request to the fund manager. CVAM failed to process the redemption request. In June 2022, Orient Finance Holdings filed a default lawsuit on the grounds that CVAM failed to satisfy the full redemption requirements of Orient Finance Holdings in accordance with the fund management contract. | Principal of USD17 million to be repaid  | In June 2022, Orient Finance Holdings officially filed a lawsuit against CVAM and the Fund. After the preliminary hearing in September 2023, the court ruled at the request of Orient Finance Holdings that CVAM must submit an internal investigation report. CVAM appealed against this court order. In March 2024, CVAM lost its appeal, and Orient Finance Holdings received the related investigation report. In the future, Orient Finance Holdings will continue to promote the progress of the case. |

## Section VI Significant Events

### 2. Closed litigations and arbitrations

During the Reporting Period, the closed litigations and arbitrations of the Company are as follows:

| Plaintiff | Defendant   | Category of the litigation and arbitration | Reason   | Amount involved  | Progress   |
|-----------|---|--|--|--|--|
| DFZQ      | Shanghai Zhonglu (Group) Co., Ltd. (上海中路(集團)有限公司) | Litigation                                 | Shanghai Zhonglu (Group) Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "Zhonglu Share (中路股份)" held by it since November 2014. The above-mentioned transaction has been in default. | Principal of RMB599 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | Two cases were filed due to different versions of the master transaction agreement:<br><br>The lawsuit of the transaction under the old version of the master agreement was filed in the Shanghai Financial Court in November 2021. In August 2022, the court ruled in favour of the Company in the first instance judgment. The defendant appealed in September. In January 2023, the Shanghai High Court delivered the second instance judgement, which upheld the original judgement and dismissed the appeal. In February 2023, the case was filed with the Shanghai Financial Court for enforcement. From July to September 2023, after disposals through new bulk platform for three times, most of the pledged shares were disposed of, and there was fractional share remaining. The Company has submitted an application for debt set-off to the court. In December 2023, the debt set-off ruling on the remaining fractional share was received and the transfer was completed, and a portion of enforcement payment granted by the court was received. In February 2024, the Company applied to the court for the return of the remaining amount of the case. In March 2024, the Company received a plan for the distribution of the enforcement property from the court, which ruled that the remaining amount shall be fully repaid to the Company. In May 2024, the Company received the remaining amount of the case as mentioned above, and the court ruled to terminate the enforcement procedure. The case was closed. |

## Section VI Significant Events

| Plaintiff | Defendant  | Category of the litigation and arbitration | Reason   | Amount involved  | Progress  |
|-----------|--|--|--|--|---|
|           |  |  |  |  | The lawsuit of the transaction under the new version of the master agreement was filed in the Shanghai Huangpu District Court in March 2022 and the court ruled in favour of the Company in the first instance judgment in November. In April 2023, a case was filed with the Huangpu Court for enforcement. The pledged shares were sold at auction in two batches in October and December 2023, and two batches of enforcement payments from the auction transactions of the pledged shares were received at the end of December. In March 2024, the court ruled to terminate the enforcement procedure. The case was closed. |
| DFZQ      | Dunhua Kangping Investment Co., Ltd. (敦化市康平投資有限責任公司) | Litigation                                 | Dunhua Kangping Investment Co., Ltd. conducted the share collateralized repurchase transaction with the Company by the shares of "Zixin 3" (formerly known as "Zixin Pharmaceutical (紫鑫藥業)") held by it since September 2016. The above-mentioned transaction has been in default. | Principal of RMB239 million and interest, default penalty, and other expenses for the realization of creditors' rights are payable but unpaid. | The lawsuit was filed in the Shanghai Financial Court in March 2022 and the court ruled in favour of the Company in the first instance judgment in January 2023. In March 2023, the case was filed with enforcement procedure in the Shanghai Financial Court. In December 2023, the Company submitted an application for a split auction to the court. In February 2024, the pledged shares were sold at auction. In April 2024, the Company received the execution payment, and the court ruled to terminate the enforcement procedure. The case is closed.   |

## Section VI Significant Events

### V. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY, PUNISHMENT ON AND RECTIFICATION OF THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

The Company has no controlling shareholders or de factor controllers. During the Reporting Period, the Company and its Directors, Supervisors and senior management personnel were not investigated by competent authorities, taken compulsory measures by judicial organs or discipline inspection departments, transferred to judicial authorities or investigated for criminal responsibilities, filed for investigation or administrative punishment by the CSRC, banned from access to market, identified as an unsuitable person, imposed material administrative punishment by other administrative departments such as environmental protection, safety supervision and taxation departments, or publicly condemned by stock exchanges.

## Section VI Significant Events

During the Reporting Period, the Company was subject to administrative and regulatory measures taken by the CSRC as follows:

In February 2024, the Shanghai Bureau of the CSRC issued a warning letter to the Company, noting that the Company failed to establish a comprehensive risk indicator system covering overseas subsidiaries and failed to urge overseas subsidiaries to effectively implement risk management requirements. The Company failed to conduct collective discussions on relevant proposals of overseas subsidiaries, and failed to carry out exit audits for certain senior management of overseas subsidiaries. The Shanghai Bureau of the CSRC also determined that the vice president of the Company, who concurrently serves as the chairman of Orient Securities International, a wholly-owned subsidiary of the Company, is responsible for the aforementioned violations of the Company, and has implemented an administrative supervision measure by issuing a warning letter to him personally. The Company attached great importance to the issues mentioned in the above letter, actively responded to them, meticulously formulated rectification measures, and continuously tracked and promoted the implementation. The Company will carry out rectification in the following aspects: 1. Timely incorporate the risk limits of each subsidiary into the Group's risk control indicator management system to improve the risk limit system of overseas subsidiaries, and closely monitor loss limits; 2. Strengthen the effectiveness of risk management for overseas subsidiaries, enhance risk identification and disposal capabilities, and improve the inspection mechanism; 3. Effectively improve and solidify the collective discussion procedures for major matters of overseas subsidiaries; 4. Further clarify the standardized requirements for the audit procedures of departing senior management of overseas subsidiaries. Going forward, the Company will continuously improve the comprehensive risk management system for its overseas subsidiaries and enhance the level of refined risk management to ensure that the development of various business activities complies with regulatory requirements.

In June 2024, the Jiangsu Bureau of the CSRC issued a warning letter to Orient Investment Banking, a wholly-owned subsidiary of the Company, noting that Orient Investment Banking failed to diligently perform its related duties and submitted materials that were inconsistent with the actual situation during the advisory work for the Jibot Intelligent Project. The Company has taken the following measures regarding the issues mentioned in the regulatory letter: 1. The Company organized relevant business departments and project teams, as well as the internal control department, to identify problems and analyze the causes of the penalized issues and risks. Based on the causes, corresponding measures were studied, including refining relevant business details, clarifying practice requirements, and improving related internal control measures. By learning from these issues, the Company aims to avoid similar risks and improve the quality of investment banking projects. 2. The Company has initiated compliance accountability and risk accountability procedures, conducting accountability investigations on all personnel involved in the violation matters, ensuring clear responsibility management and leveraging the warning effect of the accountability mechanism.

## Section VI Significant Events

### VI. EXPLANATIONS ON CREDIT WORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

The Company's largest shareholder is Shenergy Group. During the Reporting Period, the Company maintained excellent creditworthiness and there were no cases such as non-performance of an effective court judgment or any large obligation or liability remaining unpaid passed their maturity date.

### VII. MATERIAL RELATED PARTY/CONNECTED TRANSACTIONS

During the Reporting Period, the Company had no material related party/connected transactions nor non-operating related/connected credits and debts.

#### (i) Related party transactions/non-exempt connected transactions related to daily operation

##### *1 Continuing related party/connected transactions between the Group and Shenergy Group and its associates*

Reference is made to the announcement of the Company dated March 27, 2024 in relation to the continuing connected transactions. The Company entered into the continuing connected transaction framework agreement with Shenergy Group on March 27, 2024 in relation to the Company and its subsidiaries and Shenergy Group and its associates for a term commencing on January 1, 2024 and ending on December 31, 2026. As at the date of this report, Shenergy Group holds approximately 26.63% of the issued share capital of the Company. According to Rule 14A.07(1) of the Hong Kong Listing Rules, Shenergy Group and its associates are connected persons of the Company. During the Reporting Period, the Company carried out related party/connected transactions in strict compliance with the "Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2024" considered and approved at the 2023 annual general meeting and the "Resolution on the Signing of the 2024-2026 Connected Transaction Framework Agreement with Shenergy (Group) Company Limited" considered and approved at the 33rd meeting of the fifth session of the Board, and relevant terms are fair and reasonable and in the interest of the listed issuer and its shareholders as a whole. The relevant implementation is set out in the following table:

## Section VI Significant Events

Unit: '0000 Currency: RMB

| Types of transaction                           | Items of transaction   | Brief description of related business or matters   | Related party/<br>connected person | Projected<br>annual cap | Actual amount |
|--|--|--|------------------------------------|-------------------------|---------------|
| Securities and financial services              | Total income received by the Group for the provision of securities and financial services to Shenergy and its associates   | The Group obtains income from providing services such as securities and futures brokerage, underwriting and sponsoring services to them, as well as earnings from investing in the bonds they issue. |                                    | 10,000.00               | 474.29        |
|  | Total expenditures paid by the Group for receiving securities and financial services provided by Shenergy and its associates or providing Shenergy and its associates with securities and financial services | The Company pays interest on the deposits from clients for providing services such as securities and futures brokerage.  | Shenergy and its associates        | 8,000.00                | 1.47          |
| Securities and financial products transactions | Total capital inflow from securities and financial products transactions between the Group and Shenergy Group and its associates   | The Group engages in carbon repurchase transactions with it.   |                                    | 30,000.00               | 42.57         |
|  | Total capital outflow from securities and financial products transactions between the Group and Shenergy Group and its associates  | N/A  |                                    | 30,000.00               | -             |
| Purchase of goods and services                 | Total expenses paid by the Group for purchase of goods and services from Shenergy Group and its associates   | The Group receives its services such as property management and gas supply.  |                                    | 5,000.00                | 1,045.93      |

**Note:**

- (1) In the first half of 2024, the related-party/connected transactions between the Group and Shenergy Group and its associates accounted for a small proportion of the Group's similar transactions.
- (2) Associates of Shenergy Group mainly include subsidiaries (50% – controlled companies) of Shenergy Group, 30% – controlled companies held by Shenergy Group and its subsidiaries and any subsidiaries under such 30% – controlled companies.

## Section VI Significant Events

### 2 Related party transactions between the Group and other related parties

During the Reporting Period, the Company carried out related-party transactions in strict compliance with the annual transaction amount caps stipulated in the “Proposal Regarding the Projected Routine Related Party Transactions of the Company in 2024” reviewed and approved at the 2023 annual general meeting. The relevant implementation is set out in the following table:

Unit: '0000 Currency: RMB

| Type of transaction                        | Items of transaction      | Brief description of related business or matters  | Related party                                       | Projected amount  | Actual amount |
|--|---------------------------|---|---|---|---------------|
|  | Fee and commission income | The Group charges fees and commissions for providing services such as securities futures brokerage, securities underwriting, financial advisory and other services. | China Universal Asset Management Company Limited    |   | 672.33        |
|  |                           |   | Great Wall Fund Management Co., Ltd.                |   | 54.83         |
|  |                           |   | China Zheshang Bank Co., Ltd.                       | Subject to the actual amount due to unpredictable transaction volume.           | 19.81         |
|  |                           |   | Chengtay Financial Leasing (Shanghai) Co., Ltd.     |   | 11.23         |
|  |                           |   | Shanghai Shangbao Asset Management Co., Ltd.        |   | 0.20          |
|  |                           |   | Related/connected natural person                    |   | 0.25          |
| Securities and financial products services | Interest income           | The Group holds the bonds issued by the related parties and earns interest income.  | China Zheshang Bank Co., Ltd.                       |   | 407.17        |
|  |                           |   | Chengtay Financial Leasing (Shanghai) Co., Ltd.     |   | 103.96        |
|  |                           |   | Haitong Securities Co., Ltd.                        |   | 94.43         |
|  |                           |   | China Securities Credit Investment Co., Ltd.        | Subject to the actual amount due to unpredictability of size and term of bonds. | 70.55         |
|  |                           |   | Hangzhou Industrial Investment Group Co., Ltd.      |   | 1.03          |
|  |                           |   | Kunshan Culture Business Tourism Group Co., Ltd.    |   | 0.16          |
|  |                           |   | Luoyang Guohong Investment Holdings Group Co., Ltd. |   | 0.07          |

## Section VI Significant Events

| Type of transaction           | Items of transaction   | Brief description of related business or matters              | Related party  | Projected amount  | Actual amount |
|-------------------------------|--|---|--|---|---------------|
| Investment income             | The Group obtained income from investing securities, funds, insurance and other products issued by the related parties.              | China Zheshang Bank Co., Ltd.                                 |  |   | 876.52        |
|                               |  | Haitong Securities Co., Ltd.                                  |  |   | 90.66         |
|                               |  | Shanghai XinHua Media Co., Ltd.                               |  |   | 2.36          |
|                               |  | China Pacific Life Insurance Co., Ltd                         |  |   | 1.60          |
|                               |  | Shanghai Jinqiao Export Processing Zone Development Co., Ltd. |  |   | 0.77          |
|                               |  | Shanghai Electric Group Company Limited                       |  |   | 0.60          |
|                               |  | Ningbo Development Investment Group Co., Ltd.                 |  | Subject to the actual amount due to unpredictability of size and yields of securities and other products. | 0.38          |
|                               |  | Kunshan Culture Business Tourism Group Co., Ltd.              |  |   | (0.02)        |
|                               |  | Luoyang Guohong Investment Holdings Group Co., Ltd.           |  |   | (0.04)        |
|                               |  | Hangzhou Industrial Investment Group Co., Ltd.                |  |   | (0.21)        |
|                               |  | Shanghai Zhenhua Heavy Industries (Group) Co., Ltd.           |  |   | (1.67)        |
|                               |  | Shenzhen Huitai Medical Equipment Co., Ltd.                   |  |   | (2.10)        |
|                               |  | Shanghai Tongji Science & Technology Industrial Co., Ltd.     |  |   | (2.94)        |
|                               |  | Fee and commission expenses                                   | The Group pays product distribution expenses for receiving products distribution services. | Haitong Securities Co., Ltd.  |               |
| China Zheshang Bank Co., Ltd. |  |   |  |   | 16.63         |
| Interest expense              | The Group pays interest on the deposits from clients for providing services such as securities futures brokerage and other services. | China Universal Asset Management Company Limited              |  | Subject to the actual amount due to unpredictability of size of borrowings and deposits from clients.     | 0.20          |
|                               |  | Shanghai Shangbao Asset Management Co., Ltd.                  |  |   | 0.11          |
|                               |  | Related/connected natural person                              |  |   | 0.45          |

## Section VI Significant Events

| Type of transaction                            | Items of transaction  | Brief description of related business or matters   | Related party   | Projected amount  | Actual amount   |
|--|---|--|---|---|---|
| Securities and financial products transactions | Financial assets at fair value through profit or loss, equity instruments at fair value through other comprehensive income, debt instruments at fair value through other comprehensive income | The Group's book value of holding equity, debt and others issued by the related parties (as issuers) at the end of the period. | China Securities Credit Investment Co., Ltd.<br>China Zheshang Bank Co., Ltd.<br>Great Wall Fund Management Co., Ltd.<br>Chengtay Financial Leasing (Shanghai) Co., Ltd.<br>Haitong Securities Co., Ltd.<br>China Pacific Life Insurance Co., Ltd.<br>Shenzhen Huitai Medical Equipment Co., Ltd.<br>China Pacific Insurance (Group) Co., Ltd.<br>Shanghai Zhenhua Heavy Industries (Group) Co., Ltd.<br>Shanghai Jinqiao Export Processing Zone Development Co., Ltd.<br>Shanghai Tongji Science & Technology Industrial Co., Ltd. | Subject to the actual amount due to unpredictability of transaction and the volume. | 38,974.28<br>35,089.15<br>24,375.12<br>15,616.78<br>5,143.47<br>4,273.34<br>377.88<br>139.02<br>59.27<br>0.10<br>0.07 |

### Notes:

- (1) The inter-group transactions and the transactions with their parent companies of the subsidiaries who have a control relationship and are incorporated in the Company's consolidated financial statements were offset.
- (2) In the first half of 2024, the related party transactions between the Group and other related parties accounted for a small proportion of the Group's similar transactions.
- (3) The related/connected natural persons include: natural persons who directly or indirectly hold more than 5% of the shares of the listed company; Directors, Supervisors and senior management of the Company; close family members of the above-mentioned persons. All the applicable percentage ratios for aforesaid transactions calculated fall below the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules, these transactions therefore will be fully exempted from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

## Section VI Significant Events

### 3 *Transaction categories and pricing policies for related-party/connected transactions*

The Group expects to conduct transactions with securities/financial products and intermediary services with related/connected parties, specific transaction categories and pricing policies are as follows:

#### 3.1 *Securities and Financial Services*

Securities and financial products services include but not limited to, the following services: securities, futures brokerage; lease of trading seats; sales of securities and financial products; underwriting and sponsoring; financial advisor; custodian asset management; settlement and sale of foreign exchange; securities financing business; asset custody; securities and financial advisory and consulting; insurance, etc.

The pricing principles for securities and financial products services are determined by the parties based on the relevant service fees and in accordance with the relevant applicable laws and regulations with reference to the prevailing market rates. In particular:

- Securities and futures brokerage services – As the commission rate for brokerage services is generally transparent and standardized in the market, such rate shall be determined after arm's length negotiations between the parties with reference to the requirements of relevant laws and regulations, the commission rate applicable to independent third parties and the estimated size of broker transaction;
- Lease of trading seats – The service fee of lease of trading seats shall be determined after arm's length negotiations between the parties with reference to the fees applicable to independent third parties;
- Securities and financial products sales services – Factors determining service fees include market prices, industry practices and total sales of financial products with reference to the level of fees charged by the Group for sales of products of similar types and nature;
- Underwriting and sponsoring services – The underwriting and sponsoring services market is highly competitive and the service rates and related fees are highly transparent and standardized. The service fees shall be determined after arm's length negotiations between the parties with reference to the requirements of relevant laws and regulations, taking into account various factors, including prevailing market conditions, the size of the proposed issue, general market rates for recent issues of similar nature and size, and the fees applicable to independent third parties for similar services;

## Section VI Significant Events

- Financial advisory services – The fees for financial advisory services are highly transparent and standardized in the market, and shall be determined after arm’s length negotiations between the parties with reference to the requirements of relevant laws and regulations, taking into account factors such as prevailing market conditions, the nature and scale of the transaction and the fees applicable to independent third parties for similar services;
- Custodian asset management services – The rates for asset management services are highly transparent and standardized in the market, and the service fees will be determined after arm’s length negotiations between the parties with reference to the requirements of relevant laws and regulations, taking into account factors such as the size of the assets entrusted, the complexity of providing specific services and the fees applicable to independent third parties for similar services;
- Settlement and sale of foreign exchange services – The transaction exchange rate for the settlement and sale of foreign exchange services shall be determined after arm’s length negotiations between the parties, taking into account factors such as the prevailing exchange rates in interbank foreign exchange market, the scale of the transaction and the exchange rate standards applicable to independent third parties for similar services;
- Securities financing business services – The fees for securities financing business services shall be determined after arm’s length negotiations between the parties with reference to the fees applicable to independent third parties;
- Asset custody services – The fees for asset custody services shall be determined by fair negotiations with reference to the prevailing market rates for transactions of similar type and size;
- Insurance services – The fees for such services are highly transparent and standardized in the market. Taking into account the prevailing market rates of comparable insurance schemes, the Company performs different procurement and bidding processes based on different target prices to determine the reasonableness of the prices, which are determined after arm’s length negotiations between the parties with reference to the market rates; and
- Other securities and financial services such as securities and financial advisory and consulting – The fees for such services shall be determined after arm’s length negotiations between the parties in accordance with relevant applicable laws and regulations, with reference to the prevailing market price, the nature of the transaction, the cost of services to each party and the fees applicable to independent third parties for similar services.

## Section VI Significant Events

### 3.2 *Securities and Financial Products Transactions*

Securities and financial products transactions include, but are not limited to, the following transactions: 1. transactions related to equity products, non-equity products and their derivatives: including, but not limited to, stocks, bonds, funds, trusts, wealth management products, asset management plans, asset securitization products, swaps, futures, options, forwards and other financial products; 2. transactions related to financing: the financing between financial institutions, including, but not limited to, interbank lending; repurchase; mutual holding of debt instruments such as income certificates, short-term financing bills, subordinated bonds and corporate bonds; 3. other securities and financial products transactions as permitted by the regulatory authorities.

The pricing principles for securities and financial products transactions shall be determined by mutual agreement in accordance with the requirements of relevant applicable laws and regulations and with reference to the prevailing market rates. In particular:

1. Securities and financial products transactions are mainly conducted through the interbank bond market and exchanges (including exchange-traded bond markets and futures exchanges). The pricing of such transactions is subject to relevant laws and regulations and under strict supervision and shall be conducted at prevailing market prices.

The subscription of securities and financial products is conducted in accordance with the subscription price and conditions of the products; on-market transactions of securities and financial products shall be conducted at the then applicable market prices or market rates of that type of securities and financial products; the OTC and other transactions of securities and financial products shall be conducted by mutual negotiation based on the then applicable market price or market rates for that type of securities and financial products; if there is no prevailing market price or market rate applicable for that type of securities and financial products, the price or rate for that transaction shall be the price or rate negotiated and determined by both parties in accordance with the arm's length principle.

## Section VI Significant Events

2. For borrowing and lending among financial institutions, transactions shall be conducted with reference to the Shanghai Interbank Offered Rate at the prevailing rates quoted in the interbank money market, and pricing shall comply with relevant laws and regulations and be subject to strict supervision.

The financing-related transactions of the Group are negotiated and determined by both parties based on the then applicable market rates and prices of independent transaction parties of that type.

### 3.3 *Purchase of Goods and Acceptance of Services*

The purchase of goods and acceptance of services includes services received by the Group and provided by Shenergy Group and its associates within their scope of operation, including but not limited to: receiving goods and services such as electricity, town gas, natural gas, gas stoves, gas appliances and gas kitchen equipment; and receiving property management, gas transmission and distribution, gas project planning, design and construction, labour services, research and consultation, training, house rental and other services.

The pricing basis for the purchase of goods and acceptance of services are determined after arm's length negotiations between the parties in their ordinary course of business in accordance with the requirements of relevant applicable laws and regulations with reference to the prevailing market prices and on normal commercial terms. The Group has reached an agreement in principle with Shenergy Group and its associates on relevant pricing mechanism and the prices will be determined as follows: 1. Should there be a government pricing directive, the government directive price shall prevail; or 2. In the absence of any government pricing directive currently applicable, the government directive price previously promulgated by the competent government authority shall be adopted as the basic price and adjusted with reference to the procurement or service costs of Shenergy Group and its associate; the price as adjusted by item 2 above shall be fair and reasonable.

## Section VI Significant Events

### 4 *Internal control measures for related party/connected transactions (including continuing connected transactions)*

The Group has formulated internal guidelines and policies on related party/connected transactions which provided detailed regulations on key aspects such as identification, initiation, pricing, decision-making and disclosure of related party/connected transactions and set out the approval procedures for related party/connected transactions.

The terms of the proposed securities and financial services, securities and financial products transactions and purchase of goods and acceptance of services transactions (including pricing terms) shall be similar to those offered by/available to independent third parties for similar services and shall be subject to the same internal selection, approval and monitoring procedures and pricing policies as those applicable to independent third parties.

The departments or subsidiaries of the Company that conducted the related party/connected transactions shall review the necessity, reasonableness, and fairness of the pricing of the related party/connected transactions, and are responsible for monitoring whether the actual transaction amount exceeds the annual cap, and properly maintaining and storing any documents and records related to related party/connected transactions; the compliance department of the Company reviews the compliance of the proposed related party/connected transactions; the Board office, the planned financial management department and other relevant departments of the Company regularly compile the data to ensure that the actual amount does not exceed the annual cap and remind relevant departments to manage and control the relevant related party/connected transactions; the audit department of the Company conducts annual audit on the actual related party/connected transactions.

The independent non-executive Directors and auditors of the Company will review the continuing related party/connected transactions of the Company on an annual basis, and the Board (including the independent non-executive Directors) shall confirm that the terms of the transactions are fair and reasonable and on normal commercial terms or better terms in the ordinary course of business of the Group and in the interests of the Company and the shareholders as a whole. The Company's auditors shall confirm that the continuing connected transactions (1) have been approved by the board of directors of the listed issuer; (2) have been conducted in accordance with the pricing policy of the listed issuer group in all material respects; (3) have been conducted in accordance with the agreements of relevant transactions in all material respects; and (4) have not exceeded the caps.

## Section VI Significant Events

- (ii) During the Reporting Period, the Company had no related-party/connected transactions incurred as a result of acquisition or disposal of assets or equity interests
- (iii) During the Reporting Period, the Company had no material related-party/connected transactions in relation to joint external investment
- (iv) During the Reporting Period, the Company had no credits and debts with related/connected parties
- (v) During the Reporting Period, there was no financial business between the Company and related/connected financial companies, the Company's controlling financial companies and related/connected parties

## Section VI Significant Events

### VIII. MATERIAL CONTRACTS AND PERFORMANCE

#### 1 Custody, contracting and leasing matters

During the Reporting Period, the Company had no material custody, contracting or leasing matters.

#### 2 Material guarantees which have been performed and not yet been performed during the Reporting Period

Unit: 100 million Currency: RMB

##### **External guarantees of the Company (excluding guarantees to its subsidiaries)**

Total amount of guarantees provided during the Reporting Period  
(excluding guarantees for subsidiaries)

Total balance of guarantees provided at the end of the Reporting  
Period (A) (excluding guarantees for subsidiaries)

##### **Guarantees provided by the Company for subsidiaries**

Total amount of guarantees provided for subsidiaries during the  
Reporting Period

Total balance of guarantees provided for subsidiaries at the end of  
the Reporting Period (B) 129.43

##### **Total amount of guarantees provided by the Company (including those provided for subsidiaries)**

Total amount of guarantees (A+B) 129.43

Percentage of total guarantees over net assets of the Company (%) 16.44

Including:

Amount of guarantees provided for shareholders, de facto controllers  
and their related parties (C)

Amount of debt guarantees directly or indirectly provided for parties  
with gearing ratio exceeding 70% (D) 129.43

Amount of total guarantees exceeding 50% of net assets (E)

Total amount of above three types of guarantees (C+D+E) 129.43

Explanations on outstanding guarantees subject to joint liabilities

## Section VI Significant Events

Unit: 100 million Currency: RMB

### **Total amount of guarantees provided by the Company (including those provided for subsidiaries)**

Explanations on guarantees

As at the end of the Reporting Period, the Company and its wholly-owned subsidiaries provided guarantees for its wholly-owned subsidiaries was RMB12.943 billion. Details of the guarantees are as follows:

1. Orient Finance Holdings, a wholly-owned subsidiary of the Company, provided guarantee for the credit facility of USD20 million entered into between Orient Securities International, a wholly-owned subsidiary of Orient Finance Holdings, and Ping An Bank.
2. The Company provided guarantee for the credit facility of USD120 million entered into between Orient Finance Holdings, a wholly-owned subsidiary of the Company, and Nanyang Commercial Bank Ltd.
3. The Company provided full guarantee for the principal and interest of USD300 million bonds issued by Orient Zhisheng Limited, a wholly-owned subsidiary of Orient Finance Holdings, a wholly-owned subsidiary of the Company.
4. Orient Finance Holdings, a wholly-owned subsidiary of the Company, provided a guarantee of up to USD180 million for the transactions conducted by Orient Securities International, its wholly-owned subsidiary, under the Global Master Repurchase Agreement (GMRA)/International Swaps and Derivatives Association (ISDA) Agreement.

## Section VI Significant Events

Unit: 100 million Currency: RMB

### **Total amount of guarantees provided by the Company (including those provided for subsidiaries)**

5. Orient Finance Holdings, a wholly-owned subsidiary of the Company, provided a guarantee of up to USD150 million for the transactions conducted by Orient International Investment Products Limited, its wholly-owned subsidiary, under the Global Master Repurchase Agreement (GMRA)/International Swaps and Derivatives Association (ISDA) Agreement.
6. Orient Finance Holdings, a wholly-owned subsidiary of the Company, provided a guarantee of up to USD1 billion for Orient International Investment Products Limited, its wholly-owned subsidiary, to issue structured notes.

*Note:* The amount of guarantees denominated in USD was converted at the spot exchange rate of USD1 to RMB7.1268 as at the end of June 2024.

### **3 During the Reporting Period, the Company had no other disclosable material contracts which were not disclosed**

## Section VI Significant Events

### IX. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

#### 1. The establishment and disposal of the Company's branches and subsidiaries during the Reporting Period

##### (1) *The securities branches*

During the Reporting Period, completed the change of address of 5 branches and the intra-city relocation of 4 branches. As at the end of the Reporting Period, the Company had 179 securities branches.

Details of the change of address of branches are as follows:

| No. | Name of branch   | The change of address  |
|-----|--|--|
| 1   | DFZQ Foshan Nanhai North Avenue Securities Branch            | (03-08), 17/F, Office Building E, Zone 1, Yunjin Plaza, Yuexiu Xinghui, 84 Nanhai Avenue North, Guicheng Street, Nanhai District, Foshan, Guangdong Province, the PRC      |
| 2   | DFZQ Shanghai Minhang District Heqing Road Securities Branch | Ground floor, No. 330-338, Heqing Road, Minhang District, Shanghai, the PRC  |
| 3   | DFZQ Shenzhen Shennan East Road Securities Branch            | 1902, 1903 and 1905, Main Building, Shun Hing Square, No. 5002 Shennan East Road, Hongcun Community, Guiyuan Street, Luohu District, Shenzhen, Guangdong Province, the PRC |
| 4   | DFZQ Wuhan Sanyang Road Securities Branch                    | Room 1, 5/F, Block A, Jinyang New City, No. 118 Sanyang Road, Siwei Subdistrict, Jiang'an District, Wuhan, Hubei Province, the PRC   |
| 5   | DFZQ Shanghai Jiading District Jinsha Road Securities Branch | 1/F, No. 1 and No. 3 and Room 501, No. 77, Jinsha Road, Jiading District, Shanghai, the PRC  |

## Section VI Significant Events

The intra-city relocation of branches is as follows:

| No. | Original name of branch                                    | Current name of branch                                     | Relocated address  |
|-----|--|--|--|
| 1   | DFZQ Chengdu Tianfu Avenue Securities Branch               | DFZQ Chengdu Tianfu 2nd Street Securities Branch           | No. 203, 204 & 205, 2/F, Block 2, No. 138, Tianfu 2nd Street, Chengdu High-tech Zone, China (Sichuan) Pilot Free Trade Zone  |
| 2   | DFZQ Changsha Renmin East Road Securities Branch           | DFZQ Changsha Furong South Road Securities Branch          | Room 201A, Jiezuo Building, No. 828, South Furong Road (Section 1), Tianxin District, Changsha, Hunan Province, the PRC  |
| 3   | DFZQ Shanghai Pudong New Area Jinke Road Securities Branch | DFZQ Shanghai Pudong New Area Jinke Road Securities Branch | Room 310 and 313, Block 2, No. 2966 Jinke Road, China (Shanghai) Pilot Free Trade Zone   |
| 4   | DFZQ Weifang Shengli East Street Securities Branch         | DFZQ Weifang Shengli East Street Securities Branch         | Room 1628, 1629, 1630 & 1631, Weifang Fortune Center, No. 299 Shengli East Street, Jinma Community, Xincheng Street, High-tech Zone, Weifang, Shandong Province, the PRC |

## Section VI Significant Events

### (2) *Futures branch offices*

During the Reporting Period, the Company established 2 new branches, cancelled 1 securities branch and completed the intra-city relocation of 5 branches. As at the end of the Reporting Period, the Company had 10 futures subsidiaries and 36 futures branches.

Details of the new establishment are as follows:

| No. | Name of branch   | Address  |
|-----|--|--|
| 1   | Shanghai Century Avenue Outlet of Orient Futures Co., Ltd. | Room 1002, 10/F, No. 1196 Century Avenue, China (Shanghai) Pilot Free Trade Zone   |
| 2   | Changchun Outlet of Orient Futures Co., Ltd.               | No. 2001, 12# Office Building, Phase II of Weifeng Caiyu New City (Weifeng Information Center), Jingyue Development Zone, Changchun, Jilin Province, the PRC |

Details of cancellation are as follows:

| No. | Name of branch                            | Address  |
|-----|---|--|
| 1   | Harbin Outlet of Orient Futures Co., Ltd. | No. 1103 & 1104, 11/F, Unit 1, Block 3, Fortune Center, Enclosure Area of Qunli Avenue, Lingjiang Road and Qunli Fourth Avenue, Qunli New District, Daoli District, Harbin, Heilongjiang Province, the PRC |

## Section VI Significant Events

The intra-city relocation of branches is as follows:

| No. | Name of branch   | Relocated address  |
|-----|--|--|
| 1   | Zhejiang Branch of Orient Futures Co., Ltd.            | Room 3806 & 3809 Yintai International Commercial Center, No. 1600 Kejiguan Street, Changhe Subdistrict, Binjiang District, Hangzhou, Zhejiang Province, the PRC                    |
| 2   | Shanghai Branch of Orient Futures Co., Ltd.            | Room 3104 & 3105, Building 2, No. 318 Zhongshan South Road, Huangpu District, Shanghai City, the PRC   |
| 3   | Dalian Branch of Orient Futures Co., Ltd.              | Room 2411, 2412, 3501 and 3502, Dalian Futures Building, Block A, Dalian International Finance Center, No. 129 Huizhan Road, Shahekou District, Dalian, Liaoning Province, the PRC |
| 4   | Beijing Chaoyangmen Outlet of Orient Futures Co., Ltd. | Room 601A & 602, 6/F, No. 22 Chaowai Street, Chaoyang District, Beijing, the PRC   |
| 5   | Beijing Branch of Orient Futures Co., Ltd.             | Room 2708, 23/F, Building 237, Chaoyang North Road, Chaoyang District, Beijing, the PRC  |

## Section VI Significant Events

### 2. Implementation of profit distribution

The implementation of the Company's profit distribution plan for the year 2023 was accomplished on June 28, 2024. Based on the total share capital of the Company as at the record date for the dividend distribution, a cash dividend of RMB1.5 (inclusive of tax) for every 10 Shares has been distributed to A Shareholders and H Shareholders whose names appear on the register of members on the record date for the dividend distribution.

According to the relevant provisions of the Guidelines of Shanghai Stock Exchange of Self-Regulation for Listed Companies No. 7 – Repurchase of Shares, the A Shares in the Company's designated securities account for repurchase of the Company shall not be entitled to dividend distribution. Based on the Company's total share capital of 8,496,645,292 shares as at December 31, 2023, after deducting 34,843,324 shares from the Company's repurchase account as of the disclosure date of the report, the total amount of cash dividends to be distributed is RMB1,269,270,295.20, accounting for 46.09% of the consolidated net profit attributable to owners of the Parent Company in 2023.

### 3. Descriptions, reasons and effects of changes in accounting policies, accounting estimates and accounting methods as compared with previous accounting period

During the Reporting Period, there was no material change in the accounting policies, accounting estimates, and accounting methods used by the Group in the preparation of the Group's condensed consolidated financial statements as compared with previous accounting period.

### 4. Correction of material accounting errors subject to retrospect and restatement during the Reporting Period and the amount, reason and impact thereof

During the Reporting Period, no retrospect or restatement due to correction of material accounting errors was made within the Group.

### 5. Subsequent events

Other than those disclosed in Note 50 of the financial statements in this report, the Company had no other material events subsequent to June 30, 2024 and up to the date of this report.



## Section VII Changes in Shares and Information on Shareholders

### I. CHANGES IN SHARE CAPITAL

#### (i) Changes in Shares

##### 1. Changes in Shares

Unit: share

|   | Before the change |                | Changes (+, -)      |             |  |            | After the change |                  |                |
|---|-------------------|----------------|---------------------|-------------|--|------------|------------------|------------------|----------------|
|   | Number of shares  | Percentage (%) | Issue of new shares | Bonus issue | Share conversion from capital reserve fund | Others     | Sub-total        | Number of shares | Percentage (%) |
| I. Restricted shares                    | 33,486,424        | 0.39           |                     |             |  | +1,356,900 | +1,356,900       | 34,843,324       | 0.41           |
| 1. State-owned shares                   |                   |                |                     |             |  |            |                  |                  |                |
| 2. State-owned legal person shares      |                   |                |                     |             |  |            |                  |                  |                |
| 3. Other domestic owned shares          |                   |                |                     |             |  |            |                  |                  |                |
| 4. Foreign shareholding                 |                   |                |                     |             |  |            |                  |                  |                |
| 5. Special account for share repurchase | 33,486,424        | 0.39           |                     |             |  | +1,356,900 | +1,356,900       | 34,843,324       | 0.41           |
| II. Circulating non-restricted shares   | 8,463,158,868     | 99.61          |                     |             |  | -1,356,900 | -1,356,900       | 8,461,801,968    | 99.59          |
| 1. RMB denominated ordinary shares      | 7,435,996,440     | 87.52          |                     |             |  | -1,356,900 | -1,356,900       | 7,434,639,540    | 87.50          |
| 2. Foreign shares listed in the PRC     |                   |                |                     |             |  |            |                  |                  |                |
| 3. Foreign shares listed overseas       | 1,027,162,428     | 12.09          |                     |             |  |            |                  | 1,027,162,428    | 12.09          |
| III. Total number of shares             | 8,496,645,292     | 100.00         |                     |             |  |            |                  | 8,496,645,292    | 100.00         |

## Section VII Changes in Shares and Information on Shareholders

### 2. Explanations on changes in shares

To safeguard the value of the Company and shareholders' equity, the Repurchase Plan of A Shares of the Company through Centralised Price Bidding was considered and approved at the 31st meeting of the fifth session of the Board of the Company on October 30, 2023. On January 30, 2024, a total of 34,843,324 A Shares of the Company were repurchased by the Company by means of centralized bidding transaction via the trading system of the Shanghai Stock Exchange, accounting for 0.4101% of the total share capital of the Company. The total amount of funds paid was RMB310,877,125.32 (excluding transaction fees), with a lowest trading price of RMB7.99 per share and a highest trading price of RMB9.14 per share. The monthly reports of the Company during the repurchase period are as follows:

Unit: Yuan Currency: RMB

| Month of repurchase | Number of repurchase (share) | Lowest trading price per Share | Highest trading price per Share | Total funds (excluding transaction fees) |
|---------------------|------------------------------|--------------------------------|---------------------------------|--|
| November 2023       | 30,844,124                   | 8.81                           | 9.14                            | 277,040,688.32                           |
| December 2023       | 2,642,300                    | 8.18                           | 8.75                            | 22,720,555.00                            |
| January 2024        | 1,356,900                    | 7.99                           | 8.33                            | 11,115,882.00                            |

As at the end of the Reporting Period, the Company held 34,843,324 treasury shares in A Shares. If the Company fails to complete the sale of the shares repurchased within 3 years, such portion of shares repurchased shall be cancelled after performing relevant procedures, and the Company's total share capital and circulating non-restricted shares will be reduced accordingly.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchase, sale or redeem listed securities (including the sale of treasury shares) of the Company and its subsidiaries during the half year ended June 30, 2024.

### (ii) Changes in restricted Shares

Unit: share

| Name of shareholder               | Number of restricted shares at the beginning of the period | Number of restricted shares released during the period | Increase in restricted shares during the period | Number of restricted shares at the end of the period | Reason for restriction                | Expiry date of restriction |
|-----------------------------------|--|--|---|--|---------------------------------------|----------------------------|
| Repurchase account of the Company | 33,486,424   |  | 1,356,900                                       | 34,843,324   | Repurchase of A Shares by the Company | 2025-02-01                 |
| Total                             | 33,486,424   |  | 1,356,900                                       | 34,843,324   | /                                     | /                          |

## Section VII Changes in Shares and Information on Shareholders

### II. INFORMATION ON SHAREHOLDERS

#### (i) Total number of shareholders:

Total number of holders of ordinary shares as at the end of the Reporting Period (accounts) 207,383

#### (ii) Table of shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or shareholders not subject to restriction on sales) as at the end of the Reporting Period

Unit: share

##### Shareholdings of the top ten shareholders (excluding shares lent under the margin financing)

| Name of shareholder<br>(Full name)  | Changes in<br>number of<br>shares during<br>the Reporting<br>Period | Number of<br>shares held<br>as at the end<br>of the Reporting<br>Period | Percentage (%) | Number of<br>restricted<br>shares held | Pledged, flagged or frozen |                     | Nature of<br>shareholders |
|---|---|---|----------------|--|----------------------------|---------------------|---------------------------|
|   |   |   |                |  | Status of<br>shares        | Number of<br>shares |                           |
| Shenergy (Group) Company Limited  | 0   | 2,262,428,700   | 26.63          | 0                                      | Nil                        | -                   | State-owned legal person  |
| HKSCC Nominees Limited  | 0   | 1,027,023,144   | 12.09          | 0                                      | Unknown                    | -                   | Off-shore legal person    |
| Shanghai Haiyan Investment Management Company Limited   | 0   | 423,186,126   | 4.98           | 0                                      | Nil                        | -                   | State-owned legal person  |
| Shanghai United Media Group   | 0   | 309,561,060   | 3.64           | 0                                      | Nil                        | -                   | State-owned legal person  |
| China Post Group Corporation Limited  | 36,000  | 228,757,342   | 2.69           | 0                                      | Nil                        | -                   | State-owned legal person  |
| China Securities Finance Corporation Limited  | 0   | 227,872,800   | 2.68           | 0                                      | Nil                        | -                   | Unknown                   |
| Zhejiang Energy Capital Holdings Co., Ltd.  | 0   | 177,625,600   | 2.09           | 0                                      | Nil                        | -                   | State-owned legal person  |
| Hong Kong Securities Clearing Company Limited   | 52,581,907  | 168,836,627   | 1.99           | 0                                      | Nil                        | -                   | Off-shore legal person    |
| Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)   | 0   | 124,328,872   | 1.46           | 0                                      | Nil                        | -                   | State-owned legal person  |
| China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 5,181,901   | 117,879,856   | 1.39           | 0                                      | Nil                        | -                   | Other                     |

## Section VII Changes in Shares and Information on Shareholders

### Shareholdings of the top ten shareholders of non-restricted shares (excluding shares lent under the margin financing)

| Name of shareholder   | Number of circulating non-restricted shares held | Type and number of shares      |               |
|---|--|--------------------------------|---------------|
|   |  | Type                           | Number        |
| Shenergy (Group) Company Limited  | 2,262,428,700                                    | RMB ordinary shares            | 2,262,428,700 |
| HKSCC Nominees Limited  | 1,027,023,144                                    | Overseas listed foreign shares | 1,027,023,144 |
| Shanghai Haiyan Investment Management Company Limited   | 423,186,126                                      | RMB ordinary shares            | 423,186,126   |
| Shanghai United Media Group   | 309,561,060                                      | RMB ordinary shares            | 309,561,060   |
| China Post Group Corporation Limited  | 228,757,342                                      | RMB ordinary shares            | 228,757,342   |
| China Securities Finance Corporation Limited  | 227,872,800                                      | RMB ordinary shares            | 227,872,800   |
| Zhejiang Energy Capital Holdings Co., Ltd.  | 177,625,600                                      | RMB ordinary shares            | 177,625,600   |
| Hong Kong Securities Clearing Company Limited   | 168,836,627                                      | RMB ordinary shares            | 168,836,627   |
| Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (上海金橋出口加工區開發股份有限公司)   | 124,328,872                                      | RMB ordinary shares            | 124,328,872   |
| China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 117,879,856                                      | RMB ordinary shares            | 117,879,856   |
| Special repurchase account of the top ten shareholders  |  |                                | N/A           |
| Voting by proxy, as proxy or abstention of voting rights by the above shareholders  |  |                                | N/A           |
| Related party relationship or parties acting in concert among above shareholders  |  |                                | N/A           |

## Section VII Changes in Shares and Information on Shareholders

Shareholders with a shareholding of more than 5%, the top ten shareholders, and the top ten shareholders of circulating shares not subject to restriction on sales involved in the shares lent under the margin financing business

Unit: share

Shareholders with a shareholding of more than 5%, the top ten shareholders, and the top ten shareholders of circulating shares not subject to restriction on sales involved in the shares lent under the margin financing business

| Name of shareholder<br>(Full name)  | Shareholding of ordinary and credit accounts at the beginning of the period |                | The shares lent under the margin financing at the beginning of the period have not been returned |                | Shareholding of ordinary and credit accounts at the end of the period |                | The shares lent under the margin financing at the end of the period have not been returned |                |
|---|---|----------------|--|----------------|---|----------------|--|----------------|
|   | Total   | Percentage (%) | Total  | Percentage (%) | Total   | Percentage (%) | Total  | Percentage (%) |
| China Post Group Corporation Limited  | 228,721,342   | 2.69           | 70,000   | 0.00           | 228,757,342   | 2.69           | 34,000   | 0.00           |
| China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 112,697,955   | 1.33           | 842,500  | 0.01           | 117,879,856   | 1.39           | 279,200  | 0.00           |

(iii) During the Reporting Period, no strategic investors or general legal persons became the top ten shareholders of the Company due to the placement of new shares

## **Section VII Changes in Shares and Information on Shareholders**

### **III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

- (i) During the Reporting Period, there were no changes in the shareholdings of existing and resigned Directors, Supervisors and senior management.
- (ii) During the Reporting Period, no equity incentives were granted to the Directors, Supervisors or senior management.

### **IV. DURING THE REPORTING PERIOD, THERE WERE NO CHANGES OF CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER OF THE COMPANY**

## Section VII Changes in Shares and Information on Shareholders

### V. SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at June 30, 2024, to the best knowledge of the Company and its Directors, having made all reasonable enquiries, the following substantial shareholders and other parties (excluding the Directors, Supervisors and chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

| Name of shareholders   | Type of share | Nature of interests                 | Number of shares<br>(Note 1) | Approximate percentage of total share capital of relevant class in issue of the Company (%)<br>(Note 2) | Approximate percentage of total share capital in issue of the Company (%)<br>(Note 2) |
|--|---------------|-------------------------------------|------------------------------|---|---|
| Shenergy (Group) Company Limited                               | A Share       | Beneficial owner                    | 2,262,428,700 (L)            | 30.29   | 26.63   |
| China National Tobacco Corporation (Note 3)                    | A Share       | Interests in controlled corporation | 423,186,126 (L)              | 5.67  | 4.98  |
| Shanghai Tobacco (Group) Company (Note 3)                      | A Share       | Interests in controlled corporation | 423,186,126 (L)              | 5.67  | 4.98  |
| Shanghai Haiyan Investment Management Company Limited (Note 3) | A Share       | Beneficial owner                    | 423,186,126 (L)              | 5.67  | 4.98  |
| Shanghai Wealspring Asset Management Co., Ltd. (上海寧泉資產管理有限公司)  | H Share       | Investment manager                  | 154,195,200 (L)              | 15.01   | 1.81  |
| Zhu Lijia (Note 4)   | H Share       | Interests in controlled corporation | 94,940,800 (L)               | 9.24  | 1.12  |
| Sun Hongyan (Note 4)   | H Share       | Interests in controlled corporation | 94,940,800 (L)               | 9.24  | 1.12  |
| Hung Jia Finance Limited (Note 4)                              | H Share       | Interests in controlled corporation | 94,940,800 (L)               | 9.24  | 1.12  |
| Kaiser Century Investments Limited (Note 4)                    | H Share       | Beneficial owner                    | 94,940,800 (L)               | 9.24  | 1.12  |
| Bank of Communications Co., Ltd. (Note 5)                      | H Share       | Interests in controlled corporation | 93,991,600 (L)               | 9.15  | 1.11  |
| Bank of Communications (Nominee) Company Limited (Note 5)      | H Share       | Interests in controlled corporation | 93,991,600 (L)               | 9.15  | 1.11  |
| BOCOM International Asset Management Limited (Note 5)          | H Share       | Interests in controlled corporation | 93,991,600 (L)               | 9.15  | 1.11  |
| BOCOM International Holdings Company Limited (Note 5)          | H Share       | Interests in controlled corporation | 93,991,600 (L)               | 9.15  | 1.11  |
| BOCOM International Global Investment Limited (Note 5)         | H Share       | Beneficial owner                    | 93,991,600 (L)               | 9.15  | 1.11  |

## Section VII Changes in Shares and Information on Shareholders

### Notes:

1. (L) represents the long position.
2. As at June 30, 2024, the Company has issued 8,496,645,292 shares in total, including 7,469,482,864 A Shares and 1,027,162,428 H Shares.
3. Shanghai Haiyan Investment Management Company Limited is wholly owned by Shanghai Tobacco (Group) Co., Ltd., which in turn is wholly owned by China National Tobacco Corporation. Therefore, each of China National Tobacco Corporation and Shanghai Tobacco (Group) Co., Ltd. is deemed to be interested in the shares of the Company held by Shanghai Haiyan Investment Management Company Limited under the SFO.
4. Kaiser Century Investments Limited is owned as to 100% by Hung Jia Finance Limited. Hung Jia Finance Limited is owned as to 50% by each of Mr. Zhu Lijia and his spouse Ms. Sun Hongyan. Therefore, each of Mr. Zhu Lijia, Ms. Sun Hongyan and Hung Jia Finance Limited is deemed to be interested in the shares of the Company held by Kaiser Century Investments Limited under the SFO.
5. BOCOM International Global Investment Limited is wholly owned by BOCOM International Asset Management Limited. BOCOM International Asset Management Limited is wholly owned by BOCOM International Holdings Company Limited, which in turn is wholly owned by Bank of Communications (Nominee) Company Limited. Bank of Communications (Nominee) Company Limited is wholly owned by Bank of Communications Co., Ltd. Therefore, each of Bank of Communications Co., Ltd., Bank of Communications (Nominee) Company Limited, BOCOM International Holdings Company Limited and BOCOM International Asset Management Limited is deemed to be interested in the shares of the Company held by BOCOM International Global Investment Limited under the SFO.

Save as disclosed above, as at June 30, 2024, none of the other substantial shareholders or other parties has any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept pursuant to Section 336 of the SFO.

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

As at June 30, 2024, according to the information available to the Company and so far as the Directors are aware, none of the Directors, Supervisors or chief executive of the Company had interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined under Part XV of the SFO), which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## Section VIII Preference Shares

During the Reporting Period, the Company did not have any matters relating to preference shares.

# Section IX Bonds

## I. CORPORATE DEBENTURES (INCLUDING CORPORATE BONDS) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

### (i) Corporate debentures (including corporate bonds)

#### 1. Basic information of corporate bonds

Unit: 100 million Currency: RMB

| Name of bonds   | Abbreviation            | Code      | Date of issuance | Dated date | The latest resale date after August 31, 2024 | Maturity date | Bonds balance | Interest rate (%) | Repayment of principal and interest   | Trading venue | Lead underwriter   | Trustee       | Investor suitability arrangements (if any) | Trading mechanism  | Risk of termination of listing and trading |
|---|-------------------------|-----------|------------------|------------|--|---------------|---------------|-------------------|---|---------------|--|---------------|--|--|--|
| 2024 Subordinated Bonds publicly issued by DFZQ (for professional investors) (first tranche)          | 24 Orient Securities C1 | 241168.SH | 2024-06-24       | 2024-06-26 | N/A  | 2029-06-26    | 20            | 2.33              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | GF Securities, Western Securities, Everbright Securities | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2024 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche)             | 24 Orient Securities 01 | 240544.SH | 2024-01-23       | 2024-01-25 | N/A  | 2027-01-25    | 18            | 2.73              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | GF Securities, Western Securities                        | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (fourth tranche)         | 23 Orient Securities C5 | 240318.SH | 2023-11-21       | 2023-11-23 | N/A  | 2026-11-23    | 20            | 3.18              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | GF Securities, Western Securities                        | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (third tranche) (Type 1) | 23 Orient Securities C3 | 240151.SH | 2023-10-26       | 2023-10-30 | N/A  | 2026-10-30    | 28            | 3.30              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | GF Securities, Western Securities                        | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (third tranche) (Type 2) | 23 Orient Securities C4 | 240152.SH | 2023-10-26       | 2023-10-30 | N/A  | 2028-10-30    | 7             | 3.50              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | GF Securities, Western Securities                        | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |

## Section IX Bonds

Unit: 100 million Currency: RMB

| Name of bonds  | Abbreviation            | Code      | Date of issuance | Dated date | The latest resale date after August 31, 2024 | Maturity date | Bonds balance | Interest rate (%) | Repayment of principal and interest   | Trading venue | Lead underwriter   | Trustee       | Investor suitability arrangements (if any) | Trading mechanism  | Risk of termination of listing and trading |
|--|-------------------------|-----------|------------------|------------|--|---------------|---------------|-------------------|---|---------------|--|---------------|--|--|--|
| 2023 Short-term Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) | 23 Orient Securities S1 | 115908.SH | 2023-09-05       | 2023-09-07 | N/A  | 2024-09-06    | 16            | 2.41              | principal and interest to be repaid upon maturity in one lump sum.                      | SSE           | GF Securities, Orient Investment Banking, Western Securities | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (second tranche)        | 23 Orient Securities C2 | 115763.SH | 2023-08-08       | 2023-08-10 | N/A  | 2026-08-10    | 30            | 3.08              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, GF Securities, Western Securities | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)            | 23 Orient Securities 04 | 115403.SH | 2023-05-22       | 2023-05-24 | N/A  | 2026-05-24    | 30            | 2.90              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, China Galaxy                      | China Galaxy  | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2023 Subordinated Bonds publicly issued by DFZQ (for professional investors) (first tranche)         | 23 Orient Securities C1 | 115292.SH | 2023-04-20       | 2023-04-24 | N/A  | 2026-04-24    | 30            | 3.30              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, GF Securities, Western Securities | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)           | 23 Orient Securities 03 | 115092.SH | 2023-03-17       | 2023-03-21 | N/A  | 2028-03-21    | 16            | 3.32              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, China Galaxy                      | China Galaxy  | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 2)   | 23 Orient Securities 02 | 138918.SH | 2023-02-17       | 2023-02-21 | N/A  | 2026-02-21    | 25            | 3.13              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, China Galaxy                      | China Galaxy  | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |

## Section IX Bonds

Unit: 100 million Currency: RMB

| Name of bonds  | Abbreviation            | Code      | Date of issuance | Dated date | The latest resale date after August 31, 2024 | Maturity date | Bonds balance | Interest rate (%) | Repayment of principal and interest   | Trading venue | Lead underwriter   | Trustee       | Investor suitability arrangements (if any) | Trading mechanism  | Risk of termination of listing and trading |
|--|-------------------------|-----------|------------------|------------|--|---------------|---------------|-------------------|---|---------------|--|---------------|--|--|--|
| 2023 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 1) | 23 Orient Securities 01 | 138917.SH | 2023-02-17       | 2023-02-21 | N/A  | 2025-02-21    | 15            | 2.92              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, China Galaxy                      | China Galaxy  | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (third tranche)          | 22 Orient Securities 04 | 138727.SH | 2022-12-12       | 2022-12-14 | N/A  | 2025-12-14    | 35            | 3.40              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, China Galaxy                      | China Galaxy  | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2022 Subordinated Bonds publicly issued by DFZQ (for professional investors) (second tranche)      | 22 Orient Securities C2 | 137959.SH | 2022-10-19       | 2022-10-21 | N/A  | 2024-10-21    | 35            | 2.53              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, GF Securities, Western Securities | GF Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)         | 22 Orient Securities 03 | 137725.SH | 2022-08-23       | 2022-08-25 | N/A  | 2027-08-25    | 20            | 3.00              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, China Galaxy                      | China Galaxy  | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 2) | 22 Orient Securities 02 | 137548.SH | 2022-07-19       | 2022-07-21 | N/A  | 2027-07-21    | 15            | 3.18              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, China Galaxy                      | China Galaxy  | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2022 Corporate Bonds publicly issued by DFZQ (for professional investors) (first tranche) (Type 1) | 22 Orient Securities 01 | 137547.SH | 2022-07-19       | 2022-07-21 | N/A  | 2025-07-21    | 20            | 2.79              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum. | SSE           | Orient Investment Banking, China Galaxy                      | China Galaxy  | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |

## Section IX Bonds

Unit: 100 million Currency: RMB

| Name of bonds  | Abbreviation            | Code      | Date of issuance | Dated date | The latest resale date after August 31, 2024 | Maturity date           | Bonds balance | Interest rate (%) | Repayment of principal and interest   | Trading venue | Lead underwriter                        | Trustee             | Investor suitability arrangements (if any) | Trading mechanism  | Risk of termination of listing and trading |
|--|-------------------------|-----------|------------------|------------|--|-------------------------|---------------|-------------------|---|---------------|---|---------------------|--|--|--|
| 2022 Subordinated Bonds publicly issued by DFZQ (for professional investors) (first tranche) | 22 Orient Securities C1 | 185233.SH | 2022-01-11       | 2022-01-13 | N/A  | 2025-01-13              | 25            | 3.16              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum.             | SSE           | Orient Investment Banking               | Dongguan Securities | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2021 Corporate Bonds publicly issued by DFZQ (for professional investors) (second tranche)   | 21 Orient Bonds 02      | 185035.SH | 2021-11-22       | 2021-11-24 | N/A  | 2024-11-24              | 40            | 3.08              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum.             | SSE           | Orient Investment Banking, China Galaxy | China Galaxy        | For professional investors                 | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2021 Subordinated Bonds publicly issued by DFZQ (second tranche) (Type 2)                    | 21 Orient Securities C3 | 175994.SH | 2021-04-14       | 2021-04-16 | N/A  | 2026-04-16              | 15            | 4.20              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum.             | SSE           | Orient Investment Banking               | Dongguan Securities | For institutional investors                | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2020 Perpetual Subordinated Bonds publicly issued by DFZQ (first tranche)                    | 20 Orient Securities Y1 | 175032.SH | 2020-08-24       | 2020-08-26 | N/A  | 2025-08-26 <sup>1</sup> | 50            | 4.75 <sup>2</sup> | Interest payable annually if the issuer does not exercise the right of deferred payment of interest | SSE           | Orient Investment Banking               | Dongguan Securities | For institutional investors                | Matching, click-to-trade, quote request, auction and negotiation | No   |
| 2017 Corporate Bonds publicly issued by DFZQ   | 17 Orient Bonds         | 143233.SH | 2017-08-02       | 2017-08-03 | N/A  | 2027-08-03              | 40            | 4.98              | Simple interest payable annually, principal to be repaid upon maturity in one lump sum.             | SSE           | Orient Investment Banking <sup>3</sup>  | Dongguan Securities | For qualified investors                    | Matching, click-to-trade, quote request, auction and negotiation | No   |

<sup>1</sup> Every five interest-accruing years constitute a repricing period of the bond. At the end of each repricing period, the Company is entitled to extend such tranche of bonds by one repricing period (i.e. for another period of 5 years) or redeem such tranche of bonds in full.

<sup>2</sup> Adopts a floating interest rate, and the rate remains unchanged at 4.75% during the first five interest-accruing years (the first pricing period) of such tranche of bonds, and the coupon rate will be reset every 5 years from the 6th interest-accruing year. As of the disclosure date of this report, such tranche of bonds are in the first pricing period.

<sup>3</sup> Orient Securities Investment Banking Co., Ltd., formerly known as Citi Orient Securities Co., Ltd., completed its renaming in April 2020.

## Section IX Bonds

### 2. *The triggering and performance of the Company or investor option terms, investor protection terms*

The Company's "20 Orient Securities Y1" is issued with an issuer option of renewal and without an investor option of resale. As of the date of disclosure of this report, the issuer option of renewal has yet to become exercisable. For the issuer right of deferral of interest payment, as the "2023 Profit Distribution Proposal of the Company" was considered and approved at the 2023 annual general meeting of the Company held on May 10, 2024, which was a mandatory interest payment event as stipulated in the prospectus of "20 Orient Securities Y1", the Company will make full and timely payment of the current interest on the bonds. The issuer option of redemption upon satisfaction of certain conditions has not been triggered as at the date of disclosure of this report.

### 3. During the Reporting Period, there was no change in the Company's domestic and international credit rating.

### 4. *The implementation of and changes in guarantees, repayment plans and other repayment supporting measures and impacts thereof during the Reporting Period*

As of the end of the Reporting Period, the Company's existing bonds did not involve guarantees. As agreed in the bond prospectuses, the Company's debt repayment guarantees include formulating the Bondholder Meeting Rules, establishing special repayment work teams, giving full play to the role of bond trustees and strictly performing the obligation of information disclosure. During the Reporting Period, the Company's debt repayment plan and other debt repayment guarantees were strictly implemented as required without any changes.

## (ii) Proceeds from Corporate Bonds

Bond Code: 240544.SH

Bond Abbreviation: 24 Orient Securities 01

### 1. *Basic information*

Unit: 100 million Currency: RMB

|  |   |
|--|---|
| Name of bonds  | 2024 Corporate Bonds publicly issued by DFZQ for professional investors (first tranche) |
| Whether it is a specialized variety of bond                                | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                     |
| Total proceeds   | 18  |
| Balance of proceeds at the end of the Reporting Period                     | 0   |
| Balance of special account for proceeds at the end of the Reporting Period | 0   |

## Section IX Bonds

### 2. *Change and adjustment of the use of proceeds*

|   |  |
|---|--|
| Agreed use of proceeds<br>(please list in full)     | The proceeds from the issuance of such tranche of bonds, after deducting issuance expenses, are intended to be fully used for repaying the principal of the previous corporate bonds. The proceeds from the issuance of such tranche of bonds are intended to be used to replace the portion of the self-raised proceeds from the previous repayment of 20 Orient Bonds 03. As the issue time and actual issue amount of this bonds are still uncertain and after comprehensive consideration of factors such as the issue time and actual issue amount of this bonds, the arrival of the proceeds, the repayment requirements of related debt principal and interest, and the corporate debt structure adjustment plan, the issuer may, upholding the principle of optimizing the corporate debt structure and saving financial costs, adjust the specific details of repaying the corporate bonds in the future. |
| Whether to change and<br>adjust the use of proceeds | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |

### 3. *The actual use of proceeds (excluding temporary replenishment of liquidity herein)*

Unit: 100 million Currency: RMB

|  |  |
|--|--|
| Actual amount of proceeds used during<br>the Reporting Period                      | 18   |
| 3.1.1 Repayment amount of<br>interest-bearing debts<br>(excluding corporate bonds) | 0  |
| 3.2.1 Repayment amount of<br>the corporate bonds                                   | 18   |
| 3.2.2 Repayment of the corporate<br>bonds  | Replace the portion of self-raised proceeds<br>previously used to repay 20 Orient Bonds 03 |

## Section IX Bonds

### 4. *Proceeds used in the specific projects*

- 4.1 Whether the proceeds are used for fixed asset investment projects or other specific projects such as asset equity investment, debt investment or asset acquisitions  Yes  No

### 5. *Temporary replenishment of liquidity*

- Whether the proceeds are used for temporary replenishment of liquidity during the Reporting Period  Yes  No

### 6. *Compliance of proceeds*

- Actual use of proceeds (including actual use and temporary replenishment of liquidity) as of the end of the Reporting Period  Yes  No  
Replace the portion of self-raised proceeds previously used to repay 20 Orient Bonds 03
- Whether the actual use is consistent with the agreed use (including the uses agreed in the prospectus and those after compliant changes)  Yes  No
- Whether the management and use of the proceeds accounts are compliant during the Reporting Period  Yes  No

## Section IX Bonds

Bond Code: 241168.SH

Bond Abbreviation: 24 Orient Securities C1

### 1. Basic information

Unit: 100 million Currency: RMB

|  |  |
|--|--|
| Name of bonds  | 2024 Subordinated Bonds publicly issued by DFZQ for professional investors (first tranche) |
| Whether it is a specialized variety of bond                                | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                        |
| Total proceeds   | 20   |
| Balance of proceeds at the end of the Reporting Period                     | 0  |
| Balance of special account for proceeds at the end of the Reporting Period | 0  |

### 2. Change and adjustment of the use of proceeds

|  |  |
|--|--|
| Agreed use of proceeds (please list in full)     | The proceeds from the issuance of such tranche of bonds, after deducting issuance expenses, are intended to be used for repaying the principal of the due corporate bonds. The proceeds from the issuance of such tranche of bonds are intended to be used to replace the portion of the self-raised proceeds from the previous repayment of 21 Orient Securities C2. As the issue time and actual issue amount of such tranche of bonds are still uncertain and after comprehensive consideration of factors such as the issue time and actual issue amount of such tranche of bonds, the arrival of the proceeds, the repayment requirements of related debt principal and interest, and the corporate debt structure adjustment plan, the issuer may, upholding the principle of optimizing the corporate debt structure and saving financial costs, adjust the specific details of repaying the corporate bonds in the future. |
| Whether to change and adjust the use of proceeds | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  |

## Section IX Bonds

### 3. *The actual use of proceeds (excluding temporary replenishment of liquidity herein)*

Unit: 100 million Currency: RMB

|  |  |
|--|--|
| Actual amount of proceeds used during the Reporting Period                   | 20   |
| 3.1.1 Repayment amount of interest-bearing debts (excluding corporate bonds) | 0  |
| 3.2.1 Repayment amount of the corporate bonds                                | 20   |
| 3.2.2 Repayment of the corporate bonds                                       | Replace the portion of self-raised proceeds previously used to repay 21 Orient Securities C2 |

### 4. *Proceeds used in the specific projects*

|   |   |
|---|---|
| 4.1 Whether the proceeds are used for fixed asset investment projects or other specific projects such as asset equity investment, debt investment or asset acquisitions | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|---|---|

### 5. *Temporary replenishment of liquidity*

|  |   |
|--|---|
| Whether the proceeds are used for temporary replenishment of liquidity during the Reporting Period | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|--|---|

### 6. *Compliance of proceeds*

|  |  |
|--|--|
| Actual use of proceeds (including actual use and temporary replenishment of liquidity) as of the end of the Reporting Period             | Replace the portion of self-raised proceeds previously used to repay 21 Orient Securities C2 |
| Whether the actual use is consistent with the agreed use (including the uses agreed in the prospectus and those after compliant changes) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                          |
| Whether the management and use of the proceeds accounts are compliant during the Reporting Period  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                          |

## Section IX Bonds

### (iii) Other matters that shall be disclosed for special varieties of bonds

#### 1. *The Company as the issuer of perpetual corporate bonds*

Unit: 100 million Currency: RMB

|                                    |  |
|------------------------------------|--|
| Bond Code                          | 175032   |
| Bond Abbreviation                  | 20 Orient Securities Y1  |
| Bond Balance                       | 50   |
| Information on renewal             | Such tranche of bonds take every 5 interest-accruing years as one cycle. At the end of each cycle, the issuer is entitled to extend the term of this tranche of bonds by one cycle (i.e. extending the term by 5 years) or redeem such tranche of bonds in full at maturity at the end of the cycle. As of the end of the Reporting Period, such tranche of bonds were still in its first cycle.   |
| Information on interest rate spike | The coupon rate for the first cycle is the initial base rate plus the initial spread, and for subsequent cycles, the coupon rate is adjusted to the current base rate plus the initial spread plus 300 BPs. The initial spread is the coupon rate for the first cycle minus the initial base rate. If in the future, due to factors such as changes in macroeconomic conditions and policies, the current base rate is unavailable on the interest rate reset date, the current base rate shall be the base rate for the period prior to the interest rate reset date. The initial base rate shall be the arithmetic mean of the yields (rounded to 0.01%) of treasury bonds with remaining term in line with the base term of this tranche of bonds in the yield curve of Chinese treasury bonds published on China Bond Information Website ( <a href="http://www.chinabond.com.cn">www.chinabond.com.cn</a> ) (or other websites recognized by the CCDC) 5 working days before the book-building date. The current base rate for subsequent cycles shall be the arithmetic mean of the yields (rounded to 0.01%) of treasury bonds with remaining term in line with the base term of this tranche of bonds in the yield curve of Chinese treasury bonds published on China Bond Information Website ( <a href="http://www.chinabond.com.cn">www.chinabond.com.cn</a> ) (or other websites recognized by the CCDC) 5 working days before the coupon rate reset date. |

## Section IX Bonds

The coupon rate formula is: current coupon rate = current base rate + initial spread + 300 BPs.

If in the future, due to factors such as changes in macroeconomic conditions and policies, the current base rate is unavailable on the interest rate reset date, the coupon rate will be determined as the base rate for the period prior to the coupon rate reset date plus the initial spread plus 300 BPs. As of the end of the Reporting Period, such tranche of bonds were still in the first cycle, and there was no interest rate spike during the Reporting Period.

Information on interest deferral

Such tranche of bonds carry the issuer's right to defer the payment of interest. Unless a mandatory interest payment event occurs, on each interest payment date of such tranche of bonds, the issuer may, at its option, defer payment of the current interest and all interest already deferred and the accrued interest in accordance with this provision to the next interest payment date without any limitation on the number of deferring payment of interest. The aforementioned interest deferral does not constitute a failure by the issuer to fully pay interest as agreed. There were no deferrals during the Reporting Period.

Information on mandatory interest payment

During the 12 months prior to the interest payment date, the issuer shall not defer the current interest and all interest already deferred and the accrued interest if any of the following events occurs: (1) distribution of dividend to ordinary shareholders; (2) reduction of registered capital. As the "Profit Distribution Proposal of the Company for the year 2023" was considered and approved at the 2023 annual general meeting of the Company held on May 10, 2024, it constituted a mandatory interest payment event as agreed in the prospectus of "20 Orient Securities Y1", the Company will pay the current interest on the bonds on time and in full.

Whether it is still included in equity and the related accounting treatment

Yes

## Section IX Bonds

### (iv) Significant events relating to corporate bonds during the Reporting Period

#### 1. Non-operating intercourse funds and borrowings

As at the beginning of the Reporting Period, the balance of intercourse funds and borrowings to other parties in the Company's consolidated account receivables that are not directly attributable to production and operations (hereinafter referred to as non-operating intercourse funds and borrowings) was nil.

As at the end of the Reporting Period, the balance of outstanding non-operating intercourse funds and borrowings was nil.

#### 2. Liabilities

##### (1) Interest-bearing debt and its changes

##### 1.1 Debt structure of the Company

As at the beginning and the end of the Reporting Period, the balance of interest-bearing debts of the Company (on a non-consolidated basis) was RMB172.098 billion and RMB169.225 billion, respectively, representing a year-on-year change of -1.67% in the balance of interest-bearing debts during the Reporting Period.

Unit: 100 million Currency: RMB

| Category of interest-bearing debts         | Overdue  | Maturity period             |               | Total amount    | Proportion of amount in interest-bearing debts (%) |
|--|----------|-----------------------------|---------------|-----------------|--|
|  |          | Within 6 months (inclusive) | Over 6 months |                 |  |
| Corporate credit bonds                     | -        | 92.65                       | 445.08        | 537.73          | 31.78  |
| Loans from banks                           | -        | -                           | -             | -               | -  |
| Loans from non-bank financial institutions | -        | -                           | -             | -               | -  |
| Other interest-bearing debts               | -        | 1,062.40                    | 92.12         | 1,154.52        | 68.22  |
| <b>Total</b>                               | <b>-</b> | <b>1,155.05</b>             | <b>537.20</b> | <b>1,692.25</b> | <b>100.00</b>                                      |

As at the end of the Reporting Period, among the existing corporate credit bonds of the Company, the balance of corporate debentures was RMB50.864 billion, the balance of corporate bonds was nil, and the balance of debt financing instruments of non-financial enterprises was nil. Additionally, a total of RMB9.265 billion of corporate credit bonds will mature or be put-back for repayment between September and December 2024.

## Section IX Bonds

### 1.2 Structure of consolidated interest-bearing debts of the Company

As at the beginning and the end of the Reporting Period, the balance of interest-bearing debts of the Company within the scope of the Company's consolidated statements was RMB178.921 billion and RMB174.756 billion, respectively, representing a year-on-year change of -2.33% in the balance of interest-bearing debts during the Reporting Period.

Unit: 100 million Currency: RMB

| Category of interest-bearing debts         | Overdue  | Maturity period             |               | Total amount    | Proportion of amount in interest-bearing debts (%) |
|--|----------|-----------------------------|---------------|-----------------|--|
|  |          | Within 6 months (inclusive) | Over 6 months |                 |  |
| Corporate credit bonds                     | -        | 94.45                       | 466.62        | 561.07          | 32.11  |
| Loans from banks                           | -        | 12.61                       | -             | 12.61           | 0.72   |
| Loans from non-bank financial institutions | -        | -                           | -             | -               | -  |
| Other interest-bearing debts               | -        | 1,078.44                    | 95.44         | 1,173.88        | 67.17  |
| <b>Total</b>                               | <b>-</b> | <b>1,185.50</b>             | <b>562.06</b> | <b>1,747.56</b> | <b>100.00</b>                                      |

As at the end of the Reporting Period, among the existing corporate credit bonds of the Company on a consolidated basis, the balance of corporate debentures was RMB50.864 billion, the balance of corporate bonds was nil, and the balance of debt financing instruments of non-financial enterprises was nil. Additionally, a total of RMB9.265 billion of corporate credit bonds will mature or be put-back for repayment between September and December 2024.

### 1.3 Overseas bonds

As at the end of the Reporting Period, the balance of overseas bonds issued within the scope of the Company's consolidated statements was RMB5.243 billion, and the balance of overseas bonds maturing between September and December 2024 was nil.

## Section IX Bonds

### (v) Key accounting data and financial indicators

Unit: '000 Currency: RMB

| Major indicators   | As at the end of the Reporting Period | As at the end of last year        | Increase or decrease as at the end of the Reporting Period as compared with the end of last year (%)    | Reasons for change  |
|--|---------------------------------------|-----------------------------------|---|---|
|  |                                       |                                   |   |   |
| Current ratio  | 1.14                                  | 1.19                              | (4.20)  | Decrease in current assets and increase in current liabilities              |
| Quick ratio  | 1.14                                  | 1.19                              | (4.20)  | Decrease in current assets and increase in current liabilities              |
| Gearing ratio (%)  | 70.42                                 | 71.04                             | Decreased by 0.62 percentage point  | Decrease in liabilities   |
|  | Reporting Period (January to June)    | Corresponding period of last year | Increase or decrease in the Reporting Period as compared with the corresponding period of last year (%) | Reasons for change  |
| Net profit after deducting non-recurring gains or losses | 2,019,409                             | 1,758,896                         | 14.81   | Increase in net profit  |
| EBITDA to total debts ratio                              | 0.03                                  | 0.03                              | –   |   |
| Interest coverage ratio                                  | 2.11                                  | 2.05                              | 2.93  | Increase in total profit  |
| Cash interest coverage ratio                             | (6.75)                                | (5.68)                            | N/A   | Decrease in net operating cash inflows                                      |
| EBITDA interest coverage ratio                           | 2.32                                  | 2.25                              | 3.11  | Increase in earnings before interest, taxes, depreciation, and amortization |
| Loan repayment rate (%)                                  | 100.00                                | 100.00                            | –   |   |
| Interest repayment ratio (%)                             | 100.00                                | 100.00                            | –   |   |

*Note:* Gearing ratio = (Total liabilities – Account payables to brokerage clients – Funds payable to securities issuers)/(Total assets – Account payables to brokerage clients – Funds payable to securities issuers)

## II. DURING THE REPORTING PERIOD, THE COMPANY HAD NO CONVERTIBLE CORPORATE DEBENTURES

## Section X Information Disclosures of Securities Company

### I. RELEVANT INFORMATION ON MATERIAL ADMINISTRATIVE LICENSES OF THE COMPANY

| No. | Issued by | Title of document   | Number of document           | Issuing date      |
|-----|-----------|---|------------------------------|-------------------|
| 1   | CSRC      | Approval Regarding the Registration of Subordinated Bonds Publicly Issued by 東方證券股份有限公司 to Professional Investors | CSRC Approval [2024] No. 330 | February 26, 2024 |

# Report on Review of Condensed Consolidated Interim Financial Report

## **To the Board of Directors of Orient Securities Company Limited**

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

## **INTRODUCTION**

We have reviewed the accompanying interim financial report set out on pages 163 to 240, which comprises the condensed consolidated statement of financial position of Orient Securities Company Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2024 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended at 30 June 2024 and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of the interim financial report in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

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

# Report on Review of Condensed Consolidated Interim Financial Report

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34.

### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

29 August 2024

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|   | Note | Six months ended 30 June |                     |
|---|------|--------------------------|---------------------|
|   |      | 2024<br>(Unaudited)      | 2023<br>(Unaudited) |
| Revenue   |      |                          |                     |
| Commission and fee income   | 6    | 4,462,488                | 4,051,782           |
| Interest income   | 7    | 2,776,347                | 3,081,386           |
|   |      | 7,238,835                | 7,133,168           |
| Net investment gains  | 8    | 2,266,502                | 1,518,630           |
| Other income, gains and losses, net   | 9    | 3,030,427                | 2,341,056           |
| Total revenue, other income and net gains and losses  |      | 12,535,764               | 10,992,854          |
| Depreciation and amortisation   | 10   | (403,693)                | (403,776)           |
| Staff costs   | 11   | (1,877,911)              | (2,036,149)         |
| Commission and fee expenses   |      | (1,981,346)              | (415,677)           |
| Interest expenses   | 12   | (2,082,326)              | (2,086,513)         |
| Other operating expenses  | 13   | (3,833,148)              | (3,296,775)         |
| Impairment losses under expected credit loss model, net of reversal                                 | 14   | (312,138)                | (953,890)           |
| Other impairment losses   |      | 1,115                    | –                   |
| Total expenses  |      | (10,489,447)             | (9,192,780)         |
| Share of results of associates  |      | 224,758                  | 346,695             |
| Profit before income tax  |      | 2,271,075                | 2,146,769           |
| Income tax expense  | 15   | (159,397)                | (245,385)           |
| Profit for the period   |      | 2,111,678                | 1,901,384           |
| Attributable to:  |      |                          |                     |
| Equity holders of the Company   |      | 2,111,371                | 1,901,450           |
| Non-controlling interests   |      | 307                      | (66)                |
|   |      | 2,111,678                | 1,901,384           |
| Earnings per share attributable to shareholders of the Company<br>(Expressed in RMB Yuan per share) |      |                          |                     |
| – Basic   | 16   | 0.24                     | 0.21                |

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|  | Six months ended 30 June |                     |
|--|--------------------------|---------------------|
|  | 2024<br>(Unaudited)      | 2023<br>(Unaudited) |
| Profit for the period  | 2,111,678                | 1,901,384           |
| Other comprehensive income, net of income tax:   |                          |                     |
| Items that will not be reclassified subsequently to profit or loss:  |                          |                     |
| Fair value gain/(loss) on investments in equity instruments at fair value through other comprehensive income | 609,405                  | (43,080)            |
| Hedging instruments for fair value hedges  | (27,897)                 | –                   |
| Income tax relating to items that will not be reclassified to profit or loss                                 | (145,541)                | 10,770              |
| Subtotal   | 435,967                  | (32,310)            |
| Items that may be reclassified subsequently to profit or loss:   |                          |                     |
| Fair value gain on debt instruments measured at fair value through other comprehensive income                |                          |                     |
| – net fair value changes during the period   | 2,275,562                | 669,613             |
| – reclassification adjustment to profit or loss on disposal  | (1,427,137)              | (418,533)           |
| Charge for impairment losses for debt instruments measured at fair value through other comprehensive income  | 12,085                   | 3,132               |
| Income tax relating to items that may be reclassified subsequently to profit or loss                         | (218,152)                | (55,365)            |
| Share of other comprehensive income of associates, net of related income tax                                 | (1,249)                  | 7,813               |
| Exchange differences arising on translation  | (5,237)                  | 35,579              |
| Subtotal   | 635,872                  | 242,239             |
| Other comprehensive income for the period, net of income tax   | 1,071,839                | 209,929             |
| Total comprehensive income for the period  | 3,183,517                | 2,111,313           |
| Attributable to:   |                          |                     |
| Equity holders of the Company  | 3,183,210                | 2,111,379           |
| Non-controlling interests  | 307                      | (66)                |
|  | 3,183,517                | 2,111,313           |

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|   | Note | As at<br>30 June<br>2024<br>(Unaudited) | As at<br>31 December<br>2023<br>(Audited) |
|---|------|---|---|
| Cash and bank balances  | 17   | 83,098,153                              | 104,093,142                               |
| Clearing settlement funds   | 19   | 33,994,504                              | 35,314,411                                |
| Deposits with exchanges and financial institutions                  | 20   | 2,597,323                               | 3,241,547                                 |
| Derivative financial assets   | 21   | 3,622,225                               | 1,877,650                                 |
| Advances to customers   | 22   | 23,179,953                              | 21,071,801                                |
| Account receivables   | 23   | 594,725                                 | 670,759                                   |
| Reverse repurchase agreements                                       | 24   | 3,791,840                               | 5,437,734                                 |
| Financial assets at fair value through profit or loss               | 25   | 97,278,884                              | 97,069,644                                |
| Debt instruments at fair value through other comprehensive income   | 26   | 87,231,255                              | 90,813,713                                |
| Equity instruments at fair value through other comprehensive income | 27   | 13,924,880                              | 6,298,178                                 |
| Debt instruments measured at amortised cost                         | 28   | 1,578,573                               | 1,586,591                                 |
| Investments in associates   | 29   | 6,327,470                               | 6,253,974                                 |
| Right-of-use assets   |      | 1,165,939                               | 557,334                                   |
| Investment properties   |      | 29,909                                  | 165,413                                   |
| Property and equipment  | 31   | 2,664,924                               | 2,739,369                                 |
| Other intangible assets   |      | 255,494                                 | 286,724                                   |
| Goodwill  |      | 32,135                                  | 32,135                                    |
| Deferred tax assets   | 33   | 1,740,767                               | 2,079,575                                 |
| Other assets  | 34   | 4,437,901                               | 4,100,768                                 |
| <b>Total assets</b>   |      | <b>367,546,854</b>                      | <b>383,690,462</b>                        |

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|   | Note | As at<br>30 June<br>2024<br>(Unaudited) | As at<br>31 December<br>2023<br>(Audited) |
|---|------|---|---|
| Placements from banks and financial institutions            | 35   | 25,667,539                              | 25,670,059                                |
| Short-term debt instruments                                 | 36   | 2,481,453                               | 2,797,700                                 |
| Account payables to brokerage clients                       | 37   | 95,590,503                              | 111,570,987                               |
| Repurchase agreements                                       | 38   | 76,699,642                              | 73,716,143                                |
| Financial liabilities at fair value through profit or loss  | 39   | 14,068,207                              | 15,301,834                                |
| Derivative financial liabilities                            | 21   | 1,544,647                               | 874,202                                   |
| Contract liabilities  |      | 155,447                                 | 147,405                                   |
| Current tax liabilities                                     |      | 85,964                                  | 102,664                                   |
| Accrued staff costs   |      | 1,720,477                               | 1,704,042                                 |
| Borrowings  | 40   | 1,261,422                               | 1,700,024                                 |
| Lease liabilities   |      | 1,154,713                               | 547,475                                   |
| Debt securities issued                                      | 41   | 54,905,245                              | 60,157,845                                |
| Deferred tax liabilities                                    | 33   | 539                                     | 35,936                                    |
| Other liabilities   | 42   | 11,789,361                              | 10,603,949                                |
| <b>Total liabilities</b>                                    |      | <b>287,125,159</b>                      | <b>304,930,265</b>                        |
| Share capital   | 43   | 8,496,645                               | 8,496,645                                 |
| Treasury stock  |      | (310,896)                               | (299,780)                                 |
| Other equity instrument                                     | 45   | 5,000,000                               | 5,000,000                                 |
| Reserves  | 46   | 58,858,671                              | 56,791,270                                |
| Retained earnings   |      | 8,366,435                               | 8,757,396                                 |
| <b>Equity attributable to equity holders of the Company</b> |      | <b>80,410,855</b>                       | <b>78,745,531</b>                         |
| Non-controlling interests                                   |      | 10,840                                  | 14,666                                    |
| <b>Total equity</b>   |      | <b>80,421,695</b>                       | <b>78,760,197</b>                         |
| <b>Total equity and liabilities</b>                         |      | <b>367,546,854</b>                      | <b>383,690,462</b>                        |

Approved and authorised for issue by the Board of Directors on 29 August 2024.

**Jin Wenzhong**  
Chairman of the Board

**Lu Weiming**  
Executive Director

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|   | Equity attributable to equity holders of the Company |               |                |                         |                 |                 |                 |                                |                     |               |                   |                           |              |             |
|---|--|---------------|----------------|-------------------------|-----------------|-----------------|-----------------|--------------------------------|---------------------|---------------|-------------------|---------------------------|--------------|-------------|
|   | Note   | Share capital | Treasury stock | Other equity instrument | Reserves        |                 |                 |                                |                     |               |                   | Non-controlling interests | Total equity |             |
|   |  |               |                |                         | Capital reserve | Surplus reserve | General reserve | Investment revaluation reserve | Translation reserve | Hedge reserve | Retained earnings |                           |              | Subtotal    |
| As at 1 January 2024  |  | 8,496,645     | (299,780)      | 5,000,000               | 39,534,520      | 4,618,006       | 12,134,542      | 489,687                        | 2,190               | 12,325        | 8,757,396         | 78,745,531                | 14,666       | 78,760,197  |
| Profit for the period   |  | -             | -              | -                       | -               | -               | -               | -                              | -                   | -             | 2,111,371         | 2,111,371                 | 307          | 2,111,678   |
| Other comprehensive income for the period   |  | -             | -              | -                       | -               | -               | -               | 1,098,000                      | (5,237)             | (20,924)      | -                 | 1,071,839                 | -            | 1,071,839   |
| Total comprehensive income for the period   |  | -             | -              | -                       | -               | -               | -               | 1,098,000                      | (5,237)             | (20,924)      | 2,111,371         | 3,183,210                 | 307          | 3,183,517   |
| Repurchase of A shares  |  | -             | (11,116)       | -                       | -               | -               | -               | -                              | -                   | -             | -                 | (11,116)                  | -            | (11,116)    |
| Appropriation to surplus reserve  |  | -             | -              | -                       | -               | 295,657         | -               | -                              | -                   | -             | (295,657)         | -                         | -            | -           |
| Appropriation to general reserve  |  | -             | -              | -                       | -               | -               | 662,846         | -                              | -                   | -             | (662,846)         | -                         | -            | -           |
| Distribution to holders of other equity instrument  | 44   | -             | -              | -                       | -               | -               | -               | -                              | -                   | -             | (237,500)         | (237,500)                 | -            | (237,500)   |
| Dividends recognised as distribution  | 44   | -             | -              | -                       | -               | -               | -               | -                              | -                   | -             | (1,269,270)       | (1,269,270)               | -            | (1,269,270) |
| Transfer to retained earnings for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal |  | -             | -              | -                       | -               | -               | -               | 32,806                         | -                   | -             | (32,806)          | -                         | -            | -           |
| Other   |  | -             | -              | -                       | -               | -               | -               | -                              | -                   | 4,253         | (4,253)           | -                         | (4,133)      | (4,133)     |
| As at 30 June 2024 (Unaudited)  |  | 8,496,645     | (310,896)      | 5,000,000               | 39,534,520      | 4,913,663       | 12,797,388      | 1,620,493                      | (3,047)             | (4,346)       | 8,366,435         | 80,410,855                | 10,840       | 80,421,695  |

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|   | Equity attributable to equity holders of the Company |               |                         |                 |                 |                 |                                |                     |                   |             |                           |              |
|---|--|---------------|-------------------------|-----------------|-----------------|-----------------|--------------------------------|---------------------|-------------------|-------------|---------------------------|--------------|
|   | Note   | Reserves      |                         |                 |                 |                 |                                |                     | Retained earnings | Subtotal    | Non-controlling interests | Total equity |
|   |  | Share capital | Other equity instrument | Capital reserve | Surplus reserve | General reserve | Investment revaluation reserve | Translation reserve |                   |             |                           |              |
| As at 1 January 2023  |  | 8,496,645     | 5,000,000               | 39,534,520      | 4,293,542       | 11,135,082      | 100,899                        | (12,628)            | 8,838,412         | 77,386,472  | 11,817                    | 77,398,289   |
| Profit/(loss) for the period  |  | -             | -                       | -               | -               | -               | -                              | -                   | 1,901,450         | 1,901,450   | (66)                      | 1,901,384    |
| Other comprehensive income for the period   |  | -             | -                       | -               | -               | -               | 174,350                        | 35,579              | -                 | 209,929     | -                         | 209,929      |
| Total comprehensive income for the period   |  | -             | -                       | -               | -               | -               | 174,350                        | 35,579              | 1,901,450         | 2,111,379   | (66)                      | 2,111,313    |
| Appropriation to general reserve  |  | -             | -                       | -               | -               | 98,781          | -                              | -                   | (98,781)          | -           | -                         | -            |
| Distribution to holders of other equity instrument  | 44   | -             | -                       | -               | -               | -               | -                              | -                   | (237,500)         | (237,500)   | -                         | (237,500)    |
| Dividends recognised as distribution  | 44   | -             | -                       | -               | -               | -               | -                              | -                   | (1,274,497)       | (1,274,497) | -                         | (1,274,497)  |
| Transfer to retained earnings for cumulative fair value change of equity instruments at fair value through other comprehensive income upon disposal |  | -             | -                       | -               | -               | -               | (22,493)                       | -                   | 22,493            | -           | -                         | -            |
| As at 30 June 2023 (Unaudited)  |  | 8,496,645     | 5,000,000               | 39,534,520      | 4,293,542       | 11,233,863      | 252,756                        | 22,951              | 9,151,577         | 77,985,854  | 11,751                    | 77,997,605   |

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|  | Six months ended 30 June |                     |
|--|--------------------------|---------------------|
|  | 2024<br>(Unaudited)      | 2023<br>(Unaudited) |
| <b>OPERATING ACTIVITIES</b>  |                          |                     |
| Profit before income tax   | <b>2,271,075</b>         | 2,146,769           |
| Adjustments for:   |                          |                     |
| Interest expenses  | <b>2,082,326</b>         | 2,086,513           |
| Share of results of associates   | <b>(224,758)</b>         | (346,695)           |
| Depreciation and amortisation  | <b>403,693</b>           | 403,776             |
| Impairment losses under expected credit loss model, net of reversal  | <b>312,138</b>           | 953,890             |
| Other impairment losses  | <b>(1,115)</b>           | –                   |
| Gains on disposal of property and equipment, right-of-use assets and investment properties                   | <b>(20,222)</b>          | (88,992)            |
| Foreign exchange (gains)/losses, net   | <b>(15,269)</b>          | 125,937             |
| Net realised gains and income arising from financial assets at fair value through profit or loss             | <b>(103,323)</b>         | (731,814)           |
| Net realised gains and income arising from debt instruments at fair value through other comprehensive income | <b>(2,825,970)</b>       | (1,786,033)         |
| Dividend income arising from equity instruments at fair value through other comprehensive income             | <b>(277,596)</b>         | (82,274)            |
| Net realised losses arising from financial liabilities at fair value through profit or loss                  | <b>60,510</b>            | 54,274              |
| Net realised gains and interest income from debt instruments measured at amortised cost                      | <b>(23,704)</b>          | (52,447)            |
| Unrealised fair value change of financial assets at fair value through profit or loss                        | <b>310,096</b>           | (431,732)           |
| Unrealised fair value change of financial liabilities at fair value through profit or loss                   | <b>(32,791)</b>          | 554,914             |
| Unrealised fair value change of derivative financial instruments   | <b>(967,955)</b>         | (117,329)           |
| Other net investment gains   | <b>(29,569)</b>          | –                   |
| Operating cash flows before movements in working capital   | <b>917,566</b>           | 2,688,757           |

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2024<br>(Unaudited)      | 2023<br>(Unaudited) |
| Operating cash flows before movements in working capital  | 917,566                  | 2,688,757           |
| Increase in advances to customers   | (2,108,682)              | (451,525)           |
| Decrease in reverse repurchase agreements   | 1,344,131                | 889,903             |
| Increase in financial assets at fair value through<br>profit or loss and derivative financial assets            | (1,959,611)              | (14,968,917)        |
| Decrease/(Increase) in restricted deposits and deposits with exchanges and<br>financial institutions            | 688,406                  | (1,649,388)         |
| Decrease in bank balances and clearing<br>settlement funds held on behalf of customers                          | 15,976,603               | 22,220,644          |
| (Increase)/decrease in account receivables and other assets   | (408,391)                | 1,066,093           |
| Increase/(decrease) in other liabilities and contract liabilities   | 972,389                  | (457,429)           |
| Decrease in account payables to brokerage clients   | (15,980,484)             | (22,441,989)        |
| Decrease in financial liabilities at fair value through<br>profit or loss and derivatives financial liabilities | (632,792)                | (4,306,488)         |
| Increase in repurchase agreements   | 3,008,348                | 3,192,720           |
| Increase in placements from banks and other financial institutions  | 37,669                   | 9,622,037           |
| Cash generated from/(used in) operations  | 1,855,152                | (4,595,582)         |
| Income taxes paid   | (236,379)                | (432,491)           |
| Interest paid   | (1,104,098)              | (961,066)           |
| Net cash generated from/(used in) operating activities  | 514,675                  | (5,989,139)         |

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2024<br>(Unaudited)      | 2023<br>(Unaudited) |
| INVESTING ACTIVITIES  |                          |                     |
| Dividends and interest received from investments                          | 2,193,926                | 1,123,933           |
| Proceeds on disposal of property and equipment and investment properties  | 162,358                  | 147,224             |
| Proceeds on disposal or redemption of:                                    |                          |                     |
| financial assets at fair value through profit or loss                     | 11,346,603               | 16,382,526          |
| equity instruments at fair value through other comprehensive income       | 443,432                  | 602,643             |
| debt instruments at fair value through other comprehensive income         | 159,421,512              | 81,707,952          |
| debt instruments measured at amortised cost                               | –                        | 658,844             |
| Capital injection in associates   | –                        | (52,453)            |
| Purchases of:   |                          |                     |
| financial assets at fair value through profit or loss                     | (10,635,748)             | (17,207,767)        |
| equity instruments at fair value through other comprehensive income       | (7,487,227)              | (389,868)           |
| debt instruments at fair value through other comprehensive income         | (153,799,229)            | (77,625,143)        |
| Purchases of property and equipment and other intangible assets           | (125,430)                | (855,349)           |
| Payments for right-of-use assets  | –                        | (1,017)             |
| Proceeds from disposal of or capital reduction from associates and others | 149,524                  | 60,578              |
| Cash outflow from hedging instrument                                      | (5,671)                  | –                   |
| Net cash generated from investing activities                              | 1,664,050                | 4,552,103           |

The accompanying notes form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024 - unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

|  | Note | Six months ended 30 June |                     |
|--|------|--------------------------|---------------------|
|  |      | 2024<br>(Unaudited)      | 2023<br>(Unaudited) |
| <b>FINANCING ACTIVITIES</b>  |      |                          |                     |
| Proceeds from issuance of debt securities, short-term financing bills payable and income certificates designated at fair value through profit and loss |      | <b>13,895,867</b>        | 22,786,986          |
| Repayments on debt securities issued, short-term financing bill payables and income certificates designated at fair value through profit and loss      |      | <b>(19,354,125)</b>      | (17,998,770)        |
| Proceeds from borrowings   |      | <b>1,048,166</b>         | 806,956             |
| Repayments of borrowings   |      | <b>(1,491,102)</b>       | (1,132,497)         |
| Repayments of lease liabilities  |      | <b>(180,479)</b>         | (191,297)           |
| Dividends paid to shareholders   |      | <b>(1,269,270)</b>       | (1,274,497)         |
| Interest paid on debt securities issued, short-term financing bills payable and income certificates designated at fair value through profit and loss   |      | <b>(1,038,949)</b>       | (958,258)           |
| Interest paid on borrowings  |      | <b>(43,319)</b>          | (54,812)            |
| Interest paid on lease liabilities   |      | <b>(16,740)</b>          | (10,814)            |
| Payment for repurchase of A-shares   |      | <b>(11,116)</b>          | –                   |
| Payments on capital returned to non-controlling shareholders   |      | <b>(4,133)</b>           | –                   |
| <b>Net cash (used in)/generated from financing activities</b>  |      | <b>(8,465,200)</b>       | 1,972,997           |
| <b>Net (decrease)/increase in cash and cash equivalents</b>  |      | <b>(6,286,475)</b>       | 535,961             |
| Cash and cash equivalents at beginning of the period   | 18   | <b>23,090,236</b>        | 26,154,534          |
| Effect of foreign exchange rate changes  |      | <b>(6,235)</b>           | 131,203             |
| <b>Cash and cash equivalents at end of the period</b>  | 18   | <b>16,797,526</b>        | 26,821,698          |

The accompanying notes form part of this interim financial report.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 1. GENERAL INFORMATION

東方證券股份有限公司, formerly known as Orient Securities Limited Liability Company (東方證券有限責任公司), was a limited liability company established on 10 December 1997. On 8 October 2003, upon approval from the China Securities Regulatory Commission (“CSRC”) and the Shanghai Municipal Government, Orient Securities Limited Liability Company was converted into a joint stock limited liability company, and was renamed as 東方證券股份有限公司 (the “Company”). On 23 March 2015, the Company became listed on the Shanghai Stock Exchange with the stock code of 600958. On 8 July 2016, the Company became listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) with the stock code of 03958.

The registered office of the Company is located at Orient Securities Building, No. 119, South Zhongshan Road, Shanghai, the People’s Republic of China (“PRC”).

The Company and its subsidiaries (the “Group”) are principally engaged in securities and futures brokerage, margin financing and securities lending, securities investment advisory, securities proprietary trading, asset management, agency sale of financial products, securities underwriting and sponsorship, and other business activities approved by the CSRC.

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

## 2. BASIS OF ACCOUNTING

These interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”), as well as with all applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2023 (“last annual financial statements”). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group’s financial position and performance since the last annual financial statements.

The interim financial report has been prepared in accordance with the same accounting policies adopted in last annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 4.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 3. USE OF JUDGEMENTS AND ESTIMATES

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2023.

## 4. CHANGE IN ACCOUNTING POLICY

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023. The Group has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants-Amendments to IAS 1, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period.

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 5. SEGMENT REPORTING

Information reported to the Board of Directors, being the chief operating decision maker (hereinafter refer to as the "CODM") of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group's basis of organisations, whereby the businesses are organised and managed separately as individual strategic business units that offer different products and serve different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the CODM, which are consistent with the accounting and measurement criteria in the preparation of the condensed consolidated interim financial statements. The inter-segment revenue and expenses arising from internal use of funds are determined by internal transfer price.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 5. SEGMENT REPORTING *(Continued)*

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

- (a) Investment management, which primarily includes management and advisory fees earned from providing asset management, fund management and private equity investment management services to clients, as well as investment gains from private equity investments;
- (b) Wealth management and futures business, which primarily includes fees and commissions earned from providing brokerage and investment advisory services for the trading of stocks, bonds, funds, and warrants, as well as futures on behalf of the customers, bulk commodity trading, and also interest earned from providing margin financing and securities lending services;
- (c) Securities sales and trading, which primarily includes investment gains, commission and fee income earned from trading of stocks, bonds, funds, derivatives, alternative investments and other financial products and fees earned from providing related investment research activities;
- (d) Investment banking, which primarily includes commissions and fees earned from equity underwriting and sponsorship, debt underwriting and financial advisory services;
- (e) Headquarters and other, covering head office operations and the overseas business in Hong Kong, which primarily includes interest income earned and expense incurred for general working capital purpose.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change to the basis during the six months ended 30 June 2024 and 2023.

Segment profit/loss represents the profit earned/loss incurred by each segment without allocation of income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets/liabilities are allocated to each segment. Inter-segment balances eliminations mainly include amount due from/to another segment arising from activities carried out by one segment for another segment.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 5. SEGMENT REPORTING (Continued)

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

### Operating segment

|  | Investment management<br>RMB'000 | Wealth management and futures business<br>RMB'000 | Securities sales and trading<br>RMB'000 | Investment banking<br>RMB'000 | Headquarters and other<br>RMB'000 | Segment total<br>RMB'000 | Eliminations<br>RMB'000 | Consolidated total<br>RMB'000 |
|--|----------------------------------|---|---|-------------------------------|-----------------------------------|--------------------------|-------------------------|-------------------------------|
| <b>For the six months ended 30 June 2024</b>                                 |                                  |   |   |                               |                                   |                          |                         |                               |
| Unaudited  |                                  |   |   |                               |                                   |                          |                         |                               |
| <i>Segment revenue and results</i>   |                                  |   |   |                               |                                   |                          |                         |                               |
| Segment revenue and net investment gains                                     | 742,731                          | 3,719,460   | 3,818,114                               | 560,002                       | 3,357,820                         | 12,198,127               | (2,692,790)             | 9,505,337                     |
| Segment other income, gains and losses, net                                  | 56,004                           | 2,865,737   | 37,124                                  | 16,408                        | 55,154                            | 3,030,427                | -                       | 3,030,427                     |
| Segment revenue, other income and net gains and losses                       | 798,735                          | 6,585,197   | 3,855,238                               | 576,410                       | 3,412,974                         | 15,228,554               | (2,692,790)             | 12,535,764                    |
| Segment expenses   | (554,167)                        | (6,824,610)                                       | (2,087,233)                             | (423,006)                     | (2,120,616)                       | (12,009,632)             | 1,520,185               | (10,489,447)                  |
| Segment results  | 244,568                          | (239,413)   | 1,768,005                               | 153,404                       | 1,292,358                         | 3,218,922                | (1,172,605)             | 2,046,317                     |
| Share of results of associates   | 247,209                          | (1,249)   | 8,623                                   | -                             | (29,825)                          | 224,758                  | -                       | 224,758                       |
| Profit/(loss) before income tax  | 491,777                          | (240,662)   | 1,776,628                               | 153,404                       | 1,262,533                         | 3,443,680                | (1,172,605)             | 2,271,075                     |
| <b>As at 30 June 2024</b>  |                                  |   |   |                               |                                   |                          |                         |                               |
| Unaudited  |                                  |   |   |                               |                                   |                          |                         |                               |
| <i>Segment assets and liabilities</i>  |                                  |   |   |                               |                                   |                          |                         |                               |
| Segment assets   | 13,519,881                       | 144,224,591                                       | 177,271,232                             | 1,705,806                     | 54,842,869                        | 391,564,379              | (24,017,525)            | 367,546,854                   |
| Segment liabilities  | 1,059,860                        | 106,351,403                                       | 112,624,401                             | 367,330                       | 71,265,577                        | 291,668,571              | (4,543,412)             | 287,125,159                   |
| <b>For the six months ended 30 June 2024</b>                                 |                                  |   |   |                               |                                   |                          |                         |                               |
| Unaudited  |                                  |   |   |                               |                                   |                          |                         |                               |
| <i>Other segment information</i>   |                                  |   |   |                               |                                   |                          |                         |                               |
| Amounts included in the measure of segment profit or loss or segment assets: |                                  |   |   |                               |                                   |                          |                         |                               |
| Depreciation and amortisation  | 48,804                           | 175,273   | 26,258                                  | 19,316                        | 134,042                           | 403,693                  | -                       | 403,693                       |
| Charge for impairment losses   | 30                               | 297,210   | 12,829                                  | 59                            | 895                               | 311,023                  | -                       | 311,023                       |
| Capital expenditure  | 3,536                            | 308,875   | 8,248                                   | 1,317                         | 644,427                           | 966,403                  | -                       | 966,403                       |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 5. SEGMENT REPORTING (Continued)

### Operating segment (Continued)

|   | Investment<br>management<br>RMB'000 | Wealth<br>management<br>and futures<br>business<br>RMB'000 | Securities<br>sales and<br>trading<br>RMB'000 | Investment<br>banking<br>RMB'000 | Headquarters<br>and other<br>RMB'000 | Segment<br>total<br>RMB'000 | Eliminations<br>RMB'000 | Consolidated<br>total<br>RMB'000 |
|---|-------------------------------------|--|---|----------------------------------|--------------------------------------|-----------------------------|-------------------------|----------------------------------|
| <b>For the six months ended 30 June 2023</b>                                    |                                     |  |   |                                  |                                      |                             |                         |                                  |
| Unaudited   |                                     |  |   |                                  |                                      |                             |                         |                                  |
| <i>Segment revenue and results</i>  |                                     |  |   |                                  |                                      |                             |                         |                                  |
| Segment revenue and net investment gains  | 1,327,749                           | 3,012,605  | 2,928,224                                     | 776,739                          | 2,908,196                            | 10,953,513                  | (2,301,715)             | 8,651,798                        |
| Segment other income, gains and losses,<br>net                                  | 90,751                              | 2,214,287  | 121,600                                       | 24,503                           | (110,085)                            | 2,341,056                   | -                       | 2,341,056                        |
| Segment revenue, other income and<br>net gains and losses                       | 1,418,500                           | 5,226,892  | 3,049,824                                     | 801,242                          | 2,798,111                            | 13,294,569                  | (2,301,715)             | 10,992,854                       |
| Segment expenses  | (841,372)                           | (5,436,106)  | (2,089,499)                                   | (442,291)                        | (1,988,522)                          | (10,797,790)                | 1,605,010               | (9,192,780)                      |
| Segment results   | 577,128                             | (209,214)  | 960,325                                       | 358,951                          | 809,589                              | 2,496,779                   | (696,705)               | 1,800,074                        |
| Share of results of associates  | 349,045                             | (1,474)  | 14,645  | -                                | (9,168)                              | 353,048                     | (6,353)                 | 346,695                          |
| Profit/(loss) before income tax   | 926,173                             | (210,688)  | 974,970                                       | 358,951                          | 800,421                              | 2,849,827                   | (703,058)               | 2,146,769                        |
| <b>As at 30 June 2023</b>   |                                     |  |   |                                  |                                      |                             |                         |                                  |
| Unaudited   |                                     |  |   |                                  |                                      |                             |                         |                                  |
| <i>Segment assets and liabilities</i>   |                                     |  |   |                                  |                                      |                             |                         |                                  |
| Segment assets  | 13,810,091                          | 151,905,957  | 163,136,342                                   | 2,455,128                        | 54,268,868                           | 385,576,386                 | (25,458,235)            | 360,118,151                      |
| Segment liabilities   | 1,688,944                           | 112,206,427  | 98,336,477                                    | 558,443                          | 75,608,388                           | 288,398,679                 | (6,278,133)             | 282,120,546                      |
| <b>For the six months ended 30 June 2023</b>                                    |                                     |  |   |                                  |                                      |                             |                         |                                  |
| Unaudited   |                                     |  |   |                                  |                                      |                             |                         |                                  |
| <i>Other segment information</i>  |                                     |  |   |                                  |                                      |                             |                         |                                  |
| Amounts included in the measure of<br>segment profit or loss or segment assets: |                                     |  |   |                                  |                                      |                             |                         |                                  |
| Depreciation and amortisation   | 47,168                              | 167,192  | 24,911  | 24,987                           | 139,518                              | 403,776                     | -                       | 403,776                          |
| (Reversal of)/Charge for impairment losses                                      | (135)                               | 947,467  | 5,393   | 60                               | 1,105                                | 953,890                     | -                       | 953,890                          |
| Capital expenditure   | 749,567                             | 163,566  | 138   | 2,500                            | 128,935                              | 1,044,706                   | -                       | 1,044,706                        |

The Group's non-current assets are mainly located in the PRC (country of domicile). The Group's revenue are substantially derived from its operations in the PRC.

The Group has no single customer which contributes to 10 percent or more of the Group's revenue for the six months ended 30 June 2024 and 2023.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 6. COMMISSION AND FEE INCOME

|  | Six months ended 30 June       |                                |
|--|--------------------------------|--------------------------------|
|  | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Commission on securities dealing, broking and handling fee income                    | 962,319                        | 1,277,805                      |
| Asset and fund management fee income   | 744,134                        | 1,285,804                      |
| Underwriting, sponsors and financial advisory fee income                             | 591,701                        | 765,301                        |
| Commission on futures and options contracts dealing, broking and handling fee income | 1,964,447                      | 486,911                        |
| Consultancy fee income   | 38,373                         | 27,982                         |
| Others   | 161,514                        | 207,979                        |
| <b>Total</b>   | <b>4,462,488</b>               | <b>4,051,782</b>               |

## 7. INTEREST INCOME

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Advances to customers   | 533,493                        | 582,032                        |
| Financial assets held under resale agreements   | 70,321                         | 296,933                        |
| Deposits with exchanges and financial institutions and bank balances                              | 749,374                        | 786,629                        |
| Interest income from debt instruments measured at amortised cost                                  | 23,704                         | 46,603                         |
| Interest income from debt instruments at fair value through other comprehensive income ("FVTOCI") | 1,399,036                      | 1,367,500                      |
| Others  | 419                            | 1,689                          |
| <b>Total</b>  | <b>2,776,347</b>               | <b>3,081,386</b>               |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 8. NET INVESTMENT GAINS

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Net realised gains from disposal of debt instruments at FVTOCI                                      | 1,426,934                      | 418,533                        |
| Net realised gains from disposal of financial assets at fair value through profit or loss ("FVTPL") | 621,473                        | 527,346                        |
| Net realised losses arising from financial liabilities at FVTPL                                     | (430,059)                      | (234,882)                      |
| Net realised gains arising from debt instruments measured at amortised cost                         | –                              | 5,844                          |
| Net realised losses arising from derivative financial instruments                                   | (816,739)                      | (170,170)                      |
| Dividend income from equity instruments at FVTOCI   | 277,596                        | 82,274                         |
| – relating to investments derecognised during the period  | 41                             | 1,592                          |
| – relating to investments held at the end of the period   | 277,555                        | 80,682                         |
| Dividend income and interest income from financial assets at FVTPL                                  | 1,023,760                      | 895,538                        |
| Unrealised fair value change of financial assets at FVTPL   | (310,096)                      | 431,732                        |
| Unrealised fair value change of financial liabilities at FVTPL                                      | 32,791                         | (554,914)                      |
| Unrealised fair value change of derivative financial instruments                                    | 411,273                        | 117,329                        |
| Others  | 29,569                         | –                              |
| <b>Total</b>  | <b>2,266,502</b>               | <b>1,518,630</b>               |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 9. OTHER INCOME, GAINS AND LOSSES, NET

|                                      | Six months ended 30 June       |                                |
|--------------------------------------|--------------------------------|--------------------------------|
|                                      | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Foreign exchange gains/(losses), net | 15,269                         | (125,937)                      |
| Rental income                        | 2,152                          | 2,238                          |
| Government grants                    | 125,286                        | 197,578                        |
| Bulk commodity trading income        | 2,818,922                      | 2,156,848                      |
| Others                               | 68,798                         | 110,329                        |
| <b>Total</b>                         | <b>3,030,427</b>               | <b>2,341,056</b>               |

## 10. DEPRECIATION AND AMORTISATION

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Depreciation of property and equipment  | 143,551                        | 148,346                        |
| Depreciation of right-of-use assets     | 179,421                        | 182,369                        |
| Depreciation of investment properties   | 3,416                          | 2,155                          |
| Amortisation of other intangible assets | 77,305                         | 70,906                         |
| <b>Total</b>                            | <b>403,693</b>                 | <b>403,776</b>                 |

## 11. STAFF COSTS

Staff costs mainly include salaries, bonus and allowances amounting to RMB1,533 million and RMB1,618 million for the period ended 30 June 2024 and 2023 respectively.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 12. INTEREST EXPENSES

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Account payables to brokerage clients             | 43,058                         | 51,666                         |
| Financial assets sold under repurchase agreements | 750,484                        | 678,079                        |
| Borrowings  | 44,354                         | 54,928                         |
| Placements from banks and financial institutions  | 249,087                        | 139,209                        |
| Short-term financing bills payable                | 35,624                         | 79,923                         |
| Debt securities issued                            | 942,934                        | 1,072,386                      |
| Lease liabilities                                 | 16,785                         | 10,322                         |
| <b>Total</b>                                      | <b>2,082,326</b>               | <b>2,086,513</b>               |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 13. OTHER OPERATING EXPENSES

|  | Six months ended 30 June       |                                |
|--|--------------------------------|--------------------------------|
|  | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Bulk commodity trading expenses                        | 2,810,042                      | 2,119,692                      |
| Products distribution expenses                         | 229,158                        | 376,630                        |
| Electronic equipment operating expenses                | 171,079                        | 157,221                        |
| Communication expenses                                 | 133,481                        | 78,563                         |
| Administrative expenses                                | 127,966                        | 138,363                        |
| Stock exchanges management fees                        | 60,978                         | 53,758                         |
| Advisory expenses                                      | 57,275                         | 75,177                         |
| Sundry expenses  | 54,664                         | 91,013                         |
| Business travel expenses                               | 52,003                         | 60,747                         |
| Tax and surcharges                                     | 41,866                         | 46,197                         |
| Securities and futures investor protection funds       | 31,229                         | 31,525                         |
| Entertainment expenses                                 | 30,771                         | 48,781                         |
| Auditor's remuneration                                 | 5,949                          | 5,533                          |
| Short-term leases and low value assets rental expenses | 5,437                          | 3,685                          |
| Donation   | 2,979                          | 4,975                          |
| Others   | 18,271                         | 4,915                          |
| <b>Total</b>   | <b>3,833,148</b>               | <b>3,296,775</b>               |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 14. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Expected credit losses (“ECL”) in respect of  |                                |                                |
| – Reverse repurchase agreements               | 301,764                        | 936,294                        |
| – Advances to customers                       | 185                            | 499                            |
| – Account receivables and other receivables   | (2,160)                        | 13,999                         |
| – Debt instruments at FVTOCI                  | 12,343                         | 3,132                          |
| – Debt instruments measured at amortised cost | 6                              | (34)                           |
| <b>Total</b>                                  | <b>312,138</b>                 | <b>953,890</b>                 |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 15. INCOME TAX EXPENSE

|  | Six months ended 30 June       |                                |
|--|--------------------------------|--------------------------------|
|  | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Current tax:   |                                |                                |
| – PRC Enterprise Income Tax  | 232,245                        | 322,041                        |
| – Hong Kong Profits Tax  | 2,997                          | 849                            |
|  | <b>235,242</b>                 | 322,890                        |
| Adjustments in respect of current income tax in relation to prior years: |                                |                                |
| – PRC Enterprise Income Tax  | (4,654)                        | 20,004                         |
| Deferred tax   | (71,191)                       | (97,509)                       |
| <b>Total</b>   | <b>159,397</b>                 | 245,385                        |

Under the Enterprise Income Tax of the PRC and its Implementation Regulation (the “EIT Law”), the tax rate of the Group’s PRC subsidiaries is 25%.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 16. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to shareholders of the Company is as follows:

|   | Six months ended 30 June |                     |
|---|--------------------------|---------------------|
|   | 2024<br>(Unaudited)      | 2023<br>(Unaudited) |
| Earnings for the purpose of basic earnings per share (RMB'000):     |                          |                     |
| Profit for the period attributable to equity holders of the Company | 2,111,371                | 1,901,450           |
| Less: profit attributable to holders of perpetual subordinated bond | (118,750)                | (118,750)           |
| Subtotal  | 1,992,621                | 1,782,700           |
| Number of shares (in thousand):                                     |                          |                     |
| Number of issued shares on 1 January                                | 8,463,159                | 8,496,645           |
| Effect of treasury stock (Note 43)                                  | (1,131)                  | –                   |
| Weighted average number of ordinary shares in issue                 | 8,462,028                | 8,496,645           |
| Basic earnings per share (RMB Yuan)                                 | 0.24                     | 0.21                |

For the six months ended 30 June 2024 and 2023, there were no potential ordinary shares in issue.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 17. CASH AND BANK BALANCES

|  | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--|--|--|
| House accounts                               | 16,687,077   | 21,115,779   |
| including: restricted bank deposits (Note a) | 1,548,861  | 1,480,962  |
| Cash held on behalf of clients (Note b)      | 66,411,076   | 82,977,363   |
| <b>Total</b>                                 | <b>83,098,153</b>                                  | 104,093,142  |

Cash and bank balances comprise cash on hand and demand deposits which bear interest at the prevailing market rates.

*Note a:* The restricted bank deposits as of 30 June 2024 and 31 December 2023 included pledged bank deposits and other restricted bank deposits.

*Note b:* The Group maintains bank accounts to hold customers' deposits arising from normal business transactions. The Group has recognised the corresponding amount in account payables to brokerage clients (Note 37).

## 18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

|  | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--|--|--|
| Cash and bank balances   | 16,639,118   | 21,083,116   |
| Clearing settlement funds                                      | 4,753,269  | 6,654,860  |
| Less: clearing settlement funds of                             |  |  |
| Shanghai Orient Securities Futures Co., Ltd.                   | (16,000)   | (8,000)  |
| bank deposits with original maturity of more than three months | (3,030,000)  | (3,158,778)  |
| restricted bank deposits                                       | (1,548,861)  | (1,480,962)  |
| <b>Total</b>   | <b>16,797,526</b>                                  | 23,090,236   |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 19. CLEARING SETTLEMENT FUNDS

|  | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--|--|--|
| Clearing settlement funds held with clearing houses for: |  |  |
| House accounts   | 4,753,281  | 6,654,860  |
| Clients  | 29,241,223   | 28,659,551   |
| <b>Total</b>   | <b>33,994,504</b>                                  | <b>35,314,411</b>                                    |

## 20. DEPOSITS WITH EXCHANGES AND FINANCIAL INSTITUTIONS

|                      | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|----------------------|--|--|
| Trading deposits     | 398,102  | 404,519  |
| Credit deposits      | 11,392   | 49,727   |
| Performance deposits | 2,187,829  | 2,787,301  |
| <b>Total</b>         | <b>2,597,323</b>                                   | <b>3,241,547</b>                                     |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

|                                | As at 30 June 2024 (Unaudited) |                   |                        |
|--------------------------------|--------------------------------|-------------------|------------------------|
|                                | Notional amounts<br>RMB'000    | Fair Value        |                        |
|                                |                                | Assets<br>RMB'000 | Liabilities<br>RMB'000 |
| <b>Hedging instruments</b>     |                                |                   |                        |
| Currency derivatives           |                                |                   |                        |
| Foreign exchange forwards      | 920,850                        | –                 | 8,401                  |
| <b>Non-hedging instruments</b> |                                |                   |                        |
| Interest rate derivatives      |                                |                   |                        |
| Interest rate swaps            | 986,152,000                    | 18,649            | 5,479                  |
| Treasury bond futures          | 47,550,946                     | 411               | –                      |
| Collar options                 | 4,124,521                      | 424               | 65,332                 |
| Equity derivatives             |                                |                   |                        |
| Stock index futures            | 8,913,519                      | –                 | –                      |
| Equity linked derivatives      | 16,489,346                     | 2,049,245         | 325,590                |
| Stock index options            | 10,303,134                     | 89,908            | 61,505                 |
| Currency derivatives           |                                |                   |                        |
| Foreign exchange options       | 1,356,375                      | –                 | 11,348                 |
| Foreign exchange swaps         | 31,300,546                     | 8,711             | 6,430                  |
| Foreign exchange forwards      | 3,750,779                      | 190,100           | 89,457                 |
| Credit derivatives             |                                |                   |                        |
| Credit default swaps           | 1,289,000                      | 12,749            | 349                    |
| Other derivative instruments   |                                |                   |                        |
| Total return swaps             | 16,493,243                     | 432,119           | 542,706                |
| Commodity futures              | 16,803,753                     | –                 | –                      |
| Commodity options              | 35,697,415                     | 434,884           | 381,956                |
| Gold swaps                     | 785,514                        | –                 | 9,696                  |
| Gold forwards                  | 10,160,245                     | 385,025           | 36,398                 |
| Gold deferred contracts        | 120,199                        | –                 | –                      |
| Standard bond forwards         | 10,000                         | –                 | –                      |
| <b>Total</b>                   | <b>1,192,221,385</b>           | <b>3,622,225</b>  | <b>1,544,647</b>       |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 21. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

|                                | As at 31 December 2023 (Audited) |                   |                        |
|--------------------------------|----------------------------------|-------------------|------------------------|
|                                | Notional<br>amounts<br>RMB'000   | Fair Value        |                        |
|                                |                                  | Assets<br>RMB'000 | Liabilities<br>RMB'000 |
| <b>Hedging instruments</b>     |                                  |                   |                        |
| Currency derivatives           |                                  |                   |                        |
| Foreign exchange forwards      | 904,761                          | 16,434            | –                      |
| <b>Non-hedging instruments</b> |                                  |                   |                        |
| Interest rate derivatives      |                                  |                   |                        |
| Interest rate swaps            | 870,815,000                      | 26,770            | 16,812                 |
| Treasury bond futures          | 67,060,207                       | –                 | 84                     |
| Collar options                 | 7,371,130                        | 13,694            | 64,510                 |
| Equity derivatives             |                                  |                   |                        |
| Stock index futures            | 10,892,190                       | –                 | 301                    |
| Equity linked derivatives      | 29,870,989                       | 1,102,221         | 198,154                |
| Stock index options            | 21,275,020                       | 201,781           | 198,432                |
| Currency derivatives           |                                  |                   |                        |
| Foreign exchange options       | 12,320,687                       | 12,728            | 41,294                 |
| Foreign exchange swaps         | 29,780,501                       | 26,433            | 1,240                  |
| Foreign exchange forwards      | 2,019,619                        | 31,323            | –                      |
| Credit derivatives             |                                  |                   |                        |
| Credit default swaps           | 1,339,000                        | 17,365            | 314                    |
| Other derivative instruments   |                                  |                   |                        |
| Total return swaps             | 16,025,950                       | 121,438           | 225,923                |
| Commodity futures              | 29,572,761                       | –                 | –                      |
| Commodity options              | 15,792,613                       | 58,407            | 127,138                |
| Gold swaps                     | 122,422                          | 292               | –                      |
| Gold forwards                  | 4,959,508                        | 248,764           | –                      |
| Gold deferred contracts        | 480                              | –                 | –                      |
| Standard bond forwards         | 10,000                           | –                 | –                      |
| <b>Total</b>                   | <b>1,120,132,838</b>             | <b>1,877,650</b>  | <b>874,202</b>         |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 22. ADVANCES TO CUSTOMERS

|                            | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|----------------------------|--|--|
| Loans to margin clients    | 23,236,383   | 21,127,701   |
| Less: impairment allowance | (56,430)   | (55,900)   |
| <b>Total</b>               | <b>23,179,953</b>                                  | <b>21,071,801</b>                                    |

The movements of the impairment allowance are set out below:

|                                      | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--------------------------------------|--|--|
| At the beginning of the period/year  | 55,900   | 52,758   |
| Charge for the period/year, net      | 185  | 2,471  |
| Exchange differences                 | 345  | 671  |
| <b>At the end of the period/year</b> | <b>56,430</b>                                      | <b>55,900</b>  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 22. ADVANCES TO CUSTOMERS (Continued)

As at 30 June 2024 (Unaudited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | 2,136                   | 131  | 54,163   | 56,430           |

As at 31 December 2023 (Audited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | 2,034                   | 430  | 53,436   | 55,900           |

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

The loans to margin clients which are secured by the underlying cash collateral (Note 37) and pledged securities are interest bearing. The Group maintains a list of approved securities for margin lending at a specified loan-to-collateral ratio. Any excess in the lending ratio will trigger a margin call when the customers have to make up the difference.

Loan to margin clients were secured by the customers' securities and cash collateral, which were pledged to the Group as collateral. The undiscounted market values of pledged securities amounted to approximately RMB65,644 million and RMB67,734 million as at 30 June 2024 and 31 December 2023, respectively.

The directors of the Company are of the opinion that the aging analysis does not give additional value in view of the nature of the securities margin financing business. As a result, no aging analysis is disclosed.

The amount of advances to customers pledged due to the repurchase agreements was RMB310 million and RMB311 million as at 30 June 2024 and 31 December 2023, respectively.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 23. ACCOUNT RECEIVABLES

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| Account receivables from/related to:                |  |  |
| – Clearing house                                    | 118,020  | 132,812  |
| – Brokers   | 97,541   | 106,762  |
| – Asset management fee and trading seats commission | 325,315  | 391,594  |
| – Advisory and investment banking commission        | 57,352   | 43,730   |
| Subtotal  | 598,228  | 674,898  |
| Less: impairment allowance                          | (3,503)  | (4,139)  |
| Total   | 594,725  | 670,759  |

Aging analysis of account receivables from the revenue recognition dates is as follows:

|                       | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|-----------------------|--|--|
| Within 1 year         | 570,527  | 652,356  |
| Between 1 and 2 years | 14,278   | 13,786   |
| Between 2 and 3 years | 9,471  | 4,617  |
| Over 3 years          | 449  | –  |
| Total                 | 594,725  | 670,759  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 23. ACCOUNT RECEIVABLES (Continued)

The movements of the impairment allowance are set out below:

|                                     | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|-------------------------------------|--|--|
| At the beginning of the period/year | 4,139  | 10,271   |
| Reversal of the period/year, net    | (646)  | (6,155)  |
| Write off for the period/year       | –  | –  |
| Exchange differences                | 10   | 23   |
| At the end of the period/year       | 3,503  | 4,139  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 24. REVERSE REPURCHASE AGREEMENTS

|                              | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|------------------------------|--|--|
| Analysed by collateral type: |  |  |
| – Stocks                     | 5,542,301  | 6,469,633  |
| – Bonds                      | 2,674,018  | 3,857,202  |
| Others                       | 2,407  | –  |
| Subtotal                     | 8,218,726  | 10,326,835   |
| Less: impairment allowance   | (4,426,886)  | (4,889,101)  |
|                              | <b>3,791,840</b>                                   | <b>5,437,734</b>                                     |
| Analysed by market:          |  |  |
| – Stock exchanges            | 6,455,754  | 8,334,166  |
| – Inter-bank market          | 1,760,565  | 1,992,669  |
| Others                       | 2,407  | –  |
| Less: impairment allowance   | (4,426,886)  | (4,889,101)  |
| Total                        | <b>3,791,840</b>                                   | <b>5,437,734</b>                                     |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 24. REVERSE REPURCHASE AGREEMENTS (Continued)

The movements of the impairment allowance are set out below:

|                                     | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|-------------------------------------|--|--|
| At the beginning of the period/year | 4,889,101  | 4,930,159  |
| Charge for the period/year, net     | 301,764  | 990,715  |
| Transfer out for the period/year    | (763,979)  | (1,031,773)  |
| Write off for the period/year       | –  | –  |
| At the end of the period/year       | 4,426,886  | 4,889,101  |

### As at 30 June 2024 (unaudited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | –                       | –  | 4,426,886  | 4,426,886        |

### As at 31 December 2023 (audited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | –                       | –  | 4,889,101  | 4,889,101        |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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## 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|                              | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|------------------------------|--|--|
| Analysed by type:            |  |  |
| – Debt securities (Note a)   | 46,342,468   | 44,260,049   |
| – Equity securities          | 6,399,073  | 6,916,863  |
| – Funds                      | 17,448,988   | 15,938,601   |
| – Associates (Note b)        | 1,714,353  | 1,800,815  |
| – Other investments (Note c) | 25,374,002   | 28,153,316   |
| <b>Total</b>                 | <b>97,278,884</b>                                  | <b>97,069,644</b>                                    |
| Analysed as:                 |  |  |
| – Listed                     | 18,989,929   | 21,239,787   |
| – Unlisted                   | 78,288,955   | 75,829,857   |
| <b>Total</b>                 | <b>97,278,884</b>                                  | <b>97,069,644</b>                                    |

*Note a:* Debt securities include convertible bonds with contractual terms giving rise to cash flows that are not solely payments of principal and interest on the principal outstanding. Accordingly, they are measured at FVTPL.

*Note b:* This consists of 65 associates measured at fair value as at 30 June 2024 (31 December 2023: 67) and none of these associates is individually material.

*Note c:* Other investments mainly represent investments in collective asset management schemes issued and managed by the Group, perpetual instruments, wealth management products issued by banks and targeted asset management schemes (or trust investments) managed by non-bank financial institutions.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 26. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| Analysed by type:   |  |  |
| – Government bonds  | 22,178,602   | 37,329,351   |
| – Bonds issued by policy banks                                      | 301,526  | 1,497,672  |
| – Bonds issued by commercial banks and other financial institutions | 3,540,799  | 3,406,222  |
| – Other debt securities ( <i>Note</i> )                             | 61,210,328   | 48,580,468   |
| <b>Total</b>  | <b>87,231,255</b>                                  | <b>90,813,713</b>                                    |
| Analysed as:  |  |  |
| – Listed  | 43,199,587   | 49,568,073   |
| – Unlisted  | 44,031,668   | 41,245,640   |
| <b>Total</b>  | <b>87,231,255</b>                                  | <b>90,813,713</b>                                    |

*Note:* Other debt securities mainly comprise bonds and notes issued by corporates.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 26. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

The movements of the impairment allowance are set out below:

|                                     | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|-------------------------------------|--|--|
| At the beginning of the period/year | 174,122  | 253,618  |
| Charge for the period/year, net     | 12,343   | 26,666   |
| Write off for the period/year       | –  | (106,037)  |
| Exchange difference                 | 11   | (125)  |
| At the end of the period/year       | <b>186,476</b>                                     | 174,122  |

### As at 30 June 2024 (unaudited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | 27,439                  | –  | 159,037  | 186,476          |

### As at 31 December 2023 (audited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | 21,694                  | –  | 152,428  | 174,122          |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 27. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|                                  | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|----------------------------------|--|--|
| Analysed by type:                |  |  |
| – Equity securities (Note a)     | 7,066,309  | 4,521,902  |
| – Perpetual instruments (Note b) | 6,076,605  | 1,776,276  |
| – Others (Note c)                | 781,966  | –  |
| <b>Total</b>                     | <b>13,924,880</b>                                  | <b>6,298,178</b>                                     |
| Analysed as:                     |  |  |
| – Listed                         | 8,715,304  | 4,458,619  |
| – Unlisted                       | 5,209,576  | 1,839,559  |
| <b>Total</b>                     | <b>13,924,880</b>                                  | <b>6,298,178</b>                                     |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 27. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

*Note a:* The above equity investments include those ordinary shares of the entities listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and those equity securities traded on National Equities Exchange and Quotations (the “NEEQ”). These investments are not held for trading, instead, they are held for long-term strategic purposes. The Group has 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.

Besides, some of the above equity investments represent the Group’s equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI for the strategy of holding these investments for long-term purposes.

During the current interim period, the Group disposed of certain investments in equity securities traded on the NEEQ and equity investments listed on stock exchanges as they no longer meet the investment objective of the Group. The cumulative losses, net of income tax, on disposal of RMB47,406 thousand on equity securities traded on the NEEQ, and the cumulative gains, net of income tax, on disposal of RMB12,644 thousand on equity securities listed on stock exchanges have been transferred from other comprehensive income to retained earnings respectively.

*Note b:* Those perpetual instruments are equity instruments which are not held for trading. Instead, they are held for long-term strategic purposes. The Group has elected to designate these perpetual 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 dividend income in the long run. During the current interim period, the Group has not disposed of any perpetual instruments.

*Note c:* Others mainly comprise Real Estate Investment Trusts which are not held for trading. Instead, they are held for long-term strategic purposes. The Group has elected to designate these Real Estate Investment Trusts 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 dividend income in the long run. During the current interim period, the Group has not disposed of any Real Estate Investment Trusts.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 28. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| Analysed by type:   |  |  |
| – Government bonds  | 957,508  | 957,585  |
| – Bonds issued by commercial banks and other financial institutions | 435,714  | 440,417  |
| – Other debt securities ( <i>Note a</i> )                           | 185,419  | 188,651  |
| Less: impairment allowance  | (68)   | (62)   |
| <b>Total</b>  | <b>1,578,573</b>                                   | <b>1,586,591</b>                                     |
| Analysed as:  |  |  |
| – Listed  | 1,129,702  | 279,498  |
| – Unlisted ( <i>Note b</i> )  | 448,871  | 1,307,093  |
| <b>Total</b>  | <b>1,578,573</b>                                   | <b>1,586,591</b>                                     |

*Note a:* Other debt securities mainly comprise bonds and notes issued by corporates.

*Note b:* The unlisted debt securities were traded on inter-bank market.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 28. DEBT INSTRUMENTS MEASURED AT AMORTISED COST (Continued)

The movements of the impairment allowance are set out below:

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| At the beginning of the period/year       | 62   | 111  |
| Charge/(reversal) of the period/year, net | 6  | (49)   |
| At the end of the period/year             | 68   | 62   |

### As at 30 June 2024 (unaudited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | 68                      | –  | –  | 68               |

### As at 31 December 2023 (audited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | 62                      | –  | –  | 62               |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 29. INVESTMENTS IN ASSOCIATES

|  | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--|--|--|
| Cost of investments in associates  | 2,480,146  | 2,649,365  |
| Share of post-acquisition profits and other comprehensive income,<br>net of dividends received | 4,200,860  | 4,001,777  |
| Less: impairment allowance ( <i>Note a</i> )   | (353,536)  | (397,168)  |
| Total  | 6,327,470  | 6,253,974  |

*Note a:* The impairment allowance of investments in associates as at 30 June 2024 and 31 December 2023 related to 3 associates invested by the Group.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 29. INVESTMENTS IN ASSOCIATES (Continued)

At the end of each reporting period, the Group had the following significant associates accounted for using the equity method:

| Name of associates  | Place and date of establishment | Equity interest held by the Group |                                  | Principal activities              |
|---|---------------------------------|-----------------------------------|----------------------------------|-----------------------------------|
|   |                                 | As at 30 June 2024 (Unaudited)    | As at 31 December 2023 (Audited) |                                   |
| 匯添富基金管理股份有限公司<br>China Universal Asset Management Company Limited ("China Universal")                                   | PRC<br>3 February 2005          | 35.41%                            | 35.41%                           | Fund management                   |
| 東證睿波(上海)投資中心(有限合夥)<br>Dongzheng Ruiibo (Shanghai) Investment Center LLP. <sup>(1)*</sup>                                | PRC<br>25 June 2015             | 55.63%                            | 55.63%                           | Investment management             |
| 海甯東證藍海並購投資合夥企業(有限合夥)<br>Haining Orient Securities Lanhai Merger Investment Partnership LLP. *                           | PRC<br>13 July 2016             | 25.75%                            | 25.75%                           | Investment management             |
| 東建國際控股有限公司<br>OCI International Holdings Limited  | Cayman Islands<br>6 June 2015   | 20.94%                            | 20.94%                           | Securities investment             |
| 誠泰融資租賃(上海)有限公司<br>Chengtay Financial Leasing (Shanghai) Co., Ltd.   | PRC<br>11 September 2015        | 20.19%                            | 20.19%                           | Leasing                           |
| 宜興東證睿元股權投資合夥企業(有限合夥)<br>Yixing Dongzheng Ruiyuan Equity Investment Partnership LLP. <sup>(2)*</sup>                     | PRC<br>11 March 2020            | 19.19%                            | 19.19%                           | Investment management             |
| 寧波梅山保税港區東證夏德投資合夥企業(有限合夥)<br>Ningbo Meishan Bonded Port Area Dongzheng Xiade Investment Partnership LLP. <sup>(2)*</sup> | PRC<br>11 February 2018         | 18.89%                            | 18.89%                           | Investment management             |
| 南通東證富象股權投資中心(有限合夥)<br>Nantong Dongzheng Fuxiang Equity Investment Center LLP. <sup>(2)*</sup>                           | PRC<br>7 November 2017          | 19.93%                            | 19.93%                           | Investment management             |
| 成都交子東方投資發展合夥企業(有限合夥)<br>Chengdu Jiaozi Oriental Investment Development Partnership LLP. <sup>(1)*</sup>                 | PRC<br>17 January 2020          | 50.00%                            | 50.00%                           | Leasing and investment management |

\* English translated names are for identification purpose only.

- (1) Although the Group's percentages of shareholdings in these investees are no less than 50%, they are accounted for as associates as the Group only has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.
- (2) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as associates as the Group has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 29. INVESTMENTS IN ASSOCIATES (Continued)

The summarised consolidated interim financial information of China Universal, which is an individually significant associate to the Group that is accounted for using equity method, prepared in accordance with IFRSs, is set out below:

### China Universal

|                   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|-------------------|--|--|
| Total assets      | 13,828,151   | 13,936,772   |
| Total liabilities | 3,261,666  | 4,063,448  |
| Net assets        | 10,566,485   | 9,873,324  |

|                            | Six months ended 30 June       |                                |
|----------------------------|--------------------------------|--------------------------------|
|                            | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Total revenue              | 2,222,323                      | 2,769,329                      |
| Profit for the period      | 689,748                        | 796,991                        |
| Other comprehensive income | 3,413                          | 20,447                         |
| Total comprehensive income | 693,161                        | 817,438                        |

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 29. INVESTMENTS IN ASSOCIATES (Continued)

### China Universal (Continued)

Reconciliation of the above consolidated interim financial information to the carrying amount of the interest in above associate recognised in the financial statements is as follows:

|  | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--|--|--|
| Equity attributable to equity holders of the associate | 10,566,485   | 9,873,324  |
| Proportion of equity interests held by the Group       | 35.41%   | 35.41%   |
| Carrying amount  | 3,741,462  | 3,496,013  |

Aggregate information of other associates that are not individually material:

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| The Group's share of (losses)/profits           | (19,482)                       | 64,481                         |
| The Group's share of other comprehensive income | 360                            | 572                            |
| The Group's share of total comprehensive income | (19,122)                       | 65,053                         |

|  | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--|--|--|
| Aggregate carrying amount of the Group's interests in these associates | 2,586,008  | 2,757,961  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 30. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

### 30.1 Structured entities set up and managed by the Group

The Group served as the investment manager of structured entities (including funds, asset management schemes and limited partnerships), therefore had power over them during the periods. Except for the structured entities the Group has consolidated as disclosed in Note 32, based on the assessment, these structured entities are not controlled by the Group. The Group therefore did not consolidate these structured entities.

The total net assets of unconsolidated funds, asset management schemes and limited partnerships managed by the Group amounted to RMB250,353 million and RMB257,708 million as at 30 June 2024 and 31 December 2023, respectively. The Group classified the investments in unconsolidated funds, asset management schemes and limited partnership managed by the Group as financial assets at FVTPL and investments in associates as at 30 June 2024 and 31 December 2023. As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's interests in unconsolidated funds, asset management schemes and limited partnerships were RMB4,204 million and RMB3,846 million, respectively, which approximates the maximum risk exposure to the Group. The fund management fee income from the unconsolidated funds, asset management schemes and limited partnerships managed by the Group for the six months ended 30 June 2024 and 2023, were RMB744 million and RMB1,286 million, respectively.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 30. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

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

The table below shows the carrying amount of unconsolidated funds, asset management schemes and limited partnership in which the Group acted as investment manager and held interests and its maximum exposure to loss in relation to those interests as at 30 June 2024 and 31 December 2023.

#### As at 30 June 2024 (unaudited)

|   | Carrying amount<br>RMB'000 | Maximum exposure<br>RMB'000 |
|---|----------------------------|-----------------------------|
| Financial assets at fair value through profit or loss | 3,454,294                  | 3,454,294                   |
| Investments in associates                             | 749,993                    | 749,993                     |
| <b>Total</b>  | <b>4,204,287</b>           | <b>4,204,287</b>            |

#### As at 31 December 2023 (audited)

|   | Carrying amount<br>RMB'000 | Maximum exposure<br>RMB'000 |
|---|----------------------------|-----------------------------|
| Financial assets at fair value through profit or loss | 2,951,495                  | 2,951,495                   |
| Investments in associates                             | 894,634                    | 894,634                     |
| <b>Total</b>  | <b>3,846,129</b>           | <b>3,846,129</b>            |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 30. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

### 30.2 Structured entities set up and managed by third party institutions in which the Group holds an interest

The Group also holds interest in structured entities such as funds, asset management schemes, trust schemes, wealth management products that are issued by banks or other financial institutions and limited partnership. These structured entities are not consolidated by the Group. The nature and purpose of these structured entities are to generate fee income from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The table below shows the carrying amount of unconsolidated funds, asset management schemes, trust schemes, wealth management products and limited partnership in which the third party acted as investment manager and the Group held interests and its maximum exposure to loss in relation to those interests as at 30 June 2024 and 31 December 2023.

#### As at 30 June 2024 (unaudited)

|   | Carrying amount<br>RMB'000 | Maximum exposure<br>RMB'000 |
|---|----------------------------|-----------------------------|
| Financial assets at fair value through profit or loss | 33,981,958                 | 33,981,958                  |
| Investments in associates                             | 161,029                    | 161,029                     |
| <b>Total</b>  | <b>34,142,987</b>          | <b>34,142,987</b>           |

#### As at 31 December 2023 (audited)

|   | Carrying amount<br>RMB'000 | Maximum exposure<br>RMB'000 |
|---|----------------------------|-----------------------------|
| Financial assets at fair value through profit or loss | 35,120,650                 | 35,120,650                  |
| Investments in associates                             | 161,385                    | 161,385                     |
| <b>Total</b>  | <b>35,282,035</b>          | <b>35,282,035</b>           |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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## 31. PROPERTY AND EQUIPMENT

|                                 | Land and buildings<br>RMB'000 | Electronic and communication equipment<br>RMB'000 | Motor vehicles<br>RMB'000 | Office equipment<br>RMB'000 | Leasehold improvements<br>RMB'000 | Construction in progress<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------|-------------------------------|---|---------------------------|-----------------------------|-----------------------------------|-------------------------------------|------------------|
| <b>Unaudited</b>                |                               |   |                           |                             |                                   |                                     |                  |
| <b>COST</b>                     |                               |   |                           |                             |                                   |                                     |                  |
| As at 1 January 2024            | 1,885,041                     | 1,177,282   | 39,832                    | 158,691                     | 701,085                           | 765,409                             | 4,727,340        |
| Additions                       | -                             | 29,692  | 550                       | 6,285                       | 16,103                            | 23,606                              | 76,236           |
| Disposals                       | -                             | (21,575)  | -                         | (3,868)                     | -                                 | -                                   | (25,443)         |
| Transfer during the period      | 383                           | 20,431  | -                         | 409                         | -                                 | (20,840)                            | 383              |
| Exchange difference             | -                             | (80)  | -                         | (44)                        | -                                 | (1)                                 | (125)            |
| As at 30 June 2024              | 1,885,424                     | 1,205,750   | 40,382                    | 161,473                     | 717,188                           | 768,174                             | 4,778,391        |
| <b>ACCUMULATED DEPRECIATION</b> |                               |   |                           |                             |                                   |                                     |                  |
| As at 1 January 2024            | 386,315                       | 872,014   | 33,927                    | 113,694                     | 582,021                           | -                                   | 1,987,971        |
| Charge for the period           | 30,224                        | 71,733  | 1,125                     | 7,958                       | 32,511                            | -                                   | 143,551          |
| Eliminated on disposals         | -                             | (15,267)  | -                         | (2,756)                     | -                                 | -                                   | (18,023)         |
| Transfer during the period      | 77                            | -   | -                         | -                           | -                                 | -                                   | 77               |
| Exchange difference             | -                             | (60)  | -                         | (27)                        | (22)                              | -                                   | (109)            |
| As at 30 June 2024              | 416,616                       | 928,420   | 35,052                    | 118,869                     | 614,510                           | -                                   | 2,113,467        |
| <b>CARRYING VALUES</b>          |                               |   |                           |                             |                                   |                                     |                  |
| As at 30 June 2024              | 1,468,808                     | 277,330   | 5,330                     | 42,604                      | 102,678                           | 768,174                             | 2,664,924        |

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 31. PROPERTY AND EQUIPMENT (Continued)

|                                 | Land and<br>buildings<br>RMB'000 | Electronic and<br>communication<br>equipment<br>RMB'000 | Motor vehicles<br>RMB'000 | Office<br>equipment<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Construction<br>in progress<br>RMB'000 | Total<br>RMB'000 |
|---------------------------------|----------------------------------|---|---------------------------|--------------------------------|--------------------------------------|--|------------------|
| <b>COST</b>                     |                                  |   |                           |                                |                                      |  |                  |
| As at 1 January 2023            | 1,885,041                        | 1,096,348   | 43,720                    | 146,581                        | 661,868                              | 36,304                                 | 3,869,862        |
| Additions                       | -                                | 40,519  | 256                       | 16,696                         | 38,906                               | 810,895                                | 907,272          |
| Disposals                       | -                                | (39,926)  | (4,426)                   | (6,166)                        | -                                    | -                                      | (50,518)         |
| Transfer during the year        | -                                | 80,056  | 273                       | 1,505                          | -                                    | (81,834)                               | -                |
| Exchange difference             | -                                | 285   | 9                         | 75                             | 311                                  | 44                                     | 724              |
| As at 31 December 2023          | 1,885,041                        | 1,177,282   | 39,832                    | 158,691                        | 701,085                              | 765,409                                | 4,727,340        |
| <b>ACCUMULATED DEPRECIATION</b> |                                  |   |                           |                                |                                      |  |                  |
| As at 1 January 2023            | 321,392                          | 770,940   | 35,404                    | 90,545                         | 521,114                              | -                                      | 1,739,395        |
| Charge for the year             | 64,923                           | 137,738   | 2,808                     | 28,727                         | 60,684                               | -                                      | 294,880          |
| Eliminated on disposals         | -                                | (36,878)  | (4,294)                   | (5,634)                        | -                                    | -                                      | (46,806)         |
| Exchange difference             | -                                | 214   | 9                         | 56                             | 223                                  | -                                      | 502              |
| As at 31 December 2023          | 386,315                          | 872,014   | 33,927                    | 113,694                        | 582,021                              | -                                      | 1,987,971        |
| <b>CARRYING VALUES</b>          |                                  |   |                           |                                |                                      |  |                  |
| As at 31 December 2023          | 1,498,726                        | 305,268   | 5,905                     | 44,997                         | 119,064                              | 765,409                                | 2,739,369        |

The carrying amount of the Group's property and equipment included leasehold interest in land. As the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, therefore, the entire property is classified as property and equipment.

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 32. INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

The Group has consolidated certain structured entities including asset management schemes, funds and limited partnerships. For the structured entities where the Group involves as manager and also as investor, the Group assesses whether the combination of investments it held together with its remuneration creates exposure to variability of returns from the activities of the structured entities that is of such significance that it indicates that the Group is a principal.

Interests in all consolidated asset management schemes, funds and limited partnerships held by the Group amounted to fair value of RMB3,771 million and RMB3,522 million as at 30 June 2024 and 31 December 2023, respectively.

Interests held by other interest holders are included in financial liabilities designated at FVTPL in the condensed consolidated statement of financial position.

## 33. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

|                          | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--------------------------|--|--|
| Deferred tax assets      | 1,740,767  | 2,079,575  |
| Deferred tax liabilities | (539)  | (35,936)   |
| Total                    | 1,740,228  | 2,043,639  |

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## 33. DEFERRED TAXATION (Continued)

The following are the major deferred tax assets and liabilities recognised and movements during the current period and prior year:

|  | Financial instruments at FVTPL and derivatives<br>RMB'000 | Accrued staff cost<br>RMB'000 | Financial instruments at FVTOCI<br>RMB'000 | Allowance for impairment losses<br>RMB'000 | Other<br>RMB'000 | Total<br>RMB'000 |
|--|---|-------------------------------|--|--|------------------|------------------|
| As at 1 January 2024                                       | (617,301)   | 334,223                       | (81,314)                                   | 1,925,007                                  | 483,024          | 2,043,639        |
| (Charge)/credit to profit or loss                          | (21,721)  | 50,260                        | 2,951                                      | 65,656                                     | (25,955)         | 71,191           |
| Credit/(charge) to other comprehensive income              | 6,974   | -                             | (369,386)                                  | -  | -                | (362,412)        |
| Transfer out upon disposal of equity instruments at FVTOCI | (1,255)   | -                             | (10,935)                                   | -  | -                | (12,190)         |
| As at 30 June 2024   | (633,303)   | 384,483                       | (458,684)                                  | 1,990,663                                  | 457,069          | 1,740,228        |
| At 1 January 2023  | (482,530)   | 342,494                       | 45,957                                     | 1,805,742                                  | 118,942          | 1,830,605        |
| (Charge)/credit to profit or loss                          | (130,662)   | (8,271)                       | (20,127)                                   | 119,265                                    | 364,465          | 324,670          |
| Credit/(charge) to other comprehensive income              | 3,202   | -                             | (114,838)                                  | -  | -                | (111,636)        |
| Transfer out upon disposal of equity instruments at FVTOCI | -   | -                             | 7,694                                      | -  | (7,694)          | -                |
| Other  | (7,311)   | -                             | -  | -  | 7,311            | -                |
| As at 31 December 2023                                     | (617,301)   | 334,223                       | (81,314)                                   | 1,925,007                                  | 483,024          | 2,043,639        |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 34. OTHER ASSETS

|                            | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|----------------------------|--|--|
| Other receivables          | 5,113,751  | 4,994,426  |
| Prepayments                | 342,906  | 278,769  |
| Others                     | 1,694,149  | 778,013  |
| Less: impairment allowance | <b>(2,712,905)</b>                                 | (1,950,440)  |
| <b>Total</b>               | <b>4,437,901</b>                                   | 4,100,768  |

The movements of the impairment allowance are set out below:

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| At the beginning of the period/year           | 1,950,440  | 1,755,201  |
| (Reversal of)/charge for the period/year, net | <b>(1,514)</b>                                     | 16,551   |
| Transfer in                                   | <b>763,979</b>                                     | 1,031,773  |
| Write off for the period/year                 | –  | (853,087)  |
| Exchange differences                          | <b>0</b>   | 2  |
| <b>At the end of the period/year</b>          | <b>2,712,905</b>                                   | 1,950,440  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 34. OTHER ASSETS (Continued)

As at 30 June 2024 (unaudited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | –                       | 5,533  | 2,707,372  | 2,712,905        |

As at 31 December 2023 (audited)

|                      | 12-month ECL<br>RMB'000 | Lifetime ECL<br>(not credit-<br>impaired)<br>RMB'000 | Lifetime ECL<br>(credit-<br>impaired)<br>RMB'000 | Total<br>RMB'000 |
|----------------------|-------------------------|--|--|------------------|
| Impairment allowance | 3,171                   | –  | 1,947,269  | 1,950,440        |

## 35. PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| Placements from banks (Note a)  | 13,454,384   | 13,288,745   |
| Placements from China Securities Finance Corporation Limited (Note b) | 3,017,310  | 2,513,349  |
| Placements from Shanghai Gold Exchange (Note c)                       | 9,195,845  | 9,867,965  |
| Total   | 25,667,539   | 25,670,059   |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 35. PLACEMENTS FROM BANKS AND FINANCIAL INSTITUTIONS (Continued)

*Note a:* As at 30 June 2024, the effective interest rates bearing on the outstanding amount of placements from banks varied from 1.50% to 2.55% (31 December 2023: 1.50% to 2.30%) per annum. The amount of placements from banks were repayable within six days (31 December 2023: eight days) from the end of the reporting period.

*Note b:* As at 30 June 2024, the effective interest rate of placements from China Securities Finance Corporation Limited varied from 2.03% to 2.71% (31 December 2023: 2.16% to 2.93%) per annum. The amount of placements from China Securities Finance Corporation Limited will be repayable within six months (31 December 2023: within six months) from the end of the reporting period.

*Note c:* As at 30 June 2024, the effective interest rates of placements from Shanghai Gold Exchange varied from 0.55% to 2.00% per annum (31 December 2023: 0.60% to 2.00%) per annum. The amount of placements from Shanghai Gold Exchange were repayable within one year (31 December 2023: within one year) from the end of the reporting period.

## 36. SHORT-TERM DEBT INSTRUMENTS

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| Short-term commercial paper and corporate bonds ( <i>Note a</i> ) | 1,810,498  | 1,609,352  |
| Income certificates ( <i>Note b</i> )                             | 670,955  | 1,188,348  |
| <b>Total</b>  | <b>2,481,453</b>                                   | <b>2,797,700</b>                                     |
| Analysed by market:   |  |  |
| Stock exchange  | 1,810,498  | 1,609,352  |
| Over the counter  | 670,955  | 1,188,348  |
| <b>Total</b>  | <b>2,481,453</b>                                   | <b>2,797,700</b>                                     |

*Note a:* As at 30 June 2024, the yield of the outstanding short-term commercial paper and corporate bond was 2.41%-6.00% (31 December 2023: 2.41%) per annum.

*Note b:* As at 30 June 2024, the yields of all the short-term outstanding income certificates issued by the Group ranged from 2.05% to 2.80% (31 December 2023: 2.25% to 2.95%) per annum.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 37. ACCOUNT PAYABLES TO BROKERAGE CLIENTS

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

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of these businesses.

Account payables to brokerage clients mainly include money held on behalf of clients in the banks and clearing houses by the Group and are interest-bearing at the prevailing market interest rate.

As at 30 June 2024 and 31 December 2023, included in the Group's account payable to brokerage clients were approximately RMB2,325 million and RMB3,655 million, respectively, of margin deposits and cash collateral received from clients for margin financing and securities lending arrangement.

## 38. REPURCHASE AGREEMENTS

|                             | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|-----------------------------|--|--|
| Analysed by collateral type |  |  |
| – Bonds                     | 68,622,878   | 68,720,716   |
| – Funds                     | 1,402,156  | 964,213  |
| – Advances to customers     | 300,221  | 300,270  |
| – Gold                      | –  | 636,722  |
| – Perpetual instruments     | 6,374,387  | 3,094,222  |
| <b>Total</b>                | <b>76,699,642</b>                                  | <b>73,716,143</b>                                    |
| Analysed by market          |  |  |
| – Stock exchanges           | 34,844,185   | 29,149,889   |
| – Inter-bank market         | 41,409,228   | 41,919,630   |
| – Over the counter          | 446,229  | 2,646,624  |
| <b>Total</b>                | <b>76,699,642</b>                                  | <b>73,716,143</b>                                    |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 39. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| Debt securities   | <b>6,108,943</b>                                   | 6,490,853  |
| Designated at fair value through profit or loss   |  |  |
| – Interests attributable to other holders of consolidated structured entities ( <i>Note a</i> ) | <b>273,609</b>                                     | 368,838  |
| – Income certificates ( <i>Note b</i> )   | <b>7,147,796</b>                                   | 7,144,110  |
| – Other ( <i>Note c</i> )   | <b>537,859</b>                                     | 1,298,033  |
| <b>Total</b>  | <b>14,068,207</b>                                  | 15,301,834   |

*Note a:* Interests attributable to other holders of consolidated structured entities consist of third-party unitholders' interests in these consolidated structured entities which are recognised as a liability since the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

*Note b:* The income certificates were hybrid contracts containing embedded derivative.

*Note c:* Other mainly includes structured notes issued by a subsidiary of the Company. The fair value of structured notes is linked to performance of a third-party perpetual bond and asset management schemes. The Group irrevocably designates these financial liabilities as measured at FVTPL to eliminate an accounting mismatch.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 40. BORROWINGS

|   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---|--|--|
| Unsecured short-term borrowings repayable within one year | 1,261,422  | 1,700,024  |
| Unsecured long-term borrowings repayable after one year   | –  | –  |
| <b>Total</b>  | <b>1,261,422</b>                                   | <b>1,700,024</b>                                     |

As at 30 June 2024, the annual interest rates on the borrowings were in the range of 3.75% to 6.78% (31 December 2023: 3.42% to 6.81%).

During the current interim period, the Group obtained new short-term borrowings amounting to RMB1,048 million (six months ended 30 June 2023: RMB801 million) and repaid short-term borrowings amounting to RMB1,669 million (six months ended 30 June 2023: RMB1,146 million). There's no new long-term borrowing obtained or repaid for the six months ended 30 June 2024 and 2023.

## 41. DEBT SECURITIES ISSUED

|                              | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|------------------------------|--|--|
| Corporate bonds              | 27,921,682   | 30,063,388   |
| Subordinated bonds           | 21,311,700   | 24,906,609   |
| Offshore bonds               | 5,063,410  | 5,057,958  |
| Income certificates (Note a) | 608,453  | 129,890  |
| <b>Total</b>                 | <b>54,905,245</b>                                  | <b>60,157,845</b>                                    |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 41. DEBT SECURITIES ISSUED (Continued)

| Issues                        | Currency | Issue amount (Original currency in million) | Issue amount (RMB in million) | Issue date | Maturity date | Coupon rate |
|-------------------------------|----------|---|-------------------------------|------------|---------------|-------------|
| 17-3 Corporate Bond           | RMB      | 4,000                                       | 4,000                         | 03/08/2017 | 03/08/2027    | 4.98%       |
| 21-2 Corporate Bond           | RMB      | 4,000                                       | 4,000                         | 24/11/2021 | 24/11/2024    | 3.08%       |
| 22-1 Corporate Bond           | RMB      | 2,000                                       | 2,000                         | 21/07/2022 | 21/07/2025    | 2.79%       |
| 22-2 Corporate Bond           | RMB      | 1,500                                       | 1,500                         | 21/07/2022 | 21/07/2027    | 3.18%       |
| 22-3 Corporate Bond           | RMB      | 2,000                                       | 2,000                         | 25/08/2022 | 25/08/2027    | 3.00%       |
| 22-4 Corporate Bond           | RMB      | 3,500                                       | 3,500                         | 14/12/2022 | 14/12/2025    | 3.40%       |
| 23-1 Corporate Bond           | RMB      | 1,500                                       | 1,500                         | 21/02/2023 | 21/02/2025    | 2.92%       |
| 23-2 Corporate Bond           | RMB      | 2,500                                       | 2,500                         | 21/02/2023 | 21/02/2026    | 3.13%       |
| 23-3 Corporate Bond           | RMB      | 1,600                                       | 1,600                         | 21/03/2023 | 21/03/2028    | 3.32%       |
| 23-4 Corporate Bond           | RMB      | 3,000                                       | 3,000                         | 24/05/2023 | 24/05/2026    | 2.90%       |
| 24-1 Corporate Bond           | RMB      | 1,800                                       | 1,800                         | 25/01/2024 | 25/01/2027    | 2.73%       |
| Subtotal                      |          |   | 27,400                        |            |               |             |
| 21-3 Orient Subordinated Bond | RMB      | 1,500                                       | 1,500                         | 16/04/2021 | 16/04/2026    | 4.20%       |
| 22-1 Orient Subordinated Bond | RMB      | 2,500                                       | 2,500                         | 13/01/2022 | 13/01/2025    | 3.16%       |
| 22-2 Orient Subordinated Bond | RMB      | 3,500                                       | 3,500                         | 21/10/2022 | 21/10/2024    | 2.53%       |
| 23-1 Orient Subordinated Bond | RMB      | 3,000                                       | 3,000                         | 24/04/2023 | 24/04/2026    | 3.30%       |
| 23-2 Orient Subordinated Bond | RMB      | 3,000                                       | 3,000                         | 10/08/2023 | 10/08/2026    | 3.08%       |
| 23-3 Orient Subordinated Bond | RMB      | 2,800                                       | 2,800                         | 30/10/2023 | 30/10/2026    | 3.30%       |
| 23-4 Orient Subordinated Bond | RMB      | 700   | 700                           | 30/10/2023 | 30/10/2028    | 3.50%       |
| 23-5 Orient Subordinated Bond | RMB      | 2,000                                       | 2,000                         | 23/11/2023 | 23/11/2026    | 3.18%       |
| 24-1 Orient Subordinated Bond | RMB      | 2,000                                       | 2,000                         | 26/06/2024 | 26/06/2029    | 2.33%       |
| Subtotal                      |          |   | 21,000                        |            |               |             |
| 22 Offshore EUR Bond          | EUR      | 100   | 742                           | 05/05/2022 | 05/05/2025    | 1.75%       |
| 22-1 Offshore USD Bond        | USD      | 300   | 2,089                         | 17/05/2022 | 17/05/2025    | 3.50%       |
| 22-2 Offshore USD Bond        | USD      | 300   | 2,089                         | 26/10/2022 | 26/10/2025    | 5.13%       |
| Subtotal                      |          |   | 4,920                         |            |               |             |
| Total                         |          |   | 53,320                        |            |               |             |

Note a: The amount represents income certificates issued by the Company with maturities of more than one year. As at 30 June 2024, the outstanding income certificates carried yield from 2.40% to 2.95% (31 December 2023: 2.60% to 2.95%) per annum.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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## 42. OTHER LIABILITIES

|  | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|--|--|--|
| Other account payables   |  |  |
| – Notes payable  | 455,000  | 1,244,900  |
| – Settlement payables  | 352,387  | 45,055   |
| – Products distribution fees payables                          | 201,250  | 239,788  |
| – Others   | 57,773   | 14,712   |
| Other payables and accruals                                    |  |  |
| – Derivatives deposit received from customers                  | 9,491,359  | 7,896,172  |
| – Futures risk reserve   | 265,255  | 251,805  |
| – Acting underwriting securities                               | 83,070   | 121,750  |
| – Value-added taxes and other taxes                            | 73,022   | 96,926   |
| – Payables for securities and futures investor protection fund | 32,871   | 34,687   |
| – Others   | 777,374  | 658,154  |
| <b>Total</b>   | <b>11,789,361</b>                                  | <b>10,603,949</b>                                    |

## 43. SHARE CAPITAL

All shares issued by the Company are fully paid common shares. The par value is RMB1. The Company's number of shares issued and their nominal value are as follows:

|  | Opening<br>RMB'000 | Addition<br>RMB'000 | Closing<br>RMB'000 |
|--|--------------------|---------------------|--------------------|
| Registered, issued and fully paid ordinary shares<br>of RMB1 each: |                    |                     |                    |
| Period ended 30 June 2024 (Unaudited)                              | 8,496,645          | –                   | 8,496,645          |
| Year ended 31 December 2023 (Audited)                              | 8,496,645          | –                   | 8,496,645          |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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## 43. SHARE CAPITAL (Continued)

On 30 October 2023, the Board of Directors of the Company approved “The Proposal to Repurchase the Company’s A Shares through Centralised Bidding Transaction” to maintain the Company’s market value and to protect the shareholders’ interests. These repurchased stocks could be sold through centralised bidding after 12 months or cancelled after 3 years. As at 30 June 2024, a total of 34,843,324 A shares have been repurchased through centralised bidding transaction at an aggregated consideration of RMB310 million. The details are as follows:

| Month of Repurchase | No. of Ordinary shares | Prices per share |         | Aggregate Consideration paid |
|---------------------|------------------------|------------------|---------|------------------------------|
|                     |                        | Highest          | Lowest  |                              |
| November 2023       | 30,844,124             | RMB9.14          | RMB8.81 | RMB277 million               |
| December 2023       | 2,642,300              | RMB8.75          | RMB8.18 | RMB22 million                |
| January 2024        | 1,356,900              | RMB8.33          | RMB7.99 | RMB11 million                |

## 44. DIVIDENDS

|  | Six months ended 30 June       |                                |
|--|--------------------------------|--------------------------------|
|  | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Dividends recognised as distribution               | 1,269,270                      | 1,274,497                      |
| Distribution to holders of other equity instrument | 237,500                        | 237,500                        |
| <b>Total</b>                                       | <b>1,506,770</b>               | <b>1,511,997</b>               |

During the current interim period, a final dividend of RMB1.50 (tax inclusive) per 10 shares in respect of the year ended 31 December 2023 (Period ended 30 June 2023: RMB1.50 (tax inclusive) per 10 shares in respect of the year ended 31 December 2022) was proposed by the Board of Directors and approved by the shareholders at the Annual General Meeting of the Company held on 10 May 2024. The aggregate amount of the final dividend declared and paid in the interim period amounted to RMB1,269,270 thousand (2023: RMB1,274,497 thousand).

During the current interim period, dividend of the Group on perpetual subordinated bond amounted to RMB237,500 thousand (Period ended 30 June 2023, RMB237,500 thousand).

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 44. DIVIDENDS (Continued)

An interim dividend of RMB0.75 (tax inclusive) per 10 shares in respect of the interim period for the six months ended 30 June 2024 (None in respect of the interim period for the six months ended 30 June 2023) was proposed by the Board of Directors.

## 45. OTHER EQUITY INSTRUMENT

|                             | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|-----------------------------|--|--|
| Perpetual subordinated bond | 5,000,000  | 5,000,000  |

The Company issued a perpetual subordinated bond with a principal amount of RMB5 billion in August 2020, with the initial interest rate of 4.75% per annum.

The perpetual subordinated bond is unsecured. The interest rate for perpetual subordinated bond is reset every five years. The reset interest rate is determined as the sum of the current base rate and the initial spread plus 300 basis points. The current base rate is defined as the average yield of 5 years treasury from the bond yield curve published on China Bond website 5 working days before the reset date of interest rate. Upon the maturity of every repricing cycle, the Company has the option to extend the maturity of the bond for another repricing cycle or redeem the bond entirely.

The Company has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the Company may choose to defer the interest payment to the next payment date for the current year as well as all interests and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals.

The mandatory interest payment events are limited to dividend distributions to ordinary shareholders of the Company and reductions of registered capital within 12 months before the interest payment date.

The perpetual subordinated bond issued by the Company is classified and presented as other equity instrument in the condensed consolidated statement of financial position.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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## 46. RESERVES

|                                       | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---------------------------------------|--|--|
| Capital reserve                       | 39,534,520   | 39,534,520   |
| Surplus reserve                       | 4,913,663  | 4,618,006  |
| General reserve                       | 12,797,388   | 12,134,542   |
| Equity investment revaluation reserve | 872,167  | 382,470  |
| Debt investment revaluation reserve   | 712,398  | 87,960   |
| Other investment revaluation reserve  | 31,582   | 31,582   |
| Translation reserve                   | (3,047)  | 2,190  |
| <b>Total</b>                          | <b>58,858,671</b>                                  | <b>56,791,270</b>                                    |

## 47. CAPITAL COMMITMENTS

|                                 | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---------------------------------|--|--|
| Contracted but not provided for | 622,000  | 25,310   |

The aforementioned capital commitments mainly represent the securities underwriting commitments of the Group.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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## 48. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### (1) Relationship of related parties

#### *Major shareholder of the Company*

Following major shareholder holding more than 10% shares of the Company is considered as a related party of the Group:

|  | Percentage of shares held     |                                   |
|--|-------------------------------|-----------------------------------|
|  | As at<br>30 June<br>2024<br>% | As at<br>31 December<br>2023<br>% |
|  | (Unaudited)                   | (Audited)                         |
| 申能(集團)有限公司<br>Shenergy (Group) Company Limited | 26.63                         | 26.63                             |

#### *Associates*

The details of the associates of the Group are set out in Note 29.

#### *Others*

Other related parties include members of the Board of Directors, members of the Board of Supervisors and senior management, close family members of such individuals, and entities controlled or significantly influenced by these individuals.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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## 48. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### (2) Related party transaction and balances

Other than as disclosed elsewhere in these condensed consolidated interim financial statements, the Group had the following material related party transactions and balances:

As at 30 June 2024 and 31 December 2023, the Group had the following material balances with the Company's major shareholder and entities under its control:

|                                       | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---------------------------------------|--|--|
| Account payables to brokerage clients | 5,792  | 10,579   |

For the six months ended 30 June 2024 and 2023, the Group had the following material transactions with the Company's major shareholder and entities under its control:

|                           | Six months ended 30 June       |                                |
|---------------------------|--------------------------------|--------------------------------|
|                           | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Commission and fee income | 4,742                          | 1,580                          |
| Interest expenses         | 15                             | 12                             |
| Other operating expenses  | 10,459                         | 9,797                          |
| Net investment gains      | 1                              | -                              |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 48. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### (2) Related party transaction and balances (Continued)

As at 30 June 2024 and 31 December 2023, the Group had the following material balances with its associates:

|                                       | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|---------------------------------------|--|--|
| Account payables to brokerage clients | 11,494   | 5,258  |
| Other receivables                     | 3,850  | 13,067   |
| Other account payables                | 456  | 2,271  |

As at June 30, 2024 and December 31, 2023, the Group had the following material investment balances of securities issued by associates:

|                            | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|----------------------------|--|--|
| Financial assets at FVTPL  | 53,705   | 62,090   |
| Debt instruments at FVTOCI | 102,638  | 100,444  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 48. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### (2) Related party transaction and balances (Continued)

For the six months ended 30 June 2024 and 2023, the Group had the following material transactions with its associates:

|                           | Six months ended 30 June       |                                |
|---------------------------|--------------------------------|--------------------------------|
|                           | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Commission and fee income | 12,166                         | 98,779                         |
| Interest income           | 1,040                          | 2,058                          |
| Interest expenses         | 31                             | 10                             |
| Net investment gains      | 1                              | 543                            |

As at 30 June 2024 and 31 December 2023, the Group had the following material balances with other related parties:

|                        | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|------------------------|--|--|
|                        | Account payables to brokerage clients              | 3  |
| Other receivables      | 61   | 50   |
| Other account payables | 406  | 267  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 48. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### (2) Related party transaction and balances (Continued)

As at June 30, 2024 and December 31, 2023, the Group had the following material investment balances of securities issued by other related parties:

|                              | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) |
|------------------------------|--|--|
| Financial assets at FVTPL    | 881,108  | 939,420  |
| Equity investments at FVTOCI | 10,683   | 10,149   |
| Debt instruments at FVTOCI   | 192,526  | 51,810   |

For the six months ended 30 June 2024 and 2023, the Group had the following material transactions with other related parties:

|                           | Six months ended 30 June       |                                |
|---------------------------|--------------------------------|--------------------------------|
|                           | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Commission and fee income | 748                            | 5,169                          |
| Interest income           | 5,734                          | 1,714                          |
| Interest expenses         | 1                              | 3                              |
| Net investment gains      | 9,653                          | 13,226                         |
| Other operating expenses  | 371                            | -                              |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 48. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

### (3) Key management personnel

Remuneration for key management personnel of the Group are as follows:

|                                   | Six months ended 30 June       |                                |
|-----------------------------------|--------------------------------|--------------------------------|
|                                   | 2024<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| Short-term benefits:              |                                |                                |
| – Salaries, allowance and bonuses | 7,982                          | 8,197                          |

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

### Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is determined by the active market quotation or in accordance with discounted cash flow method.

The key parameters used in discounted cash flow method for financial instruments held by the Group that are not measured at fair value on a recurring basis include interest rates, foreign exchange rates and counterparty credit spreads.

The table below summaries the carrying amounts and expected fair values of those financial assets and liabilities not presented on the Group's condensed consolidated statement of financial position at their fair values.

|   | As at 30 June 2024                        |                                      | As at 31 December 2023                  |                                    |
|---|---|--------------------------------------|---|------------------------------------|
|   | Carrying amount<br>RMB'000<br>(Unaudited) | Fair value<br>RMB'000<br>(Unaudited) | Carrying amount<br>RMB'000<br>(Audited) | Fair value<br>RMB'000<br>(Audited) |
| <b>Financial asset</b>                      |   |                                      |   |                                    |
| Debt instruments measured at amortised cost | <b>1,578,573</b>                          | <b>1,615,336</b>                     | 1,586,591                               | 1,609,708                          |
| <b>Financial liability</b>                  |   |                                      |   |                                    |
| Debt securities issued                      |   |                                      |   |                                    |
| – Corporate bonds                           | <b>27,921,682</b>                         | <b>28,663,968</b>                    | 30,063,388                              | 30,510,604                         |
| – Subordinated bonds                        | <b>21,311,700</b>                         | <b>21,666,077</b>                    | 24,906,609                              | 24,971,136                         |
| – Offshore bonds                            | <b>5,063,410</b>                          | <b>4,968,795</b>                     | 5,057,958                               | 4,978,820                          |
| – Income certificates                       | <b>608,453</b>                            | <b>608,416</b>                       | 129,890                                 | 129,963                            |
| <b>Total</b>                                | <b>54,905,245</b>                         | <b>55,907,256</b>                    | 60,157,845                              | 60,590,523                         |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (Continued)

As at 30 June 2024 (unaudited)

|   | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------|--------------------|--------------------|------------------|
| <b>Financial asset</b>                      |                    |                    |                    |                  |
| Debt instruments measured at amortised cost | 1,155,183          | 460,153            | –                  | 1,615,336        |
| <b>Financial liability</b>                  |                    |                    |                    |                  |
| Debt securities issued                      | 50,330,045         | 5,577,211          | –                  | 55,907,256       |

As at 31 December 2023 (audited)

|   | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000 |
|---|--------------------|--------------------|--------------------|------------------|
| <b>Financial asset</b>                      |                    |                    |                    |                  |
| Debt instruments measured at amortised cost | 284,033            | 1,325,675          | –                  | 1,609,708        |
| <b>Financial liability</b>                  |                    |                    |                    |                  |
| Debt securities issued                      | 55,481,740         | 5,108,783          | –                  | 60,590,523       |

The fair values of financial assets and financial liabilities included in the Level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of respective group entities or counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's condensed consolidated statements of financial position approximate their fair values.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

### **Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis**

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is measured based on quoted market price. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. For the fair value of financial instruments categorised within Level 2, the valuation techniques applied include discounted cash flow, recent transaction price and net asset value method. The significant observable inputs used in the valuation techniques for Level 2 financial instruments include future cash flows estimated based on applying the interest yield curves, net asset values determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses, contractual terms, forward interest rates and forward exchange rates.

For financial instruments categorised within Level 3, fair values are determined by using valuation techniques, including valuation methods such as discounted cash flow model, comparable company analysis and recent financing price method. Determinations to classify fair value measures within Level 3 are generally based on the significance of the unobservable inputs to the overall fair value measurement.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

As at 30 June 2024 (unaudited)

|                                  | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000   |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Financial assets:                |                    |                    |                    |                    |
| Debt instruments at FVTOCI       |                    |                    |                    |                    |
| – Debt securities                | 40,633,707         | 46,505,105         | 92,443             | 87,231,255         |
| Equity instruments at FVTOCI     |                    |                    |                    |                    |
| – Equity securities              | 6,881,514          | –                  | 184,795            | 7,066,309          |
| – Perpetual instruments          | 1,053,224          | 5,023,381          | –                  | 6,076,605          |
| – Others                         | 780,566            | 1,400              | –                  | 781,966            |
| Financial assets at FVTPL        |                    |                    |                    |                    |
| – Debt securities                | 8,395,714          | 37,946,754         | –                  | 46,342,468         |
| – Equity securities              | 2,734,299          | 29,272             | 3,635,502          | 6,399,073          |
| – Associates                     | –                  | –                  | 1,714,353          | 1,714,353          |
| – Funds                          | 2,271,376          | 15,177,612         | –                  | 17,448,988         |
| – Other investments              | 2,465,337          | 21,152,203         | 1,756,462          | 25,374,002         |
| Derivative financial assets      | –                  | 863,754            | 2,758,471          | 3,622,225          |
| <b>Total</b>                     | <b>65,215,737</b>  | <b>126,699,481</b> | <b>10,142,026</b>  | <b>202,057,244</b> |
| Financial liabilities:           |                    |                    |                    |                    |
| Financial liabilities at FVTPL   | 77,657             | 6,613,131          | 7,377,419          | 14,068,207         |
| Derivative financial liabilities | –                  | 469,958            | 1,074,689          | 1,544,647          |
| <b>Total</b>                     | <b>77,657</b>      | <b>7,083,089</b>   | <b>8,452,108</b>   | <b>15,612,854</b>  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

As at 31 December 2023 (audited)

|                                  | Level 1<br>RMB'000 | Level 2<br>RMB'000 | Level 3<br>RMB'000 | Total<br>RMB'000   |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Financial assets:                |                    |                    |                    |                    |
| Debt instruments at FVTOCI       |                    |                    |                    |                    |
| – Debt securities                | 49,568,073         | 41,245,640         | –                  | 90,813,713         |
| Equity instruments at FVTOCI     |                    |                    |                    |                    |
| – Equity securities              | 4,327,729          | 5,814              | 188,359            | 4,521,902          |
| – Perpetual instruments          | 130,890            | 1,645,386          | –                  | 1,776,276          |
| Financial assets at FVTPL        |                    |                    |                    |                    |
| – Debt securities                | 9,703,923          | 34,464,634         | 91,492             | 44,260,049         |
| – Equity securities              | 2,731,902          | 15,592             | 4,169,369          | 6,916,863          |
| – Associates                     | –                  | –                  | 1,800,815          | 1,800,815          |
| – Funds                          | 3,126,650          | 12,811,951         | –                  | 15,938,601         |
| – Other investments              | 4,922,070          | 21,269,432         | 1,961,814          | 28,153,316         |
| Derivative financial assets      | –                  | 754,158            | 1,123,492          | 1,877,650          |
| <b>Total</b>                     | <b>74,511,237</b>  | <b>112,212,607</b> | <b>9,335,341</b>   | <b>196,059,185</b> |
| Financial liabilities:           |                    |                    |                    |                    |
| Financial liabilities at FVTPL   |                    |                    |                    |                    |
| Derivative financial liabilities | 300                | 570,277            | 303,625            | 874,202            |
| <b>Total</b>                     | <b>2,413,690</b>   | <b>6,000,747</b>   | <b>7,761,599</b>   | <b>16,176,036</b>  |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

(Expressed in thousands of Renminbi, unless otherwise stated)

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

### Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following table presents the valuation techniques and inputs used for the major financial instruments in Level 3.

| Financial instruments                              | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) | Valuation technique(s) and key input(s)  | Significant unobservable input(s)   | Relationship of unobservable input(s) to fair value  |
|--|--|--|--|---|--|
| Equity securities/<br>Associates                   | 4,526,925<br>(asset)                               | 4,259,125<br>(asset)                                 | Calculated based on pricing/yield such as price-to-earnings (P/E), price-to-book (P/B) and price-to-sales (P/S) ratio of comparable companies with an adjustment of discount for lack of marketability.  | P/E multiples<br>P/B multiples<br>P/S multiples<br>Discount for lack of marketability | The higher the multiples, the higher the fair value.<br>The higher the discount, the lower the fair value. |
| Equity securities                                  | 448,201<br>(asset)                                 | 739,362<br>(asset)                                   | The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability. This discount is determined by option pricing model. The key input is historical volatility of the share prices of the securities. | Discount for lack of marketability  | The higher the discount, the lower the fair value.   |
| Equity securities/<br>Associates                   | 559,524<br>(asset)                                 | 1,160,056<br>(asset)                                 | Recent transaction price with an adjustment of discount for lack of marketability.   | Discount for lack of marketability  | The higher the discount, the lower the fair value.   |
| Debt securities                                    | 92,443<br>(asset)                                  | 91,492<br>(asset)                                    | Future cash flows are discounted by the risk adjusted discount rate of the bonds.  | Discount rate   | The higher the discount rate, the lower the fair value.  |
| Equity linked derivatives/<br>Options/Return swaps | 2,758,471<br>(asset)<br>1,074,689<br>(liability)   | 1,123,492<br>(asset)<br>303,625<br>(liability)       | The option pricing model is used which applies the option exercise price, the price and volatility of the underlying asset, the option exercise time, and the risk-free interest rate.   | The volatility of the underlying asset for option                                     | The higher the volatility, the greater the impact on the fair value.                                       |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

| Financial instruments   | As at<br>30 June<br>2024<br>RMB'000<br>(Unaudited) | As at<br>31 December<br>2023<br>RMB'000<br>(Audited) | Valuation technique(s) and key input(s)   | Significant unobservable<br>input(s)              | Relationship of<br>unobservable input(s) to<br>fair value  |
|---|--|--|---|---|--|
| Income certificates designated at FVTPL                                     | 7,147,796<br>(liability)                           | 7,144,110<br>(liability)                             | The option pricing model is used which applies the option exercise price, the price and volatility of the underlying asset, the option exercise time, and the risk-free interest rate.  | The volatility of the underlying asset for option | The higher the volatility, the greater the impact on the fair value.                                       |
| Other investments   | 1,756,462<br>(asset)<br>53,516<br>(liability)      | 1,961,814<br>(asset)<br>53,362<br>(liability)        | The fair value is determined with reference to the net asset value of the underlying investments with an adjustment of discount for the credit risk of various counterparties.  | Discount rate                                     | The higher the discount rate, the lower the fair value.  |
| Interests attributable to other holders of consolidated structured entities | 176,107<br>(liability)                             | 260,502<br>(liability)                               | Shares of the net value of the structured entities, determined with reference to the net asset value of the structured entities, calculated based on pricing/yield of comparable companies with an adjustment of discount for lack of marketability of underlying investment portfolio and adjustments of related expenses. | P/E multiples Discount for lack of marketability  | The higher the multiples, the higher the fair value.<br>The higher the discount, the lower the fair value. |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

As at 30 June 2024 (unaudited)

|   | Equity instruments at FVTOCI<br>RMB'000 | Debt instruments at FVTOCI<br>RMB'000 | Financial assets at FVTPL<br>RMB'000 | Financial liabilities at FVTPL<br>RMB'000 |
|---|---|---------------------------------------|--------------------------------------|---|
| At the beginning of the period  | 188,359                                 | –                                     | 8,023,490                            | (7,457,974)                               |
| Changes in fair value recognised in other comprehensive income            | (55,152)                                | –                                     | –                                    | –   |
| Changes in fair value recognised in profit or loss                        | –                                       | –                                     | (1,262,006)                          | (67,176)                                  |
| Additions (Note a)  | 51,588                                  | 92,443                                | 784,052                              | (5,565,349)                               |
| Transfer out of Level 3 (Note b)  | –                                       | –                                     | (214,184)                            | –   |
| Disposals   | –                                       | –                                     | (225,035)                            | 5,713,080                                 |
| At the end of the period  | 184,795                                 | 92,443                                | 7,106,317                            | (7,377,419)                               |
| Total (losses)/gains for assets/liabilities held at the end of the period |   |                                       |                                      |   |
| – unrealised losses recognised in other comprehensive income              | (16,576)                                | (6,942)                               | –                                    | –   |
| – unrealised (losses)/gains recognised in profit or loss                  | –                                       | –                                     | (402,162)                            | 93,586                                    |

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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(Expressed in thousands of Renminbi, unless otherwise stated)

## 49. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

As at 30 June 2023 (unaudited)

|  | Equity<br>instruments<br>at FVTOCI<br>RMB'000 | Debt<br>instruments<br>at FVTOCI<br>RMB'000 | Financial<br>assets<br>at FVTPL<br>RMB'000 | Financial<br>liabilities<br>at FVTPL<br>RMB'000 |
|--|---|---|--|---|
| At the beginning of the period   | 217,708                                       | –   | 8,129,745                                  | (5,360,267)                                     |
| Changes in fair value recognised in<br>other comprehensive income                | (19,785)                                      | –   | –  | –   |
| Changes in fair value recognised in<br>profit or loss                            | –   | –   | 157,210                                    | (401,271)                                       |
| Additions (Note a)   | –   | –   | 995,926                                    | (4,644,730)                                     |
| Transfer out of Level 3 (Note b)   | –   | –   | (549,235)                                  | –   |
| Disposals  | (8,873)                                       | –   | (610,348)                                  | 2,186,612                                       |
| At the end of the period   | 189,050                                       | –   | 8,123,298                                  | (8,219,656)                                     |
| Total (losses)/gains for assets/<br>liabilities held at the end of the<br>period |   |   |  |   |
| – unrealised losses recognised in<br>other comprehensive income                  | (23,446)                                      | –   | –  | –   |
| – unrealised gains/(losses)<br>recognised in profit or loss                      | –   | –   | 210,924                                    | (391,322)                                       |

*Note a:* These mainly included the issuance of new income certificates containing embedded derivatives, the equity securities traded on the NEEQ with decreased turnover rates and other investments with significant unobservable inputs applied in valuing these investments. The equity securities traded on the NEEQ with decreased turnover rates were transferred from Level 2 to Level 3 in the fair value hierarchy.

*Note b:* These mainly included equity securities traded on stock exchanges with lock-up periods.

They were transferred from Level 3 to Level 1 when the lock-up period lapsed and became unrestricted.

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2024

*(Expressed in thousands of Renminbi, unless otherwise stated)*

## 50. SUBSEQUENT EVENT

### Issuance of corporate bonds

On 8 July 2024, the Company completed the issuance of subordinated bonds with total nominal value of RMB2.5 billion. The subordinated bonds bear interest at 2.31% per annum with a maturity of 5 years.

On 8 August 2024, the Company completed the issuance of the second tranche of corporate bonds with total nominal value of RMB3 billion. The corporate bonds with nominal value of RMB1 billion bear interest at 2.05% per annum with a maturity of 5 years, while the remaining corporate bonds with nominal value of RMB2 billion bear interest at 2.30% per annum with a maturity of 10 years.

On 23 August 2024, the Company completed the issuance of the third tranche of corporate bonds with total nominal value of RMB3 billion. The corporate bonds bear interest at 2.18% per annum with a maturity of 5 years.

### Proposed profit distribution

Pursuant to the Board resolution passed on 29 August 2024, it is proposed that cash dividends of RMB0.75 (tax inclusive) be distributed for every 10 shares based on the Company's share capital of 8,496,645 thousand shares as at 30 June 2024 deducting 34,843 thousand shares deposited in the Company's special securities account for repurchase as of 29 August 2024. This proposed distribution of cash dividends is subject to the approval of the Shareholders' general meetings.