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**中州证券**

**Central China Securities Co., Ltd.**

*(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)*

**(Stock Code: 01375)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Central China Securities Co., Ltd. (the “**Company**”) hereby announces the audited annual results of the Company and its subsidiaries for the year ended 31 December 2024. This annual results announcement, containing the full text of the 2024 annual 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 annual results and has been reviewed by the audit committee under the Board.

The Company's 2024 annual report will be published and available for viewing on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk), the website of the Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn) and the website of the Company at [www.ccnew.com](http://www.ccnew.com) on or before 30 April 2025.

By order of the Board of  
**Central China Securities Co., Ltd.**

**LU Zhili**  
*Chairman*

Henan, the PRC  
28 March 2025

*As at the date of this announcement, the Board comprises Mr. LU Zhili as executive Director; Mr. LI Xingjia, Ms. ZHANG Qiuyun, Mr. TANG Jin and Mr. TIAN Shengchun as non-executive Directors; Mr. CHEN Zhiyong, Mr. TSANG Sung and Mr. HE Jun as independent non-executive Directors.*

## IMPORTANT NOTICE

The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of contents of the annual report and that there is no false representation, misleading statement contained herein or material omission from this report, for which they will assume joint and several liabilities.

All Directors of the Company have attended the meeting of the Board.

The annual financial statements for 2024 prepared by the Company in accordance with the China Accounting Standard for Business Enterprises have been audited by ShineWing Certified Public Accountants (Special General Partnership), with standard unqualified audit report issued to the Company.

Mr. Lu Zhili, the head of the Company, Mr. Guo Liangyong, the person in charge of accounting affairs and Ms. Han Xihua, the head of the accounting department, warrant that the financial statements set out in this report are true, accurate and complete.

The Company's profit distribution plan as considered and approved by the Board is to distribute: a cash dividend of RMB0.17 (tax inclusive) for every 10 shares. Calculated based on the total share capital of the Company of 4,642,884,700 shares as of 31 December 2024, the total cash dividend amounted to RMB78,929,039.90 (tax inclusive). No capital reserves will be converted into share capital and no bonus shares will be distributed by the Company. Such proposed profit distribution plan is subject to the approval of the shareholders' general meeting of the Company. For 2024, the Company has declared cumulative cash dividend of RMB0.23 per 10 shares (tax inclusive), with RMB0.06 per 10 shares paid as interim dividend and RMB0.17 per 10 shares pending shareholders' approval.

The forward-looking statements in this report including future plans and development strategies do not constitute a substantive commitment of the Company to investors. Investors and related persons should understand the difference among plans, forecasts and commitments and be aware of investment risks.

There was no appropriation of funds of the Company by the controlling shareholder(s) or its related/connecting parties for non-operating purposes during the Reporting Period.

The Company had made no guarantee to external parties against the stipulated decision-making process during the Reporting Period.

There is no such situation in which more than half of the Directors cannot warrant the truthfulness, accuracy and completeness of this report disclosed by the Company.

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

In this report, the discrepancies in the decimal place between the sum of the amount of each sub-item and the grand total are due to rounding to the nearest integer.

## MATERIAL RISK ALERT

The Company's primary business operations are closely tied to domestic and international economic conditions and the state of the capital market. Changes in the domestic and international economic landscape, fluctuations in the capital market, and adjustments to industry regulatory policies can all directly or indirectly impact the Company's operating results.

The risks confronted by the Company in its operations mainly include: policy risk with adverse impact on the operation of securities companies due to changes in national macroeconomic policies and the regulatory measures, laws and regulations related to the securities industry, regulatory policies and trading rules, etc.; compliance risk of the Company being legally held accountable, subject to supervisory measures, given self-discipline penalties or suffering from loss of property or reputation arising from violation of laws, regulations or rules by the operation and management or licensed practices; market risk of loss of the Company's business due to changes in market prices (interest rates, exchange rates, stock prices, commodity prices, etc); credit risk resulting from losses due to defaults by financing parties, counterparties or issuers; operational risk resulting from losses caused by imperfect or faulty internal procedures, personnel, information technology systems and external events; liquidity risk that the Company cannot obtain sufficient funds in time at a reasonable cost to meet the maturing debts, fulfill other payment obligations and meet the capital needs of normal business; information technology risk impacting the Company's normal business and further leading to direct or indirect losses due to software and hardware failures, communication failures, security loopholes in the information technology system and insufficient emergency management capability of disaster recovery systems; reputational risk that the Company's actions or external events, and staff's violations of integrity regulations, professional ethics, business norms, industry rules and regulations, etc., leading to negative evaluations of the Company by investors, issuers, regulators, self-regulatory organizations, the public, the media, etc., thus damaging the Company's brand value and affecting its normal operations.

The Company has established and continuously improved its internal control system, compliance and comprehensive risk management system by establishing a scientific mechanism for risk identification, assessment, response, monitoring and reporting, and implementing risk management throughout the entire process of business decision-making to ensure that the Company's operations are conducted within the limits of measurable, controllable and tolerable risks. For the relevant risks faced by the Company in its operation, please refer to the relevant contents in VII. "COMPANY'S DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY" — (IV) "POTENTIAL RISKS" UNDER SECTION 3 "REPORT OF THE BOARD OF DIRECTORS" of this report.

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## DOCUMENTS AVAILABLE FOR INSPECTION

The annual report with the signature of the legal representative of the Company.

The financial statements signed by the legal representative, officer in charge of accounting, and head of the accounting department and chopped with the official chop of the Company.

Original copies of all documents and announcements disclosed on the website designated by the CSRC during the Reporting Period.

Annual report disclosed in other securities markets.

Other relevant materials.

# SECTION 1 DEFINITIONS

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

## DEFINITIONS OF COMMON TERMS

Company, Parent Company or Central China Securities	Central China Securities Co., Ltd.
Group	the Company and its subsidiaries
Board	the board of the directors of the Company
Director(s)	director(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Supervisor(s)	supervisor(s) of the Company
Hong Kong Listing Rules	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
Corporate Governance Code	Part II of Appendix C1 to the Hong Kong Listing Rules
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
this report	this annual report
SSE	Shanghai Stock Exchange
SSE Composite Index	composite stock price index of the SSE
SZSE Component Index	component stock price index of the Shenzhen Stock Exchange
Beijing Stock Exchange	Beijing Stock Exchange
Wind Info	Wind Information Co., Ltd. (萬得信息技術股份有限公司)
IPO	the initial public offering
A Shares	domestic listed ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the SSE
H Shares	overseas listed foreign ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Hong Kong Stock Exchange

## SECTION 1 DEFINITIONS

Reporting Period/the Period	the period from 1 January 2024 to 31 December 2024
end of the Reporting Period/end of the Period	31 December 2024
PRC or China	the People's Republic of China
State Council	the State Council of the PRC (中華人民共和國國務院)
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
Ministry of Finance	the Ministry of Finance of the PRC (中華人民共和國財政部)
Henan Provincial Government	Henan Provincial People's Government (河南省人民政府)
Henan Bureau of the CSRC	Henan Branch of the China Securities Regulatory Commission (中國證券監督管理委員會河南監管局)
Henan SASAC	The State-owned Assets Supervision and Administration Commission of Henan Provincial People's Government (河南省人民政府國有資產監督管理委員會)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
New Third Board or NEEQ	National Equities Exchange and Quotations for medium and small-sized enterprises
Henan Investment Group	Henan Investment Group Co., Ltd. (河南投資集團有限公司)
Anyang Iron & Steel Group	Anyang Iron & Steel Group Co., Ltd. (安陽鋼鐵集團有限責任公司)
Pingmei Shenma	China Pingmei Shenma Holdings Group Co., Ltd. (中國平煤神馬控股集團有限公司)
Anyang Economic Development	Anyang Economic Development Group Co., Ltd. (安陽經濟開發集團有限公司)
Jiangsu SOHO Holdings	Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司)
Shenhua Group	Henan Sunho Group Co., Ltd. (河南神火集團有限公司)
Jiaozuo Economic and Technology Development	Jiaozuo Economic and Technology Development Co., Ltd. (焦作市經濟技術開發有限公司)
Shenzhen Rising	Shenzhen Rising Investment Development Co., Ltd. (深圳市廣晟投資發展有限公司)

## SECTION 1 DEFINITIONS

Hebi Construction and Investment	Hebi Investment Group Co., Ltd. (鶴壁投資集團有限公司)
Henan Securities	Henan Securities Co., Ltd. (河南證券有限責任公司)
Central China Futures	Central China Futures Co., Ltd. (中原期貨股份有限公司)
ZDKY Venture Capital	Zhongding Kaiyuan Venture Capital Management Co., Ltd. (中鼎開源創業投資管理有限公司)
Kaiyuan Private Equity	Henan Kaiyuan Private Equity Fund Management Co., Ltd. (河南開元私募基金管理有限公司)
Central China Blue Ocean or CCBO	Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)
Central China International	Central China International Financial Holdings Company Limited (中州國際金融控股有限公司)
Equity Exchange Co.	Central China Equity Exchange Co., Ltd. (中原股權交易中心股份有限公司)
Central China Micro-lending	Henan Central China Micro-lending Company Limited (河南省中原小額貸款有限公司)
Yuxin Investment	Yuxin Investment Management (Shanghai) Co., Ltd. (豫新投資管理(上海)有限公司)
Zhongyuan Trust	Zhongyuan Trust Co., Ltd. (中原信託有限公司)
Articles of Association	the prevailing valid Articles of Association of the Company
Company Law	the Company Law of the PRC (《中華人民共和國公司法》)
PBOC	People's Bank of China
Securities Law	the Securities Law of the PRC (《中華人民共和國證券法》)
RMB	Renminbi, the lawful currency of the PRC, with the basic unit of "yuan"
HK\$	Hong Kong dollars and cents, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
%	per cent.

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. INFORMATION ABOUT THE COMPANY

Chinese name of the Company	中原证券股份有限公司
Chinese abbreviation of the Company	中原证券
Foreign name of the Company	CENTRAL CHINA SECURITIES CO., LTD.
Foreign abbreviation of the Company	CCSC
Legal representative of the Company	Lu Zhili
General manager of the Company	Li Zhaoxin

#### Registered capital and net capital

Unit: Yuan    Currency: RMB

	At the end of the Reporting Period	At the end of last year
Registered capital	4,642,884,700.00	4,642,884,700.00
Net capital	9,468,635,644.80	8,651,125,530.23

#### Qualifications for each individual business of the Company

The business scope of the Company includes: securities brokerage; securities investment consulting; financial advisory related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin financing and securities lending; agency sale of securities investment funds; agency sale of financial products.

The Company possesses the following business qualifications:

#### 1. Business qualifications approved or authorised by the CSRC:

Qualification for sponsoring institution for securities issuance and listing, qualification for IPO inquiry and placement business, qualification for stock lead underwriter business, qualification for sponsoring broker business, qualification for qualified investor business of block trading system, qualification for entrusted asset management business of NEEQ business, qualification for online securities entrustment business, qualification for open-end securities investment fund agency sales business, qualification for providing intermediary introduction business for futures companies, qualification for margin financing and securities lending business, qualification for bond pledge-style quotation repurchase business, qualification for financial advisory for merger and acquisition and restructuring of listed companies, qualification for sponsoring institution for equity division reform, and qualification for entrusted investment management.

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

2. Business qualifications approved by the exchange:

Qualification for agreed repurchase securities trading business, IPO price inquiry and placement business, stock pledge repurchase business, recommendation business and transfer business of the National Equities Exchange and Quotations, stock option brokerage business of the SSE, Hong Kong Stock Connect business of the SSE, Hong Kong Stock Connect business under Shenzhen-Hong Kong Stock Connect of the SZSE, SSE membership, SZSE membership, “SSE 50ETF” participation in brokerage business, SSE treasury bond repurchase transaction qualification, warrant trading qualification, and first-class dealer qualification for the Integrated Electronic Platform for Fixed Income Securities of the SSE.

3. Business qualifications approved by the Securities Association of China:

Qualification for underwriting of private placement bonds for small and medium-sized enterprises, pilot qualification for Internet securities business, membership of the Securities Association of China, pilot qualification for OTC market business and qualification for IPO inquiry targets.

4. Business qualifications approved by the PBOC:

National interbank lending business qualification and interbank bond trading qualification.

5. Other business qualifications:

Qualification for foreign exchange business, qualification for agency sale of financial products (approved by the Henan Bureau of the CSRC), qualification for registration of securities pledge as an agent, qualification for securities refinancing and securities lending business, qualification for market-making business in the inter-institutional private equity product quotation system, qualification for underwriting of debt financing instruments of non-financial enterprises in the inter-bank market, qualification for settlement participant of China Securities Depository and Clearing Corporation Limited, qualification for sponsoring brokerage business in the agency system, market-making business in the National Equities Exchange and Quotations, and asset securitization.

6. The subsidiaries also have the following business qualifications:

Central China Futures: qualification for commodity futures brokerage business, qualification for financial futures brokerage business, qualification for futures trading consulting business.

Central China International: Qualification for securities trading business, advising on securities.

Central China International Capital Company Limited: Qualification for securities trading business, advising on corporate finance

ZDKY Venture Capital: Private equity investment fund, private equity investment FOF fund, venture capital fund and venture capital investment FOF fund.

Kaiyuan Private Equity: Private equity investment fund, private equity investment FOF fund, venture capital fund and venture capital investment FOF fund.

Central China Blue Ocean: Direct investment business.

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of securities affairs
Name	Guo Liangyong	Zhao Jinqi
Address	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China (Postcode: 450018)	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China (Postcode: 450018)
Tel.	0371-69177590 (Acceptance time: trading day 9:00–11:30 13:00–17:00)	0371-69177590 (Acceptance time: trading day 9:00–11:30 13:00–17:00)
Email address	zyzqdm@ccnew.com	zyzqzd@ccnew.com

### III. BASIC PROFILE

Registered address of the Company	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China
Change of the Company's registered address	None
Office address of the Company	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China
Postcode of the office address of the Company	450018
Website of the Company	<a href="https://www.ccnew.com">https://www.ccnew.com</a>
Email address	investor@ccnew.com
Principal place of business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

### IV. INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Media name and websites for disclosure of the Company's annual report	China Securities Journal: <a href="https://www.cs.com.cn/">https://www.cs.com.cn/</a> Shanghai Securities News: <a href="https://www.cnstock.com/">https://www.cnstock.com/</a> Securities Times: <a href="http://www.stcn.com/">http://www.stcn.com/</a> Securities Daily: <a href="http://www.zqrb.cn/">http://www.zqrb.cn/</a>
Websites of SSE for disclosure of the Company's annual report	<a href="https://www.sse.com.cn">https://www.sse.com.cn</a>
Website designated by the Hong Kong Stock Exchange for disclosure of the Company's annual report	<a href="https://www.hkexnews.hk">https://www.hkexnews.hk</a>
Place for inspection of the Company's annual report	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### V. SHARES OF THE COMPANY

Class of Shares	Stock Exchange of Listing	Stock Name	Stock Code	Stock Name Before Change
A Shares	SSE	中原证券	601375	N/A
H Shares	Hong Kong Stock Exchange	中州证券	01375	N/A

### VI. OTHER INFORMATION OF THE COMPANY

#### (I) History of the Company, mainly including the restructuring and reorganization, capital increase and share expansion in previous years, etc.

On 25 October 2002, according to the CSRC's Reply Concerning Approval of Opening of Central China Securities Co., Ltd. (Zheng Jian Ji Gou Zi 2002 No. 326) (《關於同意中原证券股份有限公司開業的批覆》(證監機構字[2002]326號)), Henan Finance Securities Company Limited and the Securities branch of Anyang Trust & Investment Company Limited merged and reorganised into one, which later joined other qualified companies to form Central China Securities Co., Ltd. after increase in capital and share. The Company was registered with Henan Administration for Industry and Commerce on 8 November 2002, with a registered capital of RMB1,033.79 million. After incorporation, the Company, according to CSRC's reply concerning approval of opening, acquired the securities branch and securities services department (which were originally under Henan Securities) and other securities-related assets.

On 15 January 2008, as approved by the CSRC, the Company's registered capital changed from RMB1,033,790,000 to RMB2,033,515,700.

On 10 June 2008, Henan Investment Group was approved by the CSRC to receive 196,704,200 shares of the Company (accounting for 9.673% of the Company's registered capital) held by Henan Construction Investment Corporation and 715,253,600 shares of the Company (accounting for 35.173% of the Company's registered capital) held by Henan Economic and Technology Development Co., Ltd., after which Henan Investment Group holds 911,957,800 shares of the Company in aggregate (accounting for 44.846% of the Company's registered capital).

On 22 September 2011, the CSRC approved that Bohai Industrial Investment Fund Management Co., Ltd. (on behalf of Bohai Industrial Investment Fund) was qualified to hold more than 5% of equity of Central China Securities Co., Ltd. as a shareholder and to receive 608,000,000 shares (accounting for 29.899% of the Company's registered capital) of the Company held by Xuji Group Corporation.

On 25 June 2014, the Company issued and listed 598,100,000 H Shares on the main board of the Hong Kong Stock Exchange with a par value of RMB1 per share at the allocation price of HK\$2.51 per H Share (stock abbreviation: 中州证券; stock code: 01375). According to the Reply Concerning Management and Transfer of State-owned Equities of Central China Securities Co., Ltd. (Guo Zi Chan Quan 2013 No. 1070) (《關於中原证券股份有限公司國有股權管理及國有股轉持有關問題的批覆》(國資產權[2013]1070號)) by State-owned Assets Supervision and Administration Commission of the State Council, after the Company completed this issuance, state-owned shareholders Henan Investment Group, Anyang Iron & Steel Group, Pingmei Shenma, Anyang Economic Development, Jiangsu SOHO Holdings, Shenhua Group, Jiaozuo Economic and Technology Development, Shenzhen Rising and Hebi Construction and Investment transferred their respective 40,994,778 shares, 8,842,345 shares, 3,738,231 shares, 2,432,074 shares, 1,348,575 shares, 884,166 shares, 678,113 shares, 449,525 shares and 442,193 shares (59,810,000 shares in total) to National Council for Social Security Fund. On 28 October 2014, the Company completed the industrial and commercial change registration of registered capital at Henan Administration for Industry and commerce, and the registered capital increased to RMB2,631,615,700.

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

On 3 August 2015, the Company completed the non-public issuance of 592,119,000 H shares, with a par value of RMB1 per share at the allocation price of HK\$4.28 per H share. On 14 August 2015, the Company completed the industrial and commercial change registration of registered capital at Henan Administration for Industry and Commerce, with the share capital of the Company increased to RMB3,223,734,700.

On 18 November 2016, the Company issued no more than 700,000,000 shares ordinary share with a par value of RMB1 per share. According to the Implementing Measures for the Transfer of Some State-owned Shares from the Domestic Securities Market to the National Social Security Fund (Cai Qi 2009 No. 94) (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》(財企[2009]94號)) and the Reply Concerning Proposal for Management of State-owned Equities and Transfer of State-owned Shares in Relation to the Issuance of A Shares by Central China Securities Co., Ltd. (Yu Guo Zi Chan Quan 2015 No. 26) (《關於中原證券股份有限公司發行A股國有股權管理方案及國有股轉持的批覆》(豫國資產權[2015]26號)) by the Henan SASAC, based on the 700,000,000 shares to be issued under this issuance, state-owned shareholders Henan Investment Group, Anyang Iron & Steel Group, Pingmei Shenma, Anyang Economic Development, Jiangsu SOHO Holdings, Shenhua Group, Jiaozuo Economic and Technology Development, Shenzhen Rising and Hebi Construction and Investment transferred their respective 47,979,175 shares, 10,348,840 shares, 4,375,124 shares, 2,846,433 shares, 1,578,336 shares, 1,034,804 shares, 793,645 shares, 526,112 shares and 517,531 shares (70,000,000 shares in total) to National Council for Social Security Fund.

On 3 January 2017, the Company's A shares were listed on the Shanghai Stock Exchange. On 16 February 2017, the Company completed the procedures of industrial and commercial change registration with Henan Administration for Industry and Commerce, with the share capital of the Company increased to RMB3,923,734,700.

From 12 February 2018, the Company repurchased certain H shares by means of on-market share buyback, which was completed on 18 May 2018. The Company has repurchased 54,664,000 H shares on a cumulative basis. On 11 July 2018, the Company completed the procedures of industrial and commercial change registration and obtained the business license reissued by the Henan Administration for Industry and Commerce. The registered capital changed to RMB3,869,070,700.

On 30 July 2020, the Company completed the non-public issuance of 773,814,000 A shares with a nominal value of RMB1 per share and at an issue price of RMB4.71 per A share. On 4 September 2020, the Company completed the procedures of industrial and commercial change registration with Henan Administration for Industry and Commerce, with the share capital of the Company increased to RMB4,642,884,700.

## (II) Status of the Company's organizational structure



## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (III) Number and network of other branches

As of the end of the Reporting Period, the Company had 30 branch offices, as detailed below:

No.	Branch Offices	Address	Date of incorporation	Person in charge	Contact number
1	Central China Securities Co., Ltd. Zhengzhou Branch Office	3F, Business Building, Jingwei Apartment, No. 30 Weier Road, Jinshui District, Zhengzhou City, Henan Province	10/3/2011	Wang Tianpeng	0371-61916188
2	Central China Securities Co., Ltd. Nanyang Branch Office	Room 101, 1/F and Room 301, 3/F, Unit 1, Tower 15, Building 15, Yulongyuan, No. 366, North Section of Dushan Avenue, Nanyang City, Henan Province	20/5/2003	Dong Baojun	0377-63229828
3	Central China Securities Co., Ltd. Pingdingshan Branch Office	Floor 28, Building 1, Jiatian Xintiandi, No. 26 Middle Jianshe Road, Xinhua District, Pingdingshan City, Henan Province	30/6/2015	Wang Nan	0375-4801728
4	Central China Securities Co., Ltd. Luohe Branch Office	No. 101, Building 7, Jinse Huafu Junyuan, Huanghe Road, Yancheng District, Luohe City, Henan Province	9/6/2003	Lv Yaodong	0395-3183866
5	Central China Securities Co., Ltd. Puyang Branch Office	No. 203 Middle Jianshe Road, Puyang City, Henan Province	21/4/2014	Zhang Yunpeng	0393-8151517
6	Central China Securities Co., Ltd. Anyang Branch Office	(Room 509, Floors 1,2,3 and 6, CCS Securities Building) 162 Hongqi Road, Beiguan District, Anyang City, Henan Province	8/5/2003	Lu Wei	0372-2095699
7	Central China Securities Co., Ltd. Xinxiang Branch Office	No. 250 Renmin Road, Xinxiang City, Henan Province	29/4/2003	Wang Lin	0373-2068736

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Branch Offices	Address	Date of incorporation	Person in charge	Contact number
8	Central China Securities Co., Ltd. Hebi Branch Office	Southeast Corner, Intersection of Qibin Avenue and Xinghe Street, Qibin District, Hebi City, Henan Province	26/5/2004	Jie Jiwu	0392-3299909
9	Central China Securities Co., Ltd. Xuchang Branch Office	No. 669 Yingchang Avenue, Weidu District, Xuchang City, Henan Province	12/6/2014	Chen Lei	0374-2160177
10	Central China Securities Co., Ltd. Xinyang Branch Office	Room 101, 1/F and Room 201-204, 2/F, Annex Building, Building 3, Chenyu International Harbor, Xinliu Avenue, Yangshan New Area, Xinyang City, Henan Province	26/7/2006	Xu Hongjian	0376-6210378
11	Central China Securities Co., Ltd. Jiaozuo Branch Office	No. 1838 Middle Jiefang Road, Jiaozuo City, Henan Province	2/6/2003	Su Wenfeng	0391-3288118
12	Central China Securities Co., Ltd. Kaifeng Branch Office	1F, Building 1, Area C, Longcheng Jinxiu Garden, Jiyong Street, Kaifeng City, Henan Province	11/8/2006	Zhu Yan	0371-23899816
13	Central China Securities Co., Ltd. Yellow River Golden Triangle Demonstration Area Branch Office	2F, Building 4-6, Jinxiuhuating, Daling Road, Sanmenxia City, Henan Province	20/11/2013	Pang Haojie	0398-2830400
14	Central China Securities Co., Ltd. Shangqiu Branch Office	Jinsui International Trade Building, Northeast Corner to the Shang-shaped Sculpture, Nanjing Road, Suiyang District, Shangqiu City, Henan Province	24/4/2014	Ding Qingming	0370-2580966
15	Central China Securities Co., Ltd. Zhoukou Branch Office	3F (facing the street), Office Building of Henan Netcom Zhoukou Branch, No. 81 Middle Section of Qiyi Road, Zhoukou City, Henan Province	26/4/2006	Song Fei	0394-8288680
16	Central China Securities Co., Ltd. Luoyang Branch Office	No. 30 West Kaixuan Road, Xigong District, Luoyang City, Henan Province	28/11/2013	Gao Jingxian	0379-63915178

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Branch Offices	Address	Date of incorporation	Person in charge	Contact number
17	Central China Securities Co., Ltd. Zhumadian Branch Office	No. 196 Jiefang Road, Zhumadian City, Henan Province	23/4/2003	Cheng Xiwen	0396-2989099
18	Central China Securities Co., Ltd. Shanghai 1st Branch Office	Rooms 301-318, No. 261 West Dalian Road, Hongkou District, Shanghai	29/8/2003	Shen Ruowei	021-65080598
19	Central China Securities Co., Ltd. Shenzhen Branch Office	Rooms 701-712 (708) Zhuoyue Times Square Building, 4068 Yitian Road, Fu'an Community, Futian Subdistrict, Futian District, Shenzhen City, Guangdong Province	14/5/2015	Xiong Peili	0755-83801055
20	Central China Securities Co., Ltd. Beijing Branch Office	909, 9/F, Building 53, 14 Jiuxianqiao Road, Chaoyang District, Beijing	15/4/2004	Xia Qun	010-58671099
21	Central China Securities Co., Ltd. Sichuan Branch Office	No. 4, 2F, Block 13, No. 1000 Jincheng Avenue, Chengdu Hi-Tech Industrial Development Zone, Chengdu City, Sichuan Province	3/2/2017	Ren Li	028-86051566
22	Central China Securities Co., Ltd. Jiangsu Branch Office	Unit 08, Zone A, 5/F, Phase II, Xindi Center, Room 1, 168 Lushan Road, Jianye District, Nanjing City, Jiangsu Province	5/9/2017	Tang Yu	025-83696336
23	Central China Securities Co., Ltd. Shandong Branch Office	Rooms 909-912, Building 6, Block 1, China Resources Land Plaza, Yaojia Subdistrict, Lixia District, Jinan City, Shandong Province	25/2/2011	Kong Qingli	0531-86962752
24	Central China Securities Co., Ltd. Shandong 1st Branch	District B, Jinlingshang Street, 16 Xianxialing Road, Office Laoshan District, Qingdao City, Shandong Province	4/2/2004	Ji Zhenduo	0532-88970289
25	Central China Securities Co., Ltd. Hunan Branch Office	Rooms 2554, 2555, 2556 & 2557, Building 2, Dongying Commercial Plaza, No. 730 Yuanda 1st Road, Furong District, Changsha City, Hunan Province	11/1/2011	Zhu Guojun	0731-84598699

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Branch Offices	Address	Date of incorporation	Person in charge	Contact number
26	Central China Securities Co., Ltd. Shaanxi Branch Office	Floor 23, Building 7, Relocation Area, Tang West Market Complex Project, 9 South Second Ring Road West Section, Lianhu District, Xi'an City, Shaanxi Province	19/4/2011	Zhen Rongxing	029-86351800
27	Central China Securities Co., Ltd. Zhejiang Branch Office	Room 1702, 17/F, No. 37, Sanxin Road, Sijiqing Subdistrict, Shangcheng District, Hangzhou City, Zhejiang Province	10/8/2004	Li Kaihui	0571-28007760
28	Central China Securities Co., Guangzhou Branch Office	Room 2401, No. 395 Linjiang Avenue, Tianhe District, Guangzhou City, Guangdong Province (Location: Self-edited 02) (office only)	27/11/2014	Zeng Hao	020-87580229
29	Central China Securities Co., Ltd. Hubei Branch Office	Rooms 12, 13 and 14, 7F, Starlight, South Lake, Intersection of South Luoshi Road and Wenhui Road, Hongshan District, Wuhan City, Hubei Province	9/1/2014	Duan Ruixing	027-87737178
30	Central China Securities, Ltd. Shanghai Branch Office	22-23, Building T1, No. 1788 and 1800 Century Avenue, Free Trade Zone, China (Shanghai)	2/7/2009	Liu Hao	021-50588666

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (IV) Number and network of securities branches of the Company

As of the end of the Reporting Period, the Company had 74 branches. They are in 9 provinces, autonomous regions and municipalities, including 2 in Shanghai, 1 in Zhejiang Province, 1 in Hunan Province, 2 in Jiangsu Province, 1 in Shandong Province, 1 in Hebei Province, 1 in Tianjin, 1 in Shanxi Province and 64 in Henan Province. See the following table for details:

No.	Securities branch	Address	Person in charge
<b>Securities brokerage branches within Henan Province:</b>			
1	Central China Securities Co., Ltd. Zhengzhou Huanghe Road Securities Branch	2F, West Wing Building, No. 11 Huanghe Road, Jinshui District, Zhengzhou City, Henan Province	Jia Yingkui
2	Central China Securities Co., Ltd. Zhengzhou Tongbai Road Securities Branch	No. 43 Tongbai Road, Zhongyuan District, Zhengzhou City, Henan Province	Chang Hongxin
3	Central China Securities Co., Ltd. Zhengzhou Free Trade Zone Securities Branch	Room 202, Floor 5A, 138 Jingbei First Road, Zhengzhou Area (Zhengzhou Economic and Technological Development Zone (ETDZ)), Pilot Free Trade Zone, Henan Province	Wang Jing
4	Central China Securities Co., Ltd. Zhengzhou Zijingshan Road Securities Branch	20F, Post Office Tower, No. 61 Zijingshan Road, Guancheng Hui District, Zhengzhou City, Henan Province	Zhao Shengchang
5	Central China Securities Co., Ltd. Zhengzhou Jingsan Road Securities Branch	No. 25 Jingsan Road, Jinshui District, Zhengzhou City, Henan Province	Jiang Huijun
6	Central China Securities Co., Ltd. Zhengzhou Weier Road Securities Branch	3F, Business Building, Jingwei Apartment, No. 30 Weier Road, Jinshui District, Zhengzhou City, Henan Province	Song Yitao
7	Central China Securities Co., Ltd. Zhengzhou Business Inner Ring Road Securities Branch	2F, No. 11 Business Inner Ring Road, Zhengzhou Section (Eastern Zhengzhou), Pilot Free Trade Zone, Henan Province	Wu Xinzong
8	Central China Securities Co., Ltd. Xinzheng Xinhua Road Securities Branch	Rooms 112–113, Unit 1, Building 2, Bishuilantian South District, Zhonghua Road, Xinzheng City, Henan Province	Dong Lei
9	Central China Securities Co., Ltd. Xinmi East Avenue Securities Branch	No. 17 East Avenue, Xinmi County-level City, Zhengzhou City, Henan Province	Zhou Yuan
10	Central China Securities Co., Ltd. Gongyi Songshan Road Securities Branch	No. 119–8 Songshan Road, Gongyi City, Henan Province	Shi Jianguo

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Securities branch	Address	Person in charge
11	Central China Securities Co., Ltd. Zhongmou Guanghui Street Securities Branch	Shop on 1F (facing the street), Southeast of the intersection of Guanghui Street and Wansheng Road, Zhongmou County, Zhengzhou City, Henan Province	Chen Zhong
12	Central China Securities Co., Ltd. Dengfeng Shaolin Avenue Securities Branch	Floor 2, No. 168 Yangcheng Road, Songyang Subdistrict, Dengfeng County-level City, Zhengzhou City, Henan Province	Qu Bo
13	Central China Securities Co., Ltd. Dengzhou Xinhua Road Securities Branch	No. 17 East Xinhua Road, Dengzhou City, Henan Province	Zhang Hui
14	Central China Securities Co., Ltd. Nanyang Renmin Road Securities Branch	No. 170 Renmin Road, Nanyang City, Henan Province	Zhang Wandong
15	Central China Securities Co., Ltd. Nanyang Wuyi Road Securities Branch	A2 Zone, Daqing District Integrated Service Building, South to the East Wuyi Road, Guanzhuang District, Nanyang City, Henan Province	Zhao Xiaoyu
16	Central China Securities Co., Ltd. Xixia Renmin Road Securities Branch	Intersection of Baiyu Road and Renmin Road, Xixia County, Henan Province	Wang Hui
17	Central China Securities Co., Ltd. Pingdingshan Guangming Road Securities Branch	Shop 106+206, 1-2F, No. 6 Jinghua Jinyu Lanwan, Southwest Corner of Intersection of Guangming Road and Zhannan Road, Zhanhe District, Pingdingshan City, Henan Province	Shi Lin
18	Central China Securities Co., Ltd. Pingdingshan Jianshe Road Securities Branch	37 Middle Jianshe Road (Renmin Plaza), Weidong District, Pingdingshan City, Henan Province	Li Guangxi
19	Central China Securities Co., Ltd. Ruzhou Chengyuan Road Securities Branch	1-2F, West side of the Chengyuan Road, Ruzhou City, Henan Province	Li Jiangong
20	Central China Securities Co., Ltd. Baofeng Zhongxing Road Securities Branch	Shop 111, Dongcheng International Residential Community, Zhongxing Road, Chengguan Town, Baofeng County, Henan Province	Jiao Dezhi
21	Central China Securities Co., Ltd. Luohe Changjiang Road Securities Branch	No. 29 Changjiang Road, Yuanhui District, Luohe City, Henan Province	Zhou Ping

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Securities branch	Address	Person in charge
22	Central China Securities Co., Ltd. Linying Yinghe Road Securities Branch	A6-8, Longting Shoufu Community, Middle Yinghe Road, Linying County, Henan Province	Shen Guangtian
23	Central China Securities Co., Ltd. Puyang Kaizhou Road Securities Branch	1F, China Unicom Building, Southwest of the intersection of Zhongyuan Road and Kaizhou Road, Puyang City, Henan Province	Song Yuejin
24	Central China Securities Co., Ltd. Puyang Zhongyuan Road Securities Branch	No. 18 Zhongyuan Road, Puyang City, Henan Province	Zhang Yanjie
25	Central China Securities Co., Ltd. Qingfeng Chaoyang Road Securities Branch	No. 240 Chaoyang Road, Qingfeng County, Puyang City, Henan Province	Zhang Jian
26	Central China Securities Co., Ltd. Puyang County Yumin Road Securities Branch	East to Middle Yumin Road, Puyang County, Henan Province	Wang Xiangxin
27	Central China Securities Co., Ltd. Anyang Zhonghua Road Securities Branch	Room 03, Floor 3, Building 7, Guangsha Xinyuan, Wenfeng District, Anyang City, Henan Province	Jiang Hua
28	Central China Securities Co., Ltd. Anyang Wenfeng Avenue Securities Branch	Southeast Corner of the Intersection of Meidong Road and Wenfeng Avenue, No. 413 Wenfeng Avenue, Longan District, Anyang City, Henan Province	Chen Limin
29	Central China Securities Co., Ltd. Linzhou Hongqiqu Avenue Securities Branch	Shops 102 and 103, Building 1, Ziyunyueting, southeast corner of the intersection of Zhenlin Road and Hongqiqu Avenue, Kaiyuan Subdistrict, linzhou City, Anyang City, Henan Province	Wu Xinsheng
30	Central China Securities Co., Ltd. Hua County Wenming Road Securities Branch	Shop 102, Building 8, Huangtong Shijicheng, Hua County New Area, Anyang City, Henan Province	Fu Hongbin
31	Central China Securities Co., Ltd. Tangyin Renmin Road Securities Branch	Shop 7, Building 2, Area A of Shangri-La, Renmin Road, Baiying Township, Tangyin County, Anyang City, Henan Province	Pei Haixia
32	Central China Securities Xinxiang East Renmin Road Securities Branch	Shop 1201, Building 1, Tianan Mingdi, No. 166 Muye Avenue (Middle), Hongmen Town, Hongqi District, Xinxiang City, Henan Province	Qiu Fei

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Securities branch	Address	Person in charge
33	Central China Securities Co., Ltd. Changyuan Shanhai Avenue Securities Branch	Shop 116, Building 11, Weihua Shijicheng, Shanhai Avenue, Changyuan County-level City, Xinxiang City, Henan Province	Shen Changjun
34	Central China Securities Co., Ltd. Hui County Gongcheng Avenue Securities Branch	North to East Gongcheng Avenue, Hui County, Henan Province	Wei Dong
35	Central China Securities Co., Ltd. Weihui Bigan Avenue Securities Branch	No. 152 Bigan Avenue, Weihui County-level City, Xinxiang City, Henan Province	Zhang Li
36	Central China Securities Co., Ltd. Xinxiang Pingyuan Demonstration Area Securities Branch	Shop 53, Commercial Street, Binhu Phase II, Longyuan Subdistrict, Pingyuan Urban-rural Integration Demonstration Area, Xinxiang City, Henan Province	Zhang Lefei
37	Central China Securities Co., Ltd. Xun County Huanghe Road Securities Branch	200m East to the North of the Intersection of Huanghe Road and Liyang Road, Xun County, Henan Province	He Yanjiang
38	Central China Securities Co., Ltd. Qi County Qihe Road Securities Branch	306 Qihe Road, Qi County, Henan Province	Jia Yuan
39	Central China Securities Co., Ltd. Xuchang Balong Road Securities Branch	Future East Coast Huacheng, South Balong Road, Xuchang City, Henan Province	Li Jianxin
40	Central China Securities Co., Ltd. Changge Chenshi Road Securities Branch	Intersection of Chenshi Road and Tianping Road, Changge City, Henan Province	Ma Wenhao
41	Central China Securities Co., Ltd. Yuzhou Fudong Road Securities Branch	Middle Fudong Road, Yuzhou City, Xuchang City, Henan Province	Li Yan
42	Central China Securities Co., Ltd. Xiangcheng Zhongxin Road Securities Branch	East Zhongxin Road, Xiangcheng County (opposite to the Bureau of Finance), Henan Province	Qiao Guangjun
43	Central China Securities Co., Ltd. Gushi Chongwen Road Securities Branch	Rooms 204 & 205, 2/F, Unit 1 and Rooms 101 & 102, 1/F, Unit 1, Tower (018)1-18, Building 18, District II, Richu Dongfang, Gushi County, Xinyang City, Henan Province	Li Mingbao

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Securities branch	Address	Person in charge
44	Central China Securities Co., Ltd. Guangshan Guanghui Avenue Securities Branch	Fortune Plaza at the Intersection of Guanghui Avenue and Guangming Avenue, Zishui Subdistrict, Guangshan County, Henan Province	Hu Haohan
45	Central China Securities Co., Ltd. Mengzhou West Hanyu Avenue Securities Branch	No. 292 West Hanyu Avenue, Mengzhou City, Henan Province	Yan Lei
46	Central China Securities Co., Ltd. Qinyang North Jianshe Road Securities Branch	North Jianshe Road, Qinyang City, Henan Province	Zhang Weihua
47	Central China Securities Co., Ltd. Jiyuan City Jiyuan Avenue Securities Branch	Shop 14 of the Street Shops from West to East, Commercial and Residential Building 1, Area A, Jishui Garden, South side of Xueyuan Road, Jiyuan City, Henan Province	Yuan Fang
48	Central China Securities Co., Ltd. Lankao Yulu Avenue Securities Branch	East to North Yulu Avenue, Lankao County, Henan Province	Duan Lei
49	Central China Securities Co., Ltd. Lingbao Hangu Road Securities Branch	Intersection of Hangu Road and Jingshan Road, Lingbao City, Henan Province	Zhang Xueyun
50	Central China Securities Co., Ltd. Mianchi County Huanghe Road Securities Branch	Shop 06, Building 1, Xinhua International Community, Middle Huanghe Road, Mianchi County, Henan Province	Xu Jiao
51	Central China Securities Co., Ltd. Sanmenxia Xiaoshan Road Securities Branch	Shop on the first floor of No. 57 (Mingzhu Hotel) Middle Section of Xiaoshan Road, Hubin District, Sanmenxia City, Henan Province	Feng Bin
52	Central China Securities Co., Ltd. Shangqiu Nanjing Road Securities Branch	1F, Shop 110, Block C, Yingtian International Plaza, West Gui'de Road, South Nanjing Road, Suiyang District, Shangqiu City, Henan Province	Zhong Yahui
53	Central China Securities Co., Ltd. Yongcheng Zhongyuan Road Securities Branch	Intersection of Zhongyuan Road and Guangming Road, Dongcheng District, Yongcheng City, Henan Province	Zhang Zhongmin

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Securities branch	Address	Person in charge
54	Central China Securities Co., Ltd. Yucheng Songshan Road Securities Branch	1-2F, Shops 109-110, Building 5, Royal Pearl River, North to Songshan Road, Chengguan Town, Yucheng County, Henan Province	Jiang Yangyang
55	Central China Securities Co., Ltd. Zhecheng Weilai Avenue Securities Branch	Shop 116, West Garden, Jinsha Mansion, Weilai Avenue, Zhecheng County, Shangqiu City, Henan Province	Wei Jie
56	Central China Securities Co., Ltd. Luyi Zhenyuan Avenue Securities Branch	No. 428 Zhenyuan Avenue, Weizhen Subdistrict Office, Luyi County, Zhoukou City, Henan Province	Zhang Yang
57	Central China Securities Co., Ltd. Xihua Fengmu Road Securities Branch	Middle Fengmu Road, Xihua County, Henan Province	Li Ming
58	Central China Securities Co., Ltd. Shenqiu Jixiang Road Securities Branch	South of East Jixiang Road, Huaidian Town, Shenqiu County, Henan Province	Li Yong
59	Central China Securities Co., Ltd. Luoyang Kaiyuan Avenue Securities Branch	Building 1, No. 260 Kaiyuan Avenue, Luoyang City, Henan Province	Zhang Ruiping
60	Central China Securities Co., Ltd. Luoyang West Zhongzhou Road Securities Branch	Shop 1, Floor 1, Building 4, 034 Neighborhood, West Zhongzhou Road, Jianxi District, Luoyang City, Henan Province	Wang Haiyun
61	Central China Securities Co., Ltd. Yichuan East Renmin Road Securities Branch	3F, Building 1, Shengfu Jiayuan, North of Renmin East Road, Binhe New District, Yichuan County, Luoyang City, Henan Province	Chen Yi
62	Central China Securities Co., Ltd. Xin'an Jianhe Avenue Securities Branch	No. 897, Jianhe Avenue, Xincheng District, Xin'an County, Luoyang City, Henan Province	Liu Shaohua
63	Central China Securities Co., Ltd. Yanshi Yingbin Road Securities Branch	Room 301, Building 1, Yuehai International, No. 41 Huaxia Road, Yiluo Subdistrict, Yanshi District, Luoyang City, Henan Province	Qiao Yongjun
64	Central China Securities Co., Ltd. Xiping Avenue Securities Branch	No. 158 Xiping Avenue, Xiping County, Henan Province	Zhang Xiaoming
65	Central China Securities Co., Ltd. Shanghai Yangpu District Yinxin Road Securities Branch	Room 602, 1286 Yinxin Road, Yangpu District, Shanghai	Wang Wei

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Securities branch	Address	Person in charge
66	Central China Securities Co., Ltd. Shanghai Hunan Road Securities Branch	1–2F, No. 2589 Hunan Road, Pudong New Area, Shanghai	Zhang Zhenming
67	Central China Securities Co., Ltd. Jinan Yuhuan Road Securities Branch	2F, South Tower, Building 1, No. 89, Yuhuan Road, Shizhong District, Jinan City, Shandong Province	Yang Chen
68	Central China Securities Co., Ltd. Yiwu Yinhai Road Securities Branch	Room 710 & 711, 7/F, 399 Yinhai Road, Futian Subdistrict, Yiwu City, Jinhua City, China (Zhejiang) Free Trade Pilot Zone (Self-declaration)	Xu Dengfu
69	Central China Securities Co., Ltd. Tianjin Zhangzizhong Road Securities Branch	Room 702, No. 2 Zhangzizhong Road, Haihe Huading Mansion, Hongqiao District, Tianjin	Liu Anjie
70	Central China Securities Co., Ltd. Shijiazhuang Zhongshan West Road Securities Branch	Shop 2A003, 2F Zhongdian Information Plaza, No. 356 Zhongshan West Road, Qiaoxi District, Shijiazhuang City, Hebei Province	Zhao Chenguang
71	Central China Securities Co., Ltd. Jishou Century Avenue Securities Branch	Room 106, Building 62, China Railway Real Estate Shijishanshui Phase II, Qianzhou Century Avenue, Jishou City, Hunan Province	Xiang Qingfeng
72	Central China Securities Co., Ltd. Zhangjiagang Jiannong Road Securities Branch	No. 18 Jiannong Road, Yangshe Town, Zhangjiagang City, Jiangsu Province	Zhu Sheng
73	Central China Securities Co., Ltd. Yuncheng North Huaidong Road Securities Branch	1F, Tianyu Commercial Building, No. 9 North Huaidong Road, Yuncheng City, Shanxi Province	Tang Feng
74	Central China Securities Co., Ltd. Taicang Taiping South Road Securities Branch	No. 19–3 Taiping South Road, Chengxiang Town, Taicang City, Jiangsu Province	Gu Yajun

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VII. OTHER RELEVANT MATERIALS

Accounting firm engaged by the Company	Name	ShineWing Certified Public Accountants (Special General Partnership) Public Interest Entity Auditor recognised in accordance with the Financial Reporting Council Ordinance
	Office address	F9, Tower A, Fuhua Mansion, 8 Chaoyangmen North Street, Dongcheng District, Beijing
	Names of signing accountants	Yan Fanqing, Dai Hui
Legal adviser as to PRC laws	Beijing Junzhi Law Firm	
Legal adviser as to Hong Kong (PRC) laws	Jingtian & Gongcheng LLP	
A Share Registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
H Share Registrar	Computershare Hong Kong Investor Services Limited	
Code of unified social credit	91410000744078476K	

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VIII. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST THREE YEARS

Accounting data and financial indicators set out herein are prepared in accordance with the China Accounting Standards for Business Enterprises.

#### (I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	2024	2023	Increase/Decrease as compared with the corresponding period of last year (%)	2022
Operating income	1,689,925,164.42	1,968,016,572.87	-14.13	1,881,047,259.12
Net profit attributable to shareholders of the parent company	245,847,400.51	211,601,553.51	16.18	106,577,985.92
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss	209,918,233.37	195,874,295.18	7.17	90,234,423.35
Net cash flows from operating activities	4,168,168,660.39	-467,298,168.05	N/A	2,002,498,853.10
Other comprehensive income	14,354,440.33	771,826.05	1,759.80	63,795,594.70

	As at the end of 2024	As at the end of 2023	Increase/Decrease for the end of the period as compared to the corresponding period of last year (%)	As at the end of 2022
Total assets	51,614,348,080.07	51,701,683,772.46	-0.17	50,182,639,547.46
Total liabilities	37,331,529,726.77	37,551,184,086.55	-0.58	35,975,265,974.01
Accounts payable to brokerage clients	16,476,010,375.54	11,538,050,603.00	42.80	11,849,666,807.82
Equity attributable to shareholders of the parent company	14,060,235,023.57	13,902,762,596.08	1.13	13,757,829,045.04
Total equity	14,282,818,353.30	14,150,499,685.91	0.94	14,207,373,573.45
Total share capital	4,642,884,700.00	4,642,884,700.00	0.00	4,642,884,700.00
Net assets per share attributable to shareholders of the parent company (RMB/share)	3.03	2.99	1.34	2.96

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (II) Principal financial indicators

Principal financial indicators	2024	2023	Increase/Decrease as compared with the corresponding period of last ear (%)	2022
Basic earnings per share (RMB/share)	0.0530	0.0456	16.23	0.0230
Diluted earnings per share (RMB/share)	0.0530	0.0456	16.23	0.0230
Basic earnings per share after deducting non-recurring profit and loss (RMB/share)	0.0452	0.0422	7.11	0.0194
Weighted average return on net assets (%)	1.76	1.53	Increased by 0.23 percentage point	0.78
Weighted average return on net assets after deducting non-recurring profit and loss (%)	1.50	1.42	Increased by 0.08 percentage point	0.66

Explanation on principal accounting data and financial indicators of the Company for the last three years at the end of the Reporting Period

Weighted average return on net assets and earnings per share are calculated in accordance with the requirements of Rules Governing Information Preparation and Disclosure by Companies Publicly Issuing Securities No. 9-Calculation and Disclosure of Weighted Average Return on Net Assets and Earnings Per Share.

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (III) Net capital and risk control indicators of the parent company

Unit: Yuan    Currency: RMB

Item	At the end of the Reporting Period	At the end of last year
Net capital	9,468,635,644.80	8,651,125,530.23
Net assets	14,537,389,844.78	14,553,560,936.80
Sum of various risk capital provisions	3,294,549,720.25	3,478,418,949.24
Total on-and-off balance sheet assets	38,153,266,797.66	43,026,689,654.91
Risk coverage rate(%)	287.40	248.71
Capital leverage rate(%)	22.66	19.06
Liquidity coverage ratio(%)	286.47	198.96
Net stable funding ratio(%)	204.62	150.69
Net capital/net assets(%)	65.13	59.44
Net capital/liabilities(%)	47.93	35.19
Net assets/liabilities(%)	73.59	59.20
Proprietary equity securities and its derivatives/net capital(%)	4.57	7.57
Proprietary non-equity securities and its derivatives/net capital(%)	197.73	290.44
Amount of financing (including securities lending)/net capital(%)	100.79	94.72

Note: During the Reporting Period, all major risk control indicators including the Company's net capital met the regulatory requirements.

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### IX. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST FIVE YEARS

#### Earnings

Unit: Yuan Currency: RMB

Item	2024	2023	2022	2021	2020
Operating income	1,689,925,164.42	1,968,016,572.87	1,881,047,259.12	4,420,848,497.96	3,103,301,696.87
Operating cost	1,485,899,142.55	1,758,744,134.17	1,765,497,934.13	3,710,316,417.23	2,954,485,813.12
Profit before tax	235,293,786.69	212,248,563.49	113,199,663.56	718,215,361.99	144,030,392.15
Net profit attributable to shareholders of the parent company	245,847,400.51	211,601,553.51	106,577,985.92	513,210,337.25	104,302,038.78

#### Assets

Unit: Yuan Currency: RMB

Item	As at the end of 2024	As at the end of 2023	As at the end of 2022	As at the end of 2021	As at the end of 2020
Total assets	51,614,348,080.07	51,701,683,772.46	50,182,639,547.46	53,748,323,524.71	52,376,875,557.00
Total liabilities	37,331,529,726.77	37,551,184,086.55	35,975,265,974.01	39,604,243,601.31	38,190,399,466.49
Accounts payable to brokerage clients	16,476,010,375.54	11,538,050,603.00	11,849,666,807.82	12,571,797,812.48	10,555,230,551.25
Equity attributable to shareholders of the parent company	14,060,235,023.57	13,902,762,596.08	13,757,829,045.04	13,681,883,165.28	13,368,714,617.90
Total share capital	4,642,884,700.00	4,642,884,700.00	4,642,884,700.00	4,642,884,700.00	4,642,884,700.00

#### Key financial indicators

Item	2024	2023	2022	2021
Basic earnings per share (RMB/share)	0.0530	0.0456	0.0230	0.1105
Diluted earnings per share (RMB/share)	0.0530	0.0456	0.0230	0.1105
Weighted average return on net assets (%)	1.76	1.53	0.78	3.78

Item	As at the end of 2024	As at the end of 2023	As at the end of 2022	As at the end of 2021
Gearing ratio <sup>(1)</sup> (%)	59.35	64.77	62.94	65.65
Net assets per share attributable to shareholders of the parent company (RMB/share)	3.03	2.99	2.96	2.95

1. Gearing ratio = (total liabilities — accounts payable to brokerage clients — accounts payable to underwriting clients)/(total assets — accounts payable to brokerage clients — accounts payable to underwriting clients)

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### X. PRINCIPAL FINANCIAL DATA FOR 2024 (BY QUARTER)

Unit: Yuan Currency: RMB

	Q1 (January to March)	Q2 (April to June)	Q3 (July to September)	Q4 (October to December)
Operating income	643,976,990.46	554,693,576.59	93,701,464.79	397,553,132.58
Net profit attributable to shareholders of the listed company	130,790,222.34	70,474,897.71	-38,095,532.80	82,677,813.26
Net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss	126,639,434.81	70,652,129.31	-54,443,386.76	67,070,056.01
Net cash flows from operating activities	752,016,707.44	104,830,072.77	4,362,862,866.20	-1,051,540,986.02

### XI. ITEMS AND AMOUNTS OF NON-RECURRING PROFIT AND LOSS

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	The amount of 2024	Note (if applicable)	The amount of 2023	The amount of 2022
Profits and loss on disposal of non-current assets, including the write-off of provision for impairment of assets	2,306,066.86		-1,610,620.77	-1,299,397.55
Government subsidies that are included in the current profit and loss, except for those that are closely related to the Company's normal business operations, in compliance with national policies and regulations, and in accordance with established standards, and have a continuing effect on the Company's profit or loss	13,270,434.35		20,830,183.98	26,565,466.55
Other non-operating income and expenses other than the above items	31,989,439.22	Primarily income from the disposal of assets received in debt settlement	1,991,815.30	-1,776,147.02
Less: amount of impact of income tax	11,633,184.25		5,302,844.63	5,872,480.50
Amount of impact of minority shareholders' equity (after tax)	3,589.04		181,275.55	1,273,878.91
Total	35,929,167.14		15,727,258.33	16,343,562.57

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### XII. ITEMS MEASURED AT FAIR VALUE

Unit: Yuan    Currency: RMB

Project name	Opening balance	Closing balance	Change during the Period	Amount of impact on the current profit
Financial assets held for trading	24,271,207,692.01	17,629,247,370.42	-6,641,960,321.59	1,094,683,452.83
Derivative financial instruments	9,876,368.78	14,130,180.68	4,253,811.90	-915,616,424.11
Financial assets at fair value through other comprehensive income	410,921,462.71	114,330,970.55	-296,590,492.16	9,778,131.71
Financial liabilities held for trading	1,389,611,181.03	578,887,667.66	-810,723,513.37	35,585,504.66
Total	26,081,616,704.53	18,336,596,189.31	-7,745,020,515.22	224,430,665.09

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### XIII. OTHERS

#### (I) Accounting data for key items in consolidated financial statements

Unit: Yuan    Currency: RMB

Item	Amount at the end of the Current Period	Amount at the end of the previous period	Change rate (%)
Cash and bank balances	14,400,984,039.97	9,977,189,628.79	44.34
Clearing settlement funds	4,531,325,343.18	3,449,978,421.75	31.34
Margin accounts receivable	9,326,761,787.66	7,604,853,831.45	22.64
Derivative financial assets	16,126,760.68	27,910,148.17	-42.22
Financial assets held under resale agreements	1,445,001,679.44	1,010,201,346.03	43.04
Financial assets held for trading	17,629,247,370.42	24,271,207,692.01	-27.37
Debt investments	49,846,701.66	120,370,451.85	-58.59
Financial assets at fair value through other comprehensive income	114,330,970.55	410,921,462.71	-72.18
Long-term equity investments	905,250,626.42	1,443,058,245.16	-37.27
Other assets	237,564,250.77	433,042,189.06	-45.14
Short-term loans	7,008,341.66	0.00	N/A
Short-term financing instruments payable	3,896,489,565.69	4,075,723,383.58	-4.40
Due to banks and other financial institutions	3,962,603,712.35	3,297,906,994.48	20.16
Financial liabilities held for trading	578,887,667.66	1,389,611,181.03	-58.34
Derivative financial liabilities	1,996,580.00	18,033,779.39	-88.93
Financial assets sold under repurchase agreements	5,289,084,372.35	10,602,387,479.57	-50.11
Accounts payable to brokerage clients	16,476,010,375.54	11,538,050,603.00	42.80
Taxes payable	41,403,810.37	26,436,859.31	56.61
Accounts payable	205,338,964.19	873,013,344.30	-76.48
Contract liabilities	2,400,665.20	7,881,833.37	-69.54
Bonds payable	6,112,729,880.19	4,721,201,165.26	29.47
Deferred income tax liabilities	6,619,866.41	20,759,933.82	-68.11
Other liabilities	202,678,184.19	304,998,778.26	-33.55
Share capital	4,642,884,700.00	4,642,884,700.00	0.00
Capital reserve	6,260,122,106.33	6,269,993,825.68	-0.16
Undistributed profits	358,503,723.78	242,467,397.11	47.86

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Unit: Yuan    Currency: RMB

Item	Amount at the end of the Current Period	Amount at the end of the previous period	Change rate (%)
Net interest income	244,705,312.27	126,068,459.51	94.11
Investment banking net income	56,282,928.18	91,944,011.98	-38.79
Assets management net income	24,479,998.61	48,701,535.95	-49.73
Investment income (loss stated with "-")	512,347,592.51	873,177,476.72	-41.32
Investment income from associates and joint ventures	59,105,673.19	-23,173,922.62	N/A
Gains on changes in fair value (loss stated with "-")	-198,814,850.10	-96,656,528.14	N/A
Gains on foreign exchange (loss stated with "-")	-1,455,640.68	387,802.13	-475.36
Gains from asset disposal (loss stated with "-")	3,427,741.26	40,069.74	8,454.44
Loss on impairment of credit	19,811,034.92	55,036,615.40	-64.00
Other assets impairment losses	17,722,815.48	13,044,185.59	35.87
Non-operating income	36,707,776.37	6,269,169.20	485.53
Non-operating expenses	5,440,011.55	3,293,044.41	65.20
Income tax expenses	13,400,146.28	10,024,758.34	33.67
Profit and loss attributable to minority shareholders (net loss stated with "-")	-23,953,760.10	-9,377,748.36	N/A
Other comprehensive income after tax	14,354,440.33	771,826.05	1,759.80

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (II) Accounting data for key items in financial statements of parent company

Unit: Yuan Currency: RMB

Item	Amount at the end of the Current Period	Amount at the end of the previous period	Change rate (%)
Cash and bank balances	12,486,371,278.43	8,550,531,169.86	46.03
Clearing settlement funds	3,647,427,636.26	2,680,558,952.00	36.07
Margin accounts receivable	9,245,318,527.54	7,477,731,878.81	23.64
Derivative financial assets	16,126,760.68	27,801,748.17	-41.99
Accounts receivables	39,231,018.74	323,798,652.74	-87.88
Financial assets held under resale agreements	1,434,997,153.41	966,171,800.30	48.52
Financial assets held for trading	15,466,228,022.06	21,760,263,800.20	-28.92
Financial assets at fair value through other comprehensive income	114,330,970.55	410,921,462.71	-72.18
Long-term equity investments	4,426,207,083.94	4,826,207,083.94	-8.29
Other assets	128,569,621.92	261,409,676.97	-50.82
Short-term financing instruments payable	3,257,399,734.85	4,075,723,383.58	-20.08
Due to banks and other financial institutions	3,962,603,712.35	3,297,906,994.48	20.16
Financial liabilities held for trading	223,811,867.81	811,046,276.67	-72.40
Derivative financial liabilities	1,996,580.00	18,033,779.39	-88.93
Financial assets sold under repurchase agreements	5,289,084,372.35	10,601,958,426.84	-50.11
Accounts payable to brokerage clients	14,340,297,512.20	9,736,870,859.14	47.28
Taxes payable	38,162,336.61	17,144,733.87	122.59
Accounts payable	203,320,096.93	858,784,459.23	-76.32
Bonds payable	6,122,735,578.82	4,093,649,002.32	49.57
Deferred income tax liabilities	1,820,602.39	438,286.06	315.39
Share capital	4,642,884,700.00	4,642,884,700.00	0.00
Capital reserve	6,606,160,370.84	6,606,160,370.84	0.00
Other comprehensive income	5,508,599.81	1,502,859.86	266.54

Item	Amount for the current period	Amount for the same period last year	Change rate (%)
Net interest income	204,184,232.24	124,761,356.62	63.66
Net fee income from brokerage business	568,344,887.37	431,840,468.77	31.61
Investment banking net income	49,607,745.29	88,516,671.00	-43.96
Investment income (loss stated with "-")	211,291,489.07	807,766,561.18	-73.84
Gains on changes in fair value (loss stated with "-")	22,110,503.58	87,437,291.09	-74.71
Gains on foreign exchange (loss stated with "-")	-27,001.79	63,128.47	-142.77
Other operating income	15,917,164.94	11,005,460.31	44.63
Gains from asset disposal (loss stated with "-")	484,035.41	14,636.62	3,207.02
Other income	12,328,598.56	17,817,277.65	-30.81
Loss on impairment of credit	-9,079,773.06	19,643,966.02	-146.22
Other assets impairment losses	150,000,000.00	0.00	N/A
Non-operating expenses	4,444,800.74	2,305,621.56	92.78
Income tax expenses	-14,607,339.53	36,425,597.84	-140.10
Other comprehensive income after tax	4,005,739.95	-2,642,368.68	N/A

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### I. REVIEW OF BUSINESS

#### (I) Business review

During the Reporting Period, the Group achieved operating income of RMB1.69 billion, representing a year-on-year decrease of 14.13%. Among them, income from securities brokerage business was RMB815 million, an increase of RMB163 million, primarily due to an increase in revenue from securities brokerage business during the Current Period; Income from investment management business was RMB154 million, an increase of RMB158 million, primarily due to an increased equity investment income from subsidiaries; Income from overseas business was RMB28 million, an increase of RMB60 million, primarily due to an increase in gains from changes in fair value of financial products held by Central China International during the Current Period; Income from headquarters and others was RMB-85 million, an increase of RMB19 million, primarily due to a decrease in financing interest expense during the Current Period; Income from credit business was RMB412 million, an increase of RMB3 million; Income from futures business was RMB405 million, a decrease of RMB4 million; Income from investment banking business was RMB48 million, a decrease of RMB37 million, primarily due to a decrease in revenue from securities underwriting and sponsorship during the Current Period; Income from proprietary business was RMB-84 million, a decrease of RMB637 million, primarily due to a decrease in investment business income during the Current Period.

During the Reporting Period, the Group recorded an operating cost of RMB1.486 billion, representing a year-on-year decrease of 15.51%. Among them, the business and administrative expenses were RMB1.143 billion, a decrease of RMB239 million, mainly due to Company's strengthening of refined management and cost control, and the reduction of labor and other operating expenses; Credit impairment loss was RMB20 million, a decrease of RMB35 million, mainly due to a decrease in provision for impairment of debt investments. The Company evaluates the credit risk of each business in accordance with the principle of prudence and sufficient provision, and makes provision for impairment through the expected loss model. The Company will continuously monitor the changes in the market value of collateral and the credit standing of financiers, and prudently evaluate business risks. In case of any adverse factors such as the decline in the market value of collateral, the Company will make full provision for the impairment of the current period in strict accordance with the Accounting Standards for Business Enterprises and the accounting policies of the Company.

During the Reporting Period, the Group achieved net profit attributable to shareholders of the parent company of RMB246 million, an increase of RMB34 million, mainly due to an increase in income from securities brokerage business and a decrease in business and administrative expenses during the Current Period.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### (II) Major risks and uncertainties

Major risks faced by the Company include: credit risk, market risk, liquidity risk, reputation risk, operational risk, compliance risk and information technology risk, etc. For the major risks faced by and counter-measures taken by the Group, please refer to VII. (IV) "Potential risks" in this section.

### (III) Material subsequent events

For material subsequent events, please refer to XIV. "EVENTS AFTER THE BALANCE SHEET DATE" under Section 8 "FINANCIAL REPORT" in this report.

### (IV) Future development and forward-looking

For the prospects of the Company's future development, please refer to VII. "COMPANY'S DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY" in this section.

### (V) Environmental policies and performance

Sustainable development has become a global issue. The Company has always adhered to the concepts of energy conservation, consumption reduction, pollution reduction and ecological protection throughout the operation and management. The Company has been actively improving its environmental management system and practicing green sustainable development in compliance with laws, regulations and regulatory documents such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Law of the People's Republic of China on Conserving Energy (《中華人民共和國節約能源法》).

The Company upholds green office practices, strongly advocating for resource conservation and opposing extravagance and waste. It promotes the use of automated OA systems for online approvals, effectively reducing paper-based processes. Print materials are strictly managed, and the Company utilizes email and electronic communications to minimize paper consumption. Furthermore, the Company drives digital transformation in wealth management, offering online account opening, trading, and financial management services through its web portal and mobile APP, thereby reducing the environmental impact of our physical branches.

The Company actively encourages green commuting, consistently engaging employees in the Henan Provincial Federation of Trade Unions' green commuting initiatives. In the staff cafeteria, the Company fosters a healthy and environmentally conscious dining atmosphere, minimizing food and kitchen waste. In the office area, the Company advocates for the use of environment-friendly office supplies for better awareness of green office; advocates for less use of plastic products to reduce white pollution. Through these initiatives, the Company has cultivated a company-wide culture of environmentally responsible practices, engaging all employees in a comprehensive approach to green office operations.

The Company stresses saving water and electricity. Specifically, the Company reduces office energy consumption through strengthening management of water and electricity saving in its daily operation. Regarding energy conservation, the Company implements green lighting upgrades, equips all the office spaces with LED energy-efficient lamps, and reminds employees at the power switch to save electricity; arranges full-time personnel to inspect and turn off non-essential lighting at night; advocates for the use of energy-efficient electronic equipment; advocates for setting short-time screensavers on office computers.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### (VI) Compliance with relevant laws and regulations with significant impact

The Company strictly complies with domestic and overseas laws and regulations as well as industry standards such as the Hong Kong Listing Rules, SFO and the Company Law, Securities Law and the Regulations on the Supervision and Administration of Securities Companies of the PRC.

### (VII) Material relationship with employees, customers and suppliers

The Company provides services for the various institutional and individual customers engaged in a number of industries. The Company's clients include large, small and medium enterprises, high-net-worth clients and retail customers. Major customers are located in mainland China. In 2024, the revenue contributed by the top five customers of the Company accounted for 11.50% of the operating revenue. The top 5 customers of the Company in total accounted for less than 30% of the operating revenue. No customer has a material relationship with the Company.

Due to the nature of the business, the Company does not have a major supplier. The aggregate purchase amount attributable to the five largest suppliers of the Company was less than 30%. No employee has a material relationship with the Company.

## II. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION

### (I) Overall business performance

2024 is a crucial year for achieving the goals and tasks set forth in the 14th Five-Year Plan. Faced with a complex and challenging internal and external operating environment, the Company remains mindful of its responsibilities and mission as a financial institution, deeply practices the political and people-centered nature of financial work, and diligently fulfills its roles as a "gatekeeper" of the capital market, a "service provider" for direct financing, and a "manager" of social wealth. Firmly focused on the development goal of "rapidly becoming a modern investment bank with first-class core businesses and a leading position in the regional market", the Company strengthens its functional positioning as a "strategic carrier in Henan's capital market", and comprehensively implements the four strategies of "professionalism, integration, platform and base". The Company is coordinating and promoting strategic transformation, business focus, deepening reforms, and risk mitigation, continuously improving core competencies, focusing on serving Henan, focusing on principal responsibility and operation, and achieving steady growth in operating performance, maintaining an overall stable and positive development trend.

**Comprehensive advancement of strategic transformation.** The Company strengthened group-level management by adjusting and expanding the Wealth Management Committee and establishing the Corporate Financing Committee, laying the foundation for an integrated business and management system. Phase one construction of several system platforms, including the Investment Advisory Cloud Platform and the Institutional Client Service Platform, was completed. Caishengbao App's monthly active users ranked 22nd in the industry, marking steady progress in our platform strategy. Active preparations for the establishment of an internet branch are underway to enhance professionalism services, channeling resources in investment banking, investment, research, etc. to Henan Province in all aspects. The research institute headquarters and ZDKY Venture Capital were relocated back to Henan. The Company also secured the qualification as a lead underwriter for Henan Provincial Government bonds, accelerating our base strategy.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

**Continuous improvement in operational quality and efficiency.** Effectively balancing functionality and profitability, and maintaining robust performance growth, the Company achieved a positive turnaround in the primary business. During the Reporting Period, our wealth management business, serving over 3 million investors, continuously improved its multi-tiered client service system, vigorously promoted the development of investment advisory product systems, and consistently enriched the supply of financial product systems. This resulted in a significant 354% increase in income from investment advisory business, exceeding RMB10 billion in financial product sales, and a reversal of the declining trend in stock and fund market share, achieving a year-on-year growth of 4.6%. Our proprietary bond trading business continued its strong performance, with income and return on investment reaching a 10-year high. Asset management underwent a comprehensive systemic adjustment, adhering to a business strategy focused on fixed income products, resulting in top rankings for net value growth of newly issued products. Our institutional businesses, including investment banking, investment, and research, actively integrated into provincial strategies, assisting over 30 companies, including Zhengzhou Urban Development Investment, with bond financing. We also completed the only refinancing project in Henan Province submitted and successfully approved for the ChiNext board in 2024 — a private placement for Xinning Logistics. Our number of listed companies and market share on the New Third Board in Henan Province remained firmly in first place.

**Comprehensive reshaping of management elements.** The Company thoroughly implemented the “Five Determinations” reform of organizational structure and management mechanisms, focusing on resolving deep-seated issues that hinder development. A streamlining initiative has been implemented, optimizing human resource allocation and significantly bolstering front-office business positions and personnel. The Company continued to optimize and refine the compensation distribution mechanism, achieving a restructuring of the management framework and core operational mechanisms, laying a solid foundation for enhancing management effectiveness. Simultaneously, through a series of structural cost reduction and efficiency enhancement measures, such as low-cost financing, revitalizing inefficient resources, merging and streamlining inefficient operating units, reducing operating costs, and promoting risk recovery, operational efficiency has been significantly improved.

### (II) Analysis of principal business

#### 1. Securities brokerage business

##### Market environment

Driven by favorable policies and improved liquidity, since the end of September 2024, the A-share market experienced a strong rebound in 2024. As of the end of the Reporting Period, the SSE Composite Index closed at 3,351.76 points, up 12.67% year on year, the SZSE Component Index 10,414.61 points, an increase of 9.34% year on year, and the ChiNext Index up 13.23%. The total annual trading volume on the Shanghai and Shenzhen stock exchanges reached RMB254.70 trillion, a year-on-year increase of 21.20%. As wealth management transformation deepens, securities firms are gradually shifting from traditional models focused on extracting customer value to a new strategic direction centered on creating customer value. In this process, diversified business models such as buy-side investment advisory, quantitative brokerage, and securities lending for funds are being actively explored and implemented. (Source: Wind Info)

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Operational measures and performance

In 2024, for the securities brokerage business, the Company thoroughly implemented the “Four Major Strategies” development requirements, and drove a profound transformation of the business model towards wealth management through organizational changes, client operations, and technological empowerment. By implementing an integrated management model in key regions and establishing a grid-based service system, the Company achieved efficient cross-regional resource integration and collaboration, significantly enhancing revenue generation capabilities. The Company completed the organizational restructuring of its branch network, establishing institutional and private banking teams to strengthen services for mid-to-high-end clients, optimizing the professional configuration of front-end teams, and forming multi-disciplinary business units, thereby preliminarily establishing a basic new service model. In terms of client value operations, the Company focused on the wealth management needs of residents, establishing an online branch to enhance the digital service system for long-tail clients, achieving full coverage of standardized online services. The Company strengthened investment advisory product and service capabilities by launching strategy portfolios and customized asset allocation plans covering various risk-return characteristics to meet clients’ diverse wealth management needs, systematically upgrading our wealth management service capabilities. The technology empowerment system continued to upgrade, completing the intelligent transformation of Caishengbao APP, and building a closed-loop, fully digital service chain. The number of monthly active users remained among the top in the industry. The Company was honored with the Best Channel Cooperation Award in the inaugural “Wealth Management-Huazun Award (華尊獎)” by the CLS (財聯社) in 2024, and the 2024 “Junding Award (君鼎獎) for Digital Innovation Pioneer APP in China’s Securities Industry” by Securities Times. During the year, brokerage business revenue saw steady growth, and professional service capabilities continued to improve, laying a solid foundation for building a comprehensive financial service ecosystem covering all client bases and scenarios.

As of the end of the Reporting Period, the total number of securities brokerage customers was 3,090,700, up 3.40% from the previous year. The Company’s sales of public funds reached RMB6.443 billion, representing an increase of 92.79% compared with the same period last year.

### Outlook for 2025

In 2025, for the brokerage business, in accordance with the integration goal of “One Central China externally and One Customer internally” and following the concept of “one market, two types of customers, and several products”, the Company will rely on branches to establish a unified market end and focus on the integration of the Company’s marketing resources, and keep the commitment to serving the people through finance, and center around client needs. The Company will drive high-quality business development by systematically integrating various resources, deepening tiered and categorized service capabilities, and optimizing the entire operational chain. Leveraging the internet branch and the Caisheng platform, the Company will integrate online and offline resources, and build an intensive operational system that synergizes intelligent services and professional investment advisory to achieve seamless all-channel service integration. The Company will deepen precise tiered services, refine the standardized online service framework for mass-market clients, and integrate investment advisory, product, and marketing resources to provide differentiated asset allocation solutions and dedicated service channels for affluent and high-net-worth clients. Relying on the integration of the “research-asset management-product” value chain, the Company will strengthen customized product creation and offer full lifecycle solutions for institutional and high-net-worth clients. The Company will optimize operational models, promoting the transformation of branch offices towards in-depth cultivation of service value, simultaneously deepening local advantages and expanding innovative service models in developed cities, forming a dual-driven approach encompassing standardization and high-end customization. By constructing a service ecosystem encompassing “all scenarios, all client bases, and the full lifecycle”, the Company will continuously enhance competitiveness in comprehensive financial services and solidify the foundation for long-term development.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### 2. Investment banking business

#### Market environment

In 2024, regulatory policies continued to tighten, and market competition intensified. The CSRC, focusing on the central theme of “strengthening supervision, preventing risks, and promoting high-quality development”, issued a series of policy documents, prompting securities firms and investment banks to seek opportunities in serving new quality productive forces and to further improve their professional quality and internal control levels. In 2024, 77 enterprises completed their initial offering either in the SSE and the SZSE, raising a total of RMB62.668 billion, down 81.67% year on year. The refinancing fund raised by listed companies was RMB223.12 billion, down 70.03% year on year. In 2024, a total of 23 companies have completed their public offerings and listing on the Beijing Stock Exchange, raising RMB4.791 billion, down 67.28% year on year. The fund raised from the New Third Board market totaled RMB11.961 billion, down 35.85% year on year. The total amount of bonds issued by various institutions was RMB71.04 trillion, up 12.91% year on year. (Source: Wind Info, Beijing Stock Exchange)

#### Operational measures and performance

In 2024, the Company’s investment banking business focused on the “base” strategy, capitalising on the significant opportunities presented by Henan Province’s initiative to “build a strong manufacturing province by implementing a high-quality development action plan for key manufacturing industry chains, strengthening 7 advanced manufacturing clusters and 28 key industry chains, and further developing N specialized, advanced, special and new niche areas”. Focusing on corporate client needs and business opportunities, the Company formulated and implemented an integrated and scalable market expansion strategy for Henan Province. The Company continued to deepen its “N-nity” integrated financial services model, enhancing comprehensive financial service capabilities and strengthening its capacity to serve the real economy. This resulted in full coverage of Henan Province’s “7+28+N” key industrial chain groups. It diligently fulfilled the responsibilities of the “gatekeeper” of the capital market by following the regulatory requirements and dynamics to improve the investment banking system. It worked to consolidate the “three lines of defense” and effectively improve the quality of practice through the establishment of rules and systems, and improvement in mechanism.

As of the end of the Reporting Period, the Company completed 1 IPO joint sponsorship project for refinancing of listed companies, and the main underwriting amount of equity accumulated RMB209 million in the year; 9 corporate creditor joint lead underwriting projects, the total amount of bond main underwriting for the year was RMB2.754 billion; 204 tranches of bond distribution projects, and the total distribution amount for the year was RMB12.482 billion, an increase of 35.84% year on year. Furthermore, the Company completed one independent financial advisory project for a listed company’s merger and acquisition and two listing projects on the New Third Board. The Company continued to steer 38 companies listed on the New Third Board in Henan Province, accounting for 19% of the total number of listed companies in the province at the end of the Reporting Period, which has become a hallmark of the Company’s service to the real economy. As of the end of the Reporting Period, the Company ranked 46th in terms of the total revenue of equity underwriting and sponsorship, and 49th in terms of equity underwriting amount. (Source: Wind Info)

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Outlook for 2025

In 2025, the Company's investment banking business will adhere to the functional position as the "strategic carrier in Henan's capital market", diligently serve the needs of regional economic development, and fully capitalize on opportunities arising from economic transformation. Focusing on "key projects, key businesses, and key enterprises", and prioritizing investment in emerging industries representing new quality productive forces and addressing the "five major tasks" of finance, including science and technology finance, green finance and inclusive finance, the Company will actively explore breakthrough areas such as mergers and acquisitions, and inclusive finance. The business will strengthen high-quality financial service support for major national strategies, key areas, and weak links in the economy, proactively leveraging the effectiveness of inclusive finance. With the goal of increasing the proportion of direct financing and reducing financing costs for medium and small-sized enterprises and high-tech enterprises in Henan Province, the Company will enhance its capabilities to serve the real economy. The Company will expand its market reach, particularly within Henan Province, aiming for full coverage of five key client categories: listed companies in the province, high-tech and specialized, advanced, special and new enterprises, provincial and municipal platform companies, core enterprises within the "7+28+N" industrial alliance chains, and national-level high-tech zones and development zones. For equity projects, the focus will be on IPOs on the Beijing Stock Exchange and mergers and acquisitions. Bond projects will focus on serving provincially managed and key enterprises within the province, as well as municipal platform companies. The Company will also continue to expand debt businesses, such as CMBS and ABS, while strictly controlling project risks. It will optimize its professional quality evaluation mechanism, improve project quality, maintain a firm risk bottom line, and strengthen its internal capacity building. Furthermore, the Company will continuously promote management enhancements, strengthen the training and structured recruitment of professional talent within its teams, and enhance business synergy. This will involve coordinating efforts within the investment banking division, between the investment banking division and other business departments within the Company, and externally with the Company's shareholders, to establish high-quality cooperation models, and provide clients with integrated professional services.

### 3. Investment management business

#### (1) Assets management

##### Market environment

In 2024, guided by the essential instructions of the Central Financial Work Conference, the Company's asset management business diligently implemented the "1+N" policy requirements, actively refining its functional positioning, enhancing core competencies, strengthening risk prevention, and steadily improving its ability to serve the wealth management needs of residents. As of December 2024, the total scale of private equity asset management products of securities and futures operating institutions was RMB12.18 trillion (excluding social security funds and enterprise annuities), representing a decrease of RMB0.23 trillion compared with that in the same period last year. In terms of product types, the scale of single asset management plans accounted for 51.62%, the scale of collective asset management plans accounted for 48.38%, and the scale of collective asset management plans increased by 1.46% compared with that in the same period last year; affected by market conditions, the proportion of fixed-income products increased slightly, while the proportion of equity products decreased slightly. The number and scale of fixed-income products accounted for the largest proportion, at 46.77% and 74.51% respectively. (Source: Asset Management Association of China)

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Operational measures and performance

In 2024, the Company accelerated the transformation development of the asset management business, restructured the asset management business model, established a product portfolio based on “fixed income+” products, driven by both fixed-income and investment advisory business, improved the asset management business’ s regulatory framework by optimising departmental organisational structure, strengthened comprehensive compliance and risk management, and built an investment research team oriented towards investment performance. The Company also established a collaborative marketing and service system and expanded marketing channels. These transformation efforts have yielded initial results, with a gradual improvement in management and control levels. Compared to similar bank wealth management products and publicly offered bond funds, the investment returns of products managed by the Company ranked among the top, with performance gradually gaining investor recognition and assets under management steadily increasing.

As of the end of the Reporting Period, the total assets under management of the Company amounted to RMB5.271 billion (excluding special asset management plan), representing a year-on-year increase of 43.9%, including one large collective currency collective asset management plan with a management scale of RMB3.483 billion; 7 collective asset management plans with a management scale of RMB1.751 billion; One standardized asset invested in a single asset management plan with a management scale of RMB37 million.

### Outlook for 2025

In 2025, in terms of asset management business, the Company will continue to enhance its product innovation capabilities, refine investment strategies, consolidate and expand distribution channels, and optimise service models, striving to provide a diverse range of wealth management products to a broader customer base and contribute to local economic development. The Company will also strengthen the development of a specialised investment research team, balancing product innovation with risk control. While consolidating the foundation of fixed income plus, the Company will expand into enhanced return areas such as ETFs and mutual funds. Employing a differentiated strategy and pursuing a path of specialized, high-quality products, the Company will strengthen its integrated and collaborative strategy, enhance business synergy, leverage the advantages of its sales channels, consolidate and expand marketing channels, and promote stable growth in assets under management, thereby supporting the transformation of its wealth management business.

### (2) Private fund management

The Company carried out its private fund management business through ZDKY Venture Capital (the Company’s subsidiary) and its subsidiaries.

### Market environment

In 2024, China’s equity investment market as a whole continued a downward trend, with early signs of recovery. In terms of capital raising, the number and fundraising scale of newly raised funds reached 3,981 or RMB1.44 trillion, down by 43.0% and 20.8% year on year, respectively; in terms of investment, 8,408 cases occurred, and RMB603.647 billion was disclosed after excluding the case of extreme value, down by 10.4% and 10.3% year on year, respectively; and in terms of withdrawal, a total of 3,696 cases occurred in 2024, down by 6.3% year on year, of which the number of IPO cases of invested enterprises totaled 1,333, accounting for 36.1%. The number of IPO cases of overseas invested enterprises was 867, up 12.0% year on year, indicating that the IPOs of Chinese enterprises in overseas markets are gradually warming up. (Source: Zero2IPO Data)

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Operational measures and performance

In 2024, ZDKY Venture Capital focused on the principal responsibility and operation, steadily advancing the “platformization” development of its private equity fund sector. It actively integrated internal and external resources, diligently promoting the establishment of the Puyang Advanced Manufacturing Fund and the Huaxian New City Fund. The Company actively participated in project matchmaking meetings and financing roadshow activities, adding new project reserves in sectors such as autonomous driving, advanced manufacturing, new materials, and biomedicine. It successfully completed the liquidation of seven maturing funds, effectively conducted post-investment management, and facilitated project withdrawal. A total of RMB212 million was collected in 2024.

As of the end of the Reporting Period, ZDKY Venture Capital and its subsidiaries managed a total of 16 private funds, with a private fund management scale of RMB6,299.5 million.

### Outlook for 2025

In 2025, ZDKY Venture Capital will adhere to the “integrated” and “base” strategy and focus on the Henan Province’s “7+28+N” industrial chain group and the Henan Provincial Government’s Five-year Multiplication Action of Enterprise Listing (企業上市五年倍增行動), actively integrate with the Company’s corporate financing sector, promote deeply the “N-nity” service mode, seize the opportunity of various cities in Henan to set up funds and help the development of the industrial chain, actively develop new products towards mergers and acquisitions to further increase the AUM and enhance the quality and efficiency of services to the real economy.

### (3) Alternative investment

The Company carried out its alternative investment business through its subsidiary, Central China Blue Ocean.

### Market environment

In 2024, amid with slowing-down of the global economic growth and intensified volatility of the capital market, the domestic economy faced a lack of domestic demand, weak consumption and investment growth, and the pressure on corporate profitability increased. Equity investment in the primary market faced multiple challenges under the severe macroeconomic situation, increasing the uncertainty and risk of investment, and the number and scale of investment continued to decline year-on-year, with a total of 8,408 investment cases and an investment amount of RMB603.647 billion for the year, a year-on-year decline of 10.4% and 10.3%, respectively. In terms of industry distribution, electronics and information technology, healthcare, and advanced manufacturing ranked in the top three. (Source: Zero2IPO Data)

### Operational measures and performance

In 2024, Central China Blue Ocean actively implemented the “four major strategies”, strengthened the collaboration with the Company’s investment banking line, studied high-quality projects within Henan Province to prepare for the follow-up investment in the STAR Market. As of the end of the Reporting Period, Central China Blue Ocean had 45 projects under investment with a total scale of RMB2.043 billion. Also, we have intensified our post-investment management efforts, optimized the asset structure, and reduced the registered capital by RMB250 million. During the Reporting Period, there were 18 investment projects withdrawn, recovering funds totaling RMB253 million.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Outlook for 2025

In 2025, Central China Blue Ocean will continue to focus on the principal responsibility and operation, operate in a prudent way, and fulfill its function as the “strategic carrier in Henan’s capital market” through strengthening the collaboration with the Company’s investment banking and other business lines. Focusing on IPOs, mergers and acquisitions, New Third Board, bond and other business lines, the Company will cultivate and expand its institutional client base and provide more support for real enterprises. At the same time, according to the Company’s work arrangement of “Two Breakthroughs and Three Enhancements”, specifically to achieve a major breakthrough in strategic advancement and deepening reform, to significantly enhance the level of development of the core business, the capabilities of refined management and the guiding and safeguarding role of the Party, and to actively contribute the strength of Central China Securities for Henan’s Chinese style of modernization, the Company is fully committed to enhancing the level of development of its core business and strengthening the ability of refined management. We will spare no effort to diligently conduct post-investment management and empowerment for investment enterprises, assisting them in leveraging the capital market to achieve rapid growth.

#### 4. Proprietary trading

##### Market environment

In 2024, supported by the “1+N” policy framework established by the New “National Nine Articles” and supporting policies, the capital market, with strong regulation and risk prevention as its cornerstones, was fully committed to promoting high-quality development. Globally, the Fed ended its rate-hike cycle, and most countries shifted towards rate cuts. However, geopolitical tensions persisted, with events like the Israeli-Palestinian conflict introducing uncertainty into the market. The equity investment market experienced a downturn followed by an upturn, with A-shares rebounding significantly in late September due to policy stimulus, resulting in an overall increase for the year, albeit with considerable volatility. The bond investment market experienced an overall upward trend with fluctuations, with the 10-year treasury bond yield falling from 2.56% at the beginning of the year to 1.68% at the end of the year. (Source: Wind Info)

##### Operational measures and performance

In 2024, regarding equity investments, the adjustment from the pure long-only stock investment model to the diversified multi-instrument approach was completed. By means of the effective application of hedging tools, the risk of market fluctuations was hedged, and the risk resistance and stability of the investment portfolio were hence enhanced. The criteria for including stocks of key industries in the pool were sorted out, and a scientific and rigorous framework for including underlying assets in the pool was constructed. Special attention was paid to enterprises driven by new productive forces, science and technology innovation-oriented enterprises, and enterprises with high-quality development. In fixed-income investments, the bond business accurately grasped market rhythms and, through precise decision-making by the professional team, successfully captured investment opportunities in the market. Meanwhile, the Company effectively mitigated significant drawdowns in returns caused by market fluctuations by flexibly adjusting bond position structure and business scale, ensuring the stable operation of fixed-income investment business. The sales and trading department was established to actively implement the Company’s strategic deployment of supporting the real economy and focusing on Henan Province, which enhanced the Company’s influence in the regional bond market. During the Reporting Period, the Company was honored with the “Outstanding Participating Institution in Interest Rate Swap Clearing Agency Business” award for 2024 by the Shanghai Clearing House and the “Institution with the Most Market Potential” award for 2024 by the Beijing Financial Assets Exchange.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Outlook for 2025

In 2025, for equity investments, the Company will continue to uphold the concept of stable operation, increasing investment in research and development resources and enhancing the research capability of the investment research team to provide strong support for the development of equity investments. In fixed-income investment, the Company will continue to strengthen professional team building, focus on improving the team's ability to accurately assess market conditions, and improve asset allocation structures to steadily advance work related to applying for market-making qualifications. Meanwhile, the Company will actively expand its bond sales business, and further optimize the composition of bond income. By appropriately expanding its sales team and enhancing sales capabilities, the Company aims to effectively strengthen market coverage and customer service capacity, so as to inject new momentum into the development of the regional capital market. In this way, the Company will fully leverage its role as a financial institution. Furthermore, the Company will fulfill its responsibility to support the real economy, and contribute positively to the development of the regional capital market.

### 5. Credit business

#### Market environment

In 2024, the securities market experienced significant volatility, with an initial downturn followed by an upturn. The market's centre of gravity rose significantly in the fourth quarter, with active trading driving rapid growth in margin financing and securities lending. As of the end of the Reporting Period, the balance of margin financing and securities lending across the market reached RMB1.86 trillion, up 12.94% from the end of the previous year. With regulators increasing delisting efforts for listed companies and comprehensively improving regulations on share reductions, the difficulty of conducting stock pledge business has further increased. Moreover, under the registration-based IPO system, newly issued shares are not eligible for stock pledge, limiting the scope for business development. Consequently, the overall scale of the stock pledge business will decline in 2025. (Source: Wind Info)

#### Operational measures and performance

In 2024, the Company's margin financing and securities lending business steadily developed its client service system, continuously enriching service content, meeting client trading needs, expanding client resources, and gradually broadening its client base. It strengthened client access management, continuously improved the client credit rating system, optimised the discount rate for securities used as collateral and the concentration control plan, and strictly controlled business risks to ensure stable business development. The Company actively pursued product innovation and enhanced client retention among high-net-worth individuals by personalising risk control parameters such as concentration, discount rates, and maintenance ratios, thereby improving its core business competitiveness. As of the end of the Reporting Period, the balance of margin financing and securities lending reached RMB9.207 billion, up 24.29% from the end of the previous year. Adhering to the positioning of "service synergy" a prudent and steady development strategy, the Company's stock-pledged repurchase business deepened the cooperation with the Company's wealth management, investment banking and other business lines, utilized the comprehensive resources and information advantages of the Company to explore new measures to support the development of the real economy, continuously optimised its business structure, further reduced client concentration, and promoted steady improvement in asset quality. As of the end of the Reporting Period, the balance to be repurchased of the Company's stock-pledged repurchase business was RMB1.162 billion, down 26.45% from the end of the previous year. Of which, the balance to be repurchased under on-balance sheet stock-pledged repurchase business was RMB484 million, representing a year-on-year decrease of 46.36%, and the average maintenance guarantee ratio was 210.89%; the balance to be repurchased under off-balance sheet stock-pledged repurchase business was RMB679 million, unchanged from the same period of the previous year.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Outlook for 2025

In 2025, for margin financing and securities lending business, the Company will continue to implement its “four major strategies”, assess industry development trends, adjust work measures accordingly, refine differentiated interest rate controls, and proactively respond to market competition. The Company will strengthen business training, continuously improve the professional capabilities of its personnel, and strengthen investor education to help clients effectively utilise margin financing and securities lending tools. The Company will strengthen the dynamic adjustment of risk control parameters, reinforce large-credit management, and continuously improve risk control measures to ensure stable business development. For the stock-pledged repurchase business, the Company will continue to implement the integrated strategy, adhering to its basic positioning of collaborative service, prioritising “stability”, continuously optimising collaborative service capabilities, and improving the quality and efficiency of collaborative services. The Company will closely monitor changes in market risks, enhance the foresight and proactiveness of market risk management and control, and conduct business prudently and steadily. The Company will continue to provide high-quality and efficient financing services to listed companies in the province and their shareholders, contributing to the development of the real economy.

### 6. Futures business

The Company carried out its futures brokerage investment business and futures trading consulting business through its subsidiary, Central China Futures, and its risk management business through Central China Futures’ subsidiary, Yuxin Investment.

#### Market environment

In 2024, influenced by both the macroeconomic environment and industrial transformation, activity in commodity futures and options on the futures market declined. Concurrently, due to the recovery of the stock market, trading volume in financial futures increased significantly. The accumulated transaction amount in China’s futures market was RMB618.94 trillion, up 8.94% year on year. The accumulated transaction volume was 8.094 billion lots, down 7.77% year on year. (Source: China Futures Association)

#### Operational measures and performance

In 2024, guided under the Company’s “four major strategies”, Central China Futures focused on brokerage business, building two client service systems for industrial clients and retail clients, respectively, through the development of “Offline Professional Central China” and “Online Retail Central China,” enhancing its professional service level.

Regarding professional capabilities and service system construction, the Company focused on building the “Central China Exchange” commodities research brand and establishing a research service product system comprising Central China Viewpoint, Central China High-end Forum, Central China Industry Tour, and Central China Institutional Access, providing product support for serving industries and institutions. In terms of industrial services, the Company integrated itself into Henan Province’s “7+28+N” industrial chains, focusing on the chemical, agricultural product, non-ferrous metal, and ferrous industrial sectors, deepening cooperation with leading enterprises and delivery warehouses, and expanding its service chain. For retail client services, the Company established an online customer service team, launched the “CCS Live Broadcast” online activity, and built a comprehensive financial service system consisting of tools, research, trading support, billing, and mobile services. It also enriched the operational content of its new media matrix and promoted the standardisation and regulation of online services.

During the Reporting Period, Central China Futures acquired 2,760 new customers, and served a total of 39,500 customers, among which institutional customers increased 14.18% year on year. The average daily margin of customers increased by 19.9% year on year, among which the average daily margin of institutional customers accounted for 42.5%; the turnover was 34.1032 million lots, down 11.24% year on year, and the turnover was RMB2,947.431 billion, down 8.44% year on year.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Outlook for 2025

In 2025, Central China Futures will focus on the principal responsibility and operation, concentrating on developing brokerage services, enhancing the quality and effectiveness of professional services, consolidating its compliance and risk control foundation, preventing risks, stabilising operations, and promoting development. Focusing on Henan Province's key industrial chains, particularly the chemical, agricultural product, non-ferrous metal, and ferrous sectors, the Company will take multiple measures to continuously build industrial exchange circles, expand the scale of industrial institutions, and serve the development of real economy in Henan Province. The Company will increase its efforts in new product research and development services, enrich its product matrix, expand the scope of its futures tools services, and strive for incremental business growth. It will actively integrate itself into the Company's the "N-nity" integrated financial services, vigorously develop IB business, establish a rapid response mechanism for communication and problem-solving, strengthen online and offline collaborative promotional activities and actively explore collaborative and integrated business development paths with the Company's investment and financing departments. It will further develop its "Offline Professional CCS" implement and refine a classified service system comprising basic services, premium services, advanced services, and personalised services for industrial clients. It will conduct an in-depth exploration of "Central China online retail" new forms of business, fully promote the development of original IP accounts on new media, improve service quality and enhance retail client retention.

### 7. Overseas business

The Company carried out its overseas business through Central China International (the Company's subsidiary) and its subsidiaries.

#### Market environment

In 2024, global stock market sentiment was positive, with the Hang Seng Index rising by approximately 17.7% and the Hang Seng Tech Index rising by approximately 18.7% for the year, performing relatively well among major global markets. During the Reporting Period, Hong Kong's stock market raised a total of HK\$190.3 billion, up 22% year on year; its initial public offerings raised a total of HK\$87.5 billion, up 89% year on year, raising Hong Kong's global ranking to fourth; with 71 IPOs completed throughout the year (including the number of listed companies that transferred from the GEM to the Main Board) and 348 newly listed bonds. (Sources: Hong Kong Stock Exchange, KPMG)

#### Operational measures and performance

In 2024, Central China International implemented the strategic positioning of "window" plus "intermediary", gradually improving its capacity to serve Henan's real economy. It collaborated with the Company's Xinxiang Branch to participate in Xinxiang City's capital market training and government-finance-enterprise matchmaking activities. As a joint bookrunner, it assisted one Henan-based enterprise in listing in Hong Kong and successfully participated in the issuance of offshore bonds for three Henan-based enterprises. The company actively sought other market-oriented projects to continuously enhance its market influence, completing exclusive placing agency for one new share placement and acting as a bookrunner to assist one enterprise in completing its listing in Hong Kong. In the bond capital market, it participated in the issuance of two USD-denominated bonds. It cut down the scale of capital-intensive businesses, reduced proprietary bond investments by approximately US\$62 million. We intensified the ongoing management of existing projects, curtailed the scale of capital-intensive businesses, reduced proprietary bond investments by approximately US\$62 million to the balance of US\$2.1 million and decreased margin financial business by HK\$47 million to the balance of HK\$96 million.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

As of the end of the Reporting Period, the accumulative trading volume of agency stocks and bonds of Central China International amounted to HK\$1.736 billion, ranking 232nd among 519 members of the Hong Kong Stock Exchange, up 30 over that at the end of last year. The number of customers of the Company's securities business was 6,546, with total assets under custody at HK\$2.494 billion, down 41.95% year on year. The total transaction amount of the public fund consignment business was approximately HK\$377 million, down approximately 57.26% year on year.

### Outlook for 2025

In 2025, Central China International will anchor its strategic positioning of "window" plus "intermediary" platforms, focus on the Company's "four major strategies", strengthen collaboration with other business segments of the Company, focus on active cultivation of investment banking business, and attraction of investment and talent, deepen its presence in the Henan market, and continuously build brand and reputation, providing excellent services for Henan enterprises expanding outwards.

## 8. Other business

### (1) Regional equity market business

The Company carried out its regional equity market business through its subsidiary, Equity Exchange Co..

#### Market environment

In 2024, regional equity markets actively served as regional hubs, facilitating a positive cycle between capital and the real economy. They achieved positive results in building inclusive financial service platforms for small and medium-sized and micro enterprises and promoting the development of a unified national market and the capital market. The CSRC issued the Sixteen Measures to Serve the High-level Development of Technology Enterprises in the Capital Market (《資本市場服務科技企業高水平發展的十六項措施》), explicitly proposing to fully leverage the role of regional equity markets in cultivating and regulating technology-based enterprises, build high-quality specialized, advanced, special and new enterprises board, and strengthen interconnectivity among multi-level capital markets; seven departments including CSRC jointly issued the Work Plan for a Solid Job in Science and Technology Finance (《關於扎實做好科技金融大文章的工作方案》), emphasizing the need to strengthen the functions of stock exchanges, the New Third Board, and regional equity markets in serving scientific and technological innovation, enhance policy support for cross-border financing of technology-based enterprises, and further promote pilot programs for innovation in regional equity markets to diversify funding sources and exit channels for venture capital funds; seven departments including CSRC jointly issued the Action Plan for Promoting the High-Quality Development of Digital Finance (Yin Fa [2024] No. 200) (《推動數字金融高質量發展行動方案》(銀發[2024]200號)), calling for building a digital financial service ecosystem, promoting the digital transformation of regional equity markets, and accelerating the integration and utilization of data resources; five departments including CSRC, jointly issued the Notice on Launching the "One Chain for One Month" National Campaign to Promote Financing for Small and Medium-Sized Enterprises (Gong Xin Ting Lian Qi Ye Han [2024] No. 460) (《關於開展「一月一鏈」中小企業融資促進全國行活動的通知》(工信廳聯企函[2024]460號)), explicitly supporting regional equity markets in collaborating with banks and investment institutions to hold continuous matchmaking events. The notice also emphasized the importance of strengthening regional equity markets' ability to effectively integrate resources in areas such as publicity and training, equity financing matchmaking, credit financing matchmaking, insurance service matchmaking, and industry matchmaking to promote development of a wide range of small and medium-sized enterprises to be specialized, advanced, special and new enterprises. The above policies are conducive for the Equity Exchange Co. to further develop business.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### *Operational measures and performance*

In 2024, the Equity Exchange Co. gave full play to the cultivation and incubation function of the regional equity market, and served the standardized development of small and medium-sized enterprises in our province, and formally submitted the Henan Regional Equity Market “Specialized, Advanced, Special and New” Board Development Plan (河南區域性股權市場「專精特新」專板建設方案) to the CSRC through the Henan Provincial Financial Commission and obtained approval and record filing. This marked the official launch of the centre’s “Specialized, Advanced, Special and New” Boards. The Company continued to advance the construction of its blockchain pilot project, completed the acceptance of its blockchain innovative application pilot project. It innovatively completed the province’s first private fund property share pledge registration business, providing an effective solution and financing channel for private fund share pledges in Henan. Also, the Company optimised the equity registration services for rural credit cooperatives researched and explored share option registration business models, and further enhanced registration and custody services, adding over 20 billion shares to custody this year. It continued to optimize the comprehensive corporate service system, conducting four “One Chain for One Month” investment and financing roadshows and other specialized roadshow events, facilitating equity financing for multiple enterprises. Fully utilizing the online corporate training function of “Yuzhihui (育智匯)” platform, it organized over 40 specialized training sessions in various formats, providing multi-faceted intellectual support for the standardized development of enterprises. Leveraging service capabilities as a base for the Shanghai Stock Exchange and the Beijing Stock Exchange, it carried out special research visits to high-quality enterprises and actively promoted the New Third Board “Green Channel” service, providing enterprises with a low-cost and highly efficient path to capital markets, aligning with the national strategy of supporting scientific and technological innovation. It deepened our comprehensive financial services at the city and prefecture level, promoting the replication and expansion of the Luoyang Capital Market Comprehensive Financial Service model, empowering high-quality local enterprises, and achieving deep penetration of comprehensive financial services from the city and prefecture level to the county level. This fosters multi-dimensional synergy between capital and industry, and policy and market, injecting lasting momentum into the high-quality development of county-level economies.

As of the end of the Reporting Period, the cumulative number of listed enterprises was 10,394, up 1.19% from the end of last year. The total financing was RMB27.665 billion, up 6% from the end of last year. There were 491 enterprises under custody, which was basically the same as that at the end of last year, with 106.043 billion shares under custody, up 25.9% from the end of last year.

### *Outlook for 2025*

In 2025, the Equity Exchange Co. will focus on “Four Highs and Four Priorities” in financial services, continuing to implement the Company’s “four major strategies,” actively integrating itself into the unified operational system, and making every effort to achieve “Two Breakthroughs and Three Enhancements”. With the construction of “Specialized, Advanced, Special and New Enterprises” board as the core, it will continuously deepen cooperation with various institutions, strive for more policy support, and improve service quality and efficiency. Using specialized services as a lever, it will establish a “4+8+N” service system and six enhancement projects to advance the development of a comprehensive enterprise service system. With Party leadership as a guarantee, it will focus on the principal responsibility and operation, strengthen internal control and compliance management, enhance the professional capabilities and service levels of our team, and create a high-quality, professional, and efficient ecosystem for industrial and financial services. We will build an inclusive financial service platform for small, medium-sized and micro enterprises and continue to drive the high-quality development of Henan’s regional equity market.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### III. THE SITUATION OF THE INDUSTRY IN WHICH THE COMPANY OPERATES DURING THE REPORTING PERIOD

Guided by the principle of “better leveraging the functions of the capital market” as set forth at the Central Financial Work Conference, CSRC coordinated efforts to prevent risks, strengthen supervision, and promote high-quality development, and adhered to the regulatory work guidelines of “Two Strengthenings and Two Strictnesses” -strengthening foundation and strengthening right protection, strict supervision and strict regulation driving capital market system reform and improvement throughout 2024.

On 12 April 2024, the State Council issued the Several Opinions on Strengthening Supervision, 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》) (hereinafter referred to as the New “National Nine Articles” (新“國九條”)), further clarifying the objectives and paths for high-quality capital market development under the new circumstances. The document outlined phased development goals for the capital market over the next five years, by 2035, and by the middle of the 21st century, charting a blueprint for high-quality development. The New “National Nine Articles,” along with several supporting documents and regulatory rules formulated and revised by the CSRC in conjunction with relevant parties, formed a “1+N” policy system. This system focused on systematically reshaping the fundamental institutions and underlying regulatory logic of China’s capital market in the following key areas to drive positive and profound changes in China’s capital market: 1) strengthening listed company supervision across the entire chain to improve listed company quality; 2) reinforcing trading supervision to enhance market fairness; and 3) urging and guiding industry institutions to rectify their positioning and consolidate their responsibilities as “gatekeepers” of the capital market.

On 26 September 2024, the Politburo of the Communist Party of China Central Committee emphasised the need to “invigorate the capital market,” reaffirming the strategic importance of the capital market following the July 2023 Politburo meeting’s call to “activate the capital market and boost investor confidence”. This helped reverse the previous 32-month continuous decline in the A-share market. As of the end of 2024, the Shanghai Composite Index had risen by 12.67%, and the average daily trading volume of A-shares exceeded RMB1 trillion, a 21.18% increase compared with last year. The Central Economic Work Conference held on 11–12 December 2024 set the tone for the 2025 economic work, emphasising the implementation of “more proactive and effective macroeconomic policies” and “stabilising the real estate and stock markets”. This demonstrated the government’s determination and confidence in safeguarding stable growth. The conference also proposed targeted measures, including “deepening comprehensive reform of investment and financing in the capital market, addressing bottlenecks and obstacles to the entry of medium-and long-term funds, and enhancing the inclusiveness and adaptability of capital market systems”, further consolidating the underlying logic for the long-term positive development of the capital market and laying the foundation for high-quality development of the securities industry.

According to consolidated financial reports disclosed by listed securities firms, the total operating revenue of 43 listed securities firms engaged solely in securities businesses declined by 2.75% year on year in the first three quarters of 2024, and net profit attributable to parent companies declined by 5.93% year on year. The operating results of listed securities firms in the first three quarters were significantly affected by fluctuations in the equity and fixed-income secondary markets, particularly the equity secondary market. Bolstered by the significant recovery of the equity market at the end of the third quarter, the overall operating performance of listed securities firms improved significantly compared to the first half of the year. However, net fee income from brokerage, investment banking, and asset management businesses, as well as net interest income, still experienced varying degrees of decline. Furthermore, a noticeable divergence in performance emerged both among leading securities firms and among small and medium-sized securities firms, primarily due to the year-on-year base of investment banking revenue and whether directional equity trading was conducted. The year-on-year changes in the operating results of small and medium-sized securities firms were more pronounced. Driven by strong policy support, the equity market experienced a significant turnaround in the fourth quarter, and the overall operating environment of the securities industry rapidly rebounded to recent highs. The overall profitability of listed securities firms is expected to improve significantly compared to the first three quarters. The overall operating results of listed securities firms for the year 2024 are likely to turn from a slight year-on-year decline in the first three quarters to a stabilized recovery.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### IV. PARTICULARS OF THE BUSINESS ENGAGED BY THE COMPANY DURING THE REPORTING PERIOD

The Company is principally engaged in the securities brokerage business, credit business, futures business, investment banking business, investment management business, proprietary trading business and overseas business, etc.

The brokerage business of the Company refers to the Company's business of trading of stocks, funds, and bonds on behalf of the customers based on their engagement, and providing investment advisory services and financial planning services. The Company is in return for customers' commissions and other service charges, etc.

The credit business of the Company refers to the Company providing customers with financing services such as margin trading and securities lending, securities repurchase, and securities-backed lending. The Company is in return for charging interest.

The Company's futures business covers futures brokerage business, futures trading advisory business and risk management business. The Company is in return for transaction and delivery fees through the futures brokerage business, transaction advisory fees through the futures transaction advisory business, and income by establishing a risk management subsidiary to conduct base trading, warehouse receipt service, market making business and other risk management business.

The investment banking business of the Company mainly includes the underwriting and sponsorship business of equity securities, the underwriting business of bond products, and the financial advisory business regarding mergers, acquisitions and restructuring, and business for the New Third Board. The Company obtains the corresponding returns such as underwriting fee, sponsorship fee and financial advisory fee by providing the aforesaid financial services to customers.

The Company's investment management business is mainly comprised of asset management business, private fund management business, and alternative investment business.

The scope of investment of the proprietary trading business of the Company includes publicly offered stocks, bonds, funds, derivatives and other financial products approved by the CSRC. The Company obtains investment revenues through investment in the above-mentioned products.

The business scope of the Company's overseas business covers capital market services, including securities brokerage, margin financial, investment banking, securities research, and proprietary investment, etc.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

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

#### (I) Advantages as strategic carrier in Henan's capital market

Henan Province is a large province with a large population and a large economy, relying on the regional advantage of “the hinterland of nine states and the thoroughfare of ten provinces”, and is the strategic hinterland of the country, playing a pivotal role in the ecological protection of the Yellow River Basin and the synergistic development in the region. In 2025, Henan Province will revolve around the “Four Highs and Four Priorities”, take the responsibility of a large province with a stable economy, construct a modernized industrial system, build a high ground for inland openness, and deepen its regional synergistic layout of integrating with the Yangtze River Delta in the east, connecting with Beijing-Tianjin-Hebei in the north, linking with Chengdu and Chongqing in the west, and entering Guangdong, Hong Kong and Macau in the south, so as to solidify the foundation through high-quality development, expand the space for high-level opening, cohesion of people's hearts through high-quality life, and build up a firm guarantee for high-efficiency governance, thus providing systematic support for Henan's Chinese style of modernization, and the capital market has a broad development prospect.

Central China Securities actively implements the spirit of the Central Financial Work Conference and the New “National Nine Articles” as well as the “1+N” series of policy requirements of the China Securities Regulatory Commission (CSRC). As a financial enterprise under the jurisdiction of Henan Province, we adhere to the strategic positioning of Henan's capital market, and strategically focus on the regional development of Henan Province. With a reinforced institutional setup to enhance services within the provincial market, we boast the most comprehensive securities branch network across the entire province and have established a solid customer base. At the same time, we actively build and improve the “N-nity” integrated financial service matrix with research-oriented while synergizing the coordinated efforts of investment banking, investment, wealth management, asset management, stock pledge financing, regional equity markets, and futures businesses, which enables us to better serve the financial needs of regional enterprises, listed companies, pre-IPO firms, and outstanding private enterprises, while enhancing the quality and effectiveness of services to the real economy, and promoting our own high-quality development in serving Henan's economic development.

#### (II) Forging a competitive edge through integrated development

Implement the “four major strategies”. In early 2024, the Company has determined the role as a “strategic carrier in Henan's capital market”, the Company actively integrates into the overall development of Henan, and promotes the implementation of strategies of “professionalism, integration, platform and base” in serving the high-quality development of the Henan region. Implementing specialization strategy is to enhance the basic support capacity and implementing integration strategy is to build core advantages, and platform strategy is to strengthen the key guarantee, and base strategy is to enhance the development quality and efficiency.

Build integrated core advantages. In 2024, the Company comprehensively deepened the reform efforts, optimized and compressed the institutional settings, rationalized the operation mechanism, vigorously promoted the construction of management flattening, and strengthened the business synergy and linkage. The Company pushed forward the deep-seated organizational structure reform for integrated operation, accelerated the construction of the integrated operation mode of “One Central China” externally and “One Customer” internally, and forged the service systems of “comprehensive retail” and “comprehensive institutional”, implementing group-wide governance, and strengthening the headquarters' penetrating oversight across business lines and subsidiaries. This drives deep synergies among various operations, enhances corporate-wide integrated development efficiency, and fosters improvements in professional capabilities, operational effectiveness, and resource consolidation levels.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### (III) The advantages of an “A+H ” dual capital platform and comprehensive cross-border market services

Since 2014, the Company has achieved dual listings in Hong Kong and Shanghai, accumulating considerable capital market resources through years of development. Since the second half of 2023, the Company has vigorously propelled its Hong Kong subsidiary, Central China International, to become a strategic “window” platform connecting international capital markets for Henan’s real economy financing needs and clients’ Hong Kong investment demands. Simultaneously, it has established itself as an “intermediary” platform bridging clients, markets, and Henan-Hong Kong linkages, actively fulfilling the institutional responsibilities and mission of a state-owned financial enterprise.

By coordinating services across A-share and Hong Kong capital markets, the Company has strengthened Central China International’s integration into Henan’s socioeconomic development strategy. This includes enhancing cross-business synergies, embedding the Central China International into the Company’s “N-nity” Comprehensive Financial Service matrix, and expanding market reach in Henan. Through delivering “Mainland+Hong Kong” cross-border capital market solutions, the Company drives high-quality development while enriching service portfolios for clients.

## VI. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

For details, please refer to II. “DISCUSSION AND ANALYSIS ON BUSINESS OPERATION” in this section.

### (I) Analysis on principal business

#### 1. Analysis on changes in income statement and cash flow statement

Unit: Yuan    Currency: RMB

Item	Amount for the Current Period	Amount for the same period last year	Change rate (%)
Operating income	1,689,925,164.42	1,968,016,572.87	-14.13
Operating cost	1,485,899,142.55	1,758,744,134.17	-15.51
Net cash flows from operating activities	4,168,168,660.39	-467,298,168.05	N/A
Net cash flows from investing activities	586,684,789.83	1,891,107,180.96	-68.98
Net cash flows from financing activities	738,149,334.54	-1,327,990,652.74	N/A

Reason for the change in operating income: Primarily due to a decrease in investment income and gains on changes in fair value during the Current Period.

Reason for the change in operating cost: Primarily due to a decrease in business and administrative expenses during the Current Period.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

Reason for the change in net cash flows from operating activities: Primarily due to a decrease in investments in financial instruments at fair value through profit or loss during the Current Period, resulting in increased cash inflow.

Reason for the change in net cash flows from investment activities: Primarily due to a decrease in cash received from the recovery of investments during the Current Period, resulting in reduced cash inflow.

Reason for the change in net cash flows from financing activities: Primarily due to a decrease in cash paid for debt repayment during the Current Period, resulting in reduced cash outflow.

### 2. Income and cost analysis

Unit: Yuan Currency: RMB

Item	Amount for the Current Period	Amount for the same period last year	Change rate (%)	Explanation
Net interest income	244,705,312.27	126,068,459.51	94.11	Primarily due to a decrease in interest expenses of financial assets sold under repurchase agreements during the Current Period
Investment banking net income	56,282,928.18	91,944,011.98	-38.79	Primarily due to a decrease in income from securities underwriting and sponsorship business during the Current Period
Assets management net income	24,479,998.61	48,701,535.95	-49.73	Primarily due to a decrease in income from asset management business of subsidiaries during the Current Period
Investment income (loss stated with "-")	512,347,592.51	873,177,476.72	-41.32	Primarily due to a decrease in income from financial instruments during the Current Period
Investment income from associates and joint ventures	59,105,673.19	-23,173,922.62	N/A	Primarily due to an increase in income from some associates during the Current Period
Gains on changes in fair value (loss stated with "-")	-198,814,850.10	-96,656,528.14	N/A	Primarily due to a decrease in gains on changes in fair value from financial assets held for trading
Gains on foreign exchange (loss stated with "-")	-1,455,640.68	387,802.13	-475.36	Primarily due to exchange rate fluctuations during the Current Period

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

Item	Amount for the Current Period	Amount for the same period last year	Change rate (%)	Explanation
Gains from assets disposal (loss stated with "-")	3,427,741.26	40,069.74	8,454.44	Primarily due to an increase in gains from the disposal of right-of-use assets during the Current Period
Loss on impairment of credit	19,811,034.92	55,036,615.40	-64.00	Primarily due to a decrease in the allowance for impairment losses on debt investments during the Current Period
Other assets impairment losses	17,722,815.48	13,044,185.59	35.87	Primarily due to an increase in the allowance for impairment losses on assets received in debt settlement during the Current Period
Non-operating income	36,707,776.37	6,269,169.20	485.53	Primarily due to an increase in income from the disposal of assets received in debt settlement during the Current Period
Non-operating expenses	5,440,011.55	3,293,044.41	65.20	Primarily due to an increase in expenses unrelated to the Company's ordinary operating activities during the Current Period
Income tax expenses	13,400,146.28	10,024,758.34	33.67	Primarily due to an increase in deferred income tax expense during the Current Period
Net profit attributable to non-controlling interests (net loss stated with "-")	-23,953,760.10	-9,377,748.36	N/A	Mainly due to the decrease in the profit or loss attributable to non-controlling shareholders from losses of certain subsidiaries during the Current Period
Other comprehensive income after tax	14,354,440.33	771,826.05	1,759.80	Primarily due to the impact of changes in the investments in financial assets at fair value through other comprehensive income during the Current Period

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### (1) Profile of principal businesses by industry, product, region and sales model

Unit: Ten thousand Currency: RMB

#### Principal business by industry

Industry	Operating income	Operating cost	Gross margin (%)	Increase/decrease in operating income compared with last year (%)	Increase/decrease in operating cost compared with last year (%)	Increase/decrease in gross profit margin compared with last year (%)
Securities brokerage business	81,469.49	51,431.60	36.87	24.98	-11.43	Increased by 25.95 percentage points
Proprietary business	-8,449.51	8,563.52	N/A	-115.31	-40.71	N/A
Investment banking business	4,782.82	11,041.93	-130.87	-43.65	-31.19	Decreased by 41.81 percentage points
Credit business	41,212.72	3,124.09	92.42	0.76	36.75	Decreased by 1.99 percentage points
Investment management business	15,375.78	7,457.23	51.50	N/A	-18.35	N/A
Futures business	40,501.68	38,705.12	4.44	-0.98	-2.13	Increased by 1.12 percentage points
Overseas business	2,777.44	4,426.51	-59.37	N/A	-30.36	N/A
Headquarters and others	-8,527.29	23,608.89	N/A	N/A	-23.87	N/A

#### Principal business by region

Region	Operating income	Operating cost	Gross margin (%)	Increase/decrease in operating income compared with last year (%)	Increase/decrease in operating cost compared with last year (%)	Increase/decrease in gross profit margin compared with last year (%)
Branches in province	73,580.39	43,853.14	40.40	25.41	-10.34	Increased by 23.76 percentage points
Branches outside the province	-560.41	16,141.98	N/A	-100.91	-31.61	N/A
Domestic subsidiaries	44,195.56	46,340.33	-4.85	38.08	-4.51	Increased by 46.77 percentage points
Overseas subsidiaries	2,777.44	4,426.51	-59.37	N/A	-30.36	N/A
Headquarters business	49,150.15	37,596.92	23.51	3.50	-24.04	Increased by 27.74 percentage points

Note: The funding cost incurred from credit business and other businesses is presented under interest expenses, which reduces operating income and does not affect operating expenses.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### Description of principal businesses by industry, product, region and sales model

During the Reporting Period, the Group achieved operating income of RMB1.69 billion, representing a year-on-year decrease of 14.13%. Among them, income from securities brokerage business was RMB815 million, an increase of RMB163 million, primarily due to an increase in revenue from securities brokerage business during the Current Period; Income from investment management business was RMB154 million, an increase of RMB158 million, primarily due to an increased equity investment income from subsidiaries; Income from overseas business was RMB28 million, an increase of RMB60 million, primarily due to an increase in gains from changes in fair value of financial products held by Central China International during the Current Period; Income from headquarters and others was RMB-85 million, an increase of RMB19 million, primarily due to a decrease in financing interest expense during the Current Period; Income from credit business was RMB412 million, an increase of RMB3 million; Income from futures business was RMB405 million, a decrease of RMB4 million; Income from investment banking business was RMB48 million, a decrease of RMB37 million, primarily due to a decrease in revenue from securities underwriting and sponsorship during the Current Period; Income from proprietary business was RMB-84 million, a decrease of RMB637 million, primarily due to a decrease in investment business income during the Current Period.

During the Reporting Period, the Group recorded an operating cost of RMB1.486 billion, representing a year-on-year decrease of 15.51%. Among them, the business and administrative expenses were RMB1.143 billion, a decrease of RMB239 million, mainly due to Company's strengthening of refined management and cost control, and the reduction of labor and other operating expenses; Credit impairment loss was RMB20 million, a decrease of RMB35 million, mainly due to a decrease in provision for impairment of debt investments. The Company evaluates the credit risk of each business in accordance with the principle of prudence and sufficient provision, and makes provision for impairment through the expected loss model. The Company will continuously monitor the changes in the market value of collateral and the credit standing of financiers, and prudently evaluate business risks. In case of any adverse factors such as the decline in the market value of collateral, the Company will make full provision for the impairment of the current period in strict accordance with the Accounting Standards for Business Enterprises and the accounting policies of the Company.

During the Reporting Period, the Group achieved net profit attributable to shareholders of the parent company of RMB246 million, an increase of RMB34 million, mainly due to an increase in income from securities brokerage business and a decrease in business and administrative expenses during the Current Period.

#### (2) The change in equity ownership of key subsidiaries during the Reporting Period resulted in a change in the scope of consolidation.

During the Reporting Period, Central China International Futures Company Limited and Central China International Holdings Co., Ltd., subsidiaries of the Company's subsidiary Central China International Financial Holdings Co., Ltd., were cancelled in 2024 and are no longer included in the scope of consolidation.

### 3. Expenses

Please refer to "50. Business and administrative expenses" in VI. "NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS" under Section 8 "FINANCIAL REPORT" in this report.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### 4. Cash flow

As at the end of 2024, the Company's cash and cash equivalents balance was RMB18.885 billion, an increase of RMB5.492 billion from the beginning of the year.

#### (1) *Net cash flow from operating activities*

During the Reporting Period, the net cash flow from the operating activities was RMB4.168 billion, with a year-on-year increase of RMB4.635 billion, primarily due to a decrease in investments in financial instruments held for trading during the Current Period, resulting in increased cash inflow.

The cash inflow from the operating activities was RMB14.703 billion, accounting for 65.37% of the total cash inflow, mainly including: a net decrease of financial instruments held for trading of RMB5.967 billion; net cash received from brokerage clients of RMB4.938 billion; cash receipt from interests, fees and commissions of RMB2.193 billion; a net increase of RMB665 million in due to banks and other financial institutions; and cash received relating to other operating activities of RMB941 million. The cash outflow from the operating activities was RMB10.535 billion, accounting for 61.97% of the total cash outflow, mainly including: net decrease in funds for repurchase business of RMB5.308 billion; net increase in margin accounts receivable of RMB1.748 billion; cash paid to and on behalf of employees of RMB802 million; cash paid for interest, fees and commission of RMB646 million; net increase in funds for the resale business of RMB433 million; payments of taxes of RMB161 million; and other cash payments relating to operating activities of RMB1.437 billion.

The explanation of reasons for any significant variations between the net cash flow from operating activities and net profit during the Reporting Period: the net cash flow from operating activities of the Company was RMB4.168 billion, and the net profit of the Company was RMB222 million. The main reasons for the difference are: the net cash flow from operating activities of the Company includes the purchasing cost and the net cash flow from sales of financial instruments held for trading, due to banks and other financial institutions, repurchase and resale, net cash flow of margin accounts receivable, and net cash flow from brokerage clients, while income statement reflected the income or expenses conditions such as investment income, interest expenses, commission income, which was formed by the aforementioned operations cash transferring and impact of non-cash flow to profit or loss, such as assets depreciation, amortization and impairment losses.

#### (2) *Net cash flows from investment activities*

During the Reporting Period, the net cash flow from the investment activities was RMB587 million, with a year-on-year decrease of RMB1.304 billion, primarily due to a decrease in cash received from the recovery of investments during the Current Period, resulting in reduced cash inflow.

The cash inflow from the investment activities was RMB708 million, accounting for 3.15% of the total cash inflow, mainly including: cash received from the recovery of investments of RMB665 million; cash received from investment income of RMB39 million; net cash received from the disposal of fixed assets, intangible assets and other long-term assets of RMB4 million. The cash outflow from the investment activities was RMB122 million, accounting for 0.71% of the total cash outflow, mainly including: cash payments to acquire fixed assets, intangible assets and other long-term assets of RMB122 million.

#### (3) *Net cash flows from financing activities*

During the Reporting Period, the net cash flow from the financing activities was RMB738 million, with a year-on-year increase of RMB2.066 billion, primarily due to a decrease in cash paid for debt repayment during the Current Period, resulting in reduced cash outflow.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

The cash inflow from the financing activities was RMB7.081 billion, accounting for 31.48% of the total cash inflow, mainly including: cash received from the issuance of bonds of RMB7.074 billion; cash received from loans of RMB7 million. The cash outflow from the financing activities was RMB6.343 billion, accounting for 37.31% of the total cash outflow, mainly including: cash repayments of borrowings of RMB5.866 billion; cash payments for distribution of dividends, profit or interest expenses of RMB396 million; and other cash payments relating to financing activities of RMB80 million.

### (II) Analysis on assets and liabilities

#### 1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the Current Period	Proportion of the amount at the end of the Current Period in total asset (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period in the total assets (%)	Change ratio of amount at the end of the current period VS amount at the end of the previous period (%)	Explanation
Cash and bank balances	14,400,984,039.97	27.90	9,977,189,628.79	19.30	44.34	Primarily due to an increase in client funds deposits at the end of the Current Period
Clearing settlement funds	4,531,325,343.18	8.78	3,449,978,421.75	6.67	31.34	Primarily due to an increase in client reserve funds at the end of the Current Period
Margin accounts receivable	9,326,761,787.66	18.07	7,604,853,831.45	14.71	22.64	Primarily due to an increase in the scale of margin accounts receivable at the end of the Current Period
Derivative financial assets	16,126,760.68	0.03	27,910,148.17	0.05	-42.22	Primarily due to a decrease in the size of option positions at the end of the Current Period
Financial assets held under resale agreements	1,445,001,679.44	2.80	1,010,201,346.03	1.95	43.04	Primarily due to an increase in the scale of bond-pledged repurchase business at the end of the Current Period
Financial assets held for trading	17,629,247,370.42	34.16	24,271,207,692.01	46.94	-27.37	Primarily due to a decrease in the scale of bond at the end of the Current Period
Debt investments	49,846,701.66	0.10	120,370,451.85	0.23	-58.59	Primarily due to the impact of the disposal of some debt investments at the end of the Current Period

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

Item	Amount at the end of the Current Period	Proportion of the amount at the end of the Current Period in total asset (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period in the total assets (%)	Change ratio of amount at the end of the current period VS amount at the end of the previous period (%)	Explanation
Financial assets at fair value through other comprehensive income	114,330,970.55	0.22	410,921,462.71	0.79	-72.18	Primarily due to a decrease in the scale of treasury bonds, local government bonds, etc. at the end of the Current Period
Long-term equity investments	905,250,626.42	1.75	1,443,058,245.16	2.79	-37.27	Primarily due to the impact of the disposal of some associates
Other assets	237,564,250.77	0.46	433,042,189.06	0.84	-45.14	Primarily due to a decrease in futures trading margin deposits at the end of the Current Period
Short-term loans	7,008,341.66	0.01	0.00	0.00	N/A	Primarily due to an increase in guaranteed borrowings at the end of the Current Period
Short-term financing instruments payable	3,896,489,565.69	7.55	4,075,723,383.58	7.88	-4.40	Primarily due to the maturity of some bonds at the end of the Current Period
Due to banks and other financial institutions	3,962,603,712.35	7.68	3,297,906,994.48	6.38	20.16	Primarily due to an increase in capital from refinancing at the end of the Current Period
Financial liabilities held for trading	578,887,667.66	1.12	1,389,611,181.03	2.69	-58.34	Primarily due to a decrease in equity-index-linked income certificates at the end of the Current Period
Derivative financial liabilities	1,996,580.00	0.00	18,033,779.39	0.03	-88.93	Primarily due to a decrease in the scale of stock return swap at the end of the Current Period
Financial assets sold under repurchase agreements	5,289,084,372.35	10.25	10,602,387,479.57	20.51	-50.11	Primarily due to a decrease in the scale of pledge-style repurchase business at the end of the Current Period

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

Item	Amount at the end of the Current Period	Proportion of the amount at the end of the Current Period in total asset (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period in the total assets (%)	Change ratio of amount at the end of the current period VS amount at the end of the previous period (%)	Explanation
Accounts payable to brokerage clients	16,476,010,375.54	31.92	11,538,050,603.00	22.32	42.80	Primarily due to an increase in client's capital deposit at the end of the Current Period
Taxes payable	41,403,810.37	0.08	26,436,859.31	0.05	56.61	Primarily due to an increase in individual income tax payable at the end of the Current Period
Accounts payable	205,338,964.19	0.40	873,013,344.30	1.69	-76.48	Primarily due to a decrease in transaction funds payable from over-the-counter business at the end of the Current Period
Contract liabilities	2,400,665.20	0.00	7,881,833.37	0.02	-69.54	Primarily due to a decrease in trade advances received at the end of the Current Period
Bonds payable	6,112,729,880.19	11.84	4,721,201,165.26	9.13	29.47	Primarily due to the impact of newly issued bonds at the end of the Current Period
Deferred income tax liabilities	6,619,866.41	0.01	20,759,933.82	0.04	-68.11	Primarily due to the impact of changes in the value of financial assets at the end of the Current Period
Other liabilities	202,678,184.19	0.39	304,998,778.26	0.59	-33.55	Primarily due to a decrease in other payables at the end of the Current Period

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### (1) Assets

As at the end of 2024, the total assets of the Group reached RMB51.614 billion, decreasing by RMB87 million or 0.17% from RMB51.702 billion at the beginning of the year. Among them, cash and bank balances, clearing settlement funds and refundable deposits accounted for 39.04% of the total assets; Financial assets accounted for 34.48% of the total assets; Margin accounts receivable accounted for 18.07% of the total assets; Financial assets held under resale agreements accounted for 2.80% of the total assets; Long-term equity investment accounted for 1.75% of the total assets; Investment properties, fixed assets, construction in progress and right-of-use assets accounted for 1.07% of the total assets; Deferred income tax assets, intangible assets and other assets accounted for 2.80% of the total assets. The Company has good asset quality and liquidity and a sound asset structure.

### (2) Liabilities

As at the end of 2024, the total liabilities of the Group reached RMB37.332 billion, decreased by RMB220 million or 0.58% from RMB37.551 billion at the beginning of the year. Among them, the accounts payable to brokerage clients (including the accounts payable to brokerage clients in credit transactions) accounted for 44.13% of the total liabilities; Bonds payable and short-term financing instruments payable accounted for 26.81% of the total liabilities; Financial assets sold under repurchase agreements accounted for 14.17% of the total liabilities; due to banks and other financial institutions accounted for 10.61% of the total liabilities; Financial liabilities held for trading and derivative financial liabilities accounted for 1.56% of the total liabilities; bank loans accounted for 0.02% of the total liabilities; Employee benefits payable, tax payable and other liabilities accounted for 2.70% of the total liabilities.

As of 31 December 2024, gearing ratio of the Group after deducting the accounts payable to brokerage clients (including the accounts payable to brokerage clients in credit transactions) and accounts payable to underwriting clients was 59.35%, with a year-on-year decrease of 5.42 percentage points.

### 2. Overseas assets

Of which: overseas assets amounted to RMB1.24 (unit: billion currency: RMB), accounting for 2.40% of the total assets.

### 3. Major restricted assets at the end of the Reporting Period

Please refer to “59. Assets with restricted ownership or use rights” in VI. “NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS” under Section 8 “FINANCIAL REPORT” of this report.

### 4. Commitments and contingent liabilities

Please refer to XII. “CONTINGENCIES” and XIII. “COMMITMENTS” under Section 8 “FINANCIAL REPORT” of this report.

### (III) Access to and ability of financing

Currently the Company meets its operating capital requirement through equity financing and debt financing. As a company listed on both domestic and overseas markets, the Company can obtain equity financing through channels such as further issuance of shares as approved by relevant authorities and according to market conditions and its own needs. Debt financing of the Company primarily consists of long-term financing through the public issuance of corporate bonds, and subordinated bonds. In addition, the Company obtains short-term funds by way of bond repurchases, interbank borrowing and lending, transfer financing and the issuance of beneficiary certificates.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

The Company continued to strengthen the management of financing channels and maintained a good financing capability. As of 31 December 2024, the Group had obtained a comprehensive credit of RMB48.64 billion from a number of financial institutions, which could effectively guarantee the Company's business development funding needs.

### (IV) Industry operation analysis

Please refer to "II. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION" under this section in this report.

### (V) Analysis of investments

#### *Overall analysis on external equity investments*

As of the end of the Reporting Period, the Group's long-term equity investment was RMB905 million, representing a decrease of RMB538 million or 37.27% compared with the end of the previous year, mainly attributable to the disposal of certain equity interests in associates during the Current Period.

### (VI) Material disposal of assets and equity interests

On 28 March 2024, the twenty-fourth meeting of the Seventh Session of the Board of the Company considered and approved the Proposal on Targeted Capital Reduction for Participating Subsidiaries (《關於對參股子公司定向減資的議案》), agreeing that Central China Blue Ocean, a wholly-owned subsidiary of the Company, would reduce its equity investment in Central China Micro-lending, its participating subsidiary, by way of targeted capital reduction.

On 10 May 2024, Central China Blue Ocean entered into the Targeted Capital Reduction Agreement (《定向減資協議》) with Central China Micro-lending. In June 2024, pursuant to the Targeted Capital Reduction Agreement, Central China Micro-lending has completed the industrial and commercial change registration and obtained the business license issued by the Administration for Market Regulation of Luohe City. Subsequently, Central China Blue Ocean and Central China Micro-lending will continue to fulfill the relevant obligations under the Targeted Capital Reduction Agreement.

For details of the above, please refer to the relevant announcements dated 29 March 2024, 11 May 2024 and 15 June 2024. (Announcement Nos. 2024-014, 2024-017 and 2024-020) disclosed on the website of the SSE.

### (VII) Analysis of major subsidiaries and companies in which the Company has invested

#### **Zhongding Kaiyuan Venture Capital Management Co., Ltd. (中鼎開源創業投資管理有限公司)**

Registered address: No. 501, Building 7, Jinse Huafu Junyuan, Huanghe Road, Yancheng District, Luohe City, Henan Province

Date of incorporation: 8 February 2012

Registered capital: RMB280 million

Shareholding proportion: 100%

Legal representative: Song Guangming

Contact No.: 0371-69177108

Principal business: Private equity investment fund management service; venture capital investment fund management service.

Financial position: As of 31 December 2024, the total assets and net assets amounted to RMB617 million and RMB411 million, respectively. In 2024, it recorded operating income of RMB23 million and net profit of RMB2 million, respectively.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### **Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)**

Registered address: West to Laodong Road and north to Hongteng Road, Weidu Industry Cluster Area, Xuchang City

Date of incorporation: 25 March 2015

Registered capital: RMB2.526 billion

Shareholding proportion: 100%

Legal representative: Wu Yang

Contact No.: 0371-86503971

Principal business: Alternative investment business

Financial position: As of 31 December 2024, the total assets and net assets amounted to RMB2.542 billion and RMB2.539 billion, respectively. In 2024, it recorded operating income of RMB63 million and net profit of RMB50 million, respectively.

### **Central China Futures Co., Ltd. (中原期貨股份有限公司)**

Registered address: 4F, Zhongyuan Guangfa Finance Building, 10 Business Outer Ring Road, Zhengzhou District (Zhengdong), Pilot Free Trade Zone, Henan

Date of incorporation: 18 April 1993

Registered capital: RMB330 million

Shareholding proportion: 92.292%

Legal representative: Yu Chunyan

Contact No.: 0371-68599199

Principal business: Commodity futures brokerage; financial futures brokerage; futures trading consulting.

Financial position: As of 31 December 2024, the total assets and net assets amounted to RMB2.854 billion and RMB477 million, respectively. In 2024, it recorded operating income of RMB405 million and net profit of RMB14 million, respectively.

### **Central China International Financial Holdings Company Limited (中州國際金融控股有限公司)**

Registered address: Office 1304, 13F, Tower one, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong

Date of incorporation: 29 October 2014

Registered capital: HK\$1.8 billion

Shareholding proportion: 100%

Contact No.: 00852-25001375

Principal business: Securities brokerage, provide advice for securities, margin financing, sponsorship underwriting, financial advisor, self-run investment and other capital market services.

Financial position: As of 31 December 2024, the total assets and net assets of Central China International amounted to HK\$1.339 billion and HK\$485 million, respectively. In 2024, its total revenue and other income and net profit amounted to HK\$62 million and HK\$-28 million, respectively.

### **Central China Equity Exchange Co., Ltd. (中原股權交易中心股份有限公司)**

Registered address: 23 Business Outer Ring Road, Zhengzhou District (Zhengdong), Pilot Free Trade Zone, Henan

Date of incorporation: 29 June 2015

Registered capital: RMB350 million

Shareholding proportion: 36%

Legal representative: Zhou Jianghua

Contact No.: 0371-61775086

Principal business: Provide enterprises with services such as registration, custody, listing, transfer and financing of equity, creditor's rights and other equity assets; investment and asset management; financial advisory, corporate promotion, corporate presentation, training and advisory services.

Financial position: As of 31 December 2024, the total assets and net assets amounted to RMB309 million and RMB298 million, respectively. In 2024, it recorded operating income of RMB-49 million and net profit of RMB-59 million, respectively.

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### (VIII) Structured entities controlled by the Company

As of 31 December 2024, the Group merged 5 structured entities. For the structured entities that served as the manager or investment advisor of structured entities and hold product shares, the Company included the structured entities under the control of the Company into the scope of consolidated statements after comprehensively considering the investment decision rights of the Company, the variable return exposure and the use of investment decision power to influence variable return. Please refer to VIII. "EQUITY IN OTHER ENTITIES" under Section 8 "FINANCIAL REPORT" in this report for the structured entities included in the consolidation scope..

## VII. COMPANY'S DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

### (I) Industry landscape and development trend

On 12 April 2024, the State Council issued the New "National Nine Articles", further clarifying the objectives and paths for high-quality capital market development under the new circumstances. This spurred a new wave of mergers and acquisitions among securities firms aiming to become first-class investment banks in 2024. Based on the deployments for comprehensive deepening of capital market reform outlined in the Decisions of the Third Plenary Session of the 20th Central Committee, and the requirements for comprehensive capital market investment and financing reform put forward at the Central Economic Work Conference, it is anticipated that industry regulation in 2025 will continue to follow the "Two Strengthenings and Two Strictnesses" approach. This approach will focus on supporting scientific and technological innovation and industrial upgrading, with increased emphasis on promoting mergers and acquisitions, improving investor returns, and enhancing the professional service capabilities of securities firms. The transformation of small and medium-sized securities firms towards specialised operations and differentiated development has become imperative. The overall development of the industry is expected to exhibit the following characteristics:

First, prioritising functionality. Both the Opinion on Strengthening the Supervision of Securities Companies and Public Funds, and Accelerating the Construction of First-class Investment Banks and Investment Institutions (Trial) (《關於加強證券公司和公募基金監管加快推進建設一流投資銀行和投資機構的意見(試行)》) and the Regulations on Strengthening the Supervision of Listed Securities Companies (《關於加強上市證券公司監管的規定》) require securities firms to "prioritise functionality". The New "National Nine Articles" requires securities and fund institutions to "balance functionality and profitability" and "guide shareholder units to significantly increase the weighting of functionality in the performance evaluation of institutions". This requires securities firms to shift from a profit-driven approach to one that emphasises functionality, expanding the breadth and depth of their services, refraining from blindly pursuing absolute or short-term profits, and continuously giving back to the market by providing high-quality investment and financing services. This will facilitate the optimal allocation of various market resources and support major national strategies and high-quality economic development.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

Second, accelerating business model transformation and upgrading. The Opinion on Strengthening the Supervision of Securities Companies and Public Funds, and Accelerating the Construction of First-class Investment Banks and Investment Institutions (Trial) and the Regulations on Strengthening the Supervision of Listed Securities Companies both require securities firms to “regulate market-oriented financing activities, rationally determine financing scale and timing, prudently engage in highly capital-consuming businesses, and improve capital utilisation efficiency”, guiding them towards a capital-intensive, specialised development path. Concurrently, the New “National Nine Articles” requires industry institutions to “strengthen the development of investment banking and wealth management capabilities”. Guided by these policies, the operating model of recent years, in which the securities industry has driven growth in return on net assets through large-scale refinancing, increased leverage, and expansion of balance sheets, will become unsustainable. In the coming period, securities firms will need to focus on building their capabilities in traditional asset-light business areas, strengthening product and service capabilities, and improving service adaptability, gradually establishing a diversified financial product and service system that meets the needs of various market participants. They will need to transition from short-term to medium and long-term, full life-cycle service models and from operating individual products and services independently to a comprehensive financial service model centered around client needs and covering the entire business chain. They will also need to continuously improve their service levels in industries such as technological innovation, green development, inclusive finance for micro and small businesses, pension finance, and the digital economy, effectively addressing the “five major tasks” of finance. At the same time, securities firms, especially small and medium-sized institutions, need to actively explore differentiated and specialised development, creating boutique, first-class investment banks, and fully leveraging their functions as “service providers” for direct financing and “managers” of social wealth.

Third, strengthening compliance and risk management. The New “National Nine Articles” stipulate the “establishment of an audit review, accountability, and responsibility mechanism”, the “establishment of a ‘blacklist’ system for intermediary institutions”, and adherence to the principle of “responsibility upon application”. The CSRC has defined the focus of future regulatory work as “Two Strengthenings and Two Strictnesses”. The “Two Strengthenings” refer to strengthening fundamentals and foundations. Investors are the foundation of the market, and listed companies are its cornerstone. While strengthening investor protection and bolstering investor confidence, regulation will focus on improving the quality of listed companies and enhancing investment value. The “Two Strictnesses” refer to strict supervision and strict management. The market will be strictly supervised according to the law, and teams will be strictly managed according to regulations. Illegal activities that cross the bottom line, such as fraud, market manipulation, and insider trading, will be severely cracked down upon. As “gatekeepers” of the capital market, as well as brokers, dealers, and professional institutional investors, securities firms need to further improve their internal control systems, continuously enhance their price discovery capabilities, and vigorously strengthen their professional capabilities in project screening, valuation, and investment research. They must adhere to the principle of “no business without clear understanding and control”, proactively reject projects with potential legal or regulatory risks or those that do not conform to regulatory guidance, and effectively guard the first pass of issuance and listing. They should regulate their own trading behavior, focus on grasping long-term trends, strengthen counter-cyclical deployment, and enhance the stability of investment behavior. They should also balance business development and innovation with compliance, risk management, and professional competence, fully playing their role as the main force in maintaining the long-term stable and healthy operation of the capital market.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

Fourth, attaching great importance to industry culture building. The New “National Nine Articles” require securities firms to “actively cultivate a sound industry culture and investment culture”. The Opinion on Strengthening the Supervision of Securities Companies and Public Funds, and Accelerating the Construction of First-class Investment Banks and Investment Institutions (Trial) requires securities firms to “deepen the construction of financial culture with Chinese characteristics, strengthen the management of practitioners, and strengthen the supervision of ethical conduct”. Looking ahead, securities firms should attach great importance to industry culture building and elevate it to the strategic level of company development, integrating it into daily operations and management. They must resolutely rectify undesirable practices such as money worship, extravagant pleasure-seeking, short-sightedness, and “flaunting wealth”. They should effectively strengthen the management of employees’ ethical conduct and continuously improve the compensation management system. Strengthening industry culture building is of great significance for securities firms to uphold the people-centered approach, enhance investor protection, optimize the industry development ecosystem, establish a good social image, and actively fulfill their social responsibilities.

### (II) Development strategy of the Company

The year 2025 marks the concluding year of the 14th Five-Year Plan and the foundational year for the 15th Five-Year Plan. Facing the developmental requirements of carrying forward the past and ushering in the future, the Company deeply grasps the political and people-centered nature of financial work, implements industry development guidance focused on strengthening supervision, preventing risks, and promoting high-quality development, and concentrates on Henan Province’s “Four Highs and Four Priorities” strategic deployment to further strengthen our role as a “strategic carrier in Henan’s capital market”. The Company will deeply implement the four strategies of “professionalism, integration, platform and base” as a key stone, intensify efforts in strategic transformation, reform and development, management enhancement, and business restructuring, adhere to a differentiated approach and actively explore specialized development paths, and adhere to the working principles of comprehensive benchmarking, systematic advancement, key breakthroughs, and steady progress, focusing on strategic promotion and deepening reforms to achieve significant breakthroughs. Driven by the promotion of integrated operations, we will consolidate and optimize the Company’s overall resources, enrich and deepen the content of retail and institutional client service systems, enhance the effectiveness of compliance and risk management, actively promote the empowerment of business development through artificial intelligence and big data, and promote the Company’s new core cultural elements to stimulate proactive vitality. Guided by Party leadership to ensure strategic implementation, deepen reform, develop business, and enhance management, we will focus on improving the development level of core businesses, refining management capabilities, and strengthening the guiding and safeguarding role of the Party. We will achieve our own high-quality development by serving the high-quality development of the real economy.

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### (III) Operating plan

In 2025, the Company will work to fulfill its function as the “strategic carrier in the capital market of Henan Province” to lead development. That means focusing on differentiated operations and distinctive development. To do that, the Company will enhance planning, advance the comprehensive deepening of reforms, further integrate resources, and deeply implement the four major strategies. This is how we will ensure the effective implementation of the Company’s strategy and reform measures.

**Pursue breakthroughs in integration operations.** Following the concept of “one market, two types of customers, and several products”, the Company will fully consolidate its marketing resources by establishing a unified market end through its branch network. This integrated structure will coordinate with the Company’s comprehensive financial service platform to deliver systematic market service capabilities. Based on the two core customer groups, including institutions and retail customers, the Company will have place a unified customer end to build its customer service system. This integrated structure will coordinate with the Company’s comprehensive financial service platform to deliver systematic customer service capabilities. Based on the wealth management and asset management departments, the Company will have place a unified product end to build its product service system. This integrated structure will coordinate with the Company’s comprehensive financial service platform to deliver systematic product service capabilities. Pooling the limited resources, the Company will work to build a more cohesive integration operation structure that features a specialised division of labor.

**Seek breakthroughs in deepening reform.** Guided by the development strategy and business planning, focusing on enhancing core functions and core competitiveness, the Company will intensify institutional reforms and personnel adjustments, optimize the post settings and personnel structure of headquarters departments, further optimize the operation and management structure with clear responsibilities, powers and duties, actively promote the comprehensive and deepened reforms of the Company in terms of flattening management, marketization of selection and employment, differentiation of remuneration distribution and modernization of governance capacity, and enhance its professional and operational capabilities and efficiency, and establish an efficient operation mechanism in line with its actual situation. capacity and operational efficiency, establish an efficient operational mechanism in line with its actual situation, and fully stimulate the Company’s endogenous momentum.

**Improve the development of principal operations.** The investment banking business actively implemented the development requirements of “Four Highs and Four Priorities” in Henan Province, continued to focus on the regional market in Henan, vigorously explored development opportunities such as mergers and acquisitions, restructuring, and direct financing of stocks and bonds, and strengthened synergies with the Company’s other businesses in order to strive for major breakthroughs in the contracting of projects, the scale of financing, and the influence of the business. In terms of wealth management business, efforts needs to be strengthened to develop new customers and activate existing customers, stabilize its advantageous businesses, and strive for substantial growth in income from financial product distribution, investment consulting and other transformed businesses, so as to promote the transformation and development of wealth management business. Committed to its product position with “fixed income+” at its very core, the Company will enhance its core investment research capabilities to strengthen product competitiveness and integrated development with its wealth management business, thus accelerating the growth of its asset management business. The Company will strengthen market analysis, optimize investment strategies, and reinforce risk management. To do that, it will implement a prudent risk preference, seize opportunities, operate cautiously, and explore a long-term and sound investment model for the proprietary business.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

**Enhance the capacity for refined management.** The Company will further refine the list under the Rules of Implementation of the Three Major Decisions and strengthen the Party Committee's preliminary research on major business decisions to ensure its part in setting direction, overseeing the whole picture and implementation. It will also further improve the sound decision-making systems and processes of the executive committee, business line Committees, and departments so as to leverage the key of the executive committee in leading operations for better overall management capabilities. Adhering to the principle of "no business without clear understanding and control", the Company will enhance its compliance and risk management functions with a "vertical" personnel management system. This will help solidify frontline compliance risk management and clarify internal control responsibilities at all levels. The Company will continue to consolidate and centralise the management functions of the headquarters departments and strengthen group-based control. For that end, the Company will introduce thorough, all-inclusive, and refined management over all departments and subsidiaries. By emphasizing services for lower-tier markets, the Company will call on the business lines to focus on their primary responsibilities and principal operations for better professional capacities, contributing to higher intensive operational efficiency of the Company.

**Wealth Management Business** The Company will continue to advance service centralization, refine organizational structures for differentiated customer services, strengthen specialized investment advisory teams, and drive the transformation toward a service-oriented operational model. Adhering to a client-centric philosophy, the Company will intensify research on financial planning and asset allocation, deepen studies on index-based investments (e.g., ETF) and passive investment strategies, and combine financial planning and asset allocation services to deliver targeted wealth management solutions. A scenario-based customer service framework will be constructed, operationalizing the "30% investment, 70% advisory" principle to accompany customers in value investing, while accelerating the branding campaign for "New•Wealth Central China (新•財富中原)".

**Investment Banking Business** The Company will enhance tailored services for Henan's regional economy and dominant industries, strengthen cross-departmental collaboration, and actively build a full lifecycle service model characterized by "equity markets as the platform, fund initiatives as the driver, research as the precursor, and investment banking as the enabler". We will advance the "five major works", including fintech and inclusive finance to expand the breadth and depth of services underpinning the real economy.

**Proprietary Investment Business** The Company will continue to strengthen the professional capabilities of investment research teams, reinforce compliance risk management, diversify investment strategies, optimize asset allocation capabilities, and improve portfolio management level so as to secure rational investment returns.

**Asset Management Business** Guided by investment performance and aligned with industry trends and corporate resource advantages, the Company will prioritize fulfilling customer asset management needs to accelerate the establishment of a product structure of "fixed income+" business as the foundation, with fixed income and investment advisory services as the dual growth engines, thereby improving customer experience and the quality of asset management operations.

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### (IV) Potential risks (including the implementation of comprehensive risk management and compliance risk control, and information technology investment)

Major risks faced by the Company include: credit risk, market risk, liquidity risk, reputation risk, operational risk, compliance risk, information technology risk, etc. Specific details are set out as follows:

#### (1) Credit risk and policies

Credit risk refers to the risk of losses arising from a borrower, counterparty or issuer's failure to perform an agreement as agreed. Specifically in the following aspects: default or ratings downgrade of investment targets or counterparties; a counterparty's default; risk of failure to duly repay loans or securities upon expiry of product or customer contracts or when the maintenance guarantee ratio or performance guarantee ratio falls under the closing positions; and receivables due to settlement of brokerage business becoming bad debts. Currently the Company's credit risk mainly comes from the bond investment, margin trading and securities lending, securities-backed lending, agreed repurchase type securities trading business, over-the-counter derivatives business and the aforementioned related businesses carried out by its subsidiaries.

The Company's management of credit risk mainly includes: First, in terms of access management, for financing business, the Company set the access credit rating for borrowers and the selection criteria for guaranteed securities; for bond investment and trading business, the Company set credit rating access standards, and established bond pools and counterparty pools. Second, in terms of credit management, the Company set differentiated credit limits based on factors such as the credit and financial condition of borrowers, issuers and counterparties, and conducted the unified credit management for the same customer. Third, in terms of due diligence, the Company set up differentiated due diligence methods and contents for large-amount credit extension for financing business, major investment in credit bonds and large-amount equity investment. Fourth, in terms of hierarchical decision-making, the Company improved the three-tier decision-making system of business departments, business decision-making committees and executive committees. Fifth, in terms of duration management, the Company established a follow-up management and public opinion monitoring mechanism for the existing business, tracked, evaluated and monitored major events and negative public opinions of borrowers, counterparties and issuers, and classified the existing projects based on their risk levels.

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During the Reporting Period, the Company continuously improved its credit risk control measures: First, in terms of access management, the Company tightened the access control of the financier and the pledged securities area in the stock pledge business, refined the access management of fixed-income product bond investment transactions in the asset management business, and improved the access standards for alternative subsidiaries and private fund subsidiaries equity investments. Second, in terms of credit management, the Company tightened the overall scale quota of the margin trading business and the single-customer concentration quota of the stock pledge and margin trading business, improved the management of the same customer, and strengthened the credit review of the same customer in financing-related businesses. Third, in terms of due diligence, the Company has improved the due diligence mechanism for financing-related, bond investment, and equity investment business, refined the due diligence requirements according to the type of business, and strengthened the supervision responsibilities of the compliance and risk control department on major investments. Fourth, in terms of hierarchical decision-making, the Company tightened the authorization amount of some businesses and subsidiaries, and improved the decision-making system for subsidiary investment business. Fifth, in terms of duration management, the Company strengthened risk investigation and post-investment management, focused on sorting out potential risks in existing equity investments, improved response measures, and strengthened supervision and implementation. During the Reporting Period, the Company's credit risk was controllable as a whole.

### (2) Market risk and policies

Market risk refers to the losses in the Company's business due to changes in market prices (interest rates, exchange rates, stock prices and commodity prices). It consists of the price risk, interest rate risk, exchange rate risk, etc. Specifically: Price risk mainly refers to the risk of losses of the Company's on-balance and off-balance businesses due to unfavorable changes in the price of stocks and commodities. Interest rate risk refers to the risk of losses to the Company due to uncertainty of interest rate changes in the market. Exchange rate risk refers to the possibility that the Company may suffer losses from operating activities that involve holding or using foreign exchange due to changes in the exchange rate. The market risks currently faced by the Company are mainly centered on its proprietary business, asset management business and the aforementioned related businesses conducted by its subsidiaries.

The Company's management of market risk mainly includes: First, the Company implemented a strict investment authorization system. The management of the Company is responsible for breaking down and allocating business size and risk limits for equity securities and their derivatives proprietary trading, fixed income securities and their derivatives proprietary trading, and asset management during the year within the authorization granted by the Board. Second, the Company established a management mechanism for the securities pool and black and white list database, clarified the access standards, and strictly managed the transactions in the pool. Third, the Company established a multi-index risk monitoring and evaluation system, set scale, concentration, risk limit, position control, risk exposure, stop loss and other risk control indicators. Fourth, the Company established a mark-to-market system with front and back office collaboration and dynamic monitoring in real time to ensure the implementation of risk management policies, strategies and risk control indicators, and identified, monitored, warned, and reported related risks, so as to adopt risk control measures such as exposure reduction or hedging promptly. Fifth, the Company established market risk measurement analysis models and tools, quantified and analyzed market risks and adjusted business strategies in time to control market risks through VaR and sensitive indicators.

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During the Reporting Period, the Company continued to strengthen its control measures for market risks: First, the Company improved the risk identification, risk monitoring and emergency response control mechanism, and organised the risk check for the investment strategies. Second, the Company optimised the risk limit indicators for fixed income proprietary business and improved the management measures for the underlying pool and counterparties of bond sales and trading business. Third, the Company strengthened the management of the investment in the equity proprietary business, refined the risk control plans for its equity index futures and equity options businesses. Fourth, the Company upgraded the risk control systems for its equity-related proprietary trading business and continuously improved the timeliness, accuracy and comprehensiveness of business data collection. During the Reporting Period, the Company's market risk was controllable as a whole.

### (3) Liquidity risk and policies

Liquidity risk refers to the risk that the Company is unable to obtain sufficient funds in time at reasonable costs in order to repay maturing debts, comply with other payment obligations and satisfy the funding needs for carrying on normal business.

The Company's management of liquidity risk mainly includes: First, the Company strengthened capital position and cash flow management, adopted a significant amount of fund advance reservation model, strengthened the monitoring and management of a significant amount of funds, scientifically predicted the cash flow gap in different periods in the future, and ensured the consistency of financing arrangements and business capital utilization. Second, the Company expanded financing channels, comprehensively used various financing methods, balanced the distribution of debt maturity, improved the diversification and stability of financing, and avoided the repayment risk due to single financing channel or concentrated debt maturity. Third, the Company established a liquidity reserve fund operation and management mechanism, reasonably set the minimum holding scale of liquidity reserve fund and the allocation ratio of high-quality liquid assets, and held sufficient high-quality liquid assets to ensure that the Company can realize sufficient funds in a timely manner to deal with the funding gap under normal and stressed conditions. Fourth, the Company adopted a risk monitoring system with net capital and liquidity as the core, monitored risk control indicators, and used stress tests to assess the impact of business activities on the Company's liquidity. Fifth, the Company established and continued to improve the liquidity risk emergency response mechanism, and regularly carried out liquidity risk emergency drills to ensure the timeliness and effectiveness of the Company's response to liquidity crisis.

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During the Reporting Period, the Company continued to strengthen liquidity risk management and control by establishing a combined monitoring mechanism and control tools for capital and liquidity risk indicators on the basis of reserving high-quality liquidity assets. First, the Company formulated scientific annual capital allocation and financing plans, optimised the structure of asset allocation from time to time according to the market dynamics and its realities, and maintained a reasonable match between the maturity and scale of assets and liabilities. Second, the Company effectively implemented liquidity refinement management, strengthened the monitoring and control of the use of large amount of funds, intensified the cash flow management, tracked the business development and debt maturity in a timely manner, and regularly initiated the analysis of cash flows and realised liquid assets in a timely manner to ensure sufficient reserves for all payment requirements. Third, the Company strengthened the management of credit and maintenance of financing channels, and ensured stable and sustainable funding sources, optimised the liability structure, and focused on the control of the scale of short-term liabilities to avoid concentrated repayment pressures. It also utilised various financing tools, such as corporate bonds and capital refinancing, to raise funds and maintain adequate liquidity reserves. Fourth, the Company continued to strengthen the monitoring and control of liquidity supervisory indicators and layered management, and regularly launched liquidity risk-specific stress tests to analyze and plan liquidity risk prevention measures in a targeted manner. Fifth, the Company revised its liquidity risk contingency plan, optimised its liquidity risk contingency disposal procedures and measures and developed comprehensive and realistic emergency drill programs and regularly conducted drills to accumulate risk management experience and verify the effectiveness of contingency plans so as to further enhance its liquidity risk management awareness and response capability.

As at the end of the Reporting Period, the liquidity coverage ratio and net stable funding ratio of the Company were 286.47% and 204.62%, respectively, which were in compliance with the regulatory requirements. No material liquidity risk events occurred during the Reporting Period.

### **(4) Reputation risk and policies**

Reputation risk refers to the risk that investors, issuers, regulatory agencies, self-regulatory organizations, the public and the media may give negative evaluation to the Company due to the Company's behavior or external events, and our staff's violation of integrity regulations, professional ethics, business norms, rules and agreements and other related behaviors, which damage the brand value of the Company, adversely affect the normal operation of the Company and even impact the market stability and social stability. The Company's operational and management behaviors involving reputation risk mainly include: strategic planning or adjustments, changes in shareholding structure, internal organizational restructuring or changes in core personnel; business investment activities and the design, provision or promotion of products and services; significant deficiencies in internal control design, execution, and systematic control, or incidents of major operating losses; judicial events and regulatory investigations and penalties; inaccurate reports by the news media or inaccurate statements on the Internet; customer complaints and inappropriate statements or behaviors related to the Company; and improper statements or behaviors by staff members who have violated the provisions of integrity, professional ethics, business norms, and industry regulations and conventions.

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The Company's management of reputation risk mainly includes: First, the Company established and improved the relevant policies on reputation risk management, and strengthened reputation risk management by optimizing the organizational structure, division of responsibilities, management process, emergency response mechanism, staff behavior regulation and reporting mechanism, etc. Second, the Company established and improved the reputation risk management system to effectively identify, prudently assess, dynamically monitor, timely respond to and report reputation risks through effective public opinion monitoring means. Third, the Company bettered the mechanism for reporting and managing reputation risks. All departments, branches and subsidiaries of the Company prevented reputation risks and dealt with reputation risk events to maintain the Company's reputation and brand image. Fourth, the Company organised reputation risk management training sessions to cultivate awareness of reputation risk prevention of all staff. Fifth, the Company launched reputation risk emergency drills to enhance its reputation risk emergency response capabilities.

During the Reporting Period, the Company managed the reputation risk by sticking to the principles of full staff in the whole process, prevention first, prudent management and rapid response. The Company prevented moral risks of securities practitioners to safeguard the image of the securities industry and market stability. First, the Company strengthened the monitoring of the Company's public opinion, focusing on preventing reputation risks arising from the conduct of employees and the quality of practice, and proactively resolved the reputation risks by means of risk event tracking management and strengthening media communication. Second, the Company optimised the reputation risk management system to enhance the efficiency of the handling of reputation risks by optimising the risk report management function of the system and perfecting the internal processes of event reporting and risk handling. Third, the Company formulated an emergency drill plan for reputation risk and organised relevant departments to carry out emergency drills for reputation risk in respect of its asset management business, in order to improve its ability to respond quickly and handle reputation risk effectively. Fourth, the Company revised its reputation risk management system, improving the organizational structure, clarifying responsibilities, and enhancing emergency response measures for reputation risk management. Fifth, the Company conducted reputation risk management training to enhance its employees' awareness of reputation risk prevention and their emergency response ability. During the Reporting Period, the Company had no significant reputation events.

### (5) Operational risk and policies

Operational risk refers to the risk of loss caused by imperfect or faulty internal procedures, personnel, information technology systems, and external events. Operational risk involves all departments, branches and subsidiaries of the Company.

The Company's management of operational risk mainly includes: First, the Company formulated operational risk management methods and relevant rules to standardize the whole process of operational risk identification, assessment, control, monitoring, and reporting. Second, the Company developed effective operational risk identification and assessment procedures to proactively identify operational risks existing in the business, process, and system, and ensure that the internal operational risks of new businesses are fully assessed before they are launched. Third, the Company established key risk indicators of operational risk to monitor operational risks. Fourth, the Company collected and analyzed operational risk loss data. Fifth, the Company established operational risk emergency response mechanisms, developed emergency plans, and implemented response responsibilities.

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During the Reporting Period, the Company continued to perfect control measures for operational risks: First, the Company amended the Company's operational risk management rules and related implementing rules and formulated emergency response plans for operational risks according to the Guidelines on Operational Risk Management for Securities Companies (《證券公司操作風險管理指引》). Second, the Company optimised its system of key indicators for operational risks and strengthened the operational risk monitoring of its subsidiaries and information technology systems. Third, the Company carried out a self-assessment of operational risk control for 2024, and fully identified and assessed operational risks before rolling out new businesses and products. Fourth, the Company continuously collected operational risk loss data, analysed risk events and relevant data, formulated response measures for high-frequency or high-loss operational risks, and strengthened post-event tracking and improvement of operational risk events. During the Reporting Period, the Company had no significant risk events.

### (6) Compliance risk and policies

Compliance risk refers to the risk of the Company being legally held accountable, subject to supervisory measures, given disciplinary sanction or suffering from loss of property or reputation arising from the violation of laws, regulations and guidelines by the Company or its personnel in their operation, management or practices.

The Company's management of compliance risk mainly includes: First, the Company keeps track of laws, regulations and guidelines in a timely manner, and continuously improves the compliance management system based on the actual situation of the Company. At the same time, the Company supervises all units to formulate and revise their internal management system and improve their business process in a timely manner and actively carries out the construction of a compliance culture and improves the self-discipline mechanism. Second, the Company conducts compliance reviews of the Company's systems, major decisions, new products, new business plans, etc. Third, the Company provides compliance advice and consultation for the Company's management and various units, and supervises and reviews the compliance of management activities. Fourth, the Company strictly implements compliance assessment and accountability mechanisms, and effectively plays the role of assessment-oriented and accountability and warning. Fifth, the Company performs internal and external reporting obligations in accordance with regulations. Sixth, the Company organises and promotes all units to carry out money laundering risk prevention and control work in accordance with the Company's anti-money laundering system. Seventh, the Company's Compliance Management Department strengthens the training and management of compliance administrators, and creates a team of compliance administrators with strong compliance awareness and professional capabilities. The Company timely identifies, evaluates and manages the relevant compliance risks in its operation and management through compliance consultation, compliance review, compliance inspection, compliance monitoring and other channels, and integrates compliance management into decision-making, execution, supervision, feedback and other links, and into the whole process of company operation and management.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

During the Reporting Period, the Company continuously improved its compliance risk control measures: First, the Company optimised its compliance management system across the board and focused on improving its compliance risk management level. The Company adhered to being problem-oriented, supervision-oriented, and risk-oriented. Following the principle that “managing business must include managing compliance”, it has formulated and promoted the “Compliance Management System Optimization Work Plan” (《合規管理體系優化工作方案》), and enhanced a compliance management system marked by “strong leadership, clear responsibilities and effective operations”. Second, the Company reinforced the development of its compliance team, enhancing the effectiveness of compliance management in key business lines. The Company refined the organizational structure of its investment banking compliance team by further clarifying the roles and responsibilities of team leaders for better performance of compliance managers in key business lines. Third, the Company vigorously worked on its system to solidify the foundation for internal control and compliance management. The Company optimised the compliance management system and intensified measures for compliance risk control. The Company carried out special governance and inspections focusing on system building and implementation to plug the gaps in the system, mechanism and management practice for more effective internal compliance constraints. Fourth, the Company did more in compliance management of key areas such as investment banking, wealth management, proprietary trading, and asset management. At the same time, the Company organised a “Compliance Practice Capability Enhancement Training Session” to strengthen problem rectification, inspection and acceptance. The Company further strengthened the parent company’s penetration compliance management responsibilities over its subsidiaries. The Company conducted a special inspection of investment behavior. This aimed to refine the layered management and the accountability mechanism of investment activities. Fifth, the Company refined its compliance assessment and accountability mechanisms, optimised its evaluation indicators and clarified layer accountability requirements. Sixth, the Company reinforced its anti-money laundering risk management. The Company conducted internal anti-money laundering risk assessments and simulated on-site inspections, carried out targeted rectifications for identified issues, and advanced anti-money laundering data governance to enhance anti-money laundering risk management capabilities. The Company continued to improve the functionality of its anti-money laundering management system so as to further integrate fintech into its anti-money laundering efforts for better capacities for anti-money laundering IT management. The Company offered anti-money laundering training covering directors, supervisors, senior management, head of relevant unit and business line staff to enhance anti-money laundering compliance capabilities. The Company strengthened the management of large and suspicious transaction identification, analysis, and reporting to effectively prevent money laundering risks. Seventh, the Company cultivated the compliance culture, continued to promote the construction of the Company’s compliance culture and enhanced the concept of compliance culture among employees. The Company carried out ongoing training to boost employees’ compliance awareness and enhanced their capabilities to practice compliance and established the concept of “compliance creates value” to strengthen the internal constraints of compliance for the sound and sustainable development of the Company. Eighth, championing the guiding principles of the report to the 20th National Congress of the Communist Party of China to “build a digital China, accelerate the development of the digital economy, and promote the deep integration of the digital economy and the real economy” and the guidance of the CSRC Science and Technology Bureau to “guide industry institutions to benchmark against advanced practices and strive to enhance their digital construction level,” the Company completed the first phase of its compliance digital intelligence platform. This further elevated its support capacity for compliance management services and propelled compliance management into a new era of digitalization and intelligence. In 2024, according to the parent company’s approach, the Company’s total investment in compliance risk control was RMB86.7029 million.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### (7) Information technology risk and policies

Information technology risk refers to hardware and software failure, communication failure, security loopholes and insufficient emergency management capability of disaster recovery systems in the information technology systems, which may affect the Company's ordinary business and result in direct or indirect losses.

Through the application of and the investment in information system business continuity system construction, new technology application, security reinforcement, infrastructure update and other aspects, the Company laid a solid foundation for the operation and maintenance of information system and further improved the stability of information systems. The policies mainly encompass the five aspects as below: First, continue to increase investment in basic resources, strengthen technical support platforms, and provide a secure and efficient technical foundation platform through expanding server room capacity and upgrading the key facilities for the core system. Second, keep optimizing IT control mechanisms, strengthen change management, refine testing responsibilities, and emphasize pre-evaluation, standardized operations, process checks, and result assessments in IT management to achieve fault-free system changes. Third, proactively use booming fintech, leverage big data platforms to enhance monitoring systems in breadth and depth, work on an operational platform featuring integrated monitoring, and build an intelligent monitoring and warning system that is comprehensive and intelligent to boost information system security. Fourth, manage information system performance and capacity well, regularly conduct stress tests on important systems, and scientifically evaluate system capacity and performance. Fifth, connect to the industry security perception system, and strive to build a multi-dimensional defense system centering on data security, an active defense system emphasizing business security, and a security operation system supported by scenario security.

During the Reporting Period, the IT team of the Company, taking the three-year network and information security enhancement work plan as a starting point, adhered to the operation and maintenance concepts of "standardization, process-based, standardization, refinement and digitization" to further enhance the overall security operation and protection capability of the information system by revising the system specifications, optimising the process and mechanism, consolidating the foundation support, improving the system monitoring, and carrying out the stress tests and emergency drills. Meanwhile, the Company continued the efforts in its IT team by expanding the IT talent team and prioritised enhancing the professional and business capabilities of IT staff. These efforts have supported the Company's strategy of "professionalism, integration, platform and base", effectively underpinning the business development of the Company. In 2024, according to the parent company's approach, the Company's total investment in information technology was RMB173.2909 million.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### VIII. PROFIT DISTRIBUTION AND PROFIT DISTRIBUTION PROPOSAL

Please refer to XI. “PROPOSAL FOR PROFIT DISTRIBUTION OR CAPITALISATION ISSUE” under Section 4 “CORPORATE GOVERNANCE REPORT” of this report.

### IX. DIRECTORS

Please refer to IV. “PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT” under Section 4 “CORPORATE GOVERNANCE REPORT” of this report.

### X. DIRECTORS’ INTERESTS IN THE BUSINESS COMPETING WITH THE COMPANY

During the Reporting Period, none of the Directors of the Company has any interest in the business that competes or may compete, either directly or indirectly, with the Company.

### XI. PERMITTED INDEMNITY PROVISION

Please see I. “Composition of the Board” — (II) “Directors and the Board” — 1. “OVERVIEW OF THE CORPORATE GOVERNANCE” under Section 4 “CORPORATE GOVERNANCE REPORT” of this report.

### XII. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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

As of 31 December 2024, no Directors, Supervisors or their respective spouse or children under the age of 18 have been given the right to purchase the shares or debentures of the Company to obtain benefits, or such persons exercise any such right; or no arrangements have been made by the Company or any of its subsidiaries to entitle such right to the Directors, Supervisors or their respective spouse or children under the age of 18 in any other body corporate.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

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

As of 31 December 2024, pursuant to the knowledge of the Directors of the Company after making reasonable inquiries, the following persons (other than Directors, Supervisors or chief executive of the Company) have the following interests or short positions in shares or underlying shares required to be disclosed to the Company in accordance with Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name	Class of shares	Nature of interest	Number of shares held (shares)	Percentage of the Company's total issued share (%)	Percentage of the Company's total issued A shares/H shares (%)	Long position/ short position/ lending pool
Henan Investment Group	A Share	Beneficial owner	822,983,847	17.726	23.872	Long position
	H Share	Beneficial owner/ Interest of corporation controlled by the substantial shareholder	200,573,000 <sup>Note</sup>	4.320	16.779	Long position
Shanghai Wealspring Asset Management Co., Ltd.	H Share	Investment manager	81,319,000	1.75	6.80	Long position

Note: As known to the Company, as of the end of the Reporting Period, in addition to the 822,983,847 A shares of the Company directly held by it, Henan Investment Group Co., Ltd. also held 46,733,000 H shares of the Company through its wholly-owned subsidiary, Dahe Paper (Hong Kong) Co., Limited, and held 153,840,000 H shares of the Company through Hong Kong Stock Connect, totaling 1,023,556,847 shares of the Company, accounting for 22.05% of the total issued shares of the Company.

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

### XIV. PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or repurchased any securities of the Company (including selling treasury shares) during the Reporting Period. As at the end of the Reporting Period, the Company did not hold any treasury shares of the Company as defined in the Hong Kong Listing Rules.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### XV. NON-COMPETITION UNDERTAKING OF CONTROLLING SHAREHOLDERS

Please refer to II. "SPECIFIC MEASURES OF THE COMPANY'S CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER FOR ENSURING THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, INSTITUTION AND BUSINESS AS WELL AS SOLUTIONS, WORK PROGRESS AND FOLLOW-UP PLANS THAT INFLUENCE THE COMPANY'S INDEPENDENCE" under Section 4 "CORPORATE GOVERNANCE REPORT" of this report.

### XVI. OTHER DISCLOSURES

#### (I) Share capital

Please refer to the 36. "Share capital" in VI. "NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS" under Section 8 "FINANCIAL REPORT" as set out in this report.

#### (II) Pre-emptive rights arrangement

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

#### (III) Sufficiency of public float

From the date on which the Company's H shares were listed to the date of this report, according to the information obtained by the Company and the knowledge of the Directors, the public float of the Company has been in compliance with the relevant regulations of Rule 8.08 and Rule 13.32 of the Hong Kong Listing Rules.

#### (IV) Management contract

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

#### (V) Director and Supervisor service contract

No Director or Supervisor of the Company have entered into any service contracts with the Company or its subsidiaries which are not terminable within one year or are not terminable without payment of compensation (other than statutory compensation).

#### (VI) Material interests of Directors and Supervisors in transactions, arrangements or contracts

The Company or its subsidiaries have not entered into any significant transactions, arrangements or contracts entitling substantial interests to the Directors or Supervisors of the Company or their related entities directly or indirectly during the Reporting Period.

#### (VII) Rights of Directors and Supervisors to acquire shares or debentures

During the Reporting Period, no arrangements to which the Company, any of its subsidiaries, its holding company or any subsidiaries of its holding company is or was a party enabling the Directors or Supervisors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or other body corporate.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### (VIII) Equity-linked agreement

During the Reporting Period, the Group had no new or existing equity-linked agreements.

### (IX) Employees

Please refer to X. “EMPLOYEES OF THE PARENT COMPANY AND ITS MAJOR SUBSIDIARIES AS AT THE END OF THE REPORTING PERIOD” under Section 4 “CORPORATE GOVERNANCE REPORT” of this report.

### (X) Pension scheme

The Company and its domestic subsidiaries pay basic pension insurance for the employees (the “Pension Insurance Plan”) in accordance with the relevant regulations of the local government. The subsidiaries of the Company in Hong Kong, including Central China International, make contributions to the Mandatory Provident Fund (the “MPF Plan”) in accordance with the “Mandatory Provident Fund Schemes Ordinance” of Hong Kong. The Company and its domestic subsidiaries have established the enterprise annuity plan (the “Enterprise Annuity Plan”) in accordance with the relevant policies of the domestic enterprise annuity system. The Company and its domestic subsidiaries make monthly contributions to the pension insurance plan at a certain percentage of the payment base stipulated by the government authorities, and make contributions to the enterprise annuity plan at a certain percentage of the payment base. Central China International contributes to the MPF Plan based on certain percentages of the monthly relevant income of the existing eligible employees.

For the year ended 31 December 2024, the Group had no forfeited contributions under the Pension Insurance Plan or the MPF Plan. Under the Enterprise Annuity Plan, the forfeited contributions of the Group are retained in the public account for enterprise annuity in accordance with the domestic enterprise annuity policy and the Group’s enterprise annuity management system. The forfeited contributions shall be enjoyed by the employees who are still in the Enterprise Annuity Plan and shall not be available to reduce future contributions or reduce levels of existing and future contributions.

Please refer to the 33. “Employee benefits payable” in VI. “NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS” under Section 8 “FINANCIAL REPORT” as set out in this report.

### (XI) Donations

During the Reporting Period, the Company actively supported the development of charitable causes, contributing to the sustainable advancement of social charity and the building of a harmonious socialist society with Chinese characteristics. The Company made donations totaling RMB195,300 in the year. These funds were earmarked to sponsor college students and install streetlights in designated poverty-alleviation villages. This initiative reinforced poverty-alleviation fruits, improved the rural ecological environment, and empowered rural revitalization.

### (XII) Property, plants, equipment and investment properties

As of the end of the Reporting Period, for details of the Group’s property, plants, equipment and investment properties, please refer to the 13. “Investment properties” and 14. “Fixed assets” in VI. “NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS” under Section 8 “FINANCIAL REPORT” as set out in this report.

### (XIII) Reserves

For changes in the Group’s reserves and distributable reserves during the Reporting Period, please refer to the 37. “Capital reserve” — 40. “General risk reserve” in VI. “NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS” under Section 8 “FINANCIAL REPORT” as set out in this report.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### (XIV) Tax reduction and exemption

#### A Shareholders

In accordance with the Notice of Implementing Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (Caishui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)) and Notice on Issues Relating to Implementing Differentiated Individual Income Tax Policy for Stock Dividends of Listed Companies (Caishui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) issued by the Ministry of Finance, State Administration of Taxation and the CSRC, for shares of listed companies obtained by individuals from public offerings or the market, where the holding period is less than one month (inclusive) (from the date of an individual's acquirement of the shares of a listed company from the public offer and transfer market to the date prior to the date of transfer and settlement of such shares), the full amount of dividends shall be counted as taxable income at an effective tax rate of 20%; where the holding period is more than one month and less than one year (inclusive), 50% of the dividends shall be counted as taxable income on a provisional basis at an effective tax rate of 10%; and where the holding period exceeds one year, the dividends shall be temporarily exempted from individual income tax. For dividends distributed by the listed company, where the period of individual shareholding is within one year (inclusive), the listed company shall not withhold the individual income tax temporarily. When an individual transfers his/her shares, the securities depository and clearing company calculates the actual taxable income according to his/her period for holding shares, and the company withholds tax otherwise through the securities depository and clearing company for the part in excess of the withheld tax. For the dividends obtained from a listed company by a securities investment fund, individual income tax is levied in accordance with the Cai Shui [2012] No. 85 requirements. For shareholders who are resident enterprises, the income tax on their cash dividends shall be payable on their own.

For the shareholders who are Qualified Foreign Institutional Investors (QFII), the listed company shall withhold and pay enterprise income tax at a rate of 10% pursuant to the requirements of the Notice Concerning the Relevant Questions on the Withholding and Payment of Enterprise Income Tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII (Guo Shui Han [2009] No. 47)(《關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函[2009]47號)) by the State Administration of Taxation. QFII shareholders who wish to enjoy tax concessions shall apply to the competent taxation authority for tax rebates (arrangements) according to the relevant rules and regulations after they receive the dividends.

Pursuant to the requirements of the Notices of Ministry of Finance, State Administration of Taxation and CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), the listed company shall withhold an income tax at the rate of 10% on dividends from the A shares of the Company invested by Hong Kong investors (including enterprises and individuals) through the SSE, and apply for withholding via the competent tax authorities (before the Hong Kong Securities Clearing Company Limited is able to provide details such as investor identities and holding periods to the China Securities Depository and Clearing Corporation Limited, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented). For investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authority of the Company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

### H Shareholders

In accordance with provisions of the Notice of the State Administration of Taxation on Personal Income Tax Collection Issues after the Document with the Number of Guo Shui Fa [1993] No. 045 has been Abolished (Guo Shui Han [2011] No. 348) 《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號), withholding and remitting obligor will withhold and remit personal income tax as per item of “interest, dividends and bonus income” for dividends and bonus income of overseas resident individual shareholders from domestic non-foreign-funded enterprise by issuing shares in Hong Kong. When domestic non-foreign-funded enterprise issues shares in Hong Kong, its overseas resident individual shareholders will enjoy relevant tax preference in accordance with the tax convention signed by China and the country stated in the residential identity and tax arrangement of inland and Hong Kong (Macao). In general, the tax rate for dividends is 10% in accordance with relevant tax conventions and provisions on tax arrangements. To simplify tax collection and management, when a domestic non-foreign funded enterprise that has issued shares in Hong Kong distributes dividends and bonuses, personal income tax will be generally withheld and remitted as per the tax rate of 10% and application is not necessary. Situations in which the tax rate for dividends is not 10% will be handled in accordance with the following provisions: (1) according to the Administration Measures on Preferential Treatment Entitled by Non-residential Taxpayers under Tax Treaties (Announcement issued by State Administration of Taxation 2019 No. 35) 《非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號), as for residents of a conventional country whose tax rate is less than 10%, such H share individual holders shall submit an application to the Company for regulated treatment and reserve related information if those holders are residents in countries with tax agreement at the rate of less than 10%. If the applied information is complete, the tax will be paid by the Company according to taxation laws and regulations in China and the provisions in treaties; (2) as for residents of a conventional country whose tax rate is between 10% and 20%, withholding and remitting obligor shall withhold and remit personal income tax as per actual conventional tax rate when distributing dividends and bonus and it need not handle application and approval issues; (3) as for residents without tax convention and other situations, withholding and remitting obligor shall withhold and remit personal income tax at the tax rate of 20% when distributing dividends and bonus.

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

## SECTION 3 REPORT OF THE BOARD OF DIRECTORS

According to the requirements of Notice on the Tax Policies Concerning the Pilot Program of the Shanghai, Hong Kong Stock Connect Published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission (Cai Shui [2014] No. 81) (《財政部國家稅務總局證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen, Hong Kong Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), H-share companies shall withhold an individual income tax at the rate of 20% on dividends from the H shares of the Company invested by mainland individual investors on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland securities investment funds through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, individual income tax shall be calculated in accordance with the above requirements. For dividends of the shares listed on the Hong Kong Stock Exchange received by mainland enterprise investors through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H share companies shall not withhold income tax of dividends, and mainland enterprise investors shall report and pay the tax amount by themselves. In particular the dividends received by resident enterprises in the mainland which hold H shares for at least 12 consecutive months could be exempted from enterprise income tax according to the law.

Under the current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

The shareholders of the Company shall pay the relevant tax and/or are entitled to tax reliefs in accordance with the above requirements.

### (XV) Bond issuance

For details of the issuance of corporate bonds of the Company during the Reporting Period, please refer to Section 7 “INFORMATION ON BONDS ISSUED BY THE COMPANY” of this report.

All references in this section to other parts, sections or notes in this report form part of the Report of the Board of Directors.

By order of the Board  
Chairman  
**Lu Zhili**

28 March 2025

## SECTION 4 CORPORATE GOVERNANCE REPORT

### I. OVERVIEW OF THE CORPORATE GOVERNANCE

Being a public company listed in both Mainland China and Hong Kong, the Company operates in strict compliance with laws, regulations, and normative documents at the domestic and overseas listing places, including the Company Law, Securities Law, Regulation on the Supervision and Administration of Securities Companies, Rules for Governance of Securities Companies, Code of Corporate Governance for Listed Companies, and is committed to maintaining and improving its good social image of the Company. During the Reporting Period, the Company strictly complied with updated regulatory requirements such as the Regulations on Strengthening the Supervision of Listed Securities Companies (《關於加強上市證券公司監管的規定》) and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, we conducted revisions and refinements to the Articles of Association to ensure the corporate governance framework remains dynamically aligned with evolving regulatory requirements. The Company established and refined a performance evaluation and incentive system for senior management, researched and formulated institutional documents, including the Management Measures for Performance Appraisal of Senior Management (Trial) and the Management Measures for Remuneration of Senior Management (Trial), supplemented by the 2023 Senior Management Appraisal Plan. The Company strictly complied with all code provisions of the Corporate Governance Code during the Reporting Period.

#### (I) Shareholders and general meeting

The general meeting shall be the supreme authority of the Company. All shareholders exercise their power through the general meeting. The Company strictly complied with the relevant requirements of the Articles of Association and Rules of Procedures for General Meetings to ensure that the calling, proposing, notice giving, convening, and voting procedures for general meetings are legal and valid, and all shareholders, especially minority shareholders, could enjoy equal status and fully exercise their rights as shareholders. The general meeting exercises the following functions and powers in accordance with the laws:

- (1) to decide on the business operation policies and investment plan for the Company;
- (2) to elect and change Directors and Supervisors who are not employees' representatives, and resolve on the remunerations of Directors and Supervisors;
- (3) to consider and approve reports of the Board;
- (4) to consider and approve reports of the Supervisory Committee;
- (5) to consider and approve the annual financial budgets and final accounting plans of the Company;
- (6) to consider and approve the Company's profit distribution plan and loss recovery plan;
- (7) to resolve on increase or decrease of the registered capital of the Company;
- (8) to resolve on issuance of bonds of the Company;

## SECTION 4 CORPORATE GOVERNANCE REPORT

- (9) to resolve on the merger, division, dissolution, liquidation, or change of nature of organization of the Company;
- (10) to amend the Articles of Association;
- (11) to appoint, dismiss, or cease to re-appoint of the accounting firms;
- (12) to consider and approve the external guarantees of the Company that require the approval by the general meetings;
- (13) to consider the Company's purchase or disposal of material assets within one year of an aggregate value exceeding 30% of the latest audited total assets of the Company;
- (14) to consider and approve matters relating to the changes in the use of proceeds;
- (15) to consider share incentive scheme and employee share ownership scheme;
- (16) to consider proposals proposed by shareholders holding not less than 3% (inclusive) in aggregate of the Company's shares;
- (17) to consider other matters which, in accordance with laws, administrative regulations, departmental rules or the Articles of Association, shall be resolved at a general meeting.

The matters resolved at a general meeting which are subject to approval by national regulatory and management authorities of securities shall take effect upon such approval. For those matters involving with change of registration, formalities on change of registration shall be gone through in accordance with law.

### (II) Directors and the Board

#### 1. Composition of the Board

For the composition of the Board as at the date of this report, please refer to IV. "PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT" under Section 4 "CORPORATE GOVERNANCE REPORT" of this report.

There is no relationship among the Directors, Supervisors and senior management including relationships in terms of financial, business, family, or other significant or related relations.

During the Reporting Period, to further encourage Directors, Supervisors, and senior management to fully and diligently fulfill their duties, the Company purchased liability insurance for Directors, Supervisors, and senior management to control potential legal and regulatory risks that may arise in their performance of duties.

#### 2. Responsibilities of the Board

The Board of Directors of the Company shall be accountable to the General Meeting and exercises its functions and powers in accordance with the Articles of Association, Rules of Procedures for Board Meetings and other rules. According to the Articles of Association, the main duties of the Board of Directors include:

- (1) to convene general meetings and report to general meetings;

## SECTION 4 CORPORATE GOVERNANCE REPORT

- (2) to report at the annual general meetings and disclose in the annual reports the performance of Directors, including the number of attendances of Directors at Board meetings and voting during the Reporting Period;
- (3) to execute resolutions of general meetings;
- (4) to resolve on the Company's operational policies and strategic planning;
- (5) to resolve on the Company's operational plans and investment programs;
- (6) to prepare the annual financial budgets and final accounting plans of the Company;
- (7) to prepare the profit distribution plan and loss makeup plan of the Company;
- (8) to prepare plans for the increase or reduction of the registered capital of the Company, the issuance of bonds or other securities and listing;
- (9) to formulate plans for material acquisitions, repurchase of shares of the Company, merger, division, dissolution and transformation of the Company;
- (10) to resolve on the establishment and adjustment of internal management organizations and branches of the Company;
- (11) to appoint or dismiss the Company's general manager, chief compliance officer, secretary to the Board, and other senior management as nominated by the Remuneration and Nomination Committee and determine their remunerations and awards and punishment; to decide to appoint or dismiss the Company's vice general manager, chief financial officer, and other senior management as nominated by the general manager and determine their remunerations and awards and punishment;
- (12) to set up the basic management system of the Company;
- (13) to formulate the proposals for any amendment to the Articles of Association;
- (14) to manage the information disclosure of the Company;
- (15) to formulate proposals for appointment and dismissal of an accounting firm;
- (16) to decide on external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, related party transactions, external donation, etc. of the Company according to the laws, regulations, the regulatory rules of the place where the Company's shares are listed or the authorization of the general meetings;
- (17) to listen to the work report of the general manager of the Company and examine the general manager's work;
- (18) to listen to the report of the chief compliance officer on the compliance status of the Company;
- (19) to determine Directors' remunerations and distribution plan thereof, and submit special reports to the general meeting on the performance evaluation and remunerations of Directors;
- (20) to be in charge of establishment and effective implementation of internal control, and undertake the full responsibility for risk management;

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- (21) to undertake the ultimate responsibility for anti-money laundering management, and to perform corresponding duties in accordance with regulations;
- (22) to resolve on the objective of the Company's culture efforts, and be responsible for the effectiveness of the efforts above;
- (23) to study the Company's ESG-related plans, objectives, systems and significant matters, pay attention to ESG-related risks, and review ESG-related reports;
- (24) to exercise other functions and powers as stipulated by laws and regulations, departmental rules, regulatory documents, or the Articles of Association and those authorized by the general meeting. The specific authorization scope is defined in accordance with the SSE Listing Rules, the Listing Rules on the Stock Exchange of Hong Kong, and relevant state-owned asset supervision regulations, with corresponding approval procedures conducted based on the monetary thresholds of authorized matters.

The Board may resolve on the issues specified in the above paragraphs by approval of more than half of the Directors save for the issues specified in (8), (9), and (13), in which approval of two-thirds of the Directors is required.

### 3. Management

The powers and duties of the Board and the management are clearly defined in the Articles of Association to ensure adequate check and balance for good corporate governance and internal control. The management of the Company is responsible for organizing the implementation of resolutions of the Board and the annual business and investment plans of the Company, consistently executing the financial budget of the Company, formulating specific rules of the Company, and deciding on the employment and dismissal of employees.

### (III) Supervisors and the Supervisory Committee

#### 1. Composition of the Supervisory Committee

For the composition of the Supervisory Committee as at the date of this report, please refer to IV. "PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT" under Section 4 "CORPORATE GOVERNANCE REPORT" of this report.

#### 2. Responsibilities of the Supervisory Committee

The Company's Supervisory Committee is responsible to all shareholders, and responsible for supervising the legal compliance of the Company's financial operations and the Company's Directors, General Managers, and other senior management in performing their duties, and safeguarding the lawful rights and interests of the Company and its shareholders. The calling, convening, transacting, and voting procedures for Supervisory Committee are strictly in compliance with the Rules of Procedures for the Supervisory Committee, ensuring the standard operation of the Supervisory Committee. The Supervisory Committee of the Company shall mainly exercise the following functions and powers:

- (1) to examine financial operations of the Company;

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- (2) to supervise the work performance of the Directors and senior management, and propose dismissal of Directors and senior management who have violated laws, administrative regulations, the Articles of Association, or the resolutions of general meetings;
- (3) to require Directors and senior management to make corrections if their conduct has damaged the interests of the Company;
- (4) to require the Board to make corrections when any resolution of the Board runs against the laws and administrative regulations or regulations of China Securities Regulatory Commission;
- (5) to review the financial reports and profit distribution plans to be submitted by the Board to the general meetings; to conduct investigation if there is any doubt or any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm, or other professional institutions to assist in their work, from which the reasonable fees incurred shall be borne by the Company;
- (6) to be responsible for the supervision of money laundering risk management, to supervise the performance of the Board and the management in money laundering risk management and urge the rectification, and to provide suggestions and opinions on the money laundering risk management of the Company;
- (7) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings;
- (8) to propose proposals to the general meeting;
- (9) to coordinate with Directors on behalf of the Company or initiate legal proceedings against Directors and senior management in accordance with the laws;
- (10) to formulate remuneration and distribution plan for Supervisors and submit special reports on performance evaluation and remuneration of Supervisors to the general meeting;
- (11) to exercise other functions and powers as stipulated by laws and regulations, departmental rules, regulatory documents, or the Articles of Association.

The Supervisors may attend Board meetings and make inquiries or suggestions in relation to the resolutions of such meetings.

The Company shall bear all reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants, and practising auditors by the Supervisory Committee to exercise its functions and powers.

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### II. SPECIFIC MEASURES OF THE COMPANY'S CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER FOR ENSURING THE INDEPENDENCE OF THE COMPANY'S ASSETS, PERSONNEL, FINANCE, INSTITUTION AND BUSINESS AS WELL AS SOLUTIONS, WORK PROGRESS AND FOLLOW-UP PLANS THAT INFLUENCE THE COMPANY'S INDEPENDENCE

The Company has independent business and operation capabilities, and operates in strict accordance with the Company Law, Securities Law, other relevant laws and regulations and the Articles of Association. The Company is independent from the controlling shareholders in terms of assets, personnel, finance, institutions and business. During the Reporting Period, the important decisions of the Company were made and implemented by the Company independently. No controlling shareholders intervened in the Company's decision-making and production and operation activities beyond the general meeting.

To avoid competition in the same industry, the Company entered into a non-competition agreement with Henan Investment Group on 10 March 2014. Henan Investment Group undertook that if Henan Investment Group or its holding companies discovers any new business opportunity that constitutes or may constitute direct or indirect competition with the principal business of the Company or the Company's holding companies, it shall, subject to the applicable laws and regulations of Henan Investment Group, notify the Company in writing within ten business days of the discovery of such new business opportunity and provide the Company with such information as it may require in relation to such new business opportunity, and endeavor to procure the same to be first provided to the Company or the Company's holding companies on reasonable and fair terms and conditions.

### III. SUMMARY OF GENERAL MEETING

Session	Date of convening	Designated website for publication of the resolutions	Date of publication of the resolutions	Meeting resolution
2023 Annual General Meeting	20 June 2024	<a href="http://www.sse.com.cn/">http://www.sse.com.cn/</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	21 June 2024 20 June 2024	The Resolution of the 2023 Annual General Meeting
The 2024 First Extraordinary General Meeting	9 August 2024	<a href="http://www.sse.com.cn/">http://www.sse.com.cn/</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	10 August 2024 9 August 2024	The Resolution of the 2024 First Extraordinary General Meeting
The 2024 Second Extraordinary General Meeting	27 December 2024	<a href="http://www.sse.com.cn/">http://www.sse.com.cn/</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	28 December 2024 27 December 2024	The Resolution of the 2024 Second Extraordinary General Meeting

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### Particulars of general meetings

During the Reporting Period, the Company convened 3 general meetings in total, with the information about the meetings and resolutions set out as follows:

1. The Company convened the 2023 Annual General Meeting on 20 June 2024, and considered and approved the Work Report of the Board for the Year of 2023, the Work Report of the Supervisory Committee for the Year of 2023, the Duty Report of Independent Directors for the Year of 2023, the Annual Report for the Year of 2023, the Proposal on the Election of Supervisors for the Seventh Session of the Supervisory Committee, the Profit Distribution Plan for the Year of 2023, the Final Financial Report for the Year of 2023, the Evaluations and Remuneration of the Directors for the Year of 2023, the Evaluations and Remuneration of the Supervisors for the Year of 2023, the Proposal on the Amendments to Articles of Association, the Proposal on the Amendments to Rules of Procedures for Board Meetings, the Proposal on the Provision of Guarantee or Counter-guarantee for Central China International and Its Wholly-owned Subsidiaries and Authorizing Central China International to provide Guarantee or Counter-guarantee for its Wholly-owned Subsidiaries, and the Proposal on the Determination of the Business Scale and Affordable Risk Limits of Securities Proprietary Trading for the Year of 2024.
2. The Company convened the 2024 First Extraordinary General Meeting on 9 August 2024, and considered and approved the Proposal on the Change of Audit Firm for Reviewing Interim Report 2024.
3. The Company convened the 2024 Second Extraordinary General Meeting on 27 December 2024, and considered and approved the Proposal on the Amendments to Articles of Association, the Proposal on the Change of Audit Firm for 2024, the Proposal on the Purchase of Liability Insurance for Directors, Supervisors, and Senior Management, the Proposal on Central China Blue Ocean Waiving the Proportional Capital Increase Rights in Henan Asset Management and the Proposal on Central China Blue Ocean Waiving Preemptive Rights to the Equity Transfer of Henan Asset Management by Its Shareholders.

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### IV. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### (I) Changes in the shareholding held by and information on remuneration of the Directors, Supervisors and senior management who held office or resigned during the Reporting Period

Unit: Share

Name	Position	Gender	Age	Term of office commencing on	Term of office ending on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes (increase/decrease) in shares held during the year	Reason for changes (increase/decrease)	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from related parties of the Company
Lu Zhili	Chairman, Executive Director	Male	58	2023-07-13	Expiration date of the current session of the Board	—	—	—	N/A	55.45	No
Li Xingjia	Non-executive Director	Male	60	2015-10-12	Expiration date of the current session of the Board	—	—	—	N/A	0	Yes
Zhang Qiuyun	Non-executive Director	Female	53	2021-11-09	Expiration date of the current session of the Board	—	—	—	N/A	0	Yes
Tang Jin	Non-executive Director	Male	60	2022-02-17	Expiration date of the current session of the Board	—	—	—	N/A	0	Yes
Tian Shengchun	Non-executive Director	Male	50	2018-10-16	Expiration date of the current session of the Board	—	—	—	N/A	0	No
Zhang Dongming	Independent Non-executive Director (resigned)	Female	72	2018-10-16	2024-12-2	—	—	—	N/A	25.00	No
Chen Zhiyong	Independent Non-executive Director	Male	66	2021-06-30	Expiration date of the current session of the Board	—	—	—	N/A	25.00	No
Tsang Sung	Independent Non-executive Director	Male	53	2021-06-30	Expiration date of the current session of the Board	—	—	—	N/A	25.00	No
He Jun	Independent Non-executive Director	Male	48	2022-02-17	Expiration date of the current session of the Board	—	—	—	N/A	25.00	No
Zhu Junhong	Chairman of the Supervisory Committee	Female	55	2024-06-20	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	24.32	No
Wei Zhihao	Shareholder Representative Supervisor	Male	44	2021-11-09	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	0	Yes

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Name	Position	Gender	Age	Term of office commencing on	Term of office ending on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes (increase/decrease) in shares held during the year	Reason for changes (increase/decrease)	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from related parties of the Company
Li Zhifeng	Shareholder Representative Supervisor	Male	43	2022-06-24	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	0	No
Zhang Bo	Shareholder Representative Supervisor	Male	47	2021-11-09	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	0	No
Xiang Siying	Independent Supervisor	Female	62	2015-09-10	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	12.00	No
Xia Xiaoning	Independent Supervisor	Male	64	2016-05-09	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	12.00	No
Ba Guanhua	Employee Representative Supervisor	Male	50	2021-11-09	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	32.58	No
Xu Changyu	Employee Representative Supervisor	Female	46	2021-11-09	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	37.69	No
Xiao Yichen	Employee Representative Supervisor	Female	40	2018-01-12	Expiration date of the current session of the Supervisory Committee	—	—	—	N/A	50.08	No
Li Zhaoxin	General Manager	Male	55	2022-04-29	Expiration date of the current session of the Board	—	—	—	N/A	56.97	No
	Director of the Executive Committee			2023-12-22	Expiration date of the current session of the Board	—	—	—			No
	Member of the Executive Committee			2022-01-18	Expiration date of the current session of the Board	—	—	—	N/A		No
	Chief Financial Officer (resigned)			2018-01-29	2024-6-17	—	—	—	N/A		No
Xu Haijun	Executive Vice General Manager	Male	54	2023-04-18	Expiration date of the current session of the Board	—	—	—	N/A	43.32	No
	Deputy Director of the Executive Committee			2022-06-28	Expiration date of the current session of the Board	—	—	—	N/A		No
	Member of the Executive Committee			2022-01-18	Expiration date of the current session of the Board	—	—	—	N/A		No

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Name	Position	Gender	Age	Term of office commencing on	Term of office ending on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes (increase/decrease) in shares held during the year	Reason for changes (increase/decrease)	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from related parties of the Company
Zhu Qiben	Secretary to the Board (resigned)	Male	60	2018-01-18	2024-8-30	—	—	—	N/A	29.05	No
	Member of the Executive Committee (resigned)			2022-01-18	2024-8-30	—	—	—	N/A		No
Li Feng	Deputy general manager	Male	53	2024-06-17	Expiration date of the current session of the Board	—	—	—	N/A	38.76	No
	Chief Risk Officer			2019-10-29	Expiration date of the current session of the Board	—	—	—	N/A		No
	Member of the Executive Committee			2022-01-18	Expiration date of the current session of the Board	—	—	—	N/A		No
Wang Xiaogang	Deputy general manager	Male	53	2024-06-17	Expiration date of the current session of the Board	—	—	—	N/A	36.80	No
	Member of the Executive Committee			2022-01-18	Expiration date of the current session of the Board	—	—	—	N/A		No
Liu Hao	Chief Investment Officer	Male	52	2020-05-06	Expiration date of the current session of the Board	—	—	—	N/A	124.79	No
	Member of the Executive Committee			2022-01-18	Expiration date of the current session of the Board	—	—	—	N/A		No
Shi Hongxing	Chief Compliance Officer	Male	50	2021-11-09	Expiration date of the current session of the Board	—	—	—	N/A	38.76	No
	Member of the Executive Committee			2022-01-18	Expiration date of the current session of the Board	—	—	—	N/A		No
Han Junyang	Chief Information Officer	Male	55	2019-10-29	Expiration date of the current session of the Board	—	—	—	N/A	33.71	No
	Member of the Executive Committee			2022-06-28	Expiration date of the current session of the Board	—	—	—	N/A		No

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Name	Position	Gender	Age	Term of office commencing on	Term of office ending on	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes (increase/decrease) in shares held during the year	Reason for changes (increase/decrease)	Total remuneration before tax received from the Company during the Reporting Period (RMB'0,000)	Whether received remuneration from related parties of the Company
Guo Liangyong	Director of the Financial Department	Male	53	2024-06-17	Expiration date of the current session of the Board	—	—	—	N/A	19.24	No
	Secretary to the Board			2024-10-30	Expiration date of the current session of the Board	—	—	—	N/A		No
	Member of the Executive Committee			2024-06-17	Expiration date of the current session of the Board	—	—	—	N/A		No
Shen Yawen	Member of the Executive Committee	Male	40	2024-08-30	Expiration date of the current session of the Board	—	—	—	N/A	32.14	No
Fang Jianmin	Member of the Executive Committee	Male	52	2024-08-30	Expiration date of the current session of the Board	—	—	—	N/A	10.87	No
Total	/	/	/	/	/	/	/	/	/	788.53	/

- Notes: 1. During the Reporting Period, the total amount of pre-tax remuneration of the Directors, Supervisors and senior management of the Company who performed their full duties did not include the contributions made by the Company for social insurance, enterprise annuity, supplementary medical insurance and housing provident fund. The contributions made by the Company for social insurance, enterprise annuity, supplementary medical insurance and housing provident fund for Directors, Supervisors and senior management who performed their full duties during their tenure as Directors, Supervisors and senior management are as follows: RMB185,800 for Lu Zhili, RMB108,400 for Zhu Junhong, RMB146,500 for Ba Guanhua, RMB156,900 for Xu Changyu, RMB160,100 for Xiao Yichen, RMB185,700 for Li Zhaoxin, RMB183,700 for Xu Haijun, RMB179,300 for Li Feng, RMB177,100 for Wang Xiaogang, RMB120,100 for Zhu Qiben, RMB258,900 for Liu Hao, RMB179,300 for Shi Hongxing, RMB166,200 for Han Junyang, RMB98,900 for Guo Liangyong, RMB85,900 for Shen Yawen, and RMB39,800 for Fang Jianmin.
2. The final total remuneration of the Directors, Supervisors and senior management of the Company who performed their full duties during the Reporting Period shall be submitted to the Board, Supervisory Committee, the general meeting and relevant parties for consideration and determination after assessment by the Company. The above-mentioned total remuneration before tax is temporarily paid, and the final amount will be disclosed separately after determination.

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### 3. Supplementary information on the remuneration in 2023:

- (1) The Company has disclosed the temporarily paid remuneration in 2023 for the following personnel in the 2023 annual report. After being considered and approved by the Board of Directors on 23 December 2024, the pre-tax remuneration of the Company's Directors and senior management in 2023 is as follows: RMB678,900 for Lu Zhili, RMB382,400 for Jian Mingjun, RMB959,500 for Li Zhaoxin, RMB150,500 for Zhu Jianmin, RMB630,500 for Zhu Junhong, RMB630,500 for Xu Haijun, RMB377,800 for Hua Jinzhong, RMB774,300 for Zhu Qiben, RMB2,385,700 for Liu Hao, RMB774,900 for Li Feng, RMB727,500 for Wang Xiaogang, RMB743,700 for Shi Hongxing, and RMB693,000 for Han Junyang.
- (2) The contributions made by the Company for social insurance, enterprise annuity, supplementary medical insurance and housing provident fund for Directors and senior management in 2023 are as follows: RMB212,900 for Lu Zhili, RMB113,800 for Jian Mingjun, RMB212,600 for Li Zhaoxin, RMB65,700 for Zhu Jianmin, RMB195,600 for Zhu Junhong, RMB193,600 for Xu Haijun, RMB128,300 for Hua Jinzhong, RMB191,100 for Zhu Qiben, RMB287,500 for Liu Hao, RMB188,900 for Li Feng, RMB175,800 for Wang Xiaogang, RMB175,400 for Shi Hongxing, and RMB177,700 for Han Junyang.

The independence of all the independent non-executive Directors of the Company has been confirmed to the Hong Kong Stock Exchange upon their election. The Company has also received the annual declarations of independence of these independent non-executive Directors, and reconfirmed their independence. The Company considers that all the independent non-executive Directors have the independence as defined in Rule 3.13 of Hong Kong Listing Rules.

Name	Major working experience
Lu Zhili	Born in 1966, Mr. Lu Zhili holds a master's degree in economics and is a senior economist. He is currently the Chairman of the Company. He served as the manager and assistant to general manager of the securities issuance department, and the chairman of the research department of Henan Securities. He served as the deputy general manager of the Company from November 2002 to March 2013 and the standing deputy general manager of the Company from March 2013 to September 2015. He has served as the Chairman of the Supervisory Committee of the Company from September 2015 to June 2023.
Li Xingjia	Born in 1964, Mr. Li Xingjia holds a master's degree. He currently serves as a Director of the Company. Mr. Li has worked in the Henan Planned Economy Committee, Henan Planning Commission and Henan Development and Reform Commission as officer, managing officer and deputy division head. He has served in Henan Construction and Investment Corporation as the chief economist and deputy general manager, while serving as the chairman of Yuneng Holdings Company Limited, the chairman of Henan Natural Gas Storage and Transportation Co., Ltd., and a Director of Henan Zhonglian Tongli Co., Ltd. He has also worked in Henan Investment Group Co., Ltd. as the temporary officer responsible for asset management department I and its chief technology officer and deputy general manager, and deputy general manager of Henan Investment Group.
Zhang Qiuyun	Born in 1972, Ms. Zhang Qiuyun holds a doctoral degree in economics. She currently serves as the secretary of the Party Committee and a Director of the Company. She has been a teacher in Kaifeng No.1 Middle School, the deputy investigator and the deputy director of the Finance Division of Henan Development and Reform Commission, the secretary to the Party Branch of Henan Academy of Macroeconomic Research, the deputy managing director of the Management Committee of Zhengzhou Section of China (Henan) Pilot Free Trade Zone, the director of the Financial Management Department of Henan Investment Group Co., Ltd., and the deputy general manager of Henan Investment Group Co., Ltd. She has served as the Chairman of Henan Zhongyuan Financial Holdings Co., Ltd. since September 2022, a Supervisor of the Company from June 2020 to November 2021, and a Director of the Company since November 2021.

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Name	Major working experience
Tang Jin	Born in 1964, a graduate student of Party School of C.P.C Jiangsu Committee, Mr. Tang Jin now serves as a Director of the Company and a director of Jiangsu International Trust Corporation Limited. He has served as the chief and deputy director of the secretary section of Jianhu County Party Committee Office in Jiangsu Province, the deputy director and director of each of the Research Office and the General Office of the Jiangsu Provincial Government, and the vice president and a member of the Party Committee of Jiangsu SOHO Holdings.
Tian Shengchun	Born in 1975, Mr. Tian Shengchun is a senior engineer with an on-duty master's degree of University of Science and Technology Beijing. He is currently a Director of the Company and the deputy director of the Planning and Development Department of Anyang Iron & Steel Group Co., Ltd. He began to work in 1998, and successively served in Anyang Iron & Steel Group Co., Ltd. No. 4 Steel Mill (安陽鋼鐵集團有限責任公司第四軋鋼廠) as an assistant engineer, engineer, officer and the deputy director of the general office, the investment administrator of the investment management division of the planning department, the director of the external investment management office of the strategic investment division, the director of the policy research office of the planning and development department and the chief Level II management expert.
Chen Zhiyong	Born in 1958, a member of CPC, Mr. Chen Zhiyong holds a doctoral degree in economics. He now serves as an Independent Director of the Company. He graduated from Zhongnan University of Economics with a master's degree in 1987, majoring in finance, and stayed for teaching in the same year. He has served as a lecturer, associate professor, professor, and doctoral supervisor at Zhongnan University of Economics and Law as well as the head of the Department of Finance and the vice president and the president of the School of Public Finance and Taxation. He is concurrently a head member of the Public Finance Professional Committee under the Higher Financial & Economic Education Branch of Chinese Association of Higher Education, a standing director of Hubei Finance Institute, and the deputy chairman of Hubei Budget and Accounting Research Institute. He is entitled to the special government allowance of the State Council.
Tsang Sung	Born in 1972, Mr. Tsang Sung holds a bachelor's degree in Business Administration from the Chinese University of Hong Kong and a master's degree in Business Administration (International Banking and Finance) from the University of Birmingham. He now serves as an Independent Director of the Company. He is currently the Chairman of Esquel China Holdings Limited and the Managing Director of Esquel Group. He started to work in October 1996 and gained extensive experience in strategic management, business operation and human resources management. He has served as the Assistant to Chairman (Asia Pacific) and the China Country Manager of American Appraisal Limited, the Director of Operation of CampusALL Company Limited, and the Vice President of the 8th Network Corporation. He joined Esquel Group since 2002 and has served in various positions including general manager in respective subsidiaries in China, Chief Human Resources Officer and Managing Director of Global Sales.
He Jun	Born in 1976, Mr. He Jun holds a doctoral degree in industrial economics from the Graduate School of the Chinese Academy of Social Sciences. He has been included on the list of "National Hundred, Thousand and Ten Thousand Talent Project" and selected as one of the "National Young and Middle-aged Experts with Outstanding Contributions". He is entitled to the special allowances of the State Council, and now serves as an Independent Director of the Company. He joined the workforce in 2002 and was an investment strategy analyst in the Research Institute of CSC Financial Co., Ltd. (中信建投證券有限責任公司證券研究所). He currently serves as deputy editor-in-chief of Social Sciences in China Press, a professor and doctoral supervisor at the University of Chinese Academy of Social Sciences and a member of the National spectrum Resources Committee (國家頻譜資源委員會).

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Name	Major working experience
Zhu Junhong	Born in 1969, Ms. Zhu Junhong holds a master's degree in business administration. She is a senior accountant and an academic and technology leader of Henan province. She now serves as the deputy secretary of the Party Committee and the chairman of the Supervisory Committee of the Company. She served as the chief accounting officer, deputy manager and manager of the Planning and Finance Headquarter, and the chief accountant of Henan Finance and Securities Company. She served as the person-in-charge of the finance department, assistant to general manager and general manager of the Planning and Finance Headquarter of the Company from November 2002 to September 2009; the chief accountant, the person-in-charge of the finance department, and general manager of the Planning and Finance Headquarter of the Company from September 2009 to August 2012; the chief accountant and the person-in-charge of the finance department of the Company from August 2012 to January 2018. She served as the deputy general manager of the Company from August 2012 to January 2024 and a member of the Executive Committee of the Company from January 2022 to January 2024.
Wei Zhihao	Born in 1980, Mr. Wei Zhihao holds a master's degree in engineering and is a senior auditor, and now serves as a Supervisor of the Company. He served as the deputy section chief and the section chief of Information Center of Henan Provincial Audit Department, and the deputy director of Computer Audit Center of Henan Provincial Audit Department. He served as the deputy director of the Audit Department of Henan Investment Group Co., Ltd. from September 2019 to November 2020. He been serving as the director of the Audit Department of Henan Investment Group Co., Ltd. since November 2020.
Li Zhifeng	Born in 1981, Mr. Li Zhifeng holds an on-the-job master's degree and is a senior accountant, currently serving as a Supervisor of the Company. He served as an officer of the Financial Division, and the deputy section chief and section chief of the Comprehensive Budget Management Section of Anyang Iron & Steel Group, the section chief of the Sales Finance Department of Anyang Iron & Steel Co., Ltd., and the deputy director of the Funds Management Center of Anyang Iron & Steel Group. From August 2015 to August 2017, he served as the deputy division head of the Finance Department and the securities affairs representative of Anyang Iron & Steel Co., Ltd. From August 2017 to June 2021, he served as the deputy division head of the Finance Department and the Secretary to the Board of Anyang Iron & Steel Co., Ltd. Since June 2021, he has been the director of the Finance Department of Anyang Iron & Steel Co., Ltd. In May 2023, he was appointed as the deputy director of the financial asset department of Henan Iron and Steel Group Co., Ltd.
Zhang Bo	Born in 1977, Mr. Zhang Bo holds a master's degree in philosophy and is a senior accountant and serves as a Supervisor of the Company. He served as the project manager and certified asset appraiser of Anyang Fangzheng Certified Public Accountants Office Co., Ltd. (安陽方正會計師事務所有限公司), and the chief of the Administrative and Finance Division and the chief of the Reform and General Affairs Division of Anyang Municipal Party Committee Office. He has served as a member of the Party Committee and the deputy general manager of Anyang Economic Development Group Co., Ltd. (安陽經濟開發集團有限公司) since July 2020.
Xiang Siying	Born in 1963, Ms. Xiang Siying holds a master's degree of economics and a master's degree in business administration and now serves as an Independent Supervisor of the Company. She served as an officer of the foreign economic office and the general office of the rural management and administration in the Ministry of Agriculture of China, an investment analyst of the Chinese representative division of International Finance Corporation, an investment officer in Washington DC of the East Asia and Pacific Department and Global Manufacturing and Consumer Service Branch of International Finance Corporation, the executive general manager of the investment banking division and direct investment division of China International Capital Corporation Limited, and the executive director and investment advisor of CDH Investments. She has served as an independent non-executive director of several Hong Kong listed companies and A-share listed companies since May 2008.

## SECTION 4 CORPORATE GOVERNANCE REPORT

Name	Major working experience
Xia Xiaoning	Born in 1960, Mr. Xia Xiaoning holds a bachelor's degree in engineering and now serves as an Independent Supervisor of the Company. Mr. Xia served as an investment officer in Asian Development Bank, a senior partner and managing director in AIF Capital Limited, the chief executive officer of CITP Advisors (Hong Kong) Limited and the senior consultant to Vision Finance Group Limited. He has been an independent non-executive director of Tian An Medicare Limited (the shares of which are listed on the Hong Kong Stock Exchange, stock code: 00383) since December 2016.
Ba Guanhua	Born in 1974, Mr. Ba Guanhua holds a master's degree in monetary banking. He now serves as an employee representative Supervisor of the Company. He successively worked in Bank of Communications Zhengzhou Branch, Henan Securities Co., Ltd., and the Preparation Team of the Company. From November 2002 to August 2010, he successively worked in the division of secretary to the Board, brokerage business headquarters, and marketing management headquarters of the Company; from September 2010 to December 2016, he served as the assistant to general manager and the deputy general manager of the wealth management center, the deputy general manager of the capital market headquarters, and the deputy general manager (in charge of work) of the market-making business headquarters of the Company; from January 2017 to February 2020, he served as a member of the Party committee and the deputy general manager of Xinjiang Hami State-owned Assets Investment Operation Co., Ltd. (新疆維吾爾自治區哈密市國有資產投資經營有限公司) (assigned to support Xinjiang); from March 2020 to March 2021, he served as the deputy director of the inspection office, the leader of inspection team I, and the executive deputy director of the risk prevention and mitigation office of the Company; he served as the director of the inspection office of the Company from April 2021 to December 2024; he served as the head of the Discipline Inspection Department of the Company from November 2023 to December 2024; he served as head of the Discipline Inspection Department (Inspection Office) from December 2024 to March 2025; he has been serving as head of the Human Resources Management Headquarters (Organisation Department of the Party Committee) since March 2025.
Xu Changyu	Born in 1979, Ms. Xu Changyu holds a full-time master's degree in law with a legal professional qualification. She now serves as an employee representative Supervisor of the Company. She worked as a teacher in Jiujiang University (九江學院). From July 2007 to March 2016, she worked at the compliance management headquarters of Central China Securities as the head of second-level department; from March 2016 to March 2017, she served as the assistant to office director and the assistant to the research office director of Central China Securities; from March 2017 to January 2020, she served as the representative of securities affairs of Central China Securities; from January 2020 to December 2024, she served as the general manager of the compliance management headquarters of Central China Securities.
Xiao Yichen	Born in 1984, Ms. Xiao Yichen holds a master's degree in accounting. She is the representative of sponsor and now serves as an employee representative Supervisor of the Company. She worked at the investment banking headquarters and capital market headquarters of the Company from March 2010 to January 2014; served as the principal officer of quality control division I of the investment banking comprehensive management department of the Company from December 2014 to December 2017, and the assistant to general manager of the investment banking comprehensive management department from January to April 2018. She was the assistant to general manager of the quality control headquarters from May 2018 to December 2021. She has been the person in-charge-of the department of inclusive finance from December 2021 to May 2022. She served as the general manager of quality control headquarters from June 2022 to December 2024. She has been the general manager of the Quality Control Department since December 2024.

## SECTION 4 CORPORATE GOVERNANCE REPORT

Name	Major working experience
Li Zhaoxin	<p>Born in 1969, Mr. Li Zhaoxin holds a master's degree in management. He is a senior accountant, a certified public accountant, a certified tax adviser and an economist. He handled financial work at a unit under the Henan Provincial Department of Justice from July 1991 to October 2004. He worked at the Henan SASAC from October 2004 to November 2017 and successively served as the deputy division head of the property rights administration division, a researcher at the planning and development division and the division head of the general division (Research Office). He has been a member of the Party Committee of the Company since November 2017. He has been the chief accountant of the Company from January 2018 to January 2024 and the Chief Financial Officer of the Company from January 2018 to June 2024. He served as the vice director of the Executive Committee of the Company from April 2022 to December 2023 and has been a member of the Executive Committee of the Company since January 2022. He has been the general manager of Company since April 2022. He has been serving as the deputy secretary of the Party Committee of the Company and the director of the Executive Committee of the Company since December 2023. He is concurrently a member of the Financial Accounting Professional Committee of the Securities Association of China and a member of the Policy Advisory Committee of the Council of the Shanghai Stock Exchange.</p>
Xu Haijun	<p>Born in 1970, Mr. Xu Haijun holds a master's degree in computer technology engineering and is a senior programmer. He served as the manager of the computer department of the Shanghai branch, the deputy manager of the Huayuan Road branch, the manager and assistant to general manager of the Zijingshan branch, the manager of Shenzhen branch of Henan Securities, and the assistant to general manager of Shanghai Huierdun Investment Company (上海匯爾頓投資公司). From January 2004 to January 2018, he has held various positions in the Company, including the general manager of IT Headquarter, the general manager of Compliance Management Headquarter, the chief compliance officer and the secretary to the Board. He has been the deputy general manager of the Company from September 2016 to April 2023, a member of the Executive Committee of the Company since January 2022, deputy director of the Executive Committee of the Company since June 2022 and the standing deputy general manager of the Company since April 2023. He is concurrently the vice chairman of the Institute of Commercial Law of Henan Law Society, a member of the Securities Brokerage and Wealth Management Committee of the Securities Association of China (中國證券業協會證券經紀與財富管理委員會) and a chairman member of the Securities Professional Committee of the Securities Futures and Funds Association of Henan Province (河南省證券期貨基金業協會證券專業委員會).</p>
Li Feng	<p>Born in 1971, Mr. Li Feng holds a master's degree in engineering and a master's degree in business administration. He began to work in July 1996. He successively served as the deputy general manager and general manager of Sanmenxia operation branch of Henan Securities. From November 2002 to November 2015, he acted as the general manager of Sanmenxia operation branch, the general manager of Xinxiang operation branch, the general manager of Shanghai operation branch, the general manager of Brokerage Business Headquarters, the general manager of Innovation Business Headquarters and the assistant president of the Company. He was the president of Central China Equity Exchange from November 2015 to April 2017 and the assistant president of the Company and vice-president-level office from April 2017 to September 2019. He has been the Chief Risk Officer of the Company since September 2019, a member of the Executive Committee of the Company since January 2022 and the deputy general manager of the Company since June 2024. He is concurrently a director of Central China International Financial Holdings Company Limited and a member of the Risk Management Committee of the Board of Governors, the Shanghai Stock Exchange (上海證券交易所理事會風險管理委員會).</p>

## SECTION 4 CORPORATE GOVERNANCE REPORT

Name	Major working experience
Wang Xiaogang	<p>Born in 1971, Mr. Wang Xiaogang holds a master's degree in business administration. He joined the workforce in August 1993 and worked in the futures department of Henan Packaging New Technology Center (河南包裝新技術中心) and the operation department of Weiwu Road branch of Henan Securities. From November 2002 to January 2015, he served as the deputy general manager of the operation department of Weiwu Road branch, the general manager of the operation department of Beijing Jiuxianqiao branch, the deputy general manager of the brokerage business headquarters, the general manager of the marketing management headquarters, and the general manager of the wealth management center. From January 2015 to February 2019, he served as the general manager of the Company's Shanghai branch, the general manager of the Securities Investment Headquarters, the general manager of the Asset Management Headquarters, and the assistant to the president. From February 2019 to December 2019, he was a vice-president-level officer and the general manager of the Asset Management Headquarters of the Company. From December 2019 to March 2021, he was the general manager of Central China International Financial Holdings Company Limited. From March 2021 to January 2022, he was the senior managing director of the Company. He has been a member of the Executive Committee of the Company since January 2022 and the deputy general manager of the Company since June 2024. He is concurrently a director of Henan Asset Management Co., Ltd.</p>
Liu Hao	<p>Born in 1972, Mr. Liu Hao holds a master's degree in business administration and is a certified public accountant. He successively served as the senior manager of the Audit Department II of Shenzhen Zhonghua Accounting Firm (深圳中華會計事務所) from July 1993 to January 1998, the senior manager of the Investment Banking Headquarters of Everbright Securities from January 1998 to October 2006, the general manager of the Bond Business Department of United Securities from October 2006 to August 2011, and the vice president of the Investment Banking Division and the president of the Fixed Income Division of Minsheng Securities and the Vice President of the Company from August 2011 to May 2018. Joining the Company in June 2018, he has been the Company's Chief Investment Officer since May 2020 and a member of the Executive Committee of the Company since January 2022.</p>
Shi Hongxing	<p>Born in 1974, Mr. Shi Hongxing holds a master's degree in business administration. He began to work in July 1997. He successively served in Henan Grease Co., Ltd. (河南省油脂公司) and Henan Futures Association. He worked at Henan Branch of the China Securities Regulatory Commission from October 2004 to August 2016, and successively served as the level-4 administrative assistant, associate managing officer and managing officer of the futures supervision division, and the deputy division head of the intermediary supervision division. From August 2016 to January 2020, he served as the vice president manager and president of Central China Equity Exchange, and he was the general manager of Zhengzhou Branch of the Company from January 2020 to November 2021. He has been the Chief Compliance Officer of the Company since November 2021 and a member of the Executive Committee of the Company since January 2022. He is concurrently the Chairman of Central China Equity Exchange Co., Ltd. and a member of the Self-Disciplinary and Internal Audit Committee of the Securities Association of China.</p>

## SECTION 4 CORPORATE GOVERNANCE REPORT

Name	Major working experience
Han Junyang	Born in 1970, Mr. Han Junyang holds a master's degree in engineering. He began to work in July 1993. He worked in the Henan Securities and successively served as the manager of the Computer Division of Shenzhen operation branch, the deputy manager of the administrative region operation branch and the department head of Computer Centre. From November 2002 to September 2019, he successively served as the deputy general manager of IT Department of the Company, the general manager of Hangzhou operation branch, the general manager of the IT Department, the general manager of the Brokerage Business Headquarters, the general manager of the Internet Finance Headquarters, president-assistant-level officer of the Company, etc. He was the employee representative supervisor of the Company from 2015 to 2019. He has been the Chief Information Officer of the Company since September 2019 and a member of the Executive Committee of the Company since June 2022. He is concurrently a member of the Investor Service and Protection Committee of the Securities Association of China.
Guo Liangyong	Born in 1971, Mr. Guo Liangyong holds a bachelor's degree and is a senior accountant. He started his career in July 1993 and worked in the finance department of the electrical and mechanical equipment company of Pingdingshan Mining Bureau (平頂山礦務局機電裝備公司) and the bond department of the Pingdingshan securities branch of Henan Securities. He successively served as the deputy general manager of the Pingdingshan securities branch of Henan Securities and the deputy director of the planning and finance department of Henan Securities from March 1999 to November 2002, the deputy general manager of the planning and finance department of the Company in November 2002, the general manager of the settlement and custody headquarters of the Company in October 2007, the general manager of the operation and management headquarters of the Company in April 2009, the general manager of the derivatives brokerage business headquarters of the Company in May 2014, the general manager of the planning and finance department of the Company in May 2015 (participated in the preparation work of Central China Life from June 2017 to February 2019), the general manager of Zhongding Kaiyuan Venture Capital Management Co., Ltd. in September 2021, and the head of the human resources management headquarters and the head of the organisation department of the Party committee of the Company from December 2021 to March 2025. He has been the Chief Financial Officer of the Company and a member of the Executive Committee since June 2024. He acted as the secretary to the Board of the Company from August 2024 to October 2024 and has been the secretary to the Board of the Company since October 2024. He is concurrently a director of Central China International Financial Holdings Company Limited.
Shen Yawen	Born in 1984, Mr. Shen Yawen holds a postgraduate degree and a master's degree, joined the workforce in July 2009, and worked in the Financial Markets Department of the Head Office of China Construction Bank. From September 2014 to June 2015, he served as the investment director of investment adviser of the Fixed Income Department of Guotai Junan Securities; from June 2015 to December 2018, he was the deputy general manager of the Fixed Income Department of Guangzhou Securities (presiding over the work); from December 2018 to August 2024, he was the manager of the Financial Market Department of the Company, and his professional and technical rank has been the managing director from September 2023 to the present. He was appointed as a member of the Executive Committee of the Company and the general manager of the Assets Management Department of the Company in August 2024.

## SECTION 4 CORPORATE GOVERNANCE REPORT

### Name Major working experience

Fang Jianmin Born in 1972, Mr. Fang Jianmin has a bachelor's degree, a master's degree in business administration and a senior economist. He started to work in July 1992. His major positions include department head of Yellow River Securities, managing director of the investment banking division of Minsheng Securities, director of the Securities Department of Henan Provincial Construction Investment Corporation (河南省建設投資總公司), temporary assisting head of the Securities Department of Henan Investment Group Co., Ltd., assistant to the president and director of Listing Office and vice president of Central China Securities, chairman of the Board of Directors of Zhongding Kaiyuan Venture Capital Management Co., Ltd. (中鼎開源創業投資管理有限公司), and head of Beijing Saiyingte Capital Management Co., Ltd. (北京賽英特資本管理有限公司). He has been a member of the Executive Committee of the Company since August 2024.

### (II) Position of Directors, Supervisors and senior management that held office or resigned during the Reporting Period

#### 1. Positions held in shareholders

Name	Shareholder name	Positions held in shareholders	Term of office commencing on	Term of office ending on
Li Xingjia	Henan Investment Group	Deputy general manager	June 2010	August 2024
Zhang Qiuyun	Henan Investment Group	Deputy general manager	September 2022	
Tian Shengchun	Anyang Iron & Steel Group	Deputy director of the Planning and Development Department	December 2016	
Wei Zhihao	Henan Investment Group	Director of the Audit Department	November 2020	
Li Zhifeng	Anyang Iron & Steel Group	Director of the Financial Department	June 2021	
Zhang Bo	Anyang Economic Development	Deputy general manager and member of the Party Committee	July 2020	

## SECTION 4 CORPORATE GOVERNANCE REPORT

### 2. Positions held in other entities

Name	Name of other entities	Position held in other entities	Term of office commencing on	Term of office ending on
Lu Zhi	Financial Law Research Association of Henan Law Society (河南省法學會金融法學研究會)	Deputy chairman	October 2021	
	Securities Futures and Funds Association of Henan Province	Rotating chairman	December 2023	December 2024
Li Xingjia	Henan Natural Gas Storage and Transportation Co., Ltd.	Chairman	August 2018	
Zhang Qiuyun	Henan Zhongyuan Financial Holdings Co., Ltd. (河南中原金融控股有限公司)	Chairman	September 2022	
	Henan Huirong Financing Guarantee Co., Ltd.	Executive director	June 2019	January 2024
	Zhongyuan Yuze Financial Leasing (Shanghai) Co., Ltd.	Chairman	July 2019	January 2024
	Zhongyuan Trust	Director	September 2020	
	Zhongyuan Bank Co., Ltd.	Director	January 2021	
	Li'an Excellent Insurance Brokers Co., Ltd. (立安卓越保險經紀有限公司)	Executive director	August 2020	
Tang Jin	Henan Asset Management Co., Ltd.	Director	October 2019	
	Jiangsu International Trust Corporation Limited	Director	June 2018	
	Jiangsu Coastal Capital Co., Ltd.	Director	June 2018	
Tian Shengchun	Henan Jinshu Intelligent Technology Co., Ltd.	Director	September 2018	
Chen Zhiyong	Zhongnan University of Economics and Law	Professor and doctoral supervisor	September 1987	November 2024
	Higher Financial & Economic Education Branch of Chinese Association of Higher Education	Chairman of the Public Finance Professional Committee	May 2016	
	National University Financial Education Research Association	Deputy chairman	August 2014	August 2024
	Hubei Finance Institute	Standing director	September 2016	
	Tianjian Taxation Agent (Hubei) Co., Ltd. (天健稅務師事務所(湖北)有限公司)	Legal representative	June 2003	
	Hubei Tianyi Engineering Project Management Co., Ltd. (湖北天一工程項目管理有限公司)	Legal representative	March 2021	
	Hubei Budget and Accounting Research Institute	Deputy chairman	July 2012	
	Hubei Tax Institute	Deputy chairman	May 2016	January 2024
	Hubei International Cultural Exchange Center	Director	March 2009	November 2024
He Jun	Chinese Academy of Social Sciences	Professor and doctoral supervisor	June 2020	
	Research Center for Small and Medium Enterprises, Chinese Academy of Social Sciences	Head	October 2014	
	National Spectrum Resources Strategy Committee (國家頻譜資源戰略委員會)	Member	May 2020	
	China Mobile Industry Chain Expert Committee (中國移動產業鏈專家委員會)	Member	March 2022	
Tsang Sung	Yotta Holdings (HK) Limited	Managing director	October 2002	
	Esquel China Holdings Limited	Chairman	December 2021	
Wei Zhihao	Xinxiang Zhongyi Power Co., Ltd.	Chairman of the Supervisory Committee	December 2019	
	Henan Institute of Internal Audit	Deputy chairman and standing director	November 2020	
	Henan Urban Development Investment Co., Ltd. (河南城市發展投資有限公司)	Supervisor	December 2020	

## SECTION 4 CORPORATE GOVERNANCE REPORT

Name	Name of other entities	Position held in other entities	Term of office commencing on	Term of office ending on
Li Zhifeng	Henan Talent Group Co., Ltd.	Chairman of the Supervisory Committee	July 2022	January 2024
	Henan Innovation Investment Group Co., Ltd. (河南創新投資集團有限公司)	Supervisor	September 2022	
	Henan Yicheng Science and Technology Life Service Co., Ltd. (河南頤城科技生活服務有限公司)	Supervisor	January 2023	
	Henan Science and Technology Investment Co., Ltd. (河南省科技投資有限公司)	Chairman of the Supervisory Committee	April 2023	
	Anyang Group International Trade Co., Ltd. (安陽集團國際貿易有限責任公司)	Chairman of the Supervisory Committee	August 2021	
	Anyang Group Metallurgy Furnance Co., Ltd. (安鋼集團冶金爐料有限責任公司)	Director	December 2023	
	Henan Dituo Industrial Co., Ltd. (河南締拓實業有限公司)	Director	August 2021	
	Henan Jinshu Intelligent Technology Co., Ltd. (河南金數智能科技股份有限公司)	Director	September 2021	
Zhang Bo	Anyang State-owned Capital Operation Group Co., Ltd. (安陽國有資本運營集團有限公司)	Deputy general manager	June 2022	
Xiang Siying	Huili Resources (Group) Limited (the Hong Kong Stock Exchange, stock code: 01303)	Independent Non-executive Director	September 2017	
	Sino Prima Gas Technology Co., Ltd. (the Shenzhen Stock Exchange, stock code: 300483)	Independent director	June 2022	
	Power HF Co., Ltd. (the Shanghai Stock Exchange, stock code: 605100)	Independent director	October 2022	
Xia Xiaoning	China Medical & HealthCare Group Limited (Hong Kong Stock Exchange, stock code: 00383)	Independent Non-executive Director	December 2016	
Li Zhaoxin	Financial Accounting Committee of the Securities Association of China	Member	January 2022	
	Policy Advisory Committee of the Council of the Shanghai Stock Exchange	Member	April 2023	
Xu Haijun	Institute of Commercial Law of Henan Law Society	Deputy chairman	July 2017	
	Securities Brokerage and Wealth Management Committee of the Securities Association of China (中國證券業協會證券經紀與財富管理委員會)	Member	January 2024	
	Securities Professional Committee of the Securities Futures and Funds Association of Henan Province (河南省證券期貨基金業協會證券專業委員會)	Chairman member	April 2024	
Li Feng	Central China International Financial Holdings Company Limited	Director	November 2023	
	Risk Management Committee of the Board of Governors, the Shanghai Stock Exchange (上海證券交易所理事會風險管理委員會)	Member	November 2024	
Wang Xiaogang	Henan Asset Management Co., Ltd.	Director	February 2024	
Shi Hongxing	Self-discipline and Internal Audit Committee of the Securities Association of China	Member	January 2022	
Han Junyang	Central China Equity Exchange Co., Ltd.	Chairman	September 2024	
	Investor Service and Protection Committee of the Securities Association of China	Member	January 2022	
Guo Liangyong	Central China International Financial Holdings Company Limited	Director	August 2024	

## SECTION 4 CORPORATE GOVERNANCE REPORT

### (III) Remuneration of Directors, Supervisors and senior management

Decision-making procedures of remuneration of Directors, Supervisors and senior management	The remuneration and assessment of the Company's Directors shall be proposed by the Remuneration and Nomination Committee under the Board, considered and approved by the Board and considered and determined by the general meeting; the remuneration and assessment plans of the Supervisors shall be proposed by the Supervisory Committee, which shall be considered and determined by the general meeting; and the remuneration and assessment of the senior management shall be proposed by the Remuneration and Nomination Committee under the Board and determined by the Board.
Whether a Director recuses himself/herself from the Board's discussion of his/her own remuneration	Yes
Specific circumstances under which the Remuneration and Assessment Committee or the Independent Directors' specialised Meeting has issued recommendations on matters relating to the remuneration of Directors, Supervisors and senior management	With reference to the industry and regional levels, and the actual situation of the Company taken into account, the remuneration of Directors, Supervisors and senior management is determined in accordance with the Company's remuneration and assessment regulations.
Basis for determining the remuneration of Directors, Supervisors and senior management	<p>The remuneration of the internal Directors and Supervisors of the Company shall be determined according to the Company's basic remuneration system, operating conditions, individual job responsibilities, work performance and results, and according to the resolution on the remuneration of Directors and Supervisors at the general meeting of the Company.</p> <p>The remuneration of the external Directors and Supervisors shall be proposed by the Remuneration and Nomination Committee under the Board according to the industry and market conditions, subject to the approval by the general meeting.</p> <p>The remuneration of the senior management of the Company is determined according to the Company's basic remuneration system, operating conditions, individual job responsibilities, work performance and results, and is determined according to the resolutions of the Board. The remuneration of senior management is paid in strict accordance with the relevant national regulations on deferred payment of remuneration.</p>

## SECTION 4 CORPORATE GOVERNANCE REPORT

Payment of remuneration of Directors, Supervisors and senior management

For details about the payment of remuneration of Directors, Supervisors and senior management, please refer to IV. “(I) Changes in the shareholding held by and information on remuneration of the Directors, Supervisors and senior management who held office or resigned during the Reporting Period” in this section of this report.

According to relevant state provisions and with reference to personal will, the Directors, namely Mr. Li Xingjia, Ms. Zhang Qiuyun, Mr. Tang Jin and Mr. Tian Shengchun, and the Supervisors, namely Mr. Wei Zhihao, Mr. Li Zhifeng and Mr. Zhang Bo, waived their allowance since their appointment while they would continue to perform their relevant duties.

The total remuneration before tax received by all Directors, Supervisors and senior management at the end of the Reporting Period

RMB7,885,300 (before tax)

### (IV) Changes in Directors, Supervisors and senior management of the Company

Name	Position	Change	Reason for the change
Zhang Dongming	Independent Director	Ceased to act	Expiration of the term of office
Zhu Junhong	Chairman of the Supervisory Committee, Supervisor	Elected	Work commitment
	Deputy general manager and Member of the Executive Committee	Ceased to act	Change in work arrangements
Li Zhaoxin	Chief Financial Officer	Ceased to act	Change in work arrangements
	Chief accountant	Ceased to act	Change in work arrangements
Zhu Qiben	Secretary to the Board and Member of the Executive Committee	Ceased to act	Reaching the retirement age
Li Feng	Deputy general manager	Appointed	Work commitment
Wang Xiaogang	Deputy general manager	Appointed	Work commitment
Guo Liangyong	Chief Financial Officer, Secretary to the Board and Member of the Executive Committee	Appointed	Work commitment
Shen Yawen	Member of the Executive Committee	Appointed	Work commitment
Fang Jianmin	Member of the Executive Committee	Appointed	Work commitment

## SECTION 4 CORPORATE GOVERNANCE REPORT

### (V) Disclosure of Penalties Imposed by Securities Regulatory Authorities in the Past Three Years

On 24 April 2024, the Henan Bureau of the CSRC issued the Decision on the Implementation of Supervision and Management Measures for Issuing Warning Letters to Zhu Jianmin ([2024] No. 29) (《關於對朱建民實施出具警示函監督管理措施的決定》([2024]29號)), pointing out that Zhu Jianmin, the senior management in charge of the stock pledge business at that time, violated the provisions of Article 6, paragraph 1, of the Trial Regulations on Compliance Management of Securities Companies (《證券公司合規管理試行規定》第六條第一款), and decided to implement supervision and management measures of issuing warning letters.

On 18 October 2024, the Company received the Decision on the Measures of Having Regulatory Conversation with Li Zhaoxin (李昭欣) and Hua Jinzhong (花金鐘) ([2024] No. 19) (《關於對李昭欣、花金鐘採取監管談話措施的決定》) ([2024]19號) from the CSRC, which pointed that Li Zhaoxin, general manager of the Company, and Hua Jinzhong, then senior executive in charge of the investment banking business are held accountable for relevant investment banking business violations, and decided to take the measures of having a regulatory conversation in accordance with Article 32 of the Administrative Measures for the Compliance Management (《合規管理辦法》).

## SECTION 4 CORPORATE GOVERNANCE REPORT

### V. PARTICULARS OF BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session	Date of convening	Meeting resolution(s)
The 23rd Meeting of the Seventh Session of the Board	30 January 2024	Considered and approved: the Proposal on the Provision for Impairment on Assets
The 24th Meeting of the Seventh Session of the Board	28 March 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Work Report of the Board for the Year of 2023</li> <li>2 Work Report of the General Manager for the Year of 2023</li> <li>3 Duty Report of Independent Directors for the Year of 2023</li> <li>4 Annual Report for the Year of 2023 (A Shares)</li> <li>5 Annual Report for the Year of 2023 (H Shares) and the Results Announcement for the Year Ended 31 December 2023</li> <li>6 Work Report of the Audit Committee under the Board for the Year of 2023</li> <li>7 Work Report of the Risk Control Committee under the Board for the Year of 2023</li> <li>8 Work Report of the Development and Strategy Committee under the Board for the Year of 2023</li> <li>9 Work Report of the Remuneration and Nomination Committee under the Board for the Year of 2023</li> <li>10 2023 Social Responsibility Report and ESG (Environment, Social and Governance) Report</li> <li>11 2023 Compliance Report</li> <li>12 2023 Incurruptibility Management Report</li> <li>13 Evaluation Report on Effectiveness of Compliance Management for the Year of 2023</li> <li>14 2023 Risk Management Annual Report</li> <li>15 2023 Internal Control Assessment Report</li> <li>16 Audit Report for the Year of 2023</li> <li>17 Proposal on the Re-appointment of Auditing Firms for the Year of 2024</li> <li>18 2023 Annual Auditor Performance Assessment Report</li> <li>19 Profit Distribution Plan for the Year of 2023</li> <li>20 Final Financial Statements for the Year of 2023</li> <li>21 Financial Budget Report for the Year of 2024</li> <li>22 Special Work Report on Information Technology for the Year of 2023</li> <li>23 Evaluation and Remuneration of the Directors of the Company for the Year of 2023</li> <li>24 Proposal on Authorization to Convene the Annual General Meeting in 2023</li> <li>25 Proposal on the Authorization of the Establishment of a Branch of the Brokerage Business</li> <li>26 Proposal on Risk Preference and Tolerance for the Year of 2024</li> <li>27 Proposal on the Determination of the Business Scale and Affordable Risk Limits of Securities Proprietary Trading for the Year of 2024</li> <li>28 Proposal on the Determination of the Business Scale and Size of Investment by Funds at the Disposal of the Company and Affordable Risk Limits in Asset Management for the Year of 2024</li> <li>29 Proposal on the Determination of Business Scale of Margin Financing and Securities Lending, Stock Pledge, Agreed Repurchase, and Refinancing for the Year of 2024</li> <li>30 Proposal on the Provision of Guarantees or Counter-Guarantees for Central China International and its Subordinate Wholly-owned Subsidiaries and Authorizing Central China International to Provide Guarantees or Counter-Guarantees for its Subordinate Wholly-owned Subsidiaries</li> <li>31 Proposal on Targeted Capital Reduction for Participating Subsidiaries</li> </ol> <p>Report on Anti-money Laundering for the Year of 2023 was also heard after the meeting</p>
The 25th Meeting of the Seventh Session of the Board	26 April 2024	Considered and approved: the 2024 First Quarterly Report

## SECTION 4 CORPORATE GOVERNANCE REPORT

Session	Date of convening	Meeting resolution(s)
The 26th Meeting of the Seventh Session of the Board	17 June 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 The Management Measures for Performance Appraisal of Senior Management (Trial)</li> <li>2 The Management Measures for Remuneration of Senior Management (Trial)</li> <li>3 2023 Senior Management Appraisal Plan</li> <li>4 Proposal on the Adjustment of the Organizational Structure of the Headquarter</li> <li>5 Proposal on the Appointment of the Deputy General Manager</li> <li>6 Proposal on the Appointment of the Chief Financial Officer and Member of the Executive Committee</li> </ol>
The 27th Meeting of the Seventh Session of the Board	19 July 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Proposal on the Change of Audit Firm for Reviewing Interim Report 2024</li> <li>2 Proposal on the Amendment to the Integrity Management Measures of Central China Securities Co., Ltd.</li> <li>3 Proposal on Authorization to Convene the First Extraordinary General Meeting in 2024</li> </ol> <p>2023 Audit Report for Anti-money Laundering Work was also heard in the meeting</p>
The 28th Meeting of the Seventh Session of the Board	30 August 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Half Year Report 2024</li> <li>2 2024 Interim Profit Distribution Plan</li> <li>3 Proposal on the Provision for Impairment on Assets</li> <li>4 Proposal on the Appointment of the Senior Management</li> <li>5 Proposal on Designating the Chief Financial Officer to Act as the Secretary to the Board</li> </ol>
The 29th Meeting of the Seventh Session of the Board	30 September 2024	<p>Considered and approved: The Management Measures for Total Salary (Trial)</p>
The 30th Meeting of the Seventh Session of the Board	30 October 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 2024 Third Quarterly Report</li> <li>2 Proposal on the Appointment of the Secretary to the Board</li> <li>3 Proposal on the Optimisation of the Organisational Structure of the Headquarter Back Office</li> <li>4 Proposal on Central China Blue Ocean Waiving the Proportional Capital Increase Rights in Henan Asset Management</li> <li>5 Proposal on Central China Blue Ocean Waiving Preemptive Rights to the Equity Transfer of Henan Asset Management by Its Shareholders</li> </ol>
The 31st Meeting of the Seventh Session of the Board	2 December 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Proposal on the Amendment to the Articles of Association</li> <li>2 Proposal on the Change of 2024 Annual Audit Firm</li> <li>3 Proposal on the Change in Accounting Estimates of the Company</li> <li>4 Proposal on the Purchase of Liability Insurance for Directors, Supervisors, and Senior Management</li> <li>5 Proposal on the Selection of the Member of the Audit Committee under the Board of the Company</li> <li>6 Proposal on Authorization to Convene the Second Extraordinary General Meeting in 2024</li> </ol>

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Session	Date of convening	Meeting resolution(s)
The 32nd Meeting of the Seventh Session of the Board	23 December 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Proposal on the Adjustment to the 2024 Total Salary Budget Plan</li> <li>2 Proposal on the Remuneration of Mr. Lu Zhili for 2023</li> <li>3 Proposal on the Remuneration of Mr. Jian Mingjun for 2023</li> <li>4 Proposal on the Remuneration of the Senior Management of the Company for 2023</li> <li>5 Proposal on the Adjustment to Headquarter Departments</li> <li>6 Proposal on the Appointment of the Representative of Securities Affairs</li> <li>7 Proposal on the Signing of Framework Agreement on Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business and the Setting of Annual Transaction Caps</li> </ol>

### VI. PERFORMANCE OF DUTIES BY DIRECTORS

#### (I) Directors' attendance at Board meetings and general meetings

Director(s) Name	Whether or not an independent Director	Number of required attendances Board meetings	Attendance at Board meetings				Whether unable to attend in person for two consecutive meetings	Attendance at general meetings
			Number of attendance in person	Number of attendance through communication	Number of attendance by proxy	Number of absence		
Lu Zhili	No	10	10	9	0	0	No	3/3
Li Xingjia	No	10	10	9	0	0	No	3/3
Zhang Qiuyun	No	10	10	9	0	0	No	3/3
Tang Jin	No	10	10	9	0	0	No	3/3
Tian Shengchun	No	10	10	9	0	0	No	3/3
Chen Zhiyong	Yes	10	10	9	0	0	No	3/3
Tsang Sung	Yes	10	10	9	0	0	No	3/3
He Jun	Yes	10	10	9	0	0	No	3/3
Zhang Dongming (Resigned)	Yes	8	8	7	0	0	No	2/2
Number of Board meetings convened during the year								10
Among which: number of on-site meetings								0
Number of meetings held through communication								7
Number of meeting held by means of on-site combined with communication								3

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### VII. PARTICULARS OF DIRECTORS' TRAINING

Training is provided to Directors on an ongoing basis. The Company attaches great importance to the ongoing training of Directors, to ensure that the Directors form an appropriate understanding of the operation of the Company and its business and they understand their duties and responsibilities as directors as required by the CSRC, the SSE, the Hong Kong Stock Exchange and as stipulated in the Articles of Association and other relevant laws and regulatory requirements. During the Reporting Period, the Company's Directors attached great importance to updating professional knowledge and skills, to adapt to the needs of the development of the Company. In addition to participation in regular trainings held by regulatory organizations and self-regulatory organizations and completing required ongoing training, the office of the Board also prepared the Monthly Performance Report regularly and sent it to the Directors to enable them to understand the latest policies and regulations and industrial trends and enhance their knowledge and understanding of the culture and operation of the Company. In addition, the Company continuously improved the internal work procedures, established the multi-level information communication mechanism, and set up the information communication platform, in order to ensure the access to information for Directors to perform their duties and constantly improve their overall performance capability.

During the Reporting Period, details of the training for Directors are specified as follows:

1. Chairman Mr. Lu Zhili, Mr. Li Xingjia, Ms. Zhang Qiuyun, Mr. Tang Jin, Mr. Tian Shengchun, Ms. Zhang Dongming, Mr. Chen Zhiyong, Mr. Tsang Sung and Mr. He Jun participated in the special training on the reform of independent director system organised by Henan Bureau of the CSRC on in May 2024.
2. Chairman Mr. Lu Zhili, Mr. Li Xingjia, Ms. Zhang Qiuyun, Mr. Tang Jin, Mr. Tian Shengchun, Ms. Zhang Dongming, Mr. Chen Zhiyong, Mr. Tsang Sung and Mr. He Jun participated in the special training on the analysis of typical cases of violations and non-compliances by public companies organised by the China Association for Public Companies on 6 November 2024.
3. Chairman Mr. Lu Zhili, Mr. Li Xingjia, Ms. Zhang Qiuyun, Mr. Tang Jin, Mr. Tian Shengchun, Mr. Chen Zhiyong, Mr. Tsang Sung and Mr. He Jun studied the transitional arrangements for the implementation of the supporting regulatory frameworks under the newly amended Company Law and the revisions to corporate governance-related systems issued by the CSRC on 27 December 2024.

## SECTION 4 CORPORATE GOVERNANCE REPORT

### VIII. THE SPECIALISED COMMITTEES UNDER THE BOARD

#### 1. Members of the specialised committees under the Board as of the date of this report

Specialised committees	Name of members
Audit Committee	Chen Zhiyong, Tsang Sung, and Tian Shengchun
Development and Strategy Committee	Lu Zhili, Li Xingjia, Zhang Qiuyun, Tang Jin, and Tian Shengchun
Remuneration and Nomination Committee	Chen Zhiyong, Tsang Sung, and He Jun
Risk Control Committee	Lu Zhili and Chen Zhiyong

Note: The Company convened the 31st Meeting of the Seventh Session of the Board on 2 December 2024 and considered and approved the Proposal on the Selection of the Member of the Audit Committee under the Board of the Company. In the meeting, independent Director Mr. Chen Zhiyong was elected as a member and chairman member of the Audit Committee under the Board. His term of office will last from the date when this session of the Board adopts it to the date when the term of office of the seventh session of the Board expires.

The main duties of the Development and Strategy Committee are as follows: (I) studying the Company's medium and long-term development strategy plans and proposing suggestion; (II) studying the medium and long-term strategic goals and development plans for each business segment and management segment of the Company and proposing suggestion; (III) studying major investment and financing programs, capital operation and assets management projects which requires to be approved by the Board as stated in the Articles of Association and proposing suggestion; (IV) studying the Company's ESG-related plans, goals, systems and material matter, paying attention to ESG-related material risks, reviewing ESG-related reports and providing suggestions to the Board; (V) studying other important matters affecting the Company's development and to make recommendation; (VI) inspecting the implementation of the above matters; and (VII) other duties required by laws, administrative regulations, regulations of the CSRC, specified in the Articles of Association, and authorized by the Board.

The main duties of the Audit Committee are as follows: (I) supervising and evaluating the Company's internal auditing; (II) making recommendation to the appointment, re-appointment or replacement of the external accounting firm; examining and supervising the independence and objectiveness of the external accounting firm as well as the effectiveness of auditing process in accordance with the applicable standards; (III) giving opinions on the appointment or dismissal of the Company's financial officer; (IV) being responsible for the communication between internal and external auditing; (V) conducting auditing of the Company's financial information and relevant disclosure; (VI) overseeing the Company's financial reporting system, risk management and internal control systems; (VII) reviewing changes in accounting policies and accounting estimates or revision of major accounting errors due to reasons other than changes in accounting standards; (VIII) other duties required by laws, administrative regulations and the CSRC, specified in the Articles of Association, and authorized by the Board.

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The main duties of the Remuneration and Nomination Committee are as follows: (I) formulating and implementing an appraisal system that adapt to the changes in market environment, a remuneration policy with competitive advantages, and measures for rewarding, punishment, and incentive related to the operating performance in accordance with the characteristics of the finance and securities industry, and the main scope, duties, importance of the management positions of Directors and senior management, and the remuneration level of relevant positions from other relevant corporation; reviewing the appraisal system, remuneration policy and structure of Directors and senior management of the Company, and making recommendation to the Board; (II) making recommendation to the Board as to the establishment of proper and transparent formulation procedures of the remuneration policy; (III) making recommendation to the Board on the remuneration of individual Director and senior management. When studying the remuneration, the characteristics of the finance and securities industry, the remuneration of the peer companies, the time devoted by the Directors and senior management, their duties and personal performance, the remuneration of other positions within the Company shall also be considered; the above-mentioned remuneration includes non-monetary benefit, retirement allowance and compensation; (IV) supervising the implementation of the remuneration system for the Directors and senior management; (V) reviewing the performance of duties of the Directors and senior management of the Company, and conduct an annual appraisal on it. The appraisal results shall be treated as the basis of the proposed remuneration, rewards and punishment; (VI) reviewing the compensation arrangement in relation to the dismissal or removal of the Directors and senior management; ensuring such compensation is consistent with the terms of the agreements; ensuring the compensation be fair and reasonable should such compensation fail to be consistent; (VII) reviewing compensation arrangement in relation to dismissal or removal of the Directors due to misconduct; ensuring such arrangement is consistent with the terms of the agreements; ensuring the compensation be reasonable and proper should such compensation fail to be consistent; (VIII) ensuring the Directors or any his/her associates shall not participate in the formulation of their own remuneration. In accordance with Rule 13.68 of the Hong Kong Listing Rules, the Remuneration and Nomination Committee shall give opinion on the service contracts which shall be approved by the shareholders, the Committee shall notify the shareholders whether the relevant terms are fair and reasonable, and provide opinions on whether the relevant contracts are of the interest of the issuer and its shareholders as a whole, and advise shareholders on how to vote; (IX) reviewing and providing opinion on the election standards and procedures of Directors and senior management, seek for qualified candidates for the positions of Director and senior management; reviewing and making recommendation on the qualification of the candidate of Directors and senior management, and insisting on the implementation of the organic unification of the principle of administration of cadres by the CPC and the selection and recruitment in a market-oriented manner; (X) examining the structure, number and composition (including but not limited to gender, age, culture, ethical, educational background, professional experience, skills and knowledge) of the Board at least annually; and proposing any change to the Board; supervising the implementation of the Board diversity policy, ensuring it is implemented effectively, and making relevant disclosure in Corporate Governance Report in the annual report every year; (XI) giving suggestion to the Board on appointment or reappointment and succession plan of the Directors and senior management; (XII) examining the independence of the independent non-executive Directors; (XIII) reviewing and approving matters related to share schemes referred to under Chapter 17 of the Hong Kong Listing Rules, (including the scheme on granting share options to incentive participants by the listed issuers or its main subsidiaries, the scheme on granting shares to incentive participants by the listed issuers or its main subsidiaries), and making recommendation to the Board; (XIV) other duties required by laws, administrative regulations, regulations of the CSRC, specified in the Articles of Association, and authorized by the Board.

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The main duties of the Risk Control Committee are as follows: (I) reviewing and opining on the overall objectives and basic policies of compliance management and risk management; (II) reviewing and opining on the establishment of specific departments and duties of compliance management and risk management; (III) reviewing and opining on the basic comprehensive risk management system that requires approval from the Board; (IV) reviewing and opining on the risk preferences, risk tolerance and material risk limitations that require approval from the Board; (V) evaluating and opining on the risk of major decisions that require review of the Board and solutions to eliminate such major risk; (VI) reviewing and opining on compliance reports and risk evaluation reports that require review of the Board; (VII) reviewing and supervising Directors and management's professional training; (VIII) reviewing and supervising whether the Company's policies are in compliance with laws and supervisory regulations, and their implementation; (IX) formulating, reviewing and supervising professional code of conduct and compliance manual (if any) of employees and Directors; (X) reviewing the Company's compliance with the Corporate Governance Codes (Appendix C1 of the Hong Kong Listing Rules) and relevant disclosure in the Corporate Governance Report; (XI) other duties required by laws, administrative regulations, regulations of the CSRC, specified in the Articles of Association, and authorized by the Board.

### 2. During the Reporting Period, the Development and Strategy Committee held 5 meetings

Date of convening	Meeting agenda	Important opinions and suggestions	Other performance of duties
28 March 2024	2024 First Meeting of the Development and Strategy Committee	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Work Report of the Board for the Year of 2023</li> <li>2 Work Report of the General Manager for the Year of 2023</li> <li>3 Work Report of the Development and Strategy Committee under the Board for the Year of 2023</li> <li>4 2023 Social Responsibility Report and ESG (Environment, Social and Governance) Report</li> <li>5 Special Work Report on Information Technology for the Year of 2023</li> <li>6 Proposal on the Authorization of the Establishment of a Branch of the Brokerage Business</li> <li>7 Proposal on the Determination of the Business Scale and Affordable Risk Limits of Securities Proprietary Trading for the Year of 2024</li> <li>8 Proposal on the Determination of the Business Scale and Size of Investment by Funds at the Disposal of the Company and Affordable Risk Limits in Asset Management for the Year of 2024</li> <li>9 Proposal on the Determination of Business Scale of Margin Financing and Securities Lending, Stock Pledge, Agreed Repurchase, and Refinancing for the Year of 2024</li> <li>10 Proposal on the Provision of Guarantees or Counter-Guarantees for Central China International and its Subordinate Wholly-owned Subsidiaries and Authorizing Central China International to Provide Guarantees or Counter-Guarantees for its Subordinate Wholly-owned Subsidiaries</li> <li>11 Proposal on Targeted Capital Reduction for Participating Subsidiaries</li> </ol>	The Development and Strategy Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.

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Date of convening	Meeting agenda	Important opinions and suggestions	Other performance of duties
17 June 2024	2024 Second Meeting of the Development and Strategy Committee	Considered and approved: Proposal on the Adjustment of the Organizational Structure of the Headquarter	The Development and Strategy Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
30 October 2024	2024 Third Meeting of the Development and Strategy Committee	Considered and approved the following proposals: 1 Proposal on the Optimisation of the Organisational Structure of the Headquarter Back Office 2 Proposal on Central China Blue Ocean Waiving the Proportional Capital Increase Rights in Henan Asset Management 3 Proposal on Central China Blue Ocean Waiving Preemptive Rights to the Equity Transfer of Henan Asset Management by Its Shareholders	The Development Strategy Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
2 December 2024	2024 Fourth Meeting of the Development and Strategy Committee	Considered and approved: Proposal on the Amendment to the Articles of Association	The Development and Strategy Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
23 December 2024	2024 Fifth Meeting of the Development and Strategy Committee	Considered and approved: Proposal on the Adjustment to Headquarter Departments	The Development and Strategy Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.

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The following table sets forth the details of the attendance of the members of the Development and Strategy Committee at the meetings of the Development and Strategy Committee during the Reporting Period.

Director(s)	Number of Attendance/ Number of Required Attendance	Remarks
Lu Zhili (Executive Director, Chairperson)	5/5	
Li Xingjia (Non-executive Director)	5/5	
Zhang Qiuyun (Non-executive Director)	5/5	
Tang Jin (Non-executive Director)	5/5	
Tian Shengchun (Non-executive Director)	5/5	

### 3. During the Reporting Period, the Risk Control Committee held 1 meeting

Date of convening	Meeting agenda	Important opinions and suggestions	Other performance of duties
28 March 2024	2024 First Meeting of the Risk Control Committee	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Work Report of the Risk Control Committee under the Board for the Year of 2023</li> <li>2 2023 Compliance Report</li> <li>3 2023 Risk Management Annual Report</li> <li>4 2023 Internal Control Assessment Report</li> <li>5 Proposal on Risk Preference and Tolerance for the Year of 2024</li> <li>6 Proposal on the Determination of the Business Scale and Affordable Risk Limits of Securities Proprietary Trading for the Year of 2024</li> <li>7 Proposal on the Determination of the Business Scale and Size of Investment by Funds at the Disposal of the Company and Affordable Risk Limits in Asset Management for the Year of 2024</li> <li>8 Proposal on the Determination of Business Scale of Margin Financing and Securities Lending, Stock Pledge, Agreed Repurchase, and Refinancing for the Year of 2024</li> </ol>	The Risk Control Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.

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The following table sets forth the details of the attendance of the members of the Risk Control Committee at the meetings of the Risk Control Committee during the Reporting Period.

Director(s)	Number of Attendance/ Number of Required Attendance	Remarks
Lu Zhili (Executive Director, Chairperson)	1/1	
Chen Zhiyong (Independent Non-executive Director)	1/1	

### 4. During the Reporting Period, the Audit Committee held 9 meetings

Date of convening	Meeting agenda	Important opinions and suggestions	Other performance of duties
30 January 2024	2024 First Meeting of the Audit Committee	Considered and approved: Proposal on the Provision for Impairment on Assets	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
28 March 2024	2024 Second Meeting of the Audit Committee	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Annual Report for the Year of 2023 (A Shares)</li> <li>2 Annual Report for the Year of 2023 (H Shares) and the Results Announcement for the Year Ended 31 December 2023</li> <li>3 Work Report of the Audit Committee under the Board for the Year of 2023</li> <li>4 2023 Internal Control Assessment Report</li> <li>5 Audit Report for the Year of 2023</li> <li>6 Proposal on the Re-appointment of Auditing Firms for the Year of 2024</li> <li>7 2023 Annual Auditor Performance Assessment Report</li> <li>8 Profit Distribution Plan for the Year of 2023</li> <li>9 Final Financial Report for the Year of 2023</li> <li>10 Financial Budget Report for the Year of 2024</li> <li>11 Proposal on the Provision of Guarantees or Counter-Guarantees for Central China International and its Subordinate Wholly-owned Subsidiaries and Authorizing Central China International to Provide Guarantees or Counter-Guarantees for its Subordinate Wholly-owned Subsidiaries</li> <li>12 Proposal on Targeted Capital Reduction for Participating Subsidiaries</li> </ol>	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.

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Date of convening	Meeting agenda	Important opinions and suggestions	Other performance of duties
26 April 2024	2024 Third Meeting of the Audit Committee	Considered and approved: 2024 First Quarterly Report	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
17 June 2024	2024 Fourth Meeting of the Audit Committee	Considered and approved: Proposal on the Appointment of the Chief Financial Officer and Member of the Executive Committee	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
19 July 2024	2024 Fifth Meeting of the Audit Committee	Considered and approved: Proposal on the Change of Audit Firm for Reviewing Interim Report 2024	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
26 August 2024	2024 Sixth Meeting of the Audit Committee	Considered and approved the follow proposals: 1 Half Year Report 2024 2 2024 Interim Profit Distribution Plan 3 Proposal on the Provision for Impairment on Assets	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
30 October 2024	2024 Seventh Meeting of the Audit Committee	Considered and approved the follow proposals: 1 2024 Third Quarterly Report 2 Proposal on Central China Blue Ocean Waiving the Proportional Capital Increase Rights in Henan Asset Management 3 Proposal on Central China Blue Ocean Waiving Preemptive Rights to the Equity Transfer of Henan Asset Management by Its Shareholders	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.

## SECTION 4 CORPORATE GOVERNANCE REPORT

Date of convening	Meeting agenda	Important opinions and suggestions	Other performance of duties
2 December 2024	2024 Eighth Meeting of the Audit Committee	<p>Considered and approved the follow proposals:</p> <ol style="list-style-type: none"> <li>1 Proposal on the Change of 2024 Annual Audit Firm</li> <li>2 Proposal on the Change in Accounting Estimates of the Company</li> <li>3 Proposal on the Selection of the Member of the Audit Committee under the Board of the Company</li> </ol>	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
23 December 2024	2024 Ninth Meeting of the Audit Committee	<p>Considered and approved the follow proposals:</p> <ol style="list-style-type: none"> <li>1 Proposal on the Adjustment to the 2024 Total Salary Budget Plan</li> <li>2 Proposal on the Signing of Framework Agreement on Related Party Continuing Connected Transactions Contemplated in the Ordinary Course of Business and the Setting of Annual Transaction Caps</li> </ol>	The Audit Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.

The following table sets forth the details of the attendance of the members of the Audit Committee at the meetings of the Audit Committee during the Reporting Period.

Director(s)	Number of Attendance/ Number of Required Attendance	Remarks
Chen Zhiyong (Independent Non-executive Director, Chairperson)	2/2	
Tsang Sung (Independent Non-executive Director)	9/9	
Tian Shengchun (Independent Non-executive Director)	9/9	
Zhang Dongming (Former Non-executive Director, Former Chairperson)	7/7	resigned on 2 December 2024

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### 5. During the Reporting Period, the Remuneration and Nomination Committee held 7 meetings

During the Reporting Period, the Remuneration and Nomination Committee implemented the following Director Nomination Policy of the Company: The Remuneration and Nomination Committee reviewed the candidates for Directors and senior management in accordance with the relevant standards of the Articles of Association and the Board diversity policy, and reported to the Board. Please refer to the section headed "Board diversity policy" below for the diversity policy. In addition, shareholders holding more than 3% (including 3%) of the Company's shares may nominate directors.

Date of convening	Meeting agenda	Important opinions and suggestions	Other performance of duties
28 March 2024	2024 First Meeting of the Remuneration and Nomination Committee	Considered and approved the following proposals: 1 Work Report of the Remuneration and Nomination Committee under the Board for the Year of 2023 2 Evaluation and Remuneration of the Directors of the Company for the Year of 2023	The Remuneration and Nomination Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
17 June 2024	2024 Second Meeting of the Remuneration and Nomination Committee	Considered and approved the following proposals: 1 The Management Rules for Performance Appraisal of Senior Management (Trial) 2 The Management Rules for Remuneration of Senior Management (Trial) 3 2023 Senior Management Appraisal Plan 4 Proposal on the Appointment of the Deputy General Manager 5 Proposal on the Appointment of the Chief Financial Officer and Member of the Executive Committee	The Remuneration and Nomination Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
30 August 2024	2024 Third Meeting of the Remuneration and Nomination Committee	Considered and approved the following proposals: 1 Proposal on the Appointment of the Senior Management 2 Proposal on Designating the Chief Financial Officer to Act as the Secretary to the Board	The Remuneration and Nomination Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
30 September 2024	2024 Forth Meeting of the Remuneration and Nomination Committee	Considered and approved: The Management Rules for Total Salary (Trial)	The Remuneration and Nomination Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.

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Date of convening	Meeting agenda	Important opinions and suggestions	Other performance of duties
30 October 2024	2024 Fifth Meeting of the Remuneration and Nomination Committee	Considered and approved: Proposal on the Appointment of the Secretary to the Board	The Remuneration and Nomination Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
2 December 2024	2024 Sixth Meeting of the Remuneration and Nomination Committee	Considered and approved the following proposals: 1 Proposal on the Purchase of Liability Insurance for Directors, Supervisors, and Senior Management 2 Proposal on the Selection of the Member of the Audit Committee under the Board of the Company	The Remuneration and Nomination Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.
23 December 2024	2024 Seventh Meeting of the Remuneration and Nomination Committee	Considered and approved the following proposals: 1 Proposal on the Adjustment to the 2024 Total Salary Budget Plan 2 Proposal on the Remuneration of Mr. Lu Zhili for 2023 3 Proposal on the Remuneration of Mr. Jian Mingjun for 2023 4 Proposal on the Remuneration of the Senior Management of the Company for 2023 5 Proposal on the Appointment of the Representative of Securities Affairs	The Remuneration and Nomination Committee acted diligently in strict accordance with the Company Law, the regulatory rules of the CSRC and the Articles of Association and the Rules of Procedures for Board Meetings, and unanimously approved the above proposal after thorough communication and discussion.

The following table sets forth the details of the attendance of the members of the Remuneration and Nomination Committee at the meetings of the Remuneration and Nomination Committee during the Reporting Period.

Director(s)	Number of Attendance/ Number of Required Attendance	Remarks
Chen Zhiyong (Independent Non-executive Director, Chairperson)	7/7	
Tsang Sung (Independent Non-executive Director)	7/7	
He Jun (Independent Non-executive Director)	7/7	

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### IX. PERFORMANCE OF DUTIES BY SUPERVISORS

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

Supervisor(s) Name	Whether or not an independent Supervisor	Number of required attendances at meetings of the Supervisory Committee during the year	Attendance at meetings of the Supervisory Committee				Whether unable to attend in person for two consecutive meetings	Attendance at general meetings
			Number of attendance in person	Number of attendance through communication	Number of attendance by proxy	Number of absence		
Zhu Junhong	No	6	6	5	0	0	No	2/2
Wei Zhihao	No	9	9	8	0	0	No	3/3
Li Zhifeng	No	9	9	8	0	0	No	3/3
Zhang Bo	No	9	9	8	0	0	No	3/3
Xiang Siying	Yes	9	9	7	0	0	No	3/3
Xia Xiaoning	Yes	9	9	8	0	0	No	3/3
Ba Guanhua	No	9	9	7	0	0	No	3/3
Xu Changyu	No	9	9	7	0	0	No	3/3
Xiao Yichen	No	9	9	7	0	0	No	3/3

Number of meetings of the Supervisory Committee held during the year

9

Among which: number of on-site meetings

0

Number of meetings held through communication

5

Number of meeting held by means of on-site combined with communication

4

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### (II) Particulars of meetings of the Supervisory Committee

Session	Date of convening	Meeting resolution
The 15th Meeting of the Seventh Session of the Supervisory Committee	30 January 2024	Considered and approved the Proposal on the Provision for Impairment on Assets
The 16th Meeting of the Seventh Session of the Supervisory Committee	28 March 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Work Report of the Supervisory Committee for the Year of 2023</li> <li>2 Work Report of the Financial Supervision Committee under the Supervisory Committee for the Year of 2023</li> <li>3 Work Report of the Performance Supervision and Evaluation Committee under the Supervisory Committee for the Year of 2023</li> <li>4 Evaluations and Remuneration of the Supervisors for the Year of 2023</li> <li>5 Proposal on the Election of the Supervisor Candidates for the Seventh Session of the Supervisory Committee</li> <li>6 Annual Report for the Year of 2023 (A Shares)</li> <li>7 Annual Report for the Year of 2023 (H Shares) and the Results Announcement for the Year Ended 31 December 2023</li> <li>8 2023 Social Responsibility Report and ESG (Environment, Social and Governance) Report</li> <li>9 2023 Compliance Report</li> <li>10 Report on the Integrity Management for the Year of 2023</li> <li>11 Evaluation Report on Effectiveness of Compliance Management for the Year of 2023</li> <li>12 2023 Internal Control Assessment Report</li> <li>13 Profit Distribution Plan for the Year of 2023</li> <li>14 Final Financial Report for the Year of 2023</li> <li>15 Financial Budget Report for the Year of 2024</li> </ol> <p>Proposals heard at the meeting:</p> <ol style="list-style-type: none"> <li>1 2023 Annual Auditor Performance Assessment Report</li> <li>2 Proposal on the Re-appointment of Auditing Firms for the Year of 2024</li> <li>3 Audit Report for the Year of 2023</li> <li>4 2023 Risk Management Annual Report</li> <li>5 Report on Anti-money Laundering Work for the Year of 2023</li> <li>6 Special Work Report on Information Technology for the Year of 2023</li> </ol>
The 17th Meeting of the Seventh Session of the Supervisory Committee	26 April 2024	Considered and approved the 2024 First Quarterly Report
The 18th Meeting of the Seventh Session of the Supervisory Committee	20 June 2024	Considered and approved the Proposal on the Election of the Chairman of the Supervisory Committee of the Company
The 19th Meeting of the Seventh Session of the Supervisory Committee	19 July 2024	<p>Considered and approved the Proposal on the Change of Audit Firm for Reviewing Interim Report 2024</p> <p>2023 Audit Report for Anti-money Laundering Work was heard in the meeting</p>
The 20th Meeting of the Seventh Session of the Supervisory Committee	30 August 2024	<p>Considered and approved the following proposals:</p> <ol style="list-style-type: none"> <li>1 Half Year Report 2024</li> <li>2 2024 Interim Profit Distribution Plan</li> <li>3 Proposal on the Provision for Impairment on Assets</li> </ol>

## SECTION 4 CORPORATE GOVERNANCE REPORT

Session	Date of convening	Meeting resolution
The 21st Meeting of the Seventh Session of the Supervisory Committee	30 October 2024	Considered and approved the 2024 Third Quarterly Report
The 22nd Meeting of the Seventh Session of the Supervisory Committee	2 December 2024	Considered and approved the following proposals: 1 Proposal on the Change in Accounting Estimates of the Company 2 Proposal on the Change of 2024 Annual Audit Firm 3 Proposal on the Amendments to the Measures for the Supervisory Committee to Evaluate the Performance of the Duties of Directors, Supervisors and Senior Executives
The 23rd Meeting of the Seventh Session of the Supervisory Committee	23 December 2024	Considered and approved the Proposal on the Remuneration of Mr. Lu Zhili for 2023

### X. EMPLOYEES OF THE PARENT COMPANY AND ITS MAJOR SUBSIDIARIES AS AT THE END OF THE REPORTING PERIOD

#### (I) Employees

Number of in-service employees of the parent company	2,236
Number of in-service employees of the major subsidiaries	307
Total number of in-service employees	2,543
Number of retired employees whose expenses are borne by the parent company and the major subsidiaries	0

#### Composition of professions

Type of professions	Number of staff
Brokerage personnel	1,664
Investing banking personnel	219
Asset management personnel	44
Securities investment personnel	90
Researcher	39
International business personnel	26
Legal compliance, risk control and audit personnel	84
IT personnel	93
Finance personnel	62
Administration and management personnel	159
Others	63
Total	2,543

## SECTION 4 CORPORATE GOVERNANCE REPORT

Type of education level	Education level	Number of persons
Doctoral degree		13
Master's degree		644
Bachelor's degree		1,782
Associate's degree and below		104
Total		2,543

As at the end of the Reporting Period, the Company and its subsidiaries had a total of 2,543 employees (including senior management), including 1,423 male employees and 1,120 female employees (accounting for 44.04%). The Company is committed to creating a diverse and inclusive working environment to attract and retain the best talents and to promote business growth. The Company recruits employees in accordance with the principle of equality between men and women, and provides equal training and development opportunities to protect the rights and interests of female employees.

### (II) Remuneration policies

The remuneration of the Company's employees is composed of basic salaries, allowances, performance bonuses and welfare. Basic salary is a relatively fixed part of remuneration and is the basic income of employees. As a supplement to basic salary, allowance includes allowance for special posts and allowance for professional and technical personnel. Performance bonus is withdrawn from annual profits and distributed according to the results of performance evaluation in favor of the front-line employees with outstanding performance.

The Company provided employees with statutory welfare such as social insurance and housing provident fund according to relevant state provisions. Moreover, to improve the level of welfare and security of employees, it offered employees enterprise annuity plans.

### (III) Training plans

The Company effectively enhanced the professional ability of cadres and employees, continuously enhanced the professional competence of cadres and employees, and continued to strengthen the sense of responsibility of cadres and employees to further strengthen the construction of cadres' and talents' team. Under the pattern of adhering to the party's management of talent, the Company comprehensively implemented the new concepts, new strategies and new initiatives of talent work in the new era, firmly established the concept that talent is the first resource, built a solid classification and layered training system, and continued to coordinate and promote the various types of talent team training plans. The Company actively took effective measures to seize the opportunity and respond to the challenges, treated talents from a strategic perspective, and made efforts to support the talent work based on a new starting point. For management personnel, the Company carried out training to improve their cognition of the development of the securities industry, management theory and skills, strategic thinking ability, and business management capabilities; and for employees of each business line and department, the Company carried out trainings to strengthen their business knowledge, improve their capabilities regarding product development, marketing skills and services.

## SECTION 4 CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company provided employee training at all levels, diversified business and compliance training and innovative training programs by means of face-to-face teaching or mobile online training, in order to enhance their professional skills and quality and facilitate the strategic development of the Company. The Company organised internal trainings for new employees, staff professional ethics, reputation risk, and middle management ability improvement, etc.; participated in the trainings organised by the CSRC, the Securities Association of China, the Organization Department of Henan Provincial Party Committee, the Department of Finance of Henan Province, the SASAC of Henan province, the stock exchanges, etc.; and organised follow-up vocational training for more than 2,500 securities practitioners and 1,800 fund practitioners. The Company organised and implemented a series of training programs, built a platform for further study to enhance the comprehensive quality and business skills of employees, and insisted on creating a good environment in which talents are recognized, loved and respected. In 2025, the Company will, aligning with industry trends and its development needs, step up efforts in the training of cadres and employees in both intensity and scope, putting practicality, scientific nature and relevance at its very core. Furthermore, we will continue to reward employees with qualifications like CIIA, CFA and FRM, ensuring policy continuity.

### (IV) Labour outsourcing

Total working hours on labor outsourcing: 447.9 thousand hours

Total payment for labor outsourcing: RMB7.8638 million

## XI. PROPOSAL FOR PROFIT DISTRIBUTION OR CAPITALISATION ISSUE

According to the Articles of Association, the Company may distribute dividends in cash or in shares. The profit distribution of the Company shall focus on providing reasonable investment returns to investors, and the profit distribution policy shall maintain continuity and stability. The Company shall listen to and consider the opinions of the shareholders (especially the minority shareholders) and the independent directors, and give priority to cash dividends. If there is no important investment plan, significant cash expenditure or other events that prevent the dividend distribution as specified in the relevant laws, regulations and normative documents, the profit distributed in cash dividend each year shall be not less than 20% of the profit available for distribution in that year.

The Board of Directors will propose the annual or interim profit distribution scheme after carefully researching and verifying the cash dividend timing, condition and low limit, adjustment conditions and decision-making procedure requirements and other relevant issues based on the specific operation data, profitability, cash flow status, development stage and current capital demand of the Company, as well as the opinions of the shareholders (especially the minority shareholders) and the independent directors. The independent directors shall clearly express their opinions.

As audited by ShineWing Certified Public Accountants (Special General Partnership), as of 31 December 2024, the distributable profit for the parent company amounted to RMB641,196,938.16 and the consolidated distributable profit amounted to RMB358,503,723.78. The profit distribution plan is as follows:

1. The Company proposes distributing a cash dividend of RMB0.17 (tax inclusive) for every 10 shares to all shareholders (including A share and H share shareholders). As of 31 December 2024, the total share capital of the Company was 4,642,884,700 shares, based on which a total cash dividend of RMB78,929,039.90 (tax inclusive) was proposed to be distributed, plus the distributed cash dividend of RMB27,857,308.20 (tax inclusive) in the first half of the year, the total proposed distribution of cash dividends for the year 2024 amounted to RMB106,786,348.10 (tax inclusive), representing 43.44 % of the net profit attributable to owners of the parent company in 2024 and 51.12% of the consolidated distributable profits in 2024.

## SECTION 4 CORPORATE GOVERNANCE REPORT

2. In the event of a change in the total share capital of the Company after the date of the Board meeting approving the 2024 profit distribution plan and before the record date for payment of the cash dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly.
3. In 2024, no capital reserves will be converted into share capital and no bonus shares will be distributed by the Company. The proposed profit distribution plan is subject to the consideration of the general meeting of the Company. Subject to the consideration and approval of the profit distribution plan by the general meeting, the Company expects to complete the profit distribution by 29 August 2025.

### Specific description on the cash dividend policy of the Company

Whether the policy is in compliance with the provisions of the Articles of Association or requirements of the resolutions of the general meeting	√Yes	<input type="checkbox"/> No
Whether the criteria and rate of the dividend are explicit and clear	√Yes	<input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanism are adequate and complete	√Yes	<input type="checkbox"/> No
Whether the independent Directors have performed their duties and made due contributions	√Yes	<input type="checkbox"/> No
Whether the opinions and requests of the minority shareholders can be properly expressed and their legal rights and interests are fully protected	√Yes	<input type="checkbox"/> No

### Proposal for profit distribution and conversion of capital reserve into share capital during the Reporting Period

Unit: Yuan    Currency: RMB

Number of bonus shares for every 10 shares (share)	0
Amount of cash dividend for every 10 shares (RMB) (tax inclusive)	0.23
Number of shares converted for every 10 shares (share)	0
Amount of cash dividend (tax inclusive)	106,786,348.10
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement	245,847,400.51
Cash dividend as a percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	43.44
Amount of repurchased shares under cash included in cash dividend	0.00
Total amount of the dividend (tax inclusive)	106,786,348.10
Percentage of the total dividend amount of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	43.44

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### Cash dividends over the latest three accounting years

Unit: Yuan    Currency: RMB

Accumulated amount of cash dividends over the latest three accounting years (tax inclusive) (1)	204,286,926.80
Accumulated repurchase and cancellation amount over the latest three accounting years (2)	0.00
Accumulated cash dividend, repurchase and cancellation amount over the latest three accounting years (3)=(1)+(2)	204,286,926.80
Amount of average net profit over the latest three accounting years (4)	188,008,979.98
Percentage of cash dividend over the latest three accounting years (%) (5)=(3)/(4)	108.66
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the latest accounting year	245,847,400.51
Annual retained earnings at the end of the year in the financial statement of parent company over the latest accounting year	641,196,938.16

### XII. THE APPRAISAL MECHANISM FOR SENIOR MANAGEMENT PERSONNEL, AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISMS DURING THE REPORTING PERIOD

The remuneration of the senior management of the Company is composed of basic annual salary and performance annual salary. The basic annual salary is determined by the Board in accordance with job responsibilities, industry salary level, the Company's state of operation, and the positioning of the talent competition strategy. The performance annual salary is determined in accordance with the incentive and restraint mechanism adopted by the Board, as well as the Company's operating conditions and individual assessment results.

### XIII. ESTABLISHMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Since its establishment, the Company has been attaching great importance to the development of internal rules and regulations and management system. From the level of corporate governance, it has strengthened the system control from top to bottom for various businesses and management work. Based on relevant laws and regulations and according to the actual situation, the Company has comprehensively considered its internal environment, risk assessment, control activities, Information and communication, internal supervision, and other factors to develop a more comprehensive internal control system, and kept supplementing, revising, and improving the internal control system according to requirements in respect of industry regulation, business development, and risk management strengthening. Such internal control system has basically covered the operational management of the Company in different aspects and business segments at all levels, which has been implemented effectively.

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The Board reviewed the Company's Internal Control Assessment Report and Audit Report on Internal Control, and audited and reviewed the Company's risk management and internal control system annually. In 2024, the Company's overall risks were generally controllable, and the various core risk-control indicators continued to satisfy the regulatory requirements. The Company has maintained effective and adequate internal control over financial reporting in all material aspects in accordance with the requirements of the standardized system of corporate internal control and relevant regulations, and the Company did not identify any significant deficiencies in internal control over non-financial reports. The Board is responsible for the Company's system of risk management and internal control, provided that the Company's risk management and internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurances that there will be no material misrepresentations or losses.

The Company always places the development of internal control throughout the operation and development of the Company, so as to ensure sustainable, sound and stable growth of the Company by continuously improving the system and strengthening the implementation thereof with effective supervision and inspection.

### XIV. MANAGEMENT AND CONTROL OVER THE SUBSIDIARIES DURING THE REPORTING PERIOD

As of the end of the Reporting Period, the Company had a total of 12 holding subsidiaries, including 5 primary holding subsidiaries and 7 secondary holding subsidiaries. The Company implements the Group-based management and control mode over its subsidiaries. First, the Company strictly complied with the Company Law, Securities Law and other relevant laws and regulations and rules and exercised the rights of shareholders such as asset income and participation in major decisions by participating in the formulation of the Articles of Association, participating in the meetings of the board of directors, supervisory committee and the shareholders' general meetings of subsidiaries, recommending directors, supervisors and senior management to the subsidiaries, improving the corporate governance and strengthening the performance of the board, supervisory committee and the shareholders' general meeting. Second, the Company, adhering to the principle of strategic leadership and integrated development, promoted subsidiaries' active integration into the Company's overall development in line with its strategic direction. Third, the Company held fast to the principle of holistic management and control led by the headquarter. Functional departments at the headquarter, including finance, human resources, compliance, risk control, information technology, and legal affairs, improved group-based management and control mechanisms and systems for subsidiaries. Fourth, the Company stayed committed to the principle of comprehensive and penetration compliance, risk control, and internal management. This achieved full-coverage and penetration of all aspects and stages of subsidiaries' operations, better controlling their business risks.

### XV. DESCRIPTION OF AUDIT REPORT ON INTERNAL CONTROL

The Company has engaged ShineWing Certified Public Accountants (Special General Partnership) as the auditors for internal control. ShineWing Certified Public Accountants (Special General Partnership) has issued a standard unqualified opinion on the Audit Report on Internal Control of Central China Securities Co., Ltd. for the Year 2024.

For details of the Audit Report on Internal Control, please see the Audit Report on Internal Control of Central China Securities Co., Ltd. for the Year 2024 disclosed by the Company on the website of the SSE on the same date of this report.

# SECTION 4 CORPORATE GOVERNANCE REPORT

## XVI. OTHERS

### 1. New establishment and disposal of securities branches, branch offices and subsidiaries of the Company and impact on results during the Reporting Period

#### (1) Establishment of and changes in branch offices and securities branches

During the Reporting Period, the Company completed the cancellation of 1 securities branch office at home and the relocation of 3 securities branch offices within the same city; the Company completed the cancellation of 3 securities branches at home and the relocation of the 4 securities branches within the same city.

#### (2) Establishment and changes of branch offices

##### Central China Blue Ocean:

On 21 January 2025, the registered capital of Central China Blue Ocean was changed to RMB2.526 billion. As of the disclosure date of this report, Central China Blue Ocean has completed the procedures of industrial and commercial change registration.

##### Zhongding Kaiyuan:

On 9 August 2024, the Company issued the Decision of Shareholders of Zhongding Kaiyuan Venture Capital Management Co., Ltd., agreeing to change the registered address and business scope of Zhongding Kaiyuan. The registered address of Zhongding Kaiyuan was changed from Fengtai District, Beijing to Luohe city, Henan province; the business scope was changed to: "private equity investment fund management, venture capital fund management service." As of the end of the Reporting Period, Zhongding Kaiyuan has completed the procedures of industrial and commercial change registration.

##### Central China International:

In 2024, Central China International has deregistered its subsidiaries of Central China International Holdings Co., Ltd. and Central China International Futures Company Limited.

### 2. Securities brokers

Pursuant to the Regulations on the Supervision and Administration of Securities Companies, the Company established a complete management system for securities brokers, covering qualification management of securities brokers, agency contract management, pre-job training and follow-up vocational training, certificate management and information inquiry, code of practice, risk control, performance evaluation and remuneration payment, and achieved the centralised and unified management of securities brokers. The securities branches were responsible for the daily management of securities brokers. During the Reporting Period, while maintaining effective operation of the basic management system of securities brokers, the Company kept on reinforcing the management of securities broker business of our branches, gained insight into the developing situation of securities broker team in each branch, and optimised relevant daily management procedure of securities brokers. As of the end of 2024, the number of securities brokers of the Company amounted to 140.

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### 3. Specific explanation on standardization of the account

Taking standardized management of customers' accounts as an important foundation, the Company focused on the normalization, standardization and systematism of account management and kept perfecting the long effective mechanism of standardized management of customers' accounts. In 2024, according to the requirements of relevant regulations of China Securities Depository and Clearing Corporation Limited and the Company, the Company effectively implemented various measures for standardized management of customers' accounts, conscientiously carried out work such as account information verification, 1 Password account specification, and continued to carry out basic work such as standardization of existing customer account information, completion of customer information, dormant account activation and rectification of nonconforming accounts so as to ensure that the account information is true, accurate, complete and valid.

During the Reporting Period, the Company activated 1,475 dormant cash accounts and 2,678 dormant securities accounts, recording 410,670 dormant cash accounts and 649,880 dormant securities accounts as of the end of the Period; the Company standardized 12 unqualified cash accounts and 12 unqualified securities accounts, recording 1,074 unqualified cash accounts and 1,134 unqualified securities accounts as of the end of the Period; as of the end of the Period, the Company had 2 cash accounts and 4 securities accounts frozen by the court; and the Company had no risky disposal account. See the following table for details:

Type of account: RMB account

Type of account		2024	2023	YoY Increase/ Decrease
Dormant accounts	Cash accounts	410,670	412,145	-1,475
	Securities accounts	649,880	652,558	-2,678
Unqualified accounts	Cash accounts	1,074	1,086	-12
	Securities accounts	1,134	1,146	-12
Judicially frozen accounts	Cash accounts	2	8	-6
	Securities accounts	4	15	-11
Risky disposal accounts	Cash accounts	0	0	0
	Securities accounts	0	0	0

### 4. Business innovation

2024 was a pivotal year for "activating the capital market". The State Council issued the Several Opinions on Strengthening Risk Regulation and Prevention to Promote 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》), which came out as a milestone event in the capital markets of China.

During the Reporting Period, the Company stayed committed to high-quality development. To make it happen, the Company, prioritising retail customers and retail business, aligned itself with industry-leading securities firms and worked on Internet-based subsidiaries to enhance multi-channel collaboration and intensive digital operations. This is how the Company has driven the transformation toward intensive and standardized operational modes. The Company followed its digitalisation and platform-based drive. Specifically, the Company, in terms of multi-dimensions such as customer asset features, lifecycles, and behavioral patterns, offered customer digital journey. The Company has developed scenario-specific solutions and sought precision marketing for major customer bases. As a result, a refined operational ecosystem centered on client needs and driven by data has taken shape. At the same time, the Company has thoroughly implemented suitability management mechanisms to safeguard the lawful rights and interests of investors, and accelerated the digital transformation of its wealth management business, contributing to a growing brand influence of its wealth management services.

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During the Reporting Period, the Company was honored with the Best Channel Cooperation Award in the inaugural “Wealth Management-Huazun Award (華尊獎)” by the CLS (財聯社) in 2024. “Caishengbao (財升寶)” APP was awarded the 2024 “Junding Award (君鼎獎) for Digital Innovation Pioneer in China’s Securities Industry”, and the attraction and influence of the Company’s brand in wealth management moved to a higher level. The average number of monthly active users of “Caishengbao (財升寶)” APP are more than 1.2 million. Driven by the improving quality of new customers of the Company, its capacity for intensive digital services and brand influence in wealth management continued to rise. (Source: Qianfan. analysis.cn)

### 5. Construction of the Company’s risk management system

The Company’s overall risk management was positioned as a prudent risk preference strategy. It always upholds the risk management concept of matching capital, risk and return in order to take moderate risks, achieve an optimal balance of business scale, profitability and risk tolerance, and bring sustainable and stable profit returns to shareholders. The Company continuously improved the organizational structure of risk management, improved the risk management system, strengthened the construction of the risk management information technology system, optimised the risk control index system, and enhanced the risk response mechanism, etc., as follows:

#### Risk management framework

The risk management framework of the Company is structured into four levels, including: Board of Directors, Managers, Risk Management Department, departments, branches and subsidiaries.

The first level is the Board of Directors, which assumes the ultimate responsibility for comprehensive risk management. Its main responsibilities include: reviewing and approving the Company’s basic system, risk appetite, risk tolerance, and major risk limits of the Company’s comprehensive risk management; reviewing the Company’s regular risk assessment reports, etc. Managers are the second level, who bears the main responsibility for comprehensive risk management. Their main responsibilities include: formulating and adjusting the Company’s risk management system in a timely manner; establishing and improving the Company’s comprehensive risk management structure, clarifying the division of responsibilities of the comprehensive risk management functional departments, business departments and other departments in risk management, and establishing an effective check and balance and mutual coordination operation mechanism between departments; formulating specific implementation plans for risk appetite, risk tolerance and major risk limits to ensure their effective implementation; supervising it, analyzing the causes in a timely manner, and dealing with them in accordance with the authorization of the Board of Directors; regularly evaluating the Company’s overall risk and various important risk management status, solving problems in risk management and reporting to the Board of Directors; establishing a performance appraisal system covering the effectiveness of risk management; establishing a complete information technology system and data quality control mechanism, etc. The third level is the Risk Management Department. The Company has established functional departments such as the Risk Management Headquarters to perform risk management responsibilities for identifying, monitoring, assessing, and reporting different risks of the Company, and guiding and inspecting the risk management work of departments, branches, and subsidiaries. The main responsibilities of the Risk Management Headquarters include: promoting the construction and continuous improvement of the Company’s comprehensive risk management system; organizing the formulation of risk appetite, risk tolerance, and risk limits, providing decision-making basis for the Company, and monitoring and supervising their implementation; organizing the identification of risks in business and management links of the Company, participating in the design of the risk control mechanism for new businesses and the review and evaluation of related programs; monitoring the risks in the Company’s business and management activities, revealing the status and levels of the overall and

## SECTION 4 CORPORATE GOVERNANCE REPORT

various types of risks of the Company, and organizing the implementation of risk early warning; organizing the conduct of risk assessments, qualitatively describing or quantitatively measuring the Company's risk levels; establishing a smooth risk information communication and transmission mechanism, conducting risk reporting, and providing risk management suggestions for business decisions; guiding and inspecting the risk management work of departments, branches, and subsidiaries, and assessing the risk management of departments, branches, and subsidiaries; promoting the construction of the risk management information technology system, etc. The fourth level is the departments, branches, and subsidiaries, which bear the direct responsibility for risk management. Their main responsibilities include: implementing the Company's risk management system and process measures, risk appetite, risk limits, and risk control standards; formulating and implementing the risk management system related to the business and management activities of the units, as well as the operation processes of key business links; gaining a thorough understanding of and fully considering all types of risks related to business and management activities in decision-making, identifying, analyzing, assessing, and monitoring all types of risks of the units from the source, and responding to risks within the authorized scope, etc.

### **Risk management system**

The Company has established a four-tier risk management system, the first-tier system is the overall risk management system; the second-tier system is the risk management system for various types of risks, businesses, and subsidiaries; the third-tier system is the risk management monitoring rules for each business and product and the rules for various risk management tools; the fourth-tier system is the front-end risk management system of each business and subsidiary. The Company continued to improve the risk management system and enrich the risk control methods.

### **Risk management information system**

The Company has established and improved a risk management information technology system covering various risk types, departments, branches and subsidiaries. The risk management information system mainly includes a risk monitoring platform covering various types of business, and a comprehensive risk management system covering net capital, stress testing, various risks and subsidiaries. At the same time, the Company has established a system of internal bond rating, public opinion monitoring and the same business and same customer. Through the measurement, summary, early warning and monitoring of various risks, the Company accumulated true, accurate and complete internal and external data for risk identification, measurement, evaluation, monitoring and reporting, so as to meet the Company's overall risk management needs.

## **6. Inside information monitoring procedures**

The Company knows its relevant obligations under the Securities and Futures Ordinance (SFO) and the Hong Kong Listing Rules in relation to the handling and disclosure of inside information. The Company discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the "safe harbors" as stated in the SFO.

In accordance with the Company's Information Disclosure Matters Management System, all persons with the knowledge of the Company shall maintain confidentiality and the scope of such persons shall be kept to a minimum until the Company's discloseable information is formally disclosed. All persons with knowledge of inside information and other undisclosed information may not disclose such information to any entity or individual in any way, shall not engage in securities or futures trading activities related to such information or express or imply others to engage in relevant trading activities, and shall not cooperate with others to manipulate the trading price of stocks and their derivatives. The Company and the relevant information disclosure obligor shall strictly implement the management measures for information isolation and prevention of interest conflicts, the internal reporting system for material information, the registration and filing system for those who have knowledge of inside information and other relevant regulations to strengthen the management of inside information and other undisclosed information.

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### 7. Establishment of compliance management system of the Company

In accordance with the Measures for Compliance Management of Securities Companies and Securities Investment Fund Management Companies and other regulatory requirements of the CSRC, the Company has established a comprehensive compliance management organization system with a clear division of labor. Among them, the Board decides the compliance management objectives of the Company and assumes responsibility for the effectiveness of compliance management of the Company. The Supervisory Committee performs supervisory duties in accordance with the provisions; senior management is responsible for implementing compliance management objectives and assuming responsibility for compliance operations; the head of each unit is responsible for implementing the compliance management objectives of the unit and assuming responsibility for compliance operations of the unit. The Company has set up a Chief Compliance Officer who is directly responsible to the Board; the Compliance Management Headquarters is responsible to the Chief Compliance Officer and carries out compliance management under the leadership of the Chief Compliance Officer; The Company's business lines and relevant units are equipped with compliance teams or compliance administrators to assist senior management and unit managers in fulfilling their responsibilities in compliance management, such as enforcement, consultation and examination, monitoring and inspection, assessment and evaluation, etc., for the lines under their jurisdiction or the units in which they are located, and organize and implement the compliance management work of their own units or lines under their jurisdiction. At the same time, the coordination of compliance management, risk control, auditing and other internal control functional departments of the Company has played an effective control role in the compliance operation of the Company's various units.

The Company paid close attention to industry regulatory trends, tracked and advocated laws and regulations and rules, and improved the compliance management system continuously. According to the management needs, the Company built the compliance management system on the basis of the Articles of Association. Among others, the basic compliance management policies for compliance management, compliance assessment management, and compliance accountability management specify the overall objectives and basic principles of our compliance management, standardize compliance assessment and accountability mechanisms, with a view to providing a guarantee basis for compliance management; the compliance performance management policies for compliance review and consultation, compliance inspection, compliance publicity and training, compliance effectiveness evaluation, and compliance administrators management define more specific compliance management duties such as compliance review and consultation, compliance supervision and inspection, and compliance training and publicity with a view to strengthening the implementation of compliance management requirements; the special compliance management policies for information isolation, conflict of interest, clean practices, employee securities investment, integrity management, and anti-money laundering strengthen special compliance management measures with a view to effectively preventing and controlling related risks; the Company also developed targeted business compliance management policies for key business segments and areas, such as investment banking, proprietary trading, asset management, wealth management, information technology, and subsidiaries to effectively prevent business compliance risks. The Company's compliance management system covers all business lines, subsidiaries, and all employees, and is optimised and improved in line with its realities continuously. Also, the Company appropriately steered all departments to review, assess and improve its internal policies and processes in response to the changes in laws, regulations and rules, to really make "internalization of external regulations".

## SECTION 4 CORPORATE GOVERNANCE REPORT

In line with the requirements in the Measures for Compliance Management of Securities Companies and Securities Investment Fund Management Companies, Implementation Guidelines for Compliance Management of Securities Companies, etc., the Company continuously optimised the staffing of compliance management personnel and improved the compliance management personnel system. Apart from establishing a dedicated compliance management department, the Company also set up compliance teams in areas with higher risks and greater difficulty in control, appointed full-time compliance administrators in key business departments or business management departments, branches, sales departments with 15 or more employees, or sales departments that were found by the Company qualified and were under independent regulatory jurisdiction, and appointed compliance officers in each subsidiary. Moreover, the Company appointed part-time compliance administrators in functional departments, and sales departments with 5 to 15 employees. The Company made sufficient efforts to ensure that compliance management personnel enjoys the right to information and right of investigation, and is independent to perform duties, continuously strengthened the incentive and restraint mechanism for compliance management personnel, and increased training efforts for them to ensure that they have necessary professional capabilities for performing duties.

The Company fully utilised information technology means to identify, assess, and control compliance risks, and continuously established and improved compliance management platform and various compliance monitoring systems. The Company combined the compliance management platform with office automation system to standardize compliance management routines and workflows, thereby enhancing the efficiency and effectiveness of compliance management. The Company employed systems for customer abnormal transaction monitoring, information isolation monitoring, and employee investment behavior monitoring to prevent market manipulation, insider trading, non-compliant securities trading, and other compliance risk points, thereby effectively managing conflicts of interest. The Company continuously improved the anti-money laundering management system and achieved the core function of anti-money laundering risk prevention, such as customer due diligence and classification management, large-scale suspicious transaction monitoring and analysis and reporting, and blacklist monitoring and alerting, through the organic integration of the anti-money laundering system with brokerage counter system, investment banking system, and centralised customer management system. The Company continued to increase resource investment in compliance management systems, fully utilised financial technology to enhance the informatization and specialization level of compliance management, and effectively prevented and controlled compliance and money laundering risks.

### **(1) Inspections completed by the Compliance Management Department**

In 2024, the Compliance Legal Department organised internal inspections and self-inspections in consideration of the actual situation in the management and operations of the Company and the main risk exposures in business operations, and in accordance with the regulatory requirements and self-regulation rules. They include: specialised inspections covering key regulatory areas such as customer suitability, money laundering risk management, compliance management for overseas subsidiaries and alternative investment subsidiaries; operational reviews of major business including investment banking bond operations, consistency verification of external reporting documents for investment banking projects, brokerage services, IB business, and asset management operations; self-inspections on the management of customer trading behaviors, management of member trading and underwriting and sponsorship-related business, and customer trading behavior management by the Shanghai Stock Exchange, etc. as required by the regulatory authorities and self-regulatory organizations, and by the management needs. Through compliance inspections and self-inspections, the Company effectively identified and prevented compliance risks, screened potential compliance risks, and encouraged departments to strengthen their compliance risk defense line and standardize their business management.

## SECTION 4 CORPORATE GOVERNANCE REPORT

### (2) Work initiated by the Audit Department

The Company's internal audit work followed its fundamental positioning in economic oversight while concentrating on its primary responsibility and principal operation and was problem-oriented during the Reporting Period. Focusing on the principles and policies of the Party and the state to strengthen internal audit work, the Company served its overall development. The Company constantly optimised the working mechanism and mode, consolidated the foundation of audit quality, focused on key areas and key links, and continued to improve audit quality.

In 2024, the Audit Department of the Company organised over 100 audit projects, including routine audits on the Company's major business lines, headquarters departments, branches and holding subsidiaries, financial responsibility audits of some management personnel, and special audits on some important issues. In addition, the Company took the lead in organizing the annual internal control evaluation of the Company, and carried out the evaluation of the overall risk management of the Company and the effectiveness of internal control of investment banking business.

Through the supervision and inspection of audit, the Company actively played the role of the "third line of defense" of internal audit, objectively reflected certain problems in the operation and management process of the Company. By strengthening the rectification, enhanced the application of audit results, prevented and resolved risks, and promoted the Company to continuously improve internal control so that all lines of defense of the internal control system can proactively function.

### (3) Monitoring of risk control indicators and building of replenishment mechanism

The Company set up a dynamic monitoring and management model of risk control index system centering on net capital and liquidity according to a series of relevant regulations including Measures for the Management of the Risk Control Indexes of Securities Companies of the CSRC, and continuously optimised the functions of the dynamic monitoring system of net capital and liquidity to realize dynamic monitoring and automatic warning of risk control indicators such as net capital, and ensure that all risk control indicators such as net capital of the Company meet regulatory requirements. In compliance with the institutional requirements such as the Guidelines on Securities Companies Stress Test issued by Securities Association of China, the Company has established a comprehensive stress testing mechanism and conducted stress tests on a regular and irregular basis to assess the Company's risk tolerance under stress scenarios and took necessary countermeasures to ensure the sustainable operations of the Company.

The Company has established a dynamic replenishment mechanism for net capital. When the main risk control indicators such as net capital approached or met the early warning standards stipulated by the CSRC, the Company would replenish the net capital by controlling the business scale, adjusting the asset structure, issuing subordinated bonds, raising capital and so on, so as to ensure that the Company's net capital and other risk control indicators continue to meet regulatory requirements. The Company continued to enhance the capital management capability to further improve capital's role in guiding and restricting the development of various businesses, guaranteed sustainable and healthy development of business lines with sufficient capital, thus maximizing value for the shareholders.

During the Reporting Period, based on the monitoring and measurement of various risk control indexes including net capital, the Company regularly analyzed and evaluated the support of net capital for the Company's business development, studied and tested the reasonable and efficient allocation of net capital and built the dynamic linking mechanism between business scale and net capital level. The Company, based on the aforesaid risk management activities, regularly prepared the Evaluation Report on Net Capital Risk to provide a comprehensive analysis and evaluation on the profile of the Company's net capital risks, realizing effective control on various risk control indexes such as net capital. During the Reporting Period, net capital and other risk control indexes of the Company are in line with regulatory requirements.

## SECTION 4 CORPORATE GOVERNANCE REPORT

### 8. Shareholders' rights

The Company called and convened general meetings strictly according to the Articles of Association and Rules of Procedure for General Meetings to guarantee the equal status and full exercise of rights for all shareholders, especially the minority shareholders. All of the Company's Directors, Supervisors, and senior management attended the general meetings and answered the shareholder's questions in accordance with the provisions of Articles of Association.

Procedures of shareholders' application for convening of general meetings and for making proposals at the general meetings:

According to Article 82 of Articles of Association, Shareholder(s) severally holding 10% or more shares of the Company shall be entitled to request in writing the Board to convene an extraordinary general meeting or class general meeting of the Company. Two or more shareholders aggregately holding 10% or more shares with the voting right in the proposed meeting shall be entitled to sign a written requisition in one or more counterparts in the same form and content, requiring the Board to convene an extraordinary general meeting or class general meeting and state in such written requisition the matters to be discussed at the meeting. The aforesaid number of shares shall be calculated in accordance with the shares held on the day on which the written requisition is made by the shareholders. The Board shall, pursuant to relevant laws, administrative regulations and Articles of Association, give a written reply on whether to convene the extraordinary general meeting or not within 10 days after receipt of the proposal. If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained. If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding no less than 10% shares of the Company shall be entitled to propose in writing to the Supervisory Committee to convene an extraordinary general meeting. If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after receipt of the said request. In the event of any change to the original proposal, the consent of relevant shareholder(s) shall be obtained. If the Supervisory Committee fails to issue the notice for the general meeting within the specified time, the Supervisory Committee shall be deemed as failing to convene or preside the general meeting. The shareholder(s) severally or jointly holding no less than 10% shares of the Company for not less than 90 consecutive days may convene and preside over such meeting on his or their own. According to Article 110 of Articles of Association, where the Company convenes a general meeting, the Board, Supervisory Committee, and shareholder(s) severally or jointly holding not less than 3% shares of the Company may make proposals to the Company. According to Article 111 of Articles of Association, Shareholder(s) severally or jointly holding not less than 3% shares of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting to other shareholders within two days after receipt of such proposal, and include the matters within the proposal on the agenda for the said meeting and submit for approval at the general meeting if the said matter falls within the functions and powers of general meetings. The contents of the provisional proposal shall fall within the functions and powers of general meetings and have specific discussion topic and specific matters to be resolved. Save as specified above, the convener shall not change the proposal set out in the notice of general meeting or add any new proposal after the said notice is served. The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with following article of the Articles of Association. Shareholders may convene an extraordinary general meeting or a class meeting based on the stated procedures and put forward proposals at the general meeting. The shareholders may attend general meetings and exercise voting rights either in person or by proxy. The minutes together with the attendance record of shareholders and the powers of attorney of the proxies shall be kept at the Company's premises. Shareholders may have access to copies of the minutes free of charge during the office hours of the Company. The Articles of Association have been disclosed on the website of the Company and the HKExnews website of the Hong Kong Stock Exchange.

## SECTION 4 CORPORATE GOVERNANCE REPORT

### 9. Company secretary

The Company appointed Ms. Kwong Yin Ping, Yvonne, senior president of SWCS Corporate Services Group (Hong Kong) Limited, as the Company Secretary of the Company. The main contact person of Ms. Kwong Yin Ping, Yvonne in the Company is Mr. Guo Liangyong, the secretary to the Board. During the Reporting Period, Ms. Kwong Yin Ping, Yvonne received not less than 15 hours of professional trainings in accordance with Rule 3.29 of the Hong Kong Listing Rules.

### 10. Compliance with Model Code

The Company has adopted the Model Code as set out in Appendix C3 to the Hong Kong Listing Rules concerning the securities transactions by directors and supervisors. The Company has made specific inquiries to all the Directors and Supervisors for the compliance with Model Code. It was confirmed that they fully complied with the Model Code during the Reporting Period.

The Company has adopted the Model Code for supervising the unpublished price-sensitive information of the Company or its securities that is likely to be possessed by its employees. During the Reporting Period, the Company was not aware of any violation of the Model Code by any of its employees.

### 11. Responsibilities of Directors concerning financial statements

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

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

### 12. Communications with shareholders

The General Meeting shall be the supreme authority of the Company. All shareholders exercise their power through the General Meeting. The Company called and convened general meetings strictly according to the Articles of Association and Rules of Procedure for General Meetings to guarantee the equal status and full exercise of rights for all shareholders, especially the minority shareholders.

The Articles of Association was amended for twice during the Reporting Period. For details, please see the Circular of the Company dated 30 May 2024 and the Articles of Association published on 20 June 2024, as well as the Circular of the Company dated 5 December 2024 and the Articles of Association published on 27 December 2024.

There are persons specially designated for contacting and communicating with shareholders. The Company attaches great importance to the opinions and suggestions of shareholders and tries to meet the reasonable requests of the shareholders in time.

The Company set "Investor Relations" column in its website for publishing announcements and financial information of the Company. Shareholders can also directly call the Company to inquire about relevant information, and the Company will deal with such inquiry in a timely and proper manner.

## SECTION 4 CORPORATE GOVERNANCE REPORT

The Board would like to thank our shareholders and other stakeholders for their continued support and welcome their comments and enquiries regarding the Group's management and governance matters. Shareholders and other stakeholders may at any time send their enquiries and concerns to the Board by addressing them to the Office of the Board of Directors of the Company by mail to 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China or by investor@ccnew.com. Attn: Office of the Board.

### 13. Investor relation activities

Since its listing, the Company has been always attaching great importance to the investor relations. It maintains a good image in the capital market by establishing sound relationship between the Company and investors. The Company has formulated the information submission and disclosure measures in accordance with laws, rules, and department regulations such as the Company Law, the Securities Law, and the Administrative Measures for the Information Disclosure of the Listed Companies.

The Company has formulated the Investor Relations Management System. According to the Investor Relations Management System, the Company communicates with investors through multiple channels, platforms and ways. The ways of communication include but are not limited to: (I) announcements, including regular reports and interim announcements; (II) General Meeting; (III) the Company shall actively use the website of the SSE, SSE E-interaction platform and other network facilities to carry out investor relations management activities; (IV) the Company's website; (V) telephone and fax; (VI) on-site visits and seminars; (VII) investor briefing sessions.

In terms of daily communication, the Company establishes the complete regular communication mechanism, reports the operation conditions of the Company to shareholders on a regular basis via mobile Internet and annual general meetings, and continuously recommends the investment value of the Company. In 2024, the Company browsed the E Interactive platform of the SSE and investors' emails and answered investors' hotline on a daily basis, and gave prompt replies to questions concerned by investors. In addition, the Company participated in the Investor Online Collective Reception Day organised by Henan Bureau of the CSRC and Henan Listed Companies Association, and took the initiative to organise 2 performance presentation meetings after the release of regular reports. Through the above methods, the Company strengthened communication and exchange with investors, especially medium and small investors, guaranteed their rights to know and participate, and enhanced investors' understanding and recognition of the Company. For details of the general meetings convened by the Company in 2024, please refer to "III. SUMMARY OF GENERAL MEETING" in this section. The Company has reviewed the implementation of the Shareholders' Communication Policy for 2024 and considered it to be effective.

The Company focuses on reports on the Company on the public media and the transaction of its shares, verifies the authenticity of reports with related parties, promptly analyzes and judges the possible enterprise expectations of investors according to public opinions on the capital, and provides guidance for the development of investor relations.

### 14. Appointment and remuneration of auditors

Please refer to II. "APPOINTMENT OR TERMINATION OF SERVICE OF ACCOUNTING FIRM" under Section 5 "SIGNIFICANT EVENTS" of this report.

## SECTION 4 CORPORATE GOVERNANCE REPORT

### 15. Review by the Audit Committee

The Audit Committee has reviewed the Company's 2024 Audit Report and 2024 Annual Results.

### 16. Board diversity policy

#### (1) Board diversity policy

The Company has adopted the board diversity policy according to the Corporate Governance Code. The Company's board diversity policy can be summarized as follows: The Company knows and believes that the board diversity will be beneficial to the Company, and views it as an important element in maintaining its competitive edge. In designing the Board's composition, the Company considers board diversity from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, length of service, etc. The election of the Directors will be based on the principle of combining morality and ability, and candidates will be considered with due regard for the capacity, skill, and experience required for the overall operation of the Board, so as to ensure the proper balance of the members of the Board. The Remuneration and Nomination Committee of the Company will review and assess the composition of the Board, and provide suggestions to the Board for the election of new directors. The Remuneration and Nomination Committee of the Company will discuss annually all the agreed measurable objectives for implementing the board diversity, and provide relevant suggestions on the objectives to the Board.

#### (2) Reasons for adopting the Board diversity policy

The Company believes that diversity underpins the effective and successful operation on Board and helps the Remuneration and Nomination Committee and the Board to ensure that the Board has balanced skills, experience, and diversity of perspectives appropriate to the requirements of the Company's business. With a view to achieving a sustainable and balanced development, the Company regards increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The appointment of the Directors will be based on the principle of combining morality and ability, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. When selecting candidates for Directors, the Company, as a financial enterprise, will take into consideration the education background and industry background related to economics, finance and management education for the sake of diversity.

#### (3) Measurable objectives

Selection of candidates will be based on range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. In selecting and making recommendations on suitable candidates for directorships, the Board will take the opportunity to increase the proportion of female members. The Company will ensure that the Board has at least one Director of different gender and that the Company has achieved this objective in 2024. The current diversity of the Board of the Company (including gender educational background and age, etc.) is set out in the paragraph (4) "Implementation and monitoring" below. The Company will continue to devote efforts to implement the board diversity policy.

## SECTION 4 CORPORATE GOVERNANCE REPORT

### (4) Implementation and monitoring

The Remuneration and Nomination Committee reviews the structure, size, and composition (including the skills, knowledge, and experience) of the Board annually, makes suggestions in respect of any changes to the Board arising from the changes in the Company's strategies, and monitors the implementation in line with the Board diversity policy.

As at the date of this report, the composition of the Board at a diversity level is summarized as follows:

- A. Gender: Among the existing 8 Directors, 1 is female and the remaining 7 are male;
- B. Educational background: Among the existing 8 Directors, 3 have doctor's degrees; and 5 have master's degrees;
- C. Age: Among the existing 8 Directors, 3 are aged 60 and over and 5 are under 60;
- D. Positions: Among the existing 8 Directors, 1 is executive Director, 4 are non-executive Directors, and 3 are independent non-executive Directors.

Accordingly, the Board considers the Board diversity policy to be effective.

### 17. Mechanism for independent opinion of the Board

The Company ensures independent views and opinions available to the Board through the following mechanisms:

- (1) The Company currently has three independent non-executive Directors, accounting for more than one-third of the seats on the Board, which is conducive to maintaining the independent advice and judgment of the Board. In 2024, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Hong Kong Listing Rules that at least one-third (not less than three) of the Directors are independent non-executive Directors and at least one independent non-executive Director has appropriate professional qualifications or specializes in accounting or related financial management. The Company shall supervise the performance of independent non-executive Directors. If a Director fails to attend in person for two consecutive meetings of the Board and does not appoint other Directors to attend such meetings, as stipulated in Article 165 of the Articles of Association, he/she shall be deemed to be unable to perform his/her duties and the Board shall recommend to the General Meeting for removal.
- (2) The Company has received the written confirmation from each of the independent non-executive Directors regarding their independence from the Company pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent.
- (3) The Chairman of the Board meets with the independent non-executive Directors at least once a year.

## SECTION 4 CORPORATE GOVERNANCE REPORT

- (4) Members of the professional committees of the Board may engage intermediaries to provide professional advice for their decisions, and the related expenses shall be paid by the Company.

After review, the Company considers the above mechanism for ensuring independent advice of the Board and implementation effective.

By Order of the Board

**Lu Zhili**

*Chairman*

28 March 2025

## SECTION 5 SIGNIFICANT EVENTS

### I. PERFORMANCE OF UNDERTAKINGS

#### (I) Undertakings by undertaking related parties including de facto controller, shareholders, related parties, acquirer and the Company made or subsisting during the Reporting Period

Background	Type of undertakings	Undertaking party	Contents of undertakings	Date of undertakings	Any deadline for performance	Duration of undertakings	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
Undertakings in relation to the initial public offering	Non-competition	Henan Investment Group	Undertaking in relation to non-competition	Entering into of the Non-competition Agreement with Central China Securities on 10 March 2014	Yes	Long-term	Yes		
	Non-competition	The Company	Undertaking in relation to non-competition	Henan Investment Group Entering into of the Non-competition Agreement with Henan Investment Group on 10 March 2014	Yes	Long-term	Yes		
Undertaking in relation to refinancing	Others	The Company	Note 1	27 June 2022	Yes	3 years	Yes		

- Note 1: (1) For the three consecutive years from 2022 to 2024, the Company's investment in compliance risk control of each year shall not be less than 3% of the Company's operating income in the previous year;
- (2) For the three consecutive years from 2022 to 2024, the Company's investment in information technology of each year shall not be less than 6% of the Company's operating income in the previous year;
- (3) From 2022 to 2024, the Company shall disclose in its annual report the actual investment in compliance risk control and information technology.

## SECTION 5 SIGNIFICANT EVENTS

### II. APPOINTMENT OR TERMINATION OF SERVICE OF ACCOUNTING FIRM

Unit: Ten thousand Currency: RMB

	Formerly engaged	Currently engaged
Name of the domestic accounting firm	Da Hua Certified Public Accountants (Special General Partnership)	ShineWing Certified Public Accountants (Special General Partnership)
Remuneration of the domestic accounting firm	148.8 (including interim review)	132 (including interim review)
Term of the audit services provided by domestic accounting firm	3 years	1 year
Name of certified public accountants of the domestic accounting firm	Aodu Jiya, Li Tiantian	Yan Fanqing, Dai hui
Continued term of audit services by certified public accountants of the domestic accounting firm	3 years	1 year

	Name	Remuneration
Accounting firm engaged for internal control audit	ShineWing Certified Public Accountants (Special General Partnership)	35

As considered and approved by the Company at the 2024 second extraordinary general meeting, the total audit and review fees (including internal control audit fee) of the Company (excluding its subsidiaries and structured entities included in the scope of consolidation) for 2024 amounted to RMB1,670,000.00. The "audit fees" of RMB2,927,369.51 disclosed in "50. Business and administrative expenses" in VI. "NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS" under Section 8 "FINANCIAL REPORT" of this report represents the audit service fees recognized in the books of the Company and its subsidiaries and structured entities included in the scope of consolidation in 2024, which mainly includes (i) RMB2,560,954.71 for the review of the Group's audit for the year 2024 by ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited, and (ii) RMB366,414.80 for special (non-audit) services provided by other auditing firms, mainly the audit fees for the Company's resignation.

#### Description of appointment or termination of service of accounting firm

The Company appointed Da Hua Certified Public Accountants (Special General Partnership) as the Company's auditing firm for the year of 2022 and 2023, to provide both domestic and overseas audit services in accordance with the Chinese Accounting Standards for Business Enterprises.

In 2024, the Company re-appointed ShineWing to provide the Company with review services for 2024 interim report and serve as the accounting firm of the Company for the annual audit for 2024. Please refer to the announcements of the Company dated 19 July 2024 and 2 December 2024 for details.

## SECTION 5 SIGNIFICANT EVENTS

### III. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period:

Unit: Ten thousand    Currency: RMB

Prosecution (petitioner)	Defendant (respondent)	Party bearing joint liability	Type of litigation or arbitration	Background of litigation (arbitration)	Amount involved in litigation (arbitration)	Any estimated liabilities incurred in litigation (arbitration) and the amount	Development of litigation (arbitration)	Trial outcome of litigation (arbitration) and the influence	Enforcement of the judgment on litigation (arbitration)
Central China Securities	Shenwu Technology Group Corporation Limited* (神霧科技集團 股份有限公司)	None	Contract dispute	Note 1	20,000.00	Note 1	Note 1	Note 1	Note 1
Central China Securities	Neoglory Holdings Group Co. Ltd.* (新光控股集團有限公司)	None	Contract dispute	Note 2	20,000.00	Note 2	Note 2	Note 2	Note 2
Central China Securities	Shihezi Ruichen Equity Investment Partnership Enterprise (Limited Partnership)* (石河子市瑞農股權投 資合夥企業(有限合夥)), Tan Songbin (譚頌斌), Zhou Juan (周娟)	None	Contract dispute	Note 3	18,799.98	Note 3	Note 3	Note 3	Note 3
Central China Securities	Great Wall Film & Culture Company Group Limited (長城影視文化企 業集團有限公司, currently known as Zhejiang Qingfeng Yuansheng Culture Limited (浙江清風原生文化 有限公司))	None	Contract dispute	Note 4	20,000.00	Note 4	Note 4	Note 4	Note 4
Central China Securities	Kedi Food Group Co., Ltd. (科迪食品集 團股份有限公司)	None	Contract dispute	Note 5	43,165.83	Note 5	Note 5	Note 5	Note 5
Central China Blue Ocean	Henan Zhongyi Real Estate Co., Ltd. (河 南中益置業有限公司), Ge Hongtao (葛洪濤), Xu Xianghong (徐香紅), Xu Zengcai (徐增才), Henan Zhongyi Heavy Industry Machinery and Technology Co., Ltd. (河南中益重 工機械科技股份有限公司), Henan Zhongyi Engineering Survey Co., Ltd. (河南中益工程勘察有限公司), Henan Zhongyi Industrial Group Co., Ltd. (河南中益實業集團有限公司), Henan Zhongyi Property Services Co., Ltd. (河南中益物業服務有限 公司), Zhengzhou Shengzhifeng Industrial Co., Ltd. (鄭州盛之峰實業 有限公司)	None	Contract dispute	Note 6	10,580.88	Note 6	Note 6	Note 6	Note 6

## SECTION 5 SIGNIFICANT EVENTS

- Note 1: The Company filed a lawsuit against Shenwu Technology Group Corporation Limited (神霧科技集團股份有限公司) (hereinafter referred to as “Shenwu Group”), asserting the defendant’s breach of share pledge repurchase contract. After the first instance judgment issued by Henan High People’s Court (hereinafter referred to as “Henan High People’s Court”) supported the lawsuit request of the Company, while Shenwu Group, the defendant, instituted an appeal. On 22 August 2019, the Company received the second trial judgment from the Supreme People’s Court of the People’s Republic of China (the “Supreme People’s Court”), rejecting the appeal and upholding the original judgment. Henan High People’s Court accepted the case for compulsory enforcement on 23 September 2019. On 10 September 2020, Zhengzhou Intermediate People’s Court (“Zhengzhou Intermediate Court”) ruled that “19,800,000 shares of \*ST Energy Conservation held by Shenwu Group shall be delivered to Central China Securities Co., Ltd. for a consideration of RMB18,849,600 to indemnify its claim for the equivalent amount”. On 24 December 2020, Zhengzhou Intermediate Court issued an Enforcement Ruling, ruling to terminate the enforcement action. As of the end of the Reporting Period, there is no further progress in this case. Please refer to the Company’s 2020 Annual Report for relevant information.
- Note 2: The Company filed a lawsuit against Neoglory Holdings Group Co. Ltd.\* (新光控股集團有限公司) (hereinafter referred to as “Neoglory Holdings”) for default in the share pledge repurchase contract. After the case was accepted by the Henan High People’s Court, the case was transferred to the jurisdiction of Jinhua Intermediate People’s Court as Neoglory Holdings applied for bankruptcy reorganization. On 30 December 2019, the Company received a civil judgment from the Intermediate People’s Court of Jinhua City, Zhejiang Province, ruling in favor of the Company’s litigation requests. The Jinhua Intermediate People’s Court accepted the bankruptcy and reorganization application on 25 April 2019, for which the Company has declared its credits. On 28 June 2024, the Company received a ruling on the consolidated bankruptcy and reorganization plan of Neoglory Holdings Group and other 35 enterprises, which approved the implementation of the reorganization plan. As of 31 December 2024, the Company has a received cash settlement of RMB1,646,366.67 and 228,126,966 trust units, and the case was closed.
- Note 3: The Company filed a lawsuit against Shihezi Ruichen Equity Investment Partnership Enterprise (Limited Partnership) (hereinafter referred to as “Ruichen Investment”), Tan Songbin and Zhou Juan, asserting the defendants’ breach of contract in the share pledge business. After the first instance judgment issued by Henan High People’s Court”, the defendants, Ruichen Investment, Tan Songbin and Zhou Juan, filed an appeal. On 22 January 2020, the Company received the civil judgment issued by the Supreme People’s Court, supporting the Company’s claim. Henan High People’s Court accepted the case for compulsory enforcement on 30 March 2020. Zhengzhou Intermediate People’s Court conducted the auction of 24,529,900 shares of Silver Age Sci & Tech, and the Company has received the full amount of RMB188,884,151.85 for the auction. On 6 April 2021, the Company received the Enforcement Ruling issued by Zhengzhou Intermediate People’s Court, which ruled to terminate the execution of this case because the Company and Ruichen Investment reached a settlement agreement and performed it for a long period of time. The Company reached a new settlement agreement with Ruichen Investment on 31 August 2021. (Please refer to the Company’s 2021 Annual Report for information on relevant cases.) On 16 February 2022, the Company received the Enforcement Ruling issued by the First People’s Court of Dongguan City, Guangdong Province, changing the Company as the application executor of (2021) Yue 1971 Zhi Hui No. 856 case. Due to the defendants’ failure to fulfill the settlement agreement, the Company filed an application for enforcement with the court on 16 November 2023, which was accepted by the court on 17 November 2023. On 22 December 2023, the Company received the enforcement proceeds of RMB6,662,500. As of January 2024, Ruichen Investment, as well as the other parties to the agreement, has completed the settlement agreement and the case was closed.
- Note 4: The Company filed a lawsuit against Great Wall Film & Culture Company Group Limited (currently known as Zhejiang Qingfeng Yuansheng Culture Limited, hereinafter referred to as “Great Wall Film” or “Zhejiang Qingfeng”), asserting the defendant’s breach of share pledge repurchase contract. On 5 December 2019, Henan High People’s Court issued a civil judgment, which supported the Company’s claims. After the case entered into compulsory enforcement procedure, Zhengzhou Intermediate People’s Court ruled that 50,400,000 shares of Great Wall Movie and Television Co., Ltd. (長城影視股份有限公司) (Stock Abbreviation: \*ST Great Wall) (Stock Code: 002071) held by Great Wall Film were valued at RMB71,542,800 and delivered to the Company to offset its equivalent creditor’s rights, and ruled to conclude this enforcement procedure.

## SECTION 5 SIGNIFICANT EVENTS

In addition, the Company filed an enforcement objection lawsuit with Zhengzhou Intermediate People's Court within the statutory period, requesting an order to add the defendants, Zhao Feifan (趙非凡) and Zhao Ruiyong (趙銳勇), as the persons to be executed in the execution case between the Company and the third party, Zhejiang Qingfeng; and to order the defendants, Zhao Feifan and Zhao Ruiyong, to assume joint and several liability for the debts owed to the Company by the third party, Zhejiang Qingfeng in the amount of RMB146,567,100. On 26 May 2021, the Company received a civil judgment issued by Zhengzhou Intermediate People's Court, supporting the Company's claim. As of the end of the Reporting Period, there is no further progress on the case. Please refer to the Company's 2021 Annual Report for relevant information.

Note 5: The Company filed a lawsuit against Kedi Food Group Co., Ltd. (hereinafter referred to as "Kedi Group"), asserting the defendant's breach of share pledge repurchase contract. The first instance judgment issued by Zhengzhou Intermediate People's Court supported the lawsuit request of the Company, while both Kedi Group and the Company refused to obey the first instance judgment and instituted an appeal. On 3 August 2020, the Company received a civil judgment by Henan High People's Court, stating that Kedi Group was deemed to withdraw the appeal on its own account, and the Company's withdrawal of the appeal was allowed. Zhengzhou Intermediate People's Court accepted the case for compulsory enforcement on 24 August 2020. On 21 January 2021, Zhengzhou Intermediate People's Court made an enforcement ruling. Because Shangqiu Intermediate People's Court accepted the bankruptcy reorganization application of Kedi Group, it ruled to terminate the execution of Kedi Group, the subject. (Please refer to the Company's 2021 Annual Report for information on relevant cases) On 22 April 2022, Shangqiu Intermediate People's Court approved the merger and reorganization plan of 10 companies including Kedi Group. In July 2022, according to the above restructuring plan, the Company received a total of RMB24,727,420.43 from the insolvency administrator of Kedi Group for partial cash settlement of privileged debts and cash settlement of ordinary debts. On 3 March 2023, 27,105,906 shares of Kedi Group were transferred to the Company. The Company received RMB8,470,578.67 from the insolvency administrator of Kedi Group on 30 June 2023, for partial cash settlement of privileged debts. On 1 July 2024, the Company received payment of RMB8,470,578.67 from the bankruptcy administrator of Kedi Food Group for the cash settlement of the senior creditors portion of the debt settlement. As of the end of the Reporting Period, the settlement of the debt in the bankruptcy reorganization plan of Kedi Food Group had been fulfilled and the case was closed.

Note 6: Central China Blue Ocean Investment Management Co., Ltd. (hereinafter referred to as "Central China Blue Ocean") filed a lawsuit against Henan Zhongyi Real Estate Co., Ltd. (hereinafter referred to as "Zhongyi Real Estate"), asserting the defendant's breach of financial entrusted wealth management contract. On 31 October 2019, Central China Blue Ocean received a civil judgment issued by Zhengzhou Intermediate People's Court, which supported Central China Blue Ocean's claims. Zhengzhou Intermediate People's Court accepted the case for compulsory enforcement on 13 January 2020 and closed this case on 26 November 2020. In accordance with the corresponding procedures, Zhengzhou Intermediate People's Court conducted an auction of two properties in the names of Xu Zengcai and Xu Xianghong, the persons being executed; and on 18 June 2021, Central China Blue Ocean received the allocated amount of RMB2,443,099.88 for enforcement.

The enforcement proceedings were reinstated on 9 October 2023. On 2 January 2024, Zhengzhou Intermediate People's Court issued an appraisal and auction ruling, ordering the judicial disposal of 62 mortgaged commercial properties. Through a public judicial auction process, 2 properties were successfully sold, generating enforcement proceeds of RMB2,178,124.50. The remaining 60 properties were transferred as deed-in-lieu of debt after failing to sell at the second auction. On 17 October 2024, the Court issued a deed-in-lieu ruling for the 60 commercial properties. On 31 October 2024, Zhengzhou Intermediate People's Court issued a final enforcement ruling to terminate the current enforcement proceedings.

## SECTION 5 SIGNIFICANT EVENTS

### IV. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY THE LISTED COMPANY, THEIR DIRECTORS, SUPERVISORS, SENIOR MANAGERS, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS, AND PENALTIES AND RECTIFICATION IMPOSED ON THEM

On 29 February 2024, Henan Bureau of the CSRC issued the Decision on Taking Ordered Corrective Measures on Central China Securities Co., Ltd. ([2024] No. 13) (《關於對中原證券股份有限公司採取責令改正措施的決定》([2024]13號)), which pointed out that in terms of organizational structure specification, the Company was in violation of the provisions of the agreement by the subsidiary Central China Blue Ocean's acquisition of 5% stake in Zhongyuan Small Loan, and the 39% shareholding in Central China Micro-lending held by Central China Blue Ocean was not regularized in accordance with regulatory requirements and the rectification of the private placement subsidiary was not well done, and decided to take ordered corrective measures on the Company as an administrative supervision action.

On 24 April 2024, Henan Bureau of the CSRC issued the Decision on Taking Ordered Corrective Supervisory and Administrative Measures on Central China Securities Co., Ltd. ([2024] No. 28) (《關於對中原證券股份有限公司實施責令改正監督管理措施的決定》([2024]28號)), which pointed out that the Company had the following circumstances: failure to formulate a unified credit management system for parent and subsidiary companies and failure to prudently assess the risks of individual major investment projects; inadequate compliance risk control over overseas subsidiaries and alternative subsidiaries; provision of financial assistance to investors participating in the subscription of securities-backed lending business; commencement of the bond sales business and collection of the issuer's coupon interest premiums in advance of a sound compliance risk control system and failure to strictly implement the internal control requirements for reclassification of financial assets; inadequate management of employees' part-time employment, weaknesses in the control of employees' investment behavior; and failure to prevent employees from acting as a proxy for clients in financial management and there are incidents of integrity risk in the employment of individual employees, and decided to take ordered corrective measures on the Company as an administrative supervision action.

On 24 April 2024, the Henan Securities Regulatory Bureau issued the Decision on the Implementation of Supervision and Management Measures for Issuing Warning Letters to Zhu Jianmin ([2024] No. 29) (《關於對朱建民實施出具警示函監督管理措施的決定》([2024]29號)), pointing out that Zhu Jianmin, the senior management in charge of the stock pledge business at that time, violated the provisions of Article 6, paragraph 1, of the Trial Regulations on Compliance Management of Securities Companies (《證券公司合規管理試行規定》第六條第一款), and decided to implement supervision and management measures of issuing warning letters.

On 30 April 2024, Henan Bureau of the CSRC and the Beijing Stock Exchange issued the Decision on the Measures of Issuing a Warning Letter to Central China Securities Co., Ltd. and Relevant Responsible Personnel ([2024] No. 34) (《關於對中原證券股份有限公司及相關責任人員採取出具警示函措施的決定》([2024]34號)) and the Decision on the Self-regulatory Measures to Central China Securities Co., Ltd. and Relevant Responsible Entities (BZJGZXH [2024] No. 3) (《關於對中原證券股份有限公司及相關責任主體採取自律監管措施的決定》(北證監管執行函 [2024]3號)) to the Company respectively, pointing out that the Company and its sponsor representatives Chen Junyong and Zhang Penghao failed to carry out comprehensive verification and validation of the long-term prepayment of Funik during the due diligence of the listing project of Funik on the BSE. Chen Junyong and Zhang Penghao, the sponsors of the Company, are primarily responsible for it and the decision was made to take self-disciplinary and administrative supervision measures of issuing warning letters against the Company and relevant responsible entities.

## SECTION 5 SIGNIFICANT EVENTS

On 30 September 2024, Henan Bureau of the CSRC issued the Decision on Taking Ordered Corrective Supervisory and Administrative Measures on Central China Securities Co., Ltd. ([2024] No.74) (《關於對中原證券股份有限公司實施責令改正監督管理措施的決定》([2024]74號)), which pointed out that the Company had the following issues in remuneration management: irregular executive remuneration decision-making procedures, incomplete disclosure, imperfect remuneration management and performance appraisal systems, inadequate implementation of deferred payment requirements, ineffective enforcement of internal accountability mechanisms, and insufficient personnel management and information reporting, and decided to take ordered corrective measures on the Company as an administrative supervision action.

On 17 October 2024, the China Securities Regulatory Commission (the “CSRC”) issued the Decision on Suspension of the Bond Underwriting Business of Central China Securities Co., Ltd. ([2024] No. 34) (《關於對中原證券股份有限公司採取暫停債券承銷業務措施的決定》([2024]34號)), which pointed out the violations of the Company in certain investment banking business, and decided to suspend the Company’s bond underwriting business from 17 October 2024 to 16 April 2025.

On 18 October 2024, the Company received the Decision on the Measures of Having Regulatory Conversation with Li Zhaoxin (李昭欣) and Hua Jinzhong (花金鐘) ([2024] No.19) (《關於對李昭欣、花金鐘採取監管談話措施的決定》([2024]19號)) from the CSRC, which pointed that Li Zhaoxin, general manager of the Company, and Hua Jinzhong, then senior executive in charge of the investment banking business are held accountable for the violations above, and decided to take the measures of having a regulatory conversation in accordance with Article 32 of the Administrative Measures for the Compliance Management (《合規管理辦法》).

The Company attaches great importance to the aforesaid issues and has made every effort to rectify them by further strengthening the organizational structure of internal control management, improving the internal control management system, regulating the implementation of the responsibilities of the relevant parties, and enhancing internal accountability and treatment in order to practically strengthen the responsibilities of internal control management across the board and promote the Company’s compliant and prudent operation.

### V. CREDIBILITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

None of the Group, its controlling shareholder or de facto controller had unperformed enforceable court judgments, unpaid debts with larger sum at maturity or bad credibility record.

## SECTION 5 SIGNIFICANT EVENTS

### VI. CONNECTED TRANSACTIONS

Non-exempt continuing connected transactions conducted by the Group during the Reporting Period are listed below:

#### **Securities and Financial Products Transactions and Services Framework Agreement with Henan Investment Group**

The Group has been, in the ordinary and usual course of its business, engaged in continuing transactions with Henan Investment Group and its associates, including securities and financial product transactions and the provision of securities and financial services. According to the Hong Kong Listing Rules, Henan Investment Group, a substantial shareholder of the Company, together with its associates, is the connected person of the Company. Transactions between the Group and Henan Investment Group and its associates constitute continuing connected transactions of the Group. The Group and Henan Investment Group renewed the Securities and Financial Products Transactions and Services Framework Agreement on 30 December 2021 (the “Securities and Financial Products Transactions and Services Framework Agreement with Henan Investment Group”) for a term of three years from 1 January 2022 to 31 December 2024, and respectively set the annual caps (for the three financial years ended 31 December 2024, ① the annual caps of the total net cash outflow from the Group in respect of the securities and financial products transactions are RMB120.00 million, RMB120.00 million and RMB120.00 million, respectively, and the total net cash inflow to the Group are RMB10.50 million, RMB10.50 million and RMB10.50 million, respectively; and ② the annual caps for revenue from the provision of securities and financial services to Henan Investment Group and its associates in respect of the securities and financial services are RMB36.50 million, RMB36.50 million and RMB36.50 million, respectively), in order to regulate such continuing connected transactions of the Company more effectively.

According to the Securities and Financial Products Transactions and Services Framework Agreement with Henan Investment Group, the Group enters into various securities and financial products transactions with Henan Investment Group and its associates in the ordinary and usual course of the Group’s business. Meanwhile, the Group also provides various securities and financial services to Henan Investment Group and its associates. The Company and Henan Investment Group agreed that:

- (1) Securities and financial products transactions: The securities and financial products transactions will be conducted at the prevailing market prices in the ordinary and usual course of the Group’s business.
- (2) Securities and financial services: The general pricing principles for service fee or commission or brokerage fee charged by the Group shall be based on negotiations between the parties with reference to the prevailing market prices and in accordance with the provisions of the applicable laws and regulations of the PRC.

## SECTION 5 SIGNIFICANT EVENTS

In 2024, the annual caps and actual amounts of securities and financial products transactions between the Group and Henan Investment Group and its associates, and the annual caps and actual amounts of securities and financial services provided by the Group to Henan Investment Group and its associates are set out as follows:

	2024 Annual caps (in RMB million)	2024 Actual amounts (in RMB million)
<b>Securities and financial products transactions</b>		
Total net cash outflow from the Group	120.00	0
Total net cash inflow to the Group*	10.50	0
<b>Securities and financial services</b>		
Revenue from the provision of securities and financial services to Henan Investment Group and its associates	36.50	3.88

\* The figure represents gains derived from subscriptions by the Group of securities and financial products set up by Henan Investment Group and its associates.

For details of the continuous connected transactions mentioned above, please refer to the announcement of the Company dated 30 December 2021, published on the HKExnews website of the Hong Kong Stock Exchange.

### Securities and Financial Products Transactions and Services Framework Agreement with Equity Exchange Co.

The Group has been, in the ordinary and usual course of its business, engaged in continuing transactions with Equity Exchange Co., including securities and financial products transactions and securities and financial services. According to the Hong Kong Listing Rules, Equity Exchange Co. is a connected subsidiary of the Company (Henan Investment Group, the substantial shareholder of the Company, holds 10% of its equity). Transactions between the Group and Equity Exchange Co. constitute continuing connected transactions of the Group. Therefore, the Company and Equity Exchange Co. renewed the securities and financial products transactions and services framework agreement on 30 December 2021 (the "Securities and Financial Products Transactions and Services Framework Agreement with Equity Exchange Co.") for a term of three years from 1 January 2022 to 31 December 2024, and respectively set the annual caps (for the three financial years ended 31 December 2024, ① the annual caps of the total net cash inflow to the Group for transactions in respect of the securities and financial products are RMB125.00 million, RMB125.00 million and RMB125.00 million, respectively, and the annual caps of the total net cash outflow from the Group are RMB1.50 million, RMB1.50 million and RMB1.50 million, respectively; ② the annual caps for revenue from the provision of securities and financial services to Equity Exchange Co. in respect of securities and financial services are RMB1.60 million, RMB1.60 million and RMB1.60 million, respectively, and the annual caps for expenses to be incurred by the provision of securities and financial services to the Group are RMB5.75 million, RMB5.75 million and RMB5.75 million, respectively), in order to regulate such continuing connected transactions of the Company more effectively.

On 30 August 2023, the Board of the Company resolved to increase the annual caps on the revenue generated from the provision of securities and financial services by the Group to Equity Exchange Co. for each of the two financial years ending 31 December 2024, by increasing the annual cap from RMB1.60 million to RMB41.1272 million for the financial year ended 31 December 2023, and by increasing the annual cap from RMB1.60 million to RMB46.1272 million for the financial year ending 31 December 2024. For details, please refer to the announcement of the Company dated 30 August 2023.

## SECTION 5 SIGNIFICANT EVENTS

According to the Securities and Financial Products Transactions and Services Framework Agreement with Equity Exchange Co., the Group enters into various securities and financial products transactions with Equity Exchange Co. in the ordinary and usual course of its business, and mutually provides various securities and financial services to each other. The Company and Equity Exchange Co. agreed that:

- (1) Securities and financial products transactions: The securities and financial products transactions will be conducted at the prevailing market prices in the ordinary and usual course of the Group's business. In terms of subscriptions by Equity Exchange Co. set up by the Group, the subscription price is at the same subscription price as the subscriptions by other investors. Such subscription price is determined by the Group after considering the fundamentals of the assets/business to be invested.
- (2) Securities and financial services: In respect of the financial advisory and membership services to be provided by Equity Exchange Co. to the Group: the service fees shall be determined after arm's length negotiations between the parties taking into account factors such as the nature and size of the transactions, the prevailing market conditions, the average fee level applicable to independent third parties for similar transactions; in respect of the fund management services to be provided by the Group to Equity Exchange Co., the service fees shall be determined with reference to the service fee rate applicable to independent third parties based on the size of the fund contribution.

In 2024, the annual caps and actual amounts of securities and financial products transactions between the Group and Equity Exchange Co., and the annual caps and actual amounts of securities and financial services mutually provided between the Group and Equity Exchange Co. are set out as follows:

	<b>2024</b> <b>Annual caps</b> <i>(in RMB million)</i>	<b>2024</b> <b>Actual amounts</b> <i>(in RMB million)</i>
<b>Securities and financial products transactions</b>		
Total net cash inflow to the Group	125.00	37.00
Total net cash outflow from the Group*	1.50	1.06
<b>Securities and financial services</b>		
Revenue from provision of securities and financial services to Equity Exchange Co.	46.1272	0.11
Expenses incurred by provision of securities and financial services to the Group	5.75	0.13

\* The figure represents the net cash outflow arising from the payment to Equity Exchange Co. of the gains derived from the subscriptions by Equity Exchange Co. of financial products set up by the Group.

For details of the continuous connected transactions mentioned above, please refer to the announcements of the Company dated 30 December 2021 and 30 August 2023, respectively published on the HKExnews website of the Hong Kong Stock Exchange.

### **Renewal of the Framework Agreement on Continuing Connected Transactions with Henan Investment Group and Equity Exchange Co.**

On 30 December 2024, the Company enter into the Securities and Financial Services Framework Agreement with Henan Investment Group and renew the Securities and Financial Products Transactions and Services Framework Agreement with Equity Exchange Co., each for a further term of three years commencing from 1 January 2025 and ending on 31 December 2027, and set the relevant annual caps for the continuing connected transactions contemplated thereunder for the next three financial years ending 31 December 2027.

## SECTION 5 SIGNIFICANT EVENTS

For details of the renewal of the Framework Agreement on Continuing Connected Transactions with Henan Investment Group and Equity Exchange Co., please refer to the announcements of the Company dated 23 December 2024 and 30 December 2024, respectively published on the HKExnews website of the Hong Kong Stock Exchange.

During the Reporting Period, the above continuing connected transactions were executed in accordance with the relevant framework agreements signed by the Company with Henan Investment Group and Equity Exchange Co. respectively and the pricing principles of the relevant transactions were strictly observed.

The auditor engaged by the Company has reviewed the above-mentioned non-exempt continuing connected transactions and has sent a letter to the Board, stating that:

- Nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions have not been approved by the Board of the Company;
- If the transactions involve the provision of goods or services by the Group, nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions have not been conducted in accordance with the Group's pricing policy in all material respects;
- Nothing has come to the auditor's attention that causes them to believe that the continuing connected transactions in all material respects were not carried out in accordance with the relevant agreements governing the transactions;
- Regarding the total amount of each continuing connected transaction listed in the appendix of the continuing connected transaction letter, nothing has come to the auditor's attention that causes them to believe the disclosed continuing connected transactions have exceeded the annual caps set by the Company.

The independent non-executive Directors of the Company have confirmed to the Board that they have reviewed the above non-exempt continuing connected transactions and considered that the transactions were:

- conducted in the ordinary course of business of the Group;
- on normal commercial terms or better;
- conducted in accordance with the terms set out in relevant transactions agreement, which were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, there is no related party transaction or continuing related party transaction as set out in IX. "RELATED PARTIES AND RELATED TRANSACTIONS" under Section 8 "FINANCIAL REPORT" of this report that falls into the category of connected transaction or continuing connected transaction that need to be disclosed under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules with respect to the connected transactions and continuing connected transactions of the Company.

## SECTION 5 SIGNIFICANT EVENTS

### Related Transactions in relation to the Ordinary Operations

Description	Inquiry Index
The Company in relation to Estimated Daily Related/ Continuing Connected Transactions in 2025 issued by Central China Securities Co., Ltd. on the same date of this report disclosed the execution of the Company's daily related transactions in 2024.	SSE Announcements No.: 2025-008  Announcements on the website of the Hong Kong Stock Exchange dated 28 March 2025

### Related Transactions from the Acquisition and Disposal of Assets or Equity Interests

Description	Inquiry Index
On 27 December 2024, the 2024 second extraordinary general meeting of the China considered and approved that the Proposal on Central China Blue Ocean Waiving the Proportional Capital Increase Rights in Henan Asset Management and the Proposal on Central China Blue Ocean Waiving Preemptive Rights to the Equity Transfer of Henan Asset Management (the "Henan Asset") by Its Shareholders, agreeing that Central China Blue Ocean, a wholly-owned subsidiary of the Company, to waive the proportional capital increase rights in Henan Asset Management and the preemptive rights to the equity transfer of Henan Asset Management by its shareholders.	SSE Announcements No.: 2024-043, 2024-044, 2024-045 and 2024-060; and  Announcements on the website of the Hong Kong Stock Exchange dated 30 October 2024 and 27 December 2024

## SECTION 5 SIGNIFICANT EVENTS

### VII. MATERIAL CONTRACTS AND CONTRACT PERFORMANCE

#### (I) Guarantees

Unit: Yuan Currency: RMB

Guarantees provided by the Company (excluding the guarantees to subsidiaries)														
Guarantor	Relationship between the guarantor and the listed company			Date of guarantee (date of signing Agreement)	Commencement date of guarantee	Maturity Date of guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Amount overdue on guarantees	Counter guarantees	Whether the guarantee is for a related party	Association relationship
	Guaranteed party	Amount of guarantee												
Total amount of guarantees incurred during the Reporting Period (excluding the guarantees provided to subsidiaries)														
Total balance of guarantees as at the end of the Reporting Period (A) (excluding the guarantees provided to subsidiaries)														
Guarantees provided by the Company and its subsidiaries to subsidiaries														
Total amount of guarantees provided to subsidiaries during the Reporting Period														0
Total balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B)														639,089,830.84
Total amount of guarantees provided by the Company (including the guarantees provided to subsidiaries)														
Total amount of guarantees (A+B)														639,089,830.84
Percentage of total guarantees over the net assets of the Company (%)														4.55
Including:														
Amount of guarantees provided to shareholders, de facto controller and their related parties (C)														
Amount of debt guarantees directly or indirectly provided to the objects guaranteed with the gearing ratio exceeding 70% (D)														
Total amount of guarantees exceeding 50% of net assets (E)														
Total amount of the above three types of guarantees (C+D+E)														
Explanations on outstanding guarantees which may assume the joint and several liability for repayment														
Explanations on guarantees									As at the end of the Reporting Period, the Company provided a guarantee for the issuance of overseas bonds of not more than USD100 million by Wending Zhongyuan Company Limited, a special purpose entity wholly-owned by Central China International, with a guarantee balance of RMB639,089,830.84 (USD88,905.663.76)					

## SECTION 6 CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

### I. ISSUANCE AND LISTING OF SECURITIES

#### (I) Particulars about issuances of securities during the Reporting Period

Unit: 0'000 shares    Currency: RMB

Type of shares and derivative securities	Date of issuance	Issue price (or interest rate)	Issue size	Date of listing	Amount approved for listing and trading	Date of termination of trading
Bonds (including enterprise bonds, corporate bonds and debt financing instruments of non-financial enterprises)						
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 January 2024	2.90%	700.00	30 January 2024	700.00	25 January 2027
2024 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	3 June 2024	2.44%	1,000.00	7 June 2024	1,000.00	4 June 2027
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 2) of Central China Securities Co., Ltd.	3 July 2024	2.22%	2,000.00	9 July 2024	2,000.00	4 July 2027

During the Reporting Period, the Company issued 3 tranches of bonds, including the public offering of 2 tranches of corporate bonds, namely "24 Central China 01" with the offering size of RMB700 million, the interest rate of 2.90% and the term of 3 years, and "24 Central China 02" with the offering size of RMB2.0 billion, the interest rate of 2.22% and the term of 3 years; and the public offering of 1 tranche of subordinated bond namely "24 Central China C1" with the offering size of RMB1.0 billion, the interest rate of 2.44% and the term of 3 years.

### II. SHAREHOLDERS

#### (I) Total number of shareholders

Total number of ordinary shareholders as of the end of the Reporting Period	135,042 Among which: 135,008 A shares; 34 registered H shareholders
Total number of ordinary shareholders as at the end of the month prior to the disclosure date of this report	128,693 Among which: 128,659 A shares; 34 registered H shareholders

## SECTION 6 CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

### (II) Shareholdings of the top ten shareholders, the top ten holders of tradable shares (or shareholders not subject to trading moratorium) as of the end of the Reporting Period

Unit: Share

Shareholdings of the top ten shareholders (excluding share lending through refinancing)							
Name of shareholders (Full name)	Changes during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen		Nature of shareholders
					Status of shares	Number	
HKSCC Nominees Limited	29,700	1,195,186,550	25.74	0	Nil		Overseas legal person
Henan Investment Group Co., Ltd.	0	822,983,847	17.73	0	Nil		State-owned legal person
Jiangsu SOHO Holdings Group Co., Ltd.	10,281,500	141,167,407	3.04	0	Nil		State-owned legal person
Anyang Iron & Steel Group Co., Ltd.	-46,428,800	131,085,215	2.82	0	Pledged	65,000,000.00	State-owned legal person
China Pingmei Shenma Holdings Group Co., Ltd. (中國平煤神馬控 股集團有限公司)	0	63,694,267	1.37	0	Nil		State-owned legal person
Zheng Yu	-1,003,100	50,000,090	1.08	0	Nil		Domestic natural person
Anyang Economic Development Group Co., Ltd.	0	48,824,693	1.05	0	Nil		State-owned legal person
Henan Railway Construction & Investment Group Co., Ltd.	-1,020,000	46,219,915	1.00	0	Nil		State-owned legal person
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open- ended Fund (中國建設銀行股份有 限公司 — 國泰中證全指證券公司 交易型開放式指數證券投資基金)	-18,813,121	40,213,611	0.87	0	Nil		Others
China Construction Bank Corporation — Huabao CSI All Share Securities Company Trading Index Securities Investment Open- ended Fund (中國建設銀行股份有 限公司 — 華寶中證全指證券公司 交易型開放式指數證券投資基金)	-5,389,400	33,582,771	0.72	0	Nil		Others

## SECTION 6 CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

### Shareholdings of the top ten shareholders not subject to trading moratorium (excluding share lending through refinancing)

Name of shareholders	Number of tradable shares not subject to trading moratorium	Type and number of shares	Number
HKSCC Nominees Limited	1,195,186,550	Domestic-listed foreign shares	1,195,186,550
Henan Investment Group Co., Ltd.	822,983,847	RMB-denominated ordinary shares	822,983,847
Jiangsu SOHO Holdings Group Co., Ltd.	141,167,407	RMB-denominated ordinary shares	141,167,407
Anyang Iron & Steel Group Co., Ltd.	131,085,215	RMB-denominated ordinary shares	131,085,215
China Pingmei Shenma Holdings Group Co., Ltd. (中國平煤神馬控股集團有限公司)	63,694,267	RMB-denominated ordinary shares	63,694,267
Zheng Yu	50,000,090	RMB-denominated ordinary shares	50,000,090
Anyang Economic Development Group Co., Ltd.	48,824,693	RMB-denominated ordinary shares	48,824,693
Henan Railway Construction & Investment Group Co., Ltd.	46,219,915	RMB-denominated ordinary shares	46,219,915
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 國泰中證全指證券公司交易型開放式指數證券投資基金)	40,213,611	RMB-denominated ordinary shares	40,213,611
China Construction Bank Corporation — Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 華寶中證全指證券公司交易型開放式指數證券投資基金)	33,582,771	RMB-denominated ordinary shares	33,582,771
Explanation on related party or concert party relationship among the above shareholders	The Company is not aware of any related party relationship among the above-mentioned shareholders or whether they are parties acting in concert as defined in the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》)		

Note 1: As known to the Company, as of the end of the Reporting Period, in addition to the 822,983,847 A shares of the Company directly held by it, Henan Investment Group Co., Ltd., also held 46,733,000 H shares of the Company through its wholly-owned subsidiary, Dahe Paper (Hong Kong) Co., Limited, and held 153,840,000 H shares of the Company through Hong Kong Stock Connect, totaling 1,023,556,847 shares of the Company, accounting for 22.05% of the total issued shares of the Company.

## SECTION 6 CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

Unit: Share

Name of shareholders (Full name)	Shareholders holding more than 5% of the shares, top ten shareholders and top ten shareholders not subject to selling restrictions participating in share lending through refinancing							
	Shareholding of ordinary accounts and credit accounts at the beginning of the period		Share lending through refinancing at the beginning of the period (not yet returned)		Shareholding of ordinary accounts and credit accounts at the end of the period		Share lending through refinancing at the end of the period (not yet returned)	
	Total quantity	Percentage (%)	Total quantity	Percentage (%)	Total quantity	Percentage (%)	Total quantity	Percentage (%)
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 國泰中證全指證券公司交易型開放式指數證券投資基金)	59,026,732	1.27	883,000	0.02	40,213,611	0.87	0	0
China Construction Bank Corporation — Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 華寶中證全指證券公司交易型開放式指數證券投資基金)	38,972,171	0.84	1,317,700	0.03	33,582,771	0.72	0	0

# SECTION 6 CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

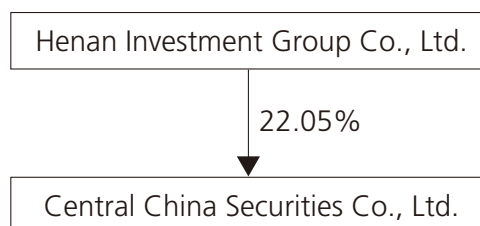
## III. CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

### (I) Controlling shareholder

#### 1 Legal person

Name	Henan Investment Group Co., Ltd.
Person in charge of the entity or legal representative	Yan Wanpeng
Date of incorporation	18 December 1991
Principal business	Investment management, investment in construction projects, industrial production information and machinery and equipment required for construction projects, sale of raw materials of products for investment projects (other than those subject to national specific regulations); housing lease (for those subject to approval among the abovementioned, the company is not allowed to operate such business before obtaining approvals)
Details of controlling interests and investments in other domestic and overseas-listed companies during the Reporting Period	The controlling interests in domestic listed companies are: YUNENG Holdings (001896) which accounts for 61.85% of its total share capital; City Development Environment (000885) which accounts for 56.47% of its total share capital; and Ancai Hi-Tech (600207) which accounts for 41.00% of its total share capital. The investments in domestic listed companies are: China Aviation Optical (002179), Zhengzhou Bank (002936), WINGTECH (600745) and Career International (300662). The investments in overseas listed companies are: Zhongyuan Bank (01216.HK) and Bank of Zhengzhou (06196.HK).

#### 2 Chart of the ownership and controlling relationships between the Company and the controlling shareholder



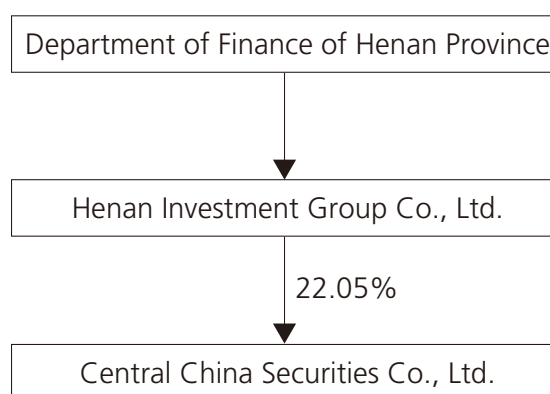
## SECTION 6 CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

### (II) De facto controller

#### 1 Legal person

Name	Department of Finance of Henan Province
Person in charge of the entity or legal representative	Zhao Qingye (趙慶業)
Other description	Henan Investment Group is under the Henan Provincial Government. Responsibilities of the promoter are performed by the Department of Finance of Henan Province as authorized by the Henan Provincial Government. The Department of Finance of Henan Province is the de facto controller of the Company.

#### 2 Chart of the ownership and controlling relationships between the Company and the de facto controller



### (III) Other description on controlling shareholder and de facto controller

Henan Investment Group is under the Henan Provincial Government. Responsibilities of the promoter are performed by the Department of Finance of Henan Province as authorized by the Henan Provincial Government. The Department of Finance of Henan Province is the de facto controller of the Company.

# SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

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

### (I) Corporate bonds

#### 1. Basic information of corporate bonds

Unit: 100 million    Currency: RMB

Name of bonds	Abbreviation	Code	Date of issuance	Value date	The latest putback date following 30 April 2025	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Principal underwriter	Trustee	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there are risks of termination of listing and trading
2021 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	21 Central China 01	175736.SH	4 March 2021	5 March 2021	N/A	5 March 2024	0	4.03	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Donghai Securities Co., Ltd.	Donghai Securities Co., Ltd.	Issuance to professional investors	By matching, clicking, inquiry, bidding and agreement	No
2021 Non-publicly-Subordinated Bonds (Tranche 1) of Central China Securities Co., Ltd.	21 Central China C1	197241.SH	21 October 2021	22 October 2021	N/A	22 October 2024	0	4.70	Interest on an annual basis and the principal repayable upon maturity in full	SSE	None	Huaxi Securities Co., Ltd.	Issuance to professional investors	By clicking, inquiry, bidding and agreement	No
2022 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	22 Central China 01	185321.SH	23 February 2022	24 February 2022	N/A	24 February 2025	20	3.20	Interest on an annual basis and the principal repayable upon maturity in full	SSE	CSC Financial Co., Ltd.	CSC Financial Co., Ltd.	Issuance to professional investors	By matching, clicking, inquiry, bidding and agreement	No
2022 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	22 Central China C1	137909.SH	14 October 2022	17 October 2022	N/A	17 October 2025	5	3.30	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Haitong Securities Company Limited	Haitong Securities Company Limited	Issuance to professional institutional investors	By clicking, inquiry, bidding and agreement	No
2023 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	23 Central China 01	115016.SH	10 March 2023	13 March 2023	N/A	13 March 2026	10	3.68	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	By matching, clicking, inquiry, bidding and agreement	No
2023 Corporate Bonds Publicly Issued to Professional Investors (Tranche 2) of Central China Securities Co., Ltd.	23 Central China 02	115506.SH	9 June 2023	12 June 2023	N/A	14 June 2024	0	2.61	Principal and interest repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	By matching, clicking, inquiry, bidding and agreement	No
2023 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	23 Central China C1	115809.SH	17 August 2023	18 August 2023	N/A	18 August 2026	5	3.70	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Haitong Securities Company Limited	Haitong Securities Company Limited	Issuance to professional institutional investors	By clicking, inquiry, bidding and agreement	No

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

Name of bonds	Abbreviation	Code	Date of issuance	Value date	The latest putback date following 30 April 2025	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Principal underwriter	Trustee	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there are risks of termination of listing and trading
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 Central China 01	240528.SH	24 January 2024	25 January 2024	N/A	25 January 2027	7	2.90	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	By matching, clicking, inquiry, bidding and agreement	No
2024 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 Central China C1	240999.SH	3 June 2024	4 June 2024	N/A	4 June 2027	10	2.44	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Haitong Securities Company Limited	Haitong Securities Company Limited	Issuance to professional institutional investors	By clicking, inquiry, bidding and agreement	No
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 2) of Central China Securities Co., Ltd.	24 Central China 02	241202.SH	3 July 2024	4 July 2024	N/A	4 July 2027	20	2.22	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	By matching, clicking, inquiry, bidding and agreement	No
CCNFH 4 03/22/25	Wending Zhongyuan	XS2420031523	16 March 2022	22 March 2022	N/A	22 March 2025	USD88 million	4%	Interest payment on a semi-annual basis and the principal repayable upon maturity in full	OTC trading	Central China International Securities Co., Limited, CMB International Capital Limited, CCB International Capital Limited, CNCB (HongKong) Capital Limited, CMB Wing Lung Bank, China Galaxy International Securities (Hong Kong) Co., Limited, TFI Securities and Futures Limited	CMB Wing Lung (Trustee) Limited	None	OTC trading	No

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### Interests payment and due repayment of the bonds during the Reporting Period

Name of bonds	Explanations on interests payment and due repayment
2022 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	Interest payment in full as scheduled
2021 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	Payment in full as scheduled
2023 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	Interest payment in full as scheduled
2023 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	Payment in full as scheduled
2023 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	Interest payment in full as scheduled
2022 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) (Type 1) of Central China Securities Co., Ltd.	Interest payment in full as scheduled
2021 Non-public Issuance of Subordinated Bonds (Tranche 1) Central China Securities Co., Ltd.	Payment in full as scheduled

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### 2. Intermediaries providing services for the issuance and duration of the bonds

Intermediary name	Office address	Names of signing accountants	Associate	Contact number
CSC Financial Co., Ltd.	9/F, Taikang Group Building, Building No. 1, 16 Jinghui Street, Chaoyang District, Beijing		Geng Hua, Du Ding	010-56051915
Haitong Securities Company Limited	15/F, Aonan Building 5, 5 Anding Road, Chaoyang District, Beijing		Xiong Jieyu, Zhang Ying	010-88027267
Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities, 6/F, Tower C, Hengao Center, 19 Taipingqiao Street, Xicheng District, Beijing		Feng Haoran, Duan Pengfei	010-88013859
ShineWing Certified Public Accountants (Special General Partnership)	9/F, Block A, Fu Hua Mansion, No. 8 ChaoYang Men Beidajie, Dongcheng District, Beijing	Yan Fanqing, Daihui	Yan Fanqing, Dai hui	010-65542288
Da Hua Certified Public Accountants (Special General Partnership)	8/F, Building 7, No. 16, West Fourth Ring Middle Road, Haidian District, Beijing	Aodu Jiya, Li Tiantian	Aodu Jiya	010-58350006
Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	14F, Huasheng Building, 398 Hankou Road, Shanghai		Xu Xingcun	021-63500711
Henan Luda Law Firm	6/F and 20/F, Building A, Meiqiao Century Plaza, 109 Jinshui East Road, Zhengzhou City, Henan Province		Wang Peiwu, Chai Yunfei	0371-88927791

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### 3. Adjustment of credit rating results

Shanghai Brilliance Credit Rating & Investors Service Co, Ltd. issued the bond rating report on "24 Central China C1" on 21 April 2024, maintaining the AAA rating for the Company's entity credit and AA+ rating for its bonds credit, with a stable rating outlook. Shanghai Brilliance Credit Rating & Investors Service Co, Ltd. issued the tracking rating report on "22 Central China C1" and "23 Central China C1" on 21 May 2024, maintaining the AAA rating for the Company's entity credit and AA+ rating for its bonds credit, with a stable rating outlook. Shanghai Brilliance Credit Rating & Investors Service Co, Ltd. issued the entity credit rating report on the Company on 29 September 2024, maintaining the AAA rating for the Company's entity credit, with a stable rating outlook.

### 4. The implementation and changes of guarantees, debt repayment plans and other debt repayment protection measures during the Reporting Period and their impact

Current status	Implementation	Is there any change	Situation after the change	Reason for the change	Whether the change has been approved by competent authorities	Impact of the change on rights and interests of bonds investors
There were no guarantees for corporate bonds during the Reporting Period	None	No				
The debt repayment plan was normal during the Reporting Period	Note 1	No				
Other debt repayment protection measures were normal during the Reporting Period	Note 2, Note 3	No				

Note 1: Debt repayment plan. The debt repayment plans of "21 Central China 01", "21 Central China C1", "22 Central China 01", "22 Central China C1", "23 Central China 01", "23 Central China C1", "24 Central China 01", "24 Central China C1" and "24 Central China 02" are the same: The interest is paid once a year in the duration of the bonds, and the principal is paid upon maturity in full; "23 Central China 02": The principal and interest are paid upon maturity in full.

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

Note 2: Debt repayment protection measures.

- (1) Corporate bonds: During the Reporting Period, the Company continued to strengthen the development of wealth management business, investment banking business, securities proprietary business, capital intermediary and other business, boasting strong solvency and cash acquisition ability. The Company carried out fund management in strict accordance with the financial system, continuously optimised the asset and liability management according to the debt structure, strengthened the liquidity management, formulated annual and stage fund use plans, prepared the debt service funds in full and timely and made payments on time. In addition, the Company protected the interests of bondholders by giving full play to the role of trustee, strictly implementing the Rules of the Bondholders' Meeting, maintaining good liquidity, and establishing the solvency task force. During the Reporting Period, the annual interest payment of "22 Central China 01" was made on 26 February 2024, and the interest was paid in full as scheduled; "21 Central China 01" matured on 5 March 2024, and the principal and interest were paid in full as scheduled; the annual interest payment of "23 Central China 01" was made on 13 March 2024, and the interest was paid in full as scheduled; "23 Central China 02" matured on 14 June 2024, and the principal and interest were paid in full as scheduled. The Company was not expected to be unable to pay the principal and interest of the bonds on schedule and did not fail to pay the principal and interest of the bonds on schedule at maturity. Therefore, it did not increase the proportion of arbitrary surplus reserves and the proportion of general risk reserves, nor did it take such debt repayment protection measures as not distributing profits to shareholders, suspending the implementation of capital expenditure projects such as major overseas investment and acquisition and merger, reducing or suspending the salary and bonus of directors and senior management, and not transferring the main responsible personnel.
- (2) Subordinated bonds: During the Reporting Period, the Company protected the interests of bondholders by continuously improving the corporate governance structure and risk control system, giving full play to the role of bond trustee, strictly implementing the Rules of Bondholders' Meeting, designating special personnel to take charge of the repayment of principal and interest and making strict information disclosure. During the Reporting Period, the annual interest payment of "23 Central China C1" was made on 19 August 2024, and the interest was paid in full as scheduled; the annual interest payment of "22 Central China C1" was made on 17 October 2024, and the interest was paid in full as scheduled; "21 Central China C1" matured on 22 October 2024, and the principal and interest were paid in full as scheduled. The Company was not expected to be unable to pay the principal and interest of the bonds on schedule and did not fail to pay the principal and interest of the bonds on schedule at maturity. Therefore, it did not increase the proportion of arbitrary surplus reserves and the proportion of general risk reserves, nor did it take such debt repayment protection measures as not distributing profits to shareholders, suspending the implementation of capital expenditure projects such as major overseas investment and acquisition and merger, reducing or suspending the salary and bonus of directors and senior management, and not transferring the main responsible personnel.

Note 3: Other relevant situations:

The Company strictly complied with the laws and regulations, engaged CSC Financial Co., Ltd, Haitong Securities Company Limited and Shenwan Hongyuan Securities Co., Ltd. as the bond trustees, protected the interests of bond holders in accordance with the signed "Bond Management Agreement", and strictly implemented the fund management plan and information disclosure requirements. The above measures are consistent with the prospectus.

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### (II) Proceeds from the corporate bonds

The corporate bonds were subject to matters relating to the use or the rectification of irregular use of proceeds during the Reporting Period

#### 1. Basic information

Unit: 100 million    Currency: RMB

Bond code	Bond abbreviation	Whether it is a specialised type of bond	Specific type of specialised bond	Total funds raised	Balance of funds raised at the end of the Reporting Period	Balance of the special account for funds raised at the end of the Reporting Period
240528.SH	24 Central China 01	No	—	7	0	0
240999.SH	24 Central China C1	No	—	10	0	0
241202.SH	24 Central China 02	No	—	20	0	0

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### 2. Use of proceeds

#### Actual use of proceeds (excluding temporary replenishment)

Unit: 100 million    Currency: RMB

Bond code	Bond abbreviation	Actual amount of proceeds utilised during the Reporting Period Amount utilised	Repayment of interest-bearing debt (Excluding corporate bonds) Amount involved	Repayment of corporate bonds Amount involved	Liquidity replenishment Amount involved	Investment in fixed asset projects and Amount involved	Other uses and Amount involved
240528.SH	24 Central China 01	7	2.56	4.44	—	—	—
240999.SH	24 Central China C1	10	—	10	—	—	—
241202.SH	24 Central China 02	20	8.49	11.51	—	—	—

### 3. Compliance of use of proceeds

Bond code	Bond abbreviation	As of the end of the Reporting Period, the actual use of proceeds (including actual use and temporary replenishment)	Whether the actual use and the agreed use (including the agreed use in the prospectus and the use after the compliance change) are consistent	During the Reporting Period, whether the use of proceeds and the management of special account for proceeds are compliant	Whether the use of proceeds is in compliance with the regulations of local governments on debt
240528.SH	24 Central China 01	Repayment of interest-bearing debt	Yes	Yes	Yes
240999.SH	24 Central China C1	Repayment of interest-bearing debt	Yes	Yes	Yes
241202.SH	24 Central China 02	Repayment of interest-bearing debt	Yes	Yes	Yes

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### (III) Significant events relating to the Company's bonds during the Reporting Period

#### 1. Non-operating current account and capital borrowings

##### (1). *Balance of non-operating current account and capital borrowings*

At the beginning of the Reporting Period, the balance of the Company's consolidated accounts receivable for current account and capital borrowings to other parties that are not directly attributable to production and operations (hereinafter referred to as non-operating current account and capital borrowings): RMB0.00 billion;

At the end of the Reporting Period, the total amount of uncollected non-operating current account and capital borrowings: RMB0.00 billion.

##### (2). *Breakdown of non-operating current account and capital borrowings*

At the end of the Reporting Period, uncollected non-operating current accounts and capital borrowings of the Company's consolidated accounts as a percentage of the net assets of the consolidated accounts: 0.00%.

##### (3). *Implementation of payback arrangements disclosed in previous Reporting Periods*

Fully implemented

Note: The Company does not involve non-operating current account and capital borrowings and related payback arrangements.

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### 2. Debt position

#### (1). Interest-bearing debt and changes therein

##### 1.1 Debt structure of the Company

At the beginning of the Reporting Period and at the end of the Reporting Period, the Company's (non-consolidated) interest-bearing debt balance amounted to RMB22,069 million and RMB18,632 million, respectively, with a year-on-year change of -15.58% in the balance of interest-bearing debt during the Reporting Period.

Unit: 100 million    Currency: RMB

Type of interest-bearing debt	Overdue	Expiry time		Total amount	Percentage of interest-bearing debt (%)
		Within 1 year (inclusive)	Over 1 year (exclusive)		
Corporate credit bonds		26.50	51.98	78.48	42.12
Bank loans					
Loans from non-bank financial institutions					
Other interest-bearing debt		99.51	8.33	107.84	57.88
<b>Total</b>		126.01	60.31	186.32	100.00

At the end of the Reporting Period, among the Company's corporate credit bonds in existence, the balance of corporate bonds amounted to RMB7,848 million, the balance of enterprise bonds amounted to RMB0 billion, the balance of non-financial corporate debt financing instruments amounted to RMB0 billion, and a total of RMB547 million of corporate credit bonds will be due for maturity or resale within the period from May to December 2025 to make repayments.

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### 1.2 Interest-bearing debt structure of the Company's consolidated accounts

At the beginning of the Reporting Period and at the end of the Reporting Period, the balance of the Company's interest-bearing debt within the scope of the Company's consolidated financial statements amounted to RMB22,697 million and RMB19,268 million, respectively, and there was a year-on-year change of -15.11% in the balance of the Company's interest-bearing debt during the Reporting Period.

Unit: 100 million    Currency: RMB

Type of interest-bearing debt	Overdue	Expiry time		Total amount	Percentage of interest-bearing debt (%)
		Within 1 year (inclusive)	Over 1 year (exclusive)		
Corporate credit bonds		32.89	51.88	84.77	44.00
Bank loans		0.07		0.07	0.04
Loans from non-bank financial institutions					
Other interest-bearing debt		99.51	8.33	107.84	55.97
<b>Total</b>		132.47	60.21	192.68	100.00

At the end of the Reporting Period, among the Company's corporate credit bonds of consolidated accounts in existence, the balance of corporate bonds amounted to RMB7,838 million, the balance of overseas US dollar bonds amounted to RMB639 million, the balance of enterprise bonds amounted to RMB0 billion, the balance of non-financial corporate debt financing instruments amounted to RMB0 billion, and a total of RMB547 million of corporate credit bonds will be due for maturity or resale within the period from May to December 2025 to make repayments.

### 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 amounted to RMB639 million, including principal RMB633 million and interest RMB6 million, and the balance of overseas bonds maturing within May to December 2025 amounted to RMB0 billion (Note: The balance of overseas bonds of RMB639 million has been redeemed upon maturity in March 2025).

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### (2). Major liabilities and reasons for changes

Unit: Yuan    Currency: RMB

Liabilities	Balance at the end of the Period	Balance in 2023	Percentage of change (%)	If the percentage of change exceeds 30%, state the reason
Short-term loans	7,008,341.66	0.00	N/A	Mainly due to the increase in guaranteed loans at the end of the Period
Short-term financing instruments payable	3,896,489,565.69	4,075,723,383.58	-4.40	Mainly due to the maturity of certain bonds at the end of the Period
Due to banks and other financial institutions	3,962,603,712.35	3,297,906,994.48	20.16	Mainly due to the increase in refinancing due to banks at the end of the Period
Financial liabilities held for trading	578,887,667.66	1,389,611,181.03	-58.34	Mainly due to the decrease in the income securities issued certificate pegged to stock indexes at end of the Period
Derivative financial liabilities	1,996,580.00	18,033,779.39	-88.93	Mainly due to the decrease in the scale of stock return swap at the end of the Period
Financial assets sold under repurchase agreements	5,289,084,372.35	10,602,387,479.57	-50.11	Mainly due to the decrease in scale of pledge-style repurchase at the end of the Period
Accounts payable to brokerage clients	16,476,010,375.54	11,538,050,603.00	42.8	Mainly due to the increase in client's capital deposit at the end of the Period
Taxes payable	41,403,810.37	26,436,859.31	56.61	Mainly attributable to the increase in individual income tax payable at the end of the Period
Accounts payable	205,338,964.19	873,013,344.30	-76.48	Mainly due to the decrease in transaction funds payable from over-the-counter business at the end of the Period
Contract liabilities	2,400,665.20	7,881,833.37	-69.54	Mainly due to the decrease in trade advance receipt at the end of the Period
Bonds payable	6,112,729,880.19	4,721,201,165.26	29.47	Mainly due to the impact of the new bonds at the end of the Period
Deferred income tax liabilities	6,619,866.41	20,759,933.82	-68.11	Mainly due to changes in the value of financial assets at the end of the Period
Other liabilities	202,678,184.19	304,998,778.26	-33.55	Mainly due to the decrease in other payable at the end of the Period

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### (IV) Accounting data and financial indicators of the Company for the past 2 years as of the end of the Reporting Period

Unit: Yuan    Currency: RMB

Principal indicators	2024	2023	Increase/ Decrease as compared with the corresponding period of last year (%)	Reason for the change
Net profit after non-recurring profit or loss attributable to the shareholder of the listed company	209,918,233.37	195,874,295.18	7.17	
Current ratio	2.16	1.69	27.81	
Quick ratio	2.16	1.69	27.81	
Gearing ratio (%)	59.35	64.77	-8.37	
Debt-to-EBITDA ratio	4.62	4.06	13.79	
Interest coverage ratio	1.42	1.32	7.58	
Cash interest coverage ratio	14.86	-0.34	N/A	
EBITDA interest coverage ratio	1.65	1.49	10.74	
Loan repayment ratio (%)	100.00	100.00	0.00	
Interest payment ratio (%)	100.00	100.00	0.00	

## SECTION 8 FINANCIAL REPORT

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# INDEPENDENT AUDIT REPORT

XYZH/2025BJAI2B0033  
Central China Securities Co., Ltd.

To the Shareholders of Central China Securities Co., Ltd.:

## I. Audit opinion

We have audited the financial statements of Central China Securities Co., Ltd. (hereinafter referred to as "the Company"), including the consolidated and the Parent Company's balance sheet as at December 31st, 2024, the consolidated and the Parent Company's income statement, the consolidated and the Parent Company's cash flow statement, the consolidated and the Parent Company's change of equity statement for the year 2024, and notes to the financial statements.

In our opinion, the accompanying financial statements were prepared in accordance with the *Accounting Standards for Business Enterprises* in all material respects, and presented fairly the consolidated and the Company's financial position as of December 31st, 2024, and the consolidated and the Company's results of operations and cash flows for the year 2024.

## II. Basis for opinion

We conducted our audit in accordance with the *China Standards on Auditing for Chinese Certified Public Accountants*. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the *Code of Ethics for Chinese Certified Public Accountants*, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for expressing our audit opinion.

## III. Key audit matters

Key audit matters are those matters that, in our professional judgment, are considered to be most significant to the audit of the financial statements for the period. These matters are addressed in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an opinion on these matters individually. The key audit matters identified in our audit are set out below:

# INDEPENDENT AUDIT REPORT

## 1. Determination of provision for impairment of margin accounts receivable, financial assets held under resale agreements, debt investments, and financial assets at fair value through other comprehensive income

### Key audit matters

As of December 31st, 2024, the book values of the margin accounts receivable, financial assets held under resale agreements, debt investments, and financial assets at fair value through other comprehensive income of the Company were RMB9,326.76 million, RMB1,445.00 million, RMB49.85 million, and RMB114.27 million, respectively, and the balance of impairment provision recognized totaled RMB691.15 million.

The management uses the expected loss model to measure expected credit losses. For the above financial assets classified under Stages 1 and 2, the management assesses the provision for impairment by applying a measurement model that includes key parameters such as probability of default, loss given default, and exposure at default. For credit-impaired financial assets classified under Stage 3, the management measures the provision for impairment by estimating the future cash flows of the financial assets.

Significant management judgments and assumptions included in the expected credit loss measurement models for different types of products include, among others: the criteria used to determine a significant increase in credit risk; the selection of appropriate models and assumptions for measuring expected credit losses; and the forward-looking information and weights used.

As the Company's expected credit loss measurement model is complex, utilizes a significant number of parameters and data, and involves significant management judgments and assumptions, and given the materiality of the above financial assets and impairment provision, the determination of provision for impairment of the financial assets has been identified as a key audit matter.

For details of margin accounts receivable, financial assets held under resale agreements, debt investments, and financial assets at fair value through other comprehensive income, please refer to Note VI. 3, 7, 9 and 10 to the financial statements.

### Audit response

The audit procedures we performed in connection with the management's assessment of impairment included:

Obtain an understanding of the internal controls related to the provision for expected credit impairment and test the effectiveness of the implementation of related internal controls;

Sample and perform audit procedures to examine the delinquency status of the financial assets, the value of collateral, the creditworthiness of borrowers or issuers, and any negative information, and to evaluate the reasonableness of the management's judgments as to whether the credit risk of the above financial assets has increased significantly since the initial recognition, and whether credit impairment has occurred;

Examine the reliability of the expected credit loss models and parameters used by the management in assessing the provision for impairment, including probability of default, loss given default, and exposure at default, and forward-looking adjustments, and evaluate their consistency, accuracy, and completeness;

Evaluate the reasonableness of the loss given default for financial assets that are credit-impaired based on selected samples; examine the financial information of debtors and guarantors, the market value of collaterals or seized assets, and other information to make a consideration of the recoverable amount of the financial assets.

Evaluate whether the financial statement disclosures related to the provision for impairment of financial assets comply with the disclosure requirements of the *Accounting Standards for Business Enterprises*.

# INDEPENDENT AUDIT REPORT

## 2. Assessment of fair value of financial instruments

### Key audit matters

As of December 31st, 2024, the book values of financial assets held for trading, financial assets at fair value through other comprehensive income, and financial liabilities held for trading of the Company were RMB17,629.25 million, RMB114.27 million, and RMB578.89 million, respectively, and the amount of fair value changes recognized during the period totaled RMB-643.12 million.

The valuation of financial instruments measured at fair value by the Company is based on a combination of market data and valuation models, where the valuation models typically require a large number of inputs. Most input values are derived from data that can be reliably accessed. Where observable inputs cannot be reliably obtained, i.e. in the case of Level 3 financial instruments measured at fair value, the determination of unobservable inputs requires the management to make appropriate estimates, which involve significant management judgment.

Due to the complexity of assessing the fair value of financial instruments measured at fair value and the significant management judgment involved in determining the inputs to be used in the valuation models, we identified the assessment of the fair value of financial instruments as a key audit matter.

For details of financial assets held for trading, financial assets at fair value through other comprehensive income, financial liabilities held for trading, please refer to Note VI. 8, 10, 26 and Note XI. to the financial statements.

### Audit response

The audit procedures we performed in connection with the management's assessment of fair value of financial instruments included:

Obtain an understanding of the reasonableness of the design of internal controls related to the valuation of financial assets and perform related control effectiveness testing;

Review the fair value of stock and fixed-income bond investments based on a reasonable source of quoted prices in active markets, if such active market quotes are available. For restricted shares, less liquid corporate bonds, NEEQ stocks, and suspended stocks without quoted prices in an active market, we review the methodology or model used on the basis of the Company's valuation;

For financial assets in Level 2 and 3, we implement appropriate valuation review procedures based on the characteristics of the financial assets; for private equity funds, asset management plans and financial products that are financial assets in Level 2 and 3 measured at fair value, and for which comparable market transaction prices for the same or similar assets are not available, we obtain relevant audit reports, GP reports, etc. and use these reports to reasonably assess the fair value of private equity funds, asset management plans and financial products. For unlisted equity investments (e.g., non-public market specialized investments), we review the valuation model, methodology and parameters based on the Company's valuation;

Evaluate whether the financial statement disclosures related to the valuation of financial assets comply with the disclosure requirements of the *Accounting Standards for Business Enterprises*.

# INDEPENDENT AUDIT REPORT

## IV. Other information

The management of the Company (hereinafter referred to as “the Management”) is responsible for the other information. Other information includes the information covered in the 2024 Annual Report of the Company, but excludes the financial statements and our auditor’s report.

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

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

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

## V. Responsibilities of the Management and those charged with governance for the financial statements

The Management is responsible for the preparation of the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises to achieve a fair presentation, and designing, implementing and maintaining the necessary internal controls so that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

## VI. Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that expresses our opinion. Although reasonable assurance is a high level of assurance, it is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions that users of the financial statements make on the basis of the financial statements.

# INDEPENDENT AUDIT REPORT

During the course of the audit in accordance with auditing standards, we exercise professional judgement and maintain professional skepticism. We also carry out the following works:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for expressing audit opinions. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or overriding internal controls.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on information available as of the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for directing, supervising and performing the Group audit. We remain solely responsible for our audit opinion.

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

## INDEPENDENT AUDIT REPORT

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

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

ShineWing Certified Public Accountants  
(LLP)  
Beijing, China  
March 28th, 2025

# CONSOLIDATED BALANCE SHEET

December 31st, 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	December 31st, 2024	December 31st, 2023
<b>Assets:</b>			
Cash and bank balances	VI. 1	14,400,984,039.97	9,977,189,628.79
Including: Client's capital deposit		12,005,245,325.90	8,158,103,606.55
Clearing settlement funds	VI. 2	4,531,325,343.18	3,449,978,421.75
Including: Client's reserve funds		4,280,886,570.91	3,326,385,837.63
Margin accounts receivable	VI. 3	9,326,761,787.66	7,604,853,831.45
Derivative financial assets	VI. 4	16,126,760.68	27,910,148.17
Refundable deposits	VI. 5	1,216,799,648.55	1,086,792,208.93
Accounts receivable	VI. 6	331,013,831.49	421,115,609.11
Financial assets held under resale agreements	VI. 7	1,445,001,679.44	1,010,201,346.03
Financial investment:			
Financial assets held for trading	VI. 8	17,629,247,370.42	24,271,207,692.01
Debt investments	VI. 9	49,846,701.66	120,370,451.85
Financial assets at fair value through other comprehensive income	VI. 10	114,330,970.55	410,921,462.71
Investments in other equity instruments	VI. 11	1,400,000.00	1,400,000.00
Long-term equity investments	VI. 12	905,250,626.42	1,443,058,245.16
Investment properties	VI. 13	18,193,072.87	24,481,026.28
Fixed assets	VI. 14	184,631,837.37	184,463,914.69
Construction in progress	VI. 15	225,069,712.95	189,352,396.39
Right-of-use assets	VI. 16	122,494,321.95	162,370,774.73
Intangible assets	VI. 17	264,549,238.93	282,630,372.07
Deferred tax assets	VI. 18	586,488,128.84	593,075,296.91
Goodwill	VI. 19	7,268,756.37	7,268,756.37
Other assets	VI. 20	237,564,250.77	433,042,189.06
<b>Total assets</b>		<b>51,614,348,080.07</b>	<b>51,701,683,772.46</b>

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED BALANCE SHEET

December 31st, 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	December 31st, 2024	December 31st, 2023
<b>Liabilities:</b>			
Short-term loans	VI. 23	7,008,341.66	
Short-term financing instruments payable	VI. 24	3,896,489,565.69	4,075,723,383.58
Due to banks and other financial institutions	VI. 25	3,962,603,712.35	3,297,906,994.48
Financial liabilities held for trading	VI. 26	578,887,667.66	1,389,611,181.03
Derivative financial liabilities	VI. 4	1,996,580.00	18,033,779.39
Financial assets sold under repurchase agreements	VI. 27	5,289,084,372.35	10,602,387,479.57
Accounts payable to brokerage clients	VI. 28	16,476,010,375.54	11,538,050,603.00
Employee benefits payable	VI. 33	433,567,876.54	515,503,839.70
Taxes payable	VI. 29	41,403,810.37	26,436,859.31
Accounts payable	VI. 30	205,338,964.19	873,013,344.30
Contract liabilities	VI. 31	2,400,665.20	7,881,833.37
Bonds payable	VI. 32	6,112,729,880.19	4,721,201,165.26
Lease liabilities	VI. 34	114,709,864.43	159,674,911.48
Deferred tax liabilities	VI. 18	6,619,866.41	20,759,933.82
Other liabilities	VI. 35	202,678,184.19	304,998,778.26
<b>Total liabilities</b>		<b>37,331,529,726.77</b>	<b>37,551,184,086.55</b>
<b>Shareholders' equity:</b>			
Share capital	VI. 36	4,642,884,700.00	4,642,884,700.00
Capital reserve	VI. 37	6,260,122,106.33	6,269,993,825.68
Other comprehensive income	VI. 38	78,049,511.11	63,695,070.78
Surplus reserve	VI. 39	1,013,452,026.42	1,002,549,897.12
General risk reserve	VI. 40	1,707,222,955.93	1,681,171,705.39
Undistributed profits	VI. 41	358,503,723.78	242,467,397.11
Total equity attributable to shareholders of the parent company		14,060,235,023.57	13,902,762,596.08
Minority shareholders' equity		222,583,329.73	247,737,089.83
<b>Total shareholders' equity:</b>		<b>14,282,818,353.30</b>	<b>14,150,499,685.91</b>
<b>Total liabilities and shareholders' equity</b>		<b>51,614,348,080.07</b>	<b>51,701,683,772.46</b>

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED INCOME STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	FY 2024	FY 2023
<b>I. Total operating income</b>		<b>1,689,925,164.42</b>	1,968,016,572.87
Net interest income	VI. 42	244,705,312.27	126,068,459.51
Including: Interest income		828,108,569.66	813,456,863.57
Interest expenses		583,403,257.39	687,388,404.06
Net fee and commission income	VI. 43	810,071,316.09	745,988,329.71
Including: Brokerages business		642,907,031.27	531,862,054.50
Investment banking		56,282,928.18	91,944,011.98
Assets management		24,479,998.61	48,701,535.95
Investment income (loss stated with "-")	VI. 44	512,347,592.51	873,177,476.72
Including: Investment income from associates and joint ventures		59,105,673.19	-23,173,922.62
Gains on changes in fair value (loss stated with "-")	VI. 45	-198,814,850.10	-96,656,528.14
Gains on foreign exchange (loss stated with "-")		-1,455,640.68	387,802.13
Other operating income	VI. 46	306,773,258.72	300,815,779.22
Gains from assets disposal (loss stated with "-")	VI. 47	3,427,741.26	40,069.74
Other income	VI. 48	12,870,434.35	18,195,183.98
<b>II. Total operating cost</b>		<b>1,485,899,142.55</b>	1,758,744,134.17
Taxes and surcharges	VI. 49	12,902,288.08	11,154,411.12
Business and administrative expenses	VI. 50	1,142,505,105.72	1,381,597,398.39
Loss on impairment of credit	VI. 51	19,811,034.92	55,036,615.40
Other assets impairment losses	VI. 52	17,722,815.48	13,044,185.59
Other operating costs	VI. 53	292,957,898.35	297,911,523.67
<b>III. Operating profit (loss stated with "-")</b>		<b>204,026,021.87</b>	209,272,438.70
Add: Non-operating income	VI. 54	36,707,776.37	6,269,169.20
Less: Non-operating expenses	VI. 55	5,440,011.55	3,293,044.41
<b>IV. Profit before tax (loss stated with "-")</b>		<b>235,293,786.69</b>	212,248,563.49
Less: Income tax expenses	VI. 56	13,400,146.28	10,024,758.34
<b>V. Net profit (net loss stated with "-")</b>		<b>221,893,640.41</b>	202,223,805.15
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss stated with "-")		221,893,640.41	202,223,805.15
2. Net profit from discontinued operations (net loss stated with "-")			
(II) Classified by ownership			
1. Net profit attributable to owners of the parent company		245,847,400.51	211,601,553.51
2. Gains or losses of minority shareholders		-23,953,760.10	-9,377,748.36

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED INCOME STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	FY 2024	FY 2023
<b>VI. Other comprehensive income after tax</b>		<b>14,354,440.33</b>	771,826.05
Items attributable to owners of the parent company		<b>14,354,440.33</b>	771,826.05
(I) Not to be reclassified subsequently to profit or loss			
(II) To be reclassified subsequently to profit or loss		<b>14,354,440.33</b>	771,826.05
1. Items that will be reclassified to profit or loss under equity method		<b>550,391.86</b>	-3,952,584.19
2. Changes in fair value of financial assets at fair value through other comprehensive income		<b>4,146,948.96</b>	42,307,818.15
3. Provision for credit losses on financial assets at fair value through other comprehensive income		<b>-141,209.01</b>	-44,950,186.83
4. Translation differences of foreign currency financial statements		<b>9,798,308.52</b>	7,366,778.92
Items attributable to minority shareholders			
<b>VII. Total comprehensive income</b>		<b>236,248,080.74</b>	202,995,631.20
Items attributable to owners of the parent company		<b>260,201,840.84</b>	212,373,379.56
Items attributable to minority shareholders		<b>-23,953,760.10</b>	-9,377,748.36
<b>VIII. Earnings per share (EPS):</b>			
(I) Basic EPS (RMB/share)	VI. 57	<b>0.0530</b>	0.0456
(II) Diluted EPS (RMB/share)		<b>0.0530</b>	0.0456

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED CASH FLOW STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	FY 2024	FY 2023
<b>I. Cash flows from operating activities:</b>			
Net decrease of financial instruments held for trading		5,966,532,744.18	
Cash receipt from interest, fees and commissions		2,192,572,920.13	1,879,587,096.26
Net increase in due to banks and other financial institutions		665,000,000.00	1,795,000,000.00
Net increase of repurchase business			715,468,630.09
Net decrease of resale business			109,704,059.21
Net decrease in margin accounts receivable			
Net cash received from brokerage clients		4,937,959,772.54	
Other cash received related to operating activities	VI. 58	940,884,542.46	1,135,472,826.63
<b>Subtotal of cash inflows from operating activities</b>		<b>14,702,949,979.31</b>	<b>5,635,232,612.19</b>
Net increase of financial instruments held for trading			2,068,690,896.41
Cash payments of interest, fees and commissions		646,047,099.20	639,767,188.77
Net decrease of repurchase business		5,308,387,751.69	
Net increase of resale business		432,839,613.63	
Net increase in margin accounts receivable		1,747,546,876.80	582,154,291.72
Net cash paid to brokerage clients			311,616,204.82
Cash payments to and on behalf of employees		801,536,188.39	1,057,624,059.30
Cash payments of taxes		161,090,529.35	181,995,236.07
Other cash payments related to operating activities	VI. 58	1,437,333,259.86	1,260,682,903.15
<b>Subtotal of cash outflows from operating activities</b>		<b>10,534,781,318.92</b>	<b>6,102,530,780.24</b>
<b>Net cash flows from operating activities</b>	VI. 58	<b>4,168,168,660.39</b>	<b>-467,298,168.05</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from investment recovery		665,268,307.42	1,948,806,922.27
Cash received from investment income		38,735,268.75	90,973,706.81
Cash received from disposal of fixed assets, intangible assets and other long-term assets		4,209,594.56	719,938.85
<b>Subtotal of cash inflows from investing activities</b>		<b>708,213,170.73</b>	<b>2,040,500,567.93</b>
Cash payments to acquire fixed assets, intangible assets and other long-term assets		121,528,380.90	149,393,386.97
<b>Subtotal of cash outflows from investing activities</b>		<b>121,528,380.90</b>	<b>149,393,386.97</b>
<b>Net cash flows from investing activities</b>		<b>586,684,789.83</b>	<b>1,891,107,180.96</b>

Legal representative:  
Lu Zhili

Officer in charge of accounting:  
Guo Liangyong

Head of accounting department:  
Han Xihua

# CONSOLIDATED CASH FLOW STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	FY 2024	FY 2023
<b>III. Cash flows from financing activities:</b>			
Cash received from loans		7,000,000.00	7,867,100.00
Cash received from issuance of bonds		7,074,089,304.26	8,721,254,081.65
<b>Subtotal of cash inflows from financing activities</b>		<b>7,081,089,304.26</b>	8,729,121,181.65
Cash repayments of borrowings		5,866,360,948.72	9,499,957,252.04
Cash payments for distribution of dividends or profit or interest expenses		396,374,355.14	357,078,279.89
Including: Cash payments of subsidiaries to minority shareholders as distribution of dividends or profit		1,200,000.00	2,000,000.00
Other cash payments related to financing activities	VI. 58	80,204,665.86	200,076,302.46
<b>Subtotal of cash outflows from financing activities</b>		<b>6,342,939,969.72</b>	10,057,111,834.39
<b>Net cash flows from financing activities</b>		<b>738,149,334.54</b>	-1,327,990,652.74
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>-1,455,640.68</b>	387,802.13
<b>V. Net increase in cash and cash equivalents</b>		<b>5,491,547,144.08</b>	96,206,162.30
Add: Opening balance of cash and cash equivalents		13,393,530,130.84	13,297,323,968.54
<b>VI. Closing balance of cash and cash equivalents</b>	VI. 58	<b>18,885,077,274.92</b>	13,393,530,130.84

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED CHANGE OF EQUITY STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	FY 2024								
	Equity attributable to shareholders of the parent company							Minority shareholders' equity	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
<b>I. Balance at the end of prior year</b>	4,642,884,700.00	6,269,993,825.68	63,695,070.78	1,002,549,897.12	1,681,171,705.39	242,467,397.11	13,902,762,596.08	247,737,089.83	14,150,499,685.91
Add: Changes in accounting policies									
Correction of prior-period errors									
Others									
<b>II. Balance at the beginning of current year</b>	4,642,884,700.00	6,269,993,825.68	63,695,070.78	1,002,549,897.12	1,681,171,705.39	242,467,397.11	13,902,762,596.08	247,737,089.83	14,150,499,685.91
<b>III. Increase or decrease in the current year</b>		-9,871,719.35	14,354,440.33	10,902,129.30	26,051,250.54	116,036,326.67	157,472,427.49	-25,153,760.10	132,318,667.39
1. Total comprehensive income			14,354,440.33			245,847,400.51	260,201,840.84	-23,953,760.10	236,248,080.74
2. Shareholder's inputs and decreases in capital									
(1) Ordinary shares invested by shareholders									
(2) Capital contributed by holders of other equity instruments									
(3) Amount of share-based payment included in shareholders' equity									
(4) Others									
3. Profit distribution				10,902,129.30	26,051,250.54	-129,811,073.84	-92,857,694.00	-1,200,000.00	-94,057,694.00
(1) Appropriation to surplus reserve				10,902,129.30		-10,902,129.30			
(2) Appropriation to general risk reserve					26,051,250.54	-26,051,250.54			
(3) Distribution to shareholders						-92,857,694.00	-92,857,694.00	-1,200,000.00	-94,057,694.00
(4) Others									
4. Internal carry-forward of shareholders' equity									
(1) Transfer of capital reserve to share capital									
(2) Transfer of surplus reserve to share capital									
(3) Surplus reserve to cover loss									
(4) Others									
5. Others		-9,871,719.35					-9,871,719.35		-9,871,719.35
<b>IV. Balance at the end of current year</b>	4,642,884,700.00	6,260,122,106.33	78,049,511.11	1,013,452,026.42	1,707,222,955.93	358,503,723.78	14,060,235,023.57	222,583,329.73	14,282,818,353.30

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED CHANGE OF EQUITY STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

	FY 2023								
	Equity attributable to shareholders of the parent company								
Item	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Subtotal	Minority shareholders' equity	Total shareholders' equity
I. Balance at the end of prior year	4,642,884,700.00	6,304,933,461.30	62,923,244.73	942,510,767.79	1,593,318,760.87	211,258,110.35	13,757,829,045.04	449,544,528.41	14,207,373,573.45
Add: Changes in accounting policies									
Correction of prior-period errors									
Others									
II. Balance at the beginning of current year	4,642,884,700.00	6,304,933,461.30	62,923,244.73	942,510,767.79	1,593,318,760.87	211,258,110.35	13,757,829,045.04	449,544,528.41	14,207,373,573.45
III. Increase or decrease in the current year									
		-34,939,635.62	771,826.05	60,039,129.33	87,852,944.52	31,209,286.76	144,933,551.04	-201,807,438.58	-56,873,887.54
1. Total comprehensive income			771,826.05			211,601,553.51	212,373,379.56	-9,377,748.36	202,995,631.20
2. Shareholder's inputs and decreases in capital		-35,122,159.78					-35,122,159.78	-190,429,690.22	-225,551,850.00
(1) Ordinary shares invested by shareholders								-156,700,000.00	-156,700,000.00
(2) Capital contributed by holders of other equity instruments									
(3) Amount of share-based payment included in shareholders' equity									
(4) Others		-35,122,159.78					-35,122,159.78	-33,729,690.22	-68,851,850.00
3. Profit distribution				60,039,129.33	87,852,944.52	-180,392,266.75	-32,500,192.90	-2,000,000.00	-34,500,192.90
(1) Appropriation to surplus reserve				60,039,129.33		-60,039,129.33			
(2) Appropriation to general risk reserve					87,852,944.52	-87,852,944.52			
(3) Distribution to shareholders						-32,500,192.90	-32,500,192.90	-2,000,000.00	-34,500,192.90
(4) Others									
4. Internal carry-forward of shareholders' equity									
(1) Transfer of capital reserve to share capital									
(2) Transfer of surplus reserve to share capital									
(3) Surplus reserve to cover loss									
(4) Others									
5. Others		182,524.16					182,524.16		182,524.16
IV. Balance at the end of current year	4,642,884,700.00	6,269,993,825.68	63,695,070.78	1,002,549,897.12	1,681,171,705.39	242,467,397.11	13,902,762,596.08	247,737,089.83	14,150,499,685.91

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY BALANCE SHEET

December 31st, 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	December 31st, 2024	December 31st, 2023
<b>Assets:</b>			
Cash and bank balances		12,486,371,278.43	8,550,531,169.86
Including: Client's capital deposit		11,453,067,614.42	7,730,567,433.48
Clearing settlement funds		3,647,427,636.26	2,680,558,952.00
Including: Client's reserve funds		3,201,337,204.68	2,457,296,427.57
Margin accounts receivable		9,245,318,527.54	7,477,731,878.81
Derivative financial assets		16,126,760.68	27,801,748.17
Refundable deposits		437,965,250.69	399,505,469.12
Accounts receivable	XVII. 1	39,231,018.74	323,798,652.74
Financial assets held under resale agreements		1,434,997,153.41	966,171,800.30
Financial investment:			
Financial assets held for trading		15,466,228,022.06	21,760,263,800.20
Financial assets at fair value through other comprehensive income		114,330,970.55	410,921,462.71
Long-term equity investments	XVII. 3	4,426,207,083.94	4,826,207,083.94
Investment properties		14,934,613.80	21,153,862.58
Fixed assets		168,405,756.46	169,060,819.16
Construction in progress		225,069,712.95	189,352,396.39
Right-of-use assets		113,666,900.53	138,989,177.50
Intangible assets		260,893,604.53	279,498,159.36
Deferred tax assets		407,171,555.81	391,274,709.40
Other assets	XVII. 2	128,569,621.92	261,409,676.97
<b>Total assets</b>		<b>48,632,915,468.30</b>	<b>48,874,230,819.21</b>

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY BALANCE SHEET

December 31st, 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	December 31st, 2024	December 31st, 2023
<b>Liabilities:</b>			
Short-term financing instruments payable		3,257,399,734.85	4,075,723,383.58
Due to banks and other financial institutions		3,962,603,712.35	3,297,906,994.48
Financial liabilities held for trading		223,811,867.81	811,046,276.67
Derivative financial liabilities		1,996,580.00	18,033,779.39
Financial assets sold under repurchase agreements		5,289,084,372.35	10,601,958,426.84
Accounts payable to brokerage clients		14,340,297,512.20	9,736,870,859.14
Employee benefits payable		403,186,877.16	486,377,132.41
Taxes payable		38,162,336.61	17,144,733.87
Accounts payable		203,320,096.93	858,784,459.23
Contract liabilities		2,039,339.59	2,018,113.19
Bonds payable		6,122,735,578.82	4,093,649,002.32
Lease liabilities		105,702,583.48	136,547,358.56
Deferred tax liabilities		1,820,602.39	438,286.06
Other liabilities		143,364,428.98	184,171,076.67
<b>Total liabilities</b>		<b>34,095,525,623.52</b>	<b>34,320,669,882.41</b>
<b>Shareholders' equity:</b>			
Share capital		4,642,884,700.00	4,642,884,700.00
Capital reserve		6,606,160,370.84	6,606,160,370.84
Other comprehensive income		5,508,599.81	1,502,859.86
Surplus reserve		1,013,452,026.42	1,002,549,897.12
General risk reserve		1,628,187,209.55	1,610,571,866.54
Undistributed profits		641,196,938.16	689,891,242.44
<b>Total shareholders' equity:</b>		<b>14,537,389,844.78</b>	<b>14,553,560,936.80</b>
<b>Total liabilities and shareholders' equity</b>		<b>48,632,915,468.30</b>	<b>48,874,230,819.21</b>

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY INCOME STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	FY 2024	FY 2023
<b>I. Total operating income</b>		<b>1,185,333,709.49</b>	1,656,123,211.05
Net interest income	XVII. 4	204,184,232.24	124,761,356.62
Including: Interest income		751,406,283.52	768,683,856.14
Interest expenses		547,222,051.28	643,922,499.52
Net fee and commission income	XVII. 5	719,044,687.48	607,257,499.11
Including: Brokerages business		568,344,887.37	431,840,468.77
Investment banking		49,607,745.29	88,516,671.00
Assets management		24,328,823.74	27,995,480.00
Investment income (loss stated with "-")	XVII. 6	211,291,489.07	807,766,561.18
Including: Investment income from associates and joint ventures			
Gains on changes in fair value (loss stated with "-")		22,110,503.58	87,437,291.09
Gains on foreign exchange (loss stated with "-")		-27,001.79	63,128.47
Other operating income		15,917,164.94	11,005,460.31
Gains from assets disposal (loss stated with "-")		484,035.41	14,636.62
Other income		12,328,598.56	17,817,277.65
<b>II. Total operating cost</b>		<b>1,126,054,889.21</b>	1,219,898,144.53
Taxes and surcharges		10,961,456.31	9,441,058.05
Business and administrative expenses	XVII. 7	973,251,189.96	1,189,687,365.08
Loss on impairment of credit		-9,079,773.06	19,643,966.02
Other assets impairment losses		150,000,000.00	
Other operating costs		922,016.00	1,125,755.38
<b>III. Operating profit (loss stated with "-")</b>		<b>59,278,820.28</b>	436,225,066.52
Add: Non-operating income		3,239,502.96	2,767,015.09
Less: Non-operating expenses		4,444,800.74	2,305,621.56
<b>IV. Profit before tax (loss stated with "-")</b>		<b>58,073,522.50</b>	436,686,460.05
Less: Income tax expenses		-14,607,339.53	36,425,597.84
<b>V. Net profit (net loss stated with "-")</b>		<b>72,680,862.03</b>	400,260,862.21
Net profit from continuing operations (net loss stated with "-")		72,680,862.03	400,260,862.21
Net profit from discontinued operations (net loss stated with "-")			

# COMPANY INCOME STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	FY 2024	FY 2023
<b>VI. Other comprehensive income after tax</b>		<b>4,005,739.95</b>	-2,642,368.68
(I) Not to be reclassified subsequently to profit or loss			
(II) To be reclassified subsequently to profit or loss		<b>4,005,739.95</b>	-2,642,368.68
1. Items that will be reclassified to profit or loss under equity method			
2. Changes in fair value of financial assets at fair value through other comprehensive income		<b>4,146,948.96</b>	42,307,818.15
3. Provision for credit losses on financial assets at fair value through other comprehensive income		<b>-141,209.01</b>	-44,950,186.83
4. Translation differences of foreign currency financial statements			
<b>VII. Total comprehensive income</b>		<b>76,686,601.98</b>	397,618,493.53

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY CASH FLOW STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	FY 2024	FY 2023
<b>I. Cash flows from operating activities:</b>			
Net decrease of financial instruments held for trading		5,815,665,349.13	
Cash receipt from interest, fees and commissions		1,850,976,698.60	1,584,357,223.31
Net increase in due to banks and other financial institutions		665,000,000.00	1,795,000,000.00
Net increase of repurchase business			950,269,000.00
Net decrease of resale business			125,731,000.00
Net decrease in margin accounts receivable			
Net cash received from brokerage clients		4,603,426,653.06	
Other cash received related to operating activities		527,446,068.23	710,430,528.92
<b>Subtotal of cash inflows from operating activities</b>		<b>13,462,514,769.02</b>	<b>5,165,787,752.23</b>
Net increase of financial instruments held for trading			3,238,562,732.60
Cash payments of interest, fees and commissions		476,175,995.13	523,342,390.18
Net decrease of repurchase business		5,307,910,219.17	
Net increase of resale business		466,864,633.33	
Net increase in margin accounts receivable		1,790,988,712.78	613,991,155.81
Net cash paid to brokerage clients			554,796,761.68
Cash payments to and on behalf of employees		701,357,626.60	930,630,087.87
Cash payments of taxes		126,090,299.77	155,151,411.35
Other cash payments related to operating activities		926,178,765.66	781,154,848.16
<b>Subtotal of cash outflows from operating activities</b>		<b>9,795,566,252.44</b>	<b>6,797,629,387.65</b>
<b>Net cash flows from operating activities</b>	XVII. 8	<b>3,666,948,516.58</b>	<b>-1,631,841,635.42</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from investment recovery		548,921,719.20	2,499,526,470.47
Cash received from investment income		12,787,891.28	58,495,355.07
Cash received from disposal of fixed assets, intangible assets and other long-term assets		2,445,290.77	2,775,963.18
<b>Subtotal of cash inflows from investing activities</b>		<b>564,154,901.25</b>	<b>2,560,797,788.72</b>
Cash payments to acquire fixed assets, intangible assets and other long-term assets		118,027,376.63	144,090,079.71
<b>Subtotal of cash outflows from investing activities</b>		<b>118,027,376.63</b>	<b>144,090,079.71</b>
<b>Net cash flows from investing activities</b>		<b>446,127,524.62</b>	<b>2,416,707,709.01</b>

# COMPANY CASH FLOW STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	Note	FY 2024	FY 2023
<b>III. Cash flows from financing activities:</b>			
Cash received from loans			
Cash received from issuance of bonds		7,071,920,000.00	8,711,968,000.00
<b>Subtotal of cash inflows from financing activities</b>		<b>7,071,920,000.00</b>	<b>8,711,968,000.00</b>
Cash repayments of borrowings		5,859,862,000.00	9,367,948,000.00
Cash payments for distribution of dividends or profit or interest expenses		373,459,819.98	346,547,369.41
Including: Cash payments of subsidiaries to minority shareholders as distribution of dividends or profit			
Other cash payments related to financing activities		57,930,703.45	66,581,517.31
<b>Subtotal of cash outflows from financing activities</b>		<b>6,291,252,523.43</b>	<b>9,781,076,886.72</b>
<b>Net cash flows from financing activities</b>		<b>780,667,476.57</b>	<b>-1,069,108,886.72</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>-27,001.79</b>	<b>63,128.47</b>
<b>V. Net increase in cash and cash equivalents</b>	XVII. 8	<b>4,893,716,515.98</b>	<b>-284,179,684.66</b>
Add: Opening balance of cash and cash equivalents		11,203,798,588.51	11,487,978,273.17
<b>VI. Closing balance of cash and cash equivalents</b>		<b>16,097,515,104.49</b>	<b>11,203,798,588.51</b>

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY CHANGE OF EQUITY STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	FY 2024						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	4,642,884,700.00	6,606,160,370.84	1,502,859.86	1,002,549,897.12	1,610,571,866.54	689,891,242.44	14,553,560,936.80
Add: Changes in accounting policies							
Correction of prior-period errors							
Others							
<b>II. Balance at the beginning of current year</b>	4,642,884,700.00	6,606,160,370.84	1,502,859.86	1,002,549,897.12	1,610,571,866.54	689,891,242.44	14,553,560,936.80
<b>III. Increase or decrease in the current year</b>							
1. Total comprehensive income			4,005,739.95	10,902,129.30	17,615,343.01	-48,694,304.28	-16,171,092.02
2. Shareholder's inputs and decreases in capital			4,005,739.95			72,680,862.03	76,686,601.98
(1) Ordinary shares invested by shareholders							
(2) Capital contributed by holders of other equity instruments							
(3) Amount of share-based payment included in shareholders' equity							
(4) Others							
3. Profit distribution				10,902,129.30	17,615,343.01	-121,375,166.31	-92,857,694.00
(1) Appropriation to surplus reserve				10,902,129.30		-10,902,129.30	
(2) Appropriation to general risk reserve					17,615,343.01	-17,615,343.01	
(3) Distribution to shareholders						-92,857,694.00	-92,857,694.00
(4) Others							
4. Internal carry-forward of shareholders' equity							
(1) Transfer of capital reserve to share capital							
(2) Transfer of surplus reserve to share capital							
(3) Surplus reserve to cover loss							
(4) Others							
5. Others							
<b>IV. Balance at the end of current year</b>	4,642,884,700.00	6,606,160,370.84	5,508,599.81	1,013,452,026.42	1,628,187,209.55	641,196,938.16	14,537,389,844.78

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY CHANGE OF EQUITY STATEMENT

FY 2024 Prepared by: Central China Securities Co., Ltd.

(Unless otherwise specified, expressed in RMB Yuan)

Item	FY 2023						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Total shareholders' equity
<b>I. Balance at the end of prior year</b>	4,642,884,700.00	6,606,160,370.84	4,145,228.54	942,510,767.79	1,524,335,145.01	468,406,423.99	14,188,442,636.17
Add: Changes in accounting policies							
Correction of prior-period errors							
Others							
<b>II. Balance at the beginning of current year</b>	4,642,884,700.00	6,606,160,370.84	4,145,228.54	942,510,767.79	1,524,335,145.01	468,406,423.99	14,188,442,636.17
<b>III. Increase or decrease in the current year</b>							
<b>year</b>			-2,642,368.68	60,039,129.33	86,236,721.53	221,484,818.45	365,118,300.63
1. Total comprehensive income			-2,642,368.68			400,260,862.21	397,618,493.53
2. Shareholder's inputs and decreases in capital							
(1) Ordinary shares invested by shareholders							
(2) Capital contributed by holders of other equity instruments							
(3) Amount of share-based payment included in shareholders' equity							
(4) Others							
3. Profit distribution				60,039,129.33	86,236,721.53	-178,776,043.76	-32,500,192.90
(1) Appropriation to surplus reserve				60,039,129.33		-60,039,129.33	
(2) Appropriation to general risk reserve					86,236,721.53	-86,236,721.53	
(3) Distribution to shareholders						-32,500,192.90	-32,500,192.90
(4) Others							
4. Internal carry-forward of shareholders' equity							
(1) Transfer of capital reserve to share capital							
(2) Transfer of surplus reserve to share capital							
(3) Surplus reserve to cover loss							
(4) Others							
5. Others							
<b>IV. Balance at the end of current year</b>	4,642,884,700.00	6,606,160,370.84	1,502,859.86	1,002,549,897.12	1,610,571,866.54	689,891,242.44	14,553,560,936.80

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## I. GENERAL INFORMATION

Central China Securities Co., Ltd. (hereinafter referred to as “Central China Securities” or “the Company”) was established on October 25th, 2002, with the approval of the *Reply on Approving the Opening of Central China Securities Co., Ltd.* (Zheng Jian Ji Gou Zi [2002] No. 326) of the China Securities Regulatory Commission (hereinafter referred to as “CSRC”), based on the merger and reorganization of the securities business department of Henan Finance Securities Company and Anyang Trust and Investment Company, combined with other qualified companies to increase capital and shares. The Company was registered with the Henan Administration for Industry and Commerce on November 8th, 2002, with a registered capital of RMB1,033.79 million. After the establishment of the Company, according to the Opening Reply of the China Securities Regulatory Commission, the Company acquired securities assets such as the securities business department and securities service department of the former Henan Securities.

On January 15th, 2008, with the approval of the China Securities Regulatory Commission, the registered capital of the Company was changed from RMB1,033.79 million to RMB2,033.5157 million.

On June 10th, 2008, the China Securities Regulatory Commission approved Henan Investment Group to acquire 196,704,200 shares of the Company held by Henan Construction Investment Corporation (accounting for 9.673% of the registered capital) and 715,253,600 shares of the Company held by Henan Economic and Technological Development Corporation (accounting for 35.173% of the registered capital). After the equity change, Henan Investment Group held a total of 911,957,800 shares of the Company (accounting for 44.846% of the registered capital of the Company).

On September 22nd, 2011, the China Securities Regulatory Commission approved Bohai Industrial Investment Fund Management Co., Ltd. (on behalf of Bohai Industrial Investment Fund) to hold more than 5% equity of the Company and received 608 million shares held by XJ Group Co., Ltd. (accounting for 29.899% of the registered capital of the Company).

On June 25th, 2014, the Company issued 598,100,000 H-shares and listed them on the Main Board of the Hong Kong Stock Exchange, with a par value of RMB1 per share at an issue price of HKD2.51 per H-share, stock abbreviation: CCSC, stock code: 01375. According to the *Reply on Issues Related to the Management of State-owned Equity and the Transfer of State-owned Shares of Central China Securities Co., Ltd.* (Guo Zi Chan Quan [2013] No. 1070) issued by the State-owned Assets Supervision and Administration Commission of the State Council, after the Company completed the issuance, the state-owned shareholders Henan Investment Group, Angang Group, Pingmei Shenma, Anyang Economic Development, Jiangsu Suhao, Shenhua Group, Jiaozuo Economic Development, Shenzhen Guangsheng, and Hebi Construction Investment respectively transferred 40,994,778 shares, 8,842,345 shares, 3,738,231 shares, 2,432,074 shares, 1,348,575 shares, 884,166 shares, 678,113 shares, 449,525 shares, and 442,193 shares held by them to the National Social Security Fund Council. The above nine shareholders transferred a total of 59,810,000 shares to the National Social Security Fund Council. On October 28th, 2014, the Company completed the industrial and commercial change registration of registered capital with the Henan Administration for Industry and Commerce, and the registered capital increased to RMB2,631,615,700.

On August 3rd, 2015, the Company completed the non-public issuance of 592,119,000 H-shares, with a par value of RMB1 per share at an issue price of HKD4.28 per H-share. On August 14th, 2015, the Company completed the industrial and commercial change registration of registered capital with the Henan Administration for Industry and Commerce, with the registered capital of the Company increased to RMB3,223,734,700.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## I. GENERAL INFORMATION (CONTINUED)

On November 18th, 2016, the Company issued no more than 700,000,000 ordinary shares with a par value of RMB1 per share. According to *Implementation Measures for the Transfer of Certain State-owned Shares in the Domestic Securities Market to Enrich the National Social Security Fund* (Cai Qi [2009] No.94) and the *Approval on the Management Plan of Central China Securities Co., Ltd. Issuing A-Shares of State-owned Equity and the Transfer of State-owned Shares* (Yu Guo Zi Chan Quan [2015] No. 26) issued by the SASAC of Henan Province, of the 700,000,000 shares to be issued under this issuance, the state-owned shareholders Henan Investment Group, Angang Group, Pingmei Shenma, Anyang Economic Development, Jiangsu Suhao, Shenhua Group, Jiaozuo Economic Development, Shenzhen Guangsheng, and Hebi Construction Investment respectively transferred 47,979,175 shares, 10,348,840 shares, 4,375,124 shares, 2,846,433 shares, 1,578,336 shares, 1,034,804 shares, 793,645 shares, 526,112 shares, and 517,531 shares held by them to the National Social Security Fund Council. The above nine shareholders transferred a total of 70,000,000 shares to the National Social Security Fund Council.

On January 3rd, 2017, the Company's A-shares were listed on the Shanghai Stock Exchange. On February 16th, 2017, the Company completed the registration of industrial and commercial change of registered capital with the Henan Administration for Industry and Commerce, and the registered capital increased to RMB3,923,734,700.

From February 12th, 2018, the Company repurchased some H-shares in the form of on-site share repurchase. On May 18th, 2018, the repurchase of the Company's H-shares was completed. The Company had repurchased 54,664,000 H-shares on a cumulative basis. On July 11th, 2018, the Company completed the procedures of industrial and commercial change registration and obtained the business license reissued by the Henan Administration for Industry and Commerce. The registered capital changed to RMB3,869,070,700.

On July 30th, 2020, the Company completed the non-public issuance of 773,814,000 A-shares, with a par value of RMB1 per share and an issue price of RMB4.71 per A-share. On September 4th, 2020, the Company completed the industrial and commercial change registration of registered capital with the Henan Administration for Industry and Commerce, and the registered capital increased to RMB4,642,884,700.

The Company now holds a business license with a unified social credit code of 91410000744078476K.

As of December 31st, 2024, the Company had issued a total of 4,642.8847 million shares with a registered capital of RMB4,642.8847 million. The registered address is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China, and its headquarters address is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China. The controlling shareholder is Henan Investment Group Co., Ltd., and the actual controller of the Company is Henan Provincial Department of Finance.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## I. GENERAL INFORMATION (CONTINUED)

The Company belongs to the financial industry. The business scope of the Company and its subsidiaries (hereinafter referred to as “the Group”) includes: securities brokerage business (securities brokerage, wealth management, and distribution of financial products), investment banking business (equity financing, financial consultancy, and bond financing), credit business (margin trading and short selling business, stock-pledged repurchase business, and agreed repurchase securities trading business), investment management business (asset management, direct investment, and fund management), futures business, proprietary trading business, overseas business, and headquarters and other businesses (equity trading center, research businesses, etc.)

As of December 31st, 2024, the Company had 74 approved and opened securities business departments, 30 approved branches, 5 second-level holding subsidiaries, namely Central China Futures Co., Ltd. (referred to as “Central China Futures”), Zhongding Kaiyuan Venture Capital Management Co., Ltd. (referred to as “Zhongding Kaiyuan”), Central China Equity Exchange Co., Ltd. (referred to as “Equity Exchange”), Central China International Financial Holdings Co., Ltd. (referred to as “Central China International”), and Central China Blue Ocean Investment Management Co., Ltd. (referred to as “Central China Blue Ocean”), and 7 third-level holding subsidiaries, namely Yuxin Investment Management (Shanghai) Co., Ltd. (referred to as “Yuxin Investment”), Henan Kaiyuan Private Equity Fund Management Co., Ltd. (referred to as “Kaiyuan Private Equity”), Central China International Securities Co., Ltd. (referred to as “Central China International Securities”), Central China International Investment Co., Ltd. (referred to as “Central China International Investment”), Central China International Financing Co., Ltd. (referred to as “Central China International Financing”), Wending Zhongyuan Company Limited, and Central China International Financial Group Ltd. (referred to as “Central China International Financial Group”).

## II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of the Group’s consolidated financial statements includes subsidiaries and structured entities that are directly or indirectly controlled.

For details, please refer to “Note VIII. Equity in other entities”.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## III. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

### 1. Basis for the preparation

The Group's financial statements have been prepared based on transactions and events that have actually occurred, in accordance with the *Accounting Standards for Business Enterprises* (ASBE) issued by the Ministry of Finance, application guidelines, interpretations, and other related regulations (hereinafter collectively referred to as "ASBE"), the disclosure requirements under the *Rules Governing the Preparation of Information Disclosure by Companies Issuing Public Securities No. 15 — General Requirements for Financial Reports* (2023 Revision) issued by the CSRC, the *Hong Kong Companies Ordinance*, and the *Listing Rules* of the Stock Exchange of Hong Kong, and based on the accounting policies and accounting estimates described in "Note IV. Significant accounting policies and accounting estimates".

### 2. Going concern

The Group has evaluated its ability to continue as a going concern for the twelve months beginning December 31st, 2024 and hasn't identified any matters or circumstances that would cast significant doubt on its ability to continue as a going concern. The financial statements are presented on a going concern basis.

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Notice on the specific accounting policies and accounting estimates: The specific accounting policies and accounting estimates formulated by the Group in accordance with the actual production and operation characteristics include client transaction settlement funds, financial instruments, securities underwriting business, entrusted asset management business, margin trading and short selling business, purchase for resale and sale for repurchase payments, and revenue, losses on impairment of credit, other asset impairment losses, etc.

### 1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of *Accounting Standards for Business Enterprises* and give a true, accurate, and complete view of the consolidated financial position and financial position of the Group and the Company as of December 31st, 2024, the consolidated results of their operations and results of their operations for the year 2024, and their consolidated cash flows and cash, and other related information.

### 2. Accounting period

The accounting period of the Group is from January 1st to December 31st of the calendar year.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 3. Business cycle

The Group takes 12 months as a business cycle and the liquidity classification of related assets and liabilities is based on the business cycle.

### 4. Functional currency

The functional currency of the Company's accounts is Renminbi (RMB), and the foreign subsidiaries' accounts are recorded in the currencies of the primary economic environments in which the subsidiaries operate and are translated into RMB for the purpose of preparing the financial statements.

### 5. Methodology for determining materiality criteria and basis for selection

The Group determines the materiality of financial information in terms of both the nature and the amount of the items in accordance with the specific environment in which it operates. In determining the materiality of the nature of an item, the Group mainly considers factors such as whether the item is an ordinary activity in nature and whether it significantly affects the Group's financial position, results of operations, and cash flows. In determining the materiality of the magnitude of an item's amount, the Group considers the proportion of the item's amount to the amount of directly related items such as total assets, total liabilities, total shareholders' equity, total operating income, total operating expenses, net profit, total comprehensive income, etc., or to the amount of the item listed separately in the statements to which it belongs.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 6. Accounting for business combinations under common control and not under common control

Assets and liabilities acquired by the Group as a consolidator in a business combination under common control are measured at the book value of the consolidated party in the consolidated statements of the ultimate controlling party at the date of consolidation. The difference between the book value of the net assets acquired and the book value of the consideration paid for the combination is adjusted to capital reserves. If capital reserves are not sufficient to offset the difference, retained earnings are adjusted.

Identifiable assets, liabilities, and contingent liabilities of the acquiree acquired in a business combination not under common control are measured at fair value at the acquisition date. The cost of the combination is the sum of the fair value of cash or non-cash assets paid, liabilities issued or assumed, and equity securities issued by the Company to obtain control over the acquiree at the date of purchase, and each directly related expense incurred in the business combination (for business combinations achieved in stages through multiple transactions, the cost of the combination is the sum of the costs of each single transaction). If the cost of the combination is greater than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference is recognized as goodwill. If the cost of the combination is less than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the fair value of each identifiable asset, liability, and contingent liability acquired in the combination, and the fair value of non-cash assets as the consideration for the combination or equity securities issued are first reviewed, and if, after the review, the cost of the combination is still less than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference is recognized as non-operating income in the period of the combination.

### 7. Criteria for determining control and method for preparation of the consolidated financial statements

The consolidation scope of the Group's consolidated financial statements is determined on a control basis and includes the Company and all subsidiaries and structured entities controlled by the Company. The Group's criteria for determining control are that the Group has power over the investee, enjoys variable returns through participation in the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of its returns.

In preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary and the Company are not consistent, the necessary adjustments are made to the financial statements of the subsidiary in accordance with the Company's accounting policies or accounting periods.

All significant internal transactions, transaction balances, and unrealized profits within the scope of consolidation are eliminated in the preparation of the consolidated financial statements. The shares of owners' equity of subsidiaries that are not attributable to the parent company and the shares of net profit or loss, other comprehensive income and total comprehensive income for the period that are attributable to minority shareholders' equity are presented in the consolidated financial statements under "minority shareholders' equity, gains or losses of minority shareholders, other comprehensive income attributable to minority shareholders, and total comprehensive income attributable to minority shareholders", respectively.

For subsidiaries acquired through business combinations under common control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the period of consolidation. When preparing the comparative consolidated financial statements, the relevant items in the prior year's financial statements are adjusted as if the reporting entity formed by the combination had existed since the point at which control by the ultimate controlling party began.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 7. Criteria for determining control and method for preparation of the consolidated financial statements (continued)

For a subsidiary acquired through a business combination not under common control, the results of operations and cash flows are included in the consolidated financial statements from the date the Company obtains control. In preparing the consolidated financial statements, the financial statements of subsidiaries are adjusted on the basis of the fair value of each identifiable asset, liability, and contingent liability determined at the date of purchase.

Where the Group partially disposes of its long-term equity investment in a subsidiary without loss of control, for the difference between the disposal price and the share of the subsidiary's net assets calculated on a continuing basis from the purchase date or the combination date corresponding to the disposal of the long-term equity investment, the capital premium or equity premium shall be adjusted in the consolidated financial statements, or the retained earnings shall be adjusted if the capital reserves are insufficient to be written down.

If the Group loses control over an investee due to, for example, the disposal of a portion of an equity investment, the remaining equity interest shall be remeasured at its fair value at the date of the loss of control in the preparation of the consolidated financial statements. The difference between the sum of the consideration obtained from the disposal of the equity interest and the fair value of the remaining equity interest and the share of the original subsidiary's net assets continuously calculated from the date of purchase or the date of consolidation based on the original shareholding ratio is included in investment gains and losses in the period in which control is lost, and goodwill is also written down. Other comprehensive income related to original equity investments in the subsidiary is transferred to current investment gains and losses when control is lost.

When the Group disposes of its equity investment in a subsidiary in stages through multiple transactions until it loses control over the subsidiary, if each transaction of disposing of the equity investment in the subsidiary until it loses control over the subsidiary belongs to a package deal, each transaction shall be accounted for as a single transaction of disposing of the subsidiary and losing control of the subsidiary. However, the difference between the price of each disposal prior to the loss of control and the share of the subsidiary's net assets corresponding to the investment disposed of is recognized in the consolidated financial statements as other comprehensive income and transferred to investment gains and losses for the period of the loss of control when control is lost.

### 8. Cash and cash equivalents

Cash in the Group's cash flow statement represents cash on hand and deposits that are readily available for disbursement. Cash equivalents in the cash flow statement are investments that are held for a short period of time, are highly liquid, can be easily converted to known amounts of cash, and are subject to an insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 9. Foreign currency operations and translation of foreign currency financial statements

#### (1) Foreign currency transactions

The Group's foreign currency operations translate foreign currency amounts into RMB amounts at rates approximating the spot rates at the date of the operations. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss for the current period, except for the exchange differences arising from special borrowings in foreign currencies for the acquisition or production of assets eligible for capitalization, which are treated in accordance with the principle of capitalization. Non-monetary items measured in foreign currencies at historical cost are still using the spot exchange rate at the date of the transaction, without changing their RMB amounts. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using spot exchange rates at the date when the fair value is determined, and the resulting differences are recognized in profit or loss or other comprehensive income, depending on the nature of the non-monetary item.

#### (2) Translation of foreign currency financial statements

When preparing the consolidated financial statements, the Group translates the financial statements of foreign operations into RMB. Among them, assets and liabilities on the foreign currency balance sheet are translated using the spot exchange rate at the balance sheet date; items in equity, except for "undistributed profits", are translated using the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction. The translation differences of foreign currency financial statements arising from the above translation are recognized in other comprehensive income. Cash flows in foreign currencies are translated using the average exchange rate for the period of the transaction.

Upon disposal of a foreign operation, the difference in the translation of the financial statements of the foreign currency related to that foreign operation presented on the balance sheet under the item of other comprehensive income is transferred from the item of other comprehensive income to profit or loss for the period in which the disposal occurs. Upon disposal of a portion of an equity investment or if other reasons result in a decrease in the proportionate interest in a foreign operation but without a loss of control over the foreign operation, the translation differences of the foreign currency financial statements relating to the portion of the foreign operation disposed of will be attributed to minority shareholders' equity and will not be transferred to profit or loss for the current period. Upon disposal of a foreign operation as part of an associate or joint venture, the translation difference of the foreign currency statement relating to that foreign operation is transferred to profit or loss for the period of disposal in proportion to the disposal of that foreign operation.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities

A financial instrument is a contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

#### (1) Initial recognition and measurement of financial instruments

A financial asset or a financial liability is recognized when the Group becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value on initial recognition. For financial assets or financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial assets or financial liabilities, the related transaction costs are included in the initial recognition amount.

#### (2) Classification of financial assets

Based on the Group's business model for managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified into the following three categories:

- (i) Financial assets measured at amortized cost;
- (ii) Financial assets at fair value through other comprehensive income (FVOCI);
- (iii) Financial assets at fair value through profit or loss (FVPL).

The classification of financial assets depends on the Group's business model for managing its assets and the cash flow characteristics of the assets.

A business model reflects how the Group manages the financial assets in order to generate cash flows. That is, whether the Group's objective is to collect the contractual cash flows from the assets, sell financial assets, or both. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows from these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (2) Classification of financial assets (continued)

The contractual cash flow characteristics of the financial assets represent the cash flow characteristics that the financial instrument contracts agree to and reflect the economic characteristics of related financial assets. The contractual cash flow characteristic that is consistent with a basic lending agreement means the contractual cash flows generating from the related financial instrument on specified dates are solely payments of principal and interest on the principal amount outstanding (SPPI). The principal means the fair value of the financial asset on initial recognition. Interest includes the consideration including the time value of money, the credit risk associated with the outstanding principal amount in a particular period, other basic borrowing risks, costs, and profits. The contractual cash flow characteristics of the Group's financial assets classified as measured at amortized cost and financial assets (debt instruments) measured at fair value through other comprehensive income are consistent with the basic lending arrangements.

When the Group modifies its business model for managing financial assets, it will reclassify all the impacted financial assets and make adjustments prospectively starting from the date of reclassification. The Group is not allowed to adjust its gains, losses (including impairment losses or gains), or interest retroactively. The reclassification date is the first date of the reporting period after the business model is modified which results in the reclassification of financial assets.

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

#### ① **Debt instruments**

Debt Instruments refer to the instruments that meet the definition of financial liabilities from the issuer's perspective. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, the Group classifies its debt instruments into one of the following three measurement categories:

**Amortized cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent SPPI and that are not designated as at FVPL are measured at amortized cost.

**Fair value through other comprehensive income:** Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent SPPI and that are not designated as at FVPL, are measured at FVOCI.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (2) Classification of financial assets (continued)

##### ① *Debt instruments (continued)*

Fair value through profit or loss: Assets that do not meet the criteria for being measured at amortized cost or FVOCI are measured at FVPL.

In addition, if the accounting mismatch can be eliminated or significantly reduced during initial recognition, the Group can designate financial assets as financial assets at fair value through profit or loss. Once the designation is made, it shall not be revoked.

##### ② *Equity instruments*

Equity instruments are instruments that meet the definition of equity from the issuer's perspective. The financial assets held by the Group are equity instruments provided that the following conditions are met simultaneously:

- a. The financial instruments shall not include the contractual obligation to deliver cash or other financial assets to other parties or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;
- b. In the future, the financial instruments must or may be settled with the issuer's own equity instruments. If it is a non-derivative instrument, the financial instrument should not include the contractual obligation to deliver a variable amount of its own equity instruments for settlement; if it is a derivative instrument, the issuer can only exchange a fixed amount of its own equity instrument for a fixed amount of cash or other financial assets to settle the financial instruments.

The Group's equity instrument investments are all classified as financial assets at fair value through profit or loss, except for financial assets that have been irrevocably designated as at fair value through other comprehensive income. The Group's policy on the above-mentioned designation is to designate equity instrument investments that are not for the purpose of obtaining investment income to be measured at fair value through other comprehensive income.

For financial assets with embedded derivatives, when determining whether the contractual cash flow is only for principal and interest payments, the assets are analyzed as a whole.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (3) Classification of financial liabilities

Financial liabilities are classified as liabilities measured at amortized cost, except:

- ① Financial liabilities at FVPL: It includes financial liabilities held for trading (including derivative instruments that are financial liabilities) and financial liabilities designated at the initial recognition as measured at fair value through profit or loss.
- ② Financial liabilities that are recognized because the transfer of financial assets does not meet the conditions for derecognition or the continuing involvement method is applied for accounting. When the transfer does not meet the conditions for derecognition, the Group recognizes the financial liabilities according to the consideration received from the transfer and recognizes all expenses arising from the liabilities in subsequent periods.
- ③ Financial guarantee contracts and loan commitments.

#### (4) Subsequent measurement of financial instruments

##### ① *Financial assets or liabilities measured at amortized cost*

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition, adjusted as follows: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization of the difference between that initial recognition amount and the amount on the maturity date using the effective interest method; and (iii) deducting accumulated provision for credit impairment (only applicable to financial assets).

The effective interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability in the expected duration into the book balance of the financial asset or the amortized cost of the financial liability. In determining the effective interest rate, the Group will estimate the expected cash flow on the basis of taking into account all contractual terms of a financial asset or financial liability (such as prepayments, rollover, call options, or other similar options, etc.), but it shall not take into account expected credit losses.

The Group calculates interest income by multiplying the book balance of financial assets by the effective interest rate, except for: (i) purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and (ii) financial assets that are not purchased or originated credit-impaired financial assets but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost. If, in a subsequent period, the credit risk of the financial assets has been improved so that they are no longer credit-impaired and the improvement is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book balance.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (4) Subsequent measurement of financial instruments (continued)

##### ② *Financial assets at fair value through other comprehensive income*

Debt instruments: The gains or losses from financial assets that are classified as at fair value through other comprehensive income, except for impairment losses or gains and exchange gains and losses, are included in other comprehensive income until the financial assets are derecognized or reclassified. However, the interest on the financial assets calculated using the effective interest method is included in the current profit or loss. When such financial assets are derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in the current profit or loss.

Equity instruments: The investments in non-trading equity instruments are designated as financial assets at FVOCI, and the changes in the fair value of the financial assets are included in other comprehensive income. When the financial assets are derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings. Dividend income as return on investment is recognized when the Group determines that the right to receive is established and included in the current profit or loss. Only when the following conditions are met can the enterprise recognize the dividend income and record it into the current profit or loss: (i) the right of the enterprise to receive dividends has been established; (ii) the economic benefits related to dividends are likely to flow into the enterprise; and (iii) the amount of dividends can be measured reliably.

##### ③ *Financial assets or liabilities at fair value through profit or loss*

The Group will include the gains or losses of financial assets or financial liabilities at fair value through profit or loss in the current profits or losses unless the financial assets or financial liabilities fall into one of the following circumstances:

- a. It is part of the hedging relationship specified in the *Accounting Standards for Business Enterprises No. 24-Hedging Accounting*;
- b. It is a financial liability designated as at fair value through profit or loss. According to Article 68 of the *Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments*, the changes in the fair value of the liability caused by the changes in the Group's own credit risk shall be included in other comprehensive income. Other changes in the fair value of the financial liability are included in the current profits and losses. When the financial liability is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (5) Impairment of financial assets

The Group, on the basis of expected credit losses, performs impairment accounting treatment on the following financial assets and recognizes loss provisions:

- ① Financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income;
- ② Lease receivables;
- ③ Contract assets;
- ④ Financial guarantee contracts and loan commitments that the Group issued except those classified as financial liabilities at fair value through profit or loss.

Expected credit loss (ECL) is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among them, the cash flows of the purchased or originated credit-impaired financial assets of the Group shall be discounted at the effective interest rate adjusted by the credit of the financial assets.

For receivables that do not contain significant financing components, the Group applies a simplified measurement approach and measures the provision for losses at an amount equal to the expected credit losses over the entire duration of the receivables. Generally, the Group measures the provision for losses on the basis of a portfolio of credit risk characteristics. If a customer's credit risk profile is significantly different from that of other customers in the portfolio, or if there is a significant change in the customer's credit risk profile, the loss provision is made on an individual basis for the receivables from that customer.

For financial assets other than those mentioned above that are measured using the simplified measurement approach, the Group evaluates the expected credit losses in conjunction with forward-looking information and recognizes the related loss provision at each balance sheet date. The measurement of expected credit losses reflects the following elements: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (5) Impairment of financial assets (continued)

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

- Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12-month ECL if the credit risk of that financial instrument has not increased significantly since initial recognition;
- Stage 2: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk of that financial instrument has increased significantly since initial recognition, which is not yet deemed to be credit-impaired;
- Stage 3: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the financial instrument is credit-impaired.

By comparing the risk of default at the balance sheet date with the risk of default on the initial recognition date, the Group determines the relative change in the risk of default during the expected duration of the financial instrument, so as to evaluate whether the credit risk of the financial instrument has increased significantly since the initial recognition. In determining whether the credit risk has increased significantly since the initial recognition, the Group considers reasonable and evidence-based information, including forward-looking information, that can be obtained without unnecessary additional cost or effort. Information considered by the Group includes:

- The debtor fails to pay the principal and interest on the due date of the contract;
- A serious deterioration in the external or internal credit rating (if any) of a financial instrument that has occurred or is expected;
- A serious deterioration of the debtor's business results that has occurred or is expected;
- Changes in the existing or anticipated technical, market, economic, or legal environment that would materially and adversely affect the debtor's ability to repay the Group.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (5) Impairment of financial assets (continued)

According to the nature of financial instruments, the Group evaluates whether the credit risk increases significantly based on a single financial instrument or a combination of financial instruments. When evaluating on the basis of a portfolio of financial instruments, the Group may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings. If overdue by more than 30 days, the Group determines that the credit risk of the financial instrument has significantly increased.

The Group evaluates whether financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income are credit-impaired at the balance sheet date. When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset that has experienced credit impairment. Evidence of credit impairment of a financial asset includes the following observable information:

- Significant financial difficulties of the issuer or debtor;
- Breaches of contract by the debtor, such as default or late payment of interest or principal;
- The Group, out of economic or contractual considerations relating to the debtor's financial difficulties, gives the debtor concessions that would not be made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- Financial difficulties of the issuer or debtor lead to the disappearance of an active market for the financial asset.

For an investment in a debt instrument measured at fair value through other comprehensive income, its loss provision shall be recognized in other comprehensive income and its impairment loss or gain shall be included in the current profit or loss. The book value of the financial asset shall not be reduced on the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (5) Impairment of financial assets (continued)

In the previous accounting period, the provision for loss has been measured according to the amount equivalent to the expected credit loss in the whole duration of the financial instrument, but on the current balance sheet date, the financial instrument no longer belongs to the situation of a significant increase in credit risk since initial recognition, at the balance sheet date of the current period, the Group measures the loss provision of the financial instrument according to the amount equivalent to the expected credit loss in the next 12 months, and the reversal amount of the loss provision is included in the current profit or loss as an impairment gain.

For the purchased or originated credit-impaired financial assets, the Group shall, at the balance sheet date, recognize only the accumulated changes in the expected credit losses over the entire period since the initial recognition as provisions for losses. At each balance sheet date, the Group records the changes in expected credit losses throughout the duration as impairment losses or gains in the current profit or loss.

For disclosures of the Group's judgment criteria for a significant increase in credit risk, the definition of credit-impaired assets, and assumptions of ECL, please refer to "Note X. 2. Credit risk".

#### (6) Recognition basis and measurement for transfer of financial assets

A financial asset is derecognized when one of the following criteria is satisfied: (i) the contractual right to receive cash flows from the financial asset has terminated; (ii) the financial asset has been transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial asset; and (iii) the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has surrendered control.

The Group has neither transferred nor retained almost all the risks and rewards of ownership of the financial asset and has not given up the control over the financial asset, the relevant financial asset shall be recognized according to the extent of their continuing involvement in the transferred financial asset, and the relevant liabilities should be recognized accordingly.

If the overall transfer of financial assets meets the conditions for derecognition, the balance between the book value of the transferred financial assets and the sum of the consideration received as a result of the transfer and the cumulative amounts of the changes in fair value originally booked into other comprehensive income shall be included in the current profit or loss.

If the partial transfer of financial assets meets the conditions for derecognition, the overall book value of the transferred financial assets shall be apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the difference between the sum of the consideration received due to the transfer and the cumulative amount of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part and the apportioned book value mentioned above shall be included in the current profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 10. Financial assets and financial liabilities (continued)

#### (7) Determination method of fair value of financial assets and financial liabilities

- 1) If there is an active market for a financial instrument, the quoted market price in the active market is used to determine its fair value. In an active market, the financial assets that the Company has held or the financial liabilities to be assumed take the fair value of the corresponding assets or liabilities at the current bid price. The current asking price of the financial assets to be purchased or the financial liabilities undertaken by the Company shall be taken as the fair value of the corresponding assets or liabilities. If there are no current bids or asking prices for financial assets or financial liabilities, but there has been no significant change in the economic environment after the latest trading date, the market price of the latest transaction is used to determine the fair value of the financial asset or financial liability. When the economic environment has changed significantly since the latest trading day, the current price or interest rate of similar financial assets or financial liabilities shall be referenced to adjust the market price of the latest transaction to determine the fair value of the financial asset or financial liability. If sufficient evidence shows that the recently traded market quotation is not at fair value, the Company shall make appropriate adjustments to the recently traded market quotation to determine the fair value of the financial asset or financial liability.
- 2) If there is no active market, the Group establishes fair value by using valuation techniques. The valuation techniques include reference to prices used in recent market transactions by parties who are familiar with the situation and voluntary transactions, reference to the current fair value of other financial assets that are substantially the same, discounted cash flow method, and option pricing models.

### 11. Margin trading and short selling business

Margin trading and short selling business refers to the business in which the Company lends funds to clients for buying securities or lends securities to them for sale and the corresponding collaterals are provided by clients. The Group's margin trading and short selling business is divided into financing business and securities lending business.

As for the funds lent, the receivable claim and the corresponding interest income should be recognized. The provision for impairment of margin accounts receivable by the Company is recognized with reference to the financial assets measured at amortized cost described in the impairment of financial assets. For details, please refer to "Note IV. 10. Financial assets and financial liabilities".

As for securities lending activities, the securities lent are not derecognized, and the corresponding interest income is recognized.

When the Company carries out margin trading and short selling and buys and sells securities on behalf of clients, such activity is credited as securities brokerage business.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 12. Client transaction settlement funds

Client transaction settlement funds are accounted separately from the Company's own funds, and a separate account is set up for accounting under "cash and bank balances" and other items. The Company's client transaction settlement funds received for the Company's agent trading in securities are fully deposited in the Company's designated bank account, recognized as a liability, and settled with the customer. The Company accepts the client's entrustment to buy and sell securities through the stock exchange agent. When clearing with the customer, if the total transaction value of the purchased securities is greater than the total transaction value of the sold securities, the difference between the transaction price of the securities purchased and sold on the liquidation date, plus withholding stamp tax and the customer commissions, and other fees charged is the basis to reduce the client transaction settlement funds; if the total transaction value of the purchased securities is less than the total transaction value of the sold securities, the difference between the transaction price of the securities purchased and sold on the liquidation date, the reduction of withholding stamp taxes, commissions that should be charged to the client, and other fees is the basis to increase the client transaction settlement funds. The fee income of the Company acting as a proxy for the purchase and sale of securities of the client shall be recognized when the liquidation of the above-mentioned purchase and sale of securities is settled with the client. The Company settles interest uniformly with customers and increases the client transaction settlement funds.

### 13. Accounting method for SRA (Sale and Repurchase Agreement) and PRA (Purchase and Resale Agreement)

PRA transaction refers to the purchase of related assets (including bonds and notes) from counterparties at a fixed price under a contract or agreement, and the resale of the same financial products at agreed prices on the expiration date of the contract or agreement. Purchase for resale is recorded according to the amount actually paid when buying and reselling related assets and listed in "financial assets held under resale agreements" on the balance sheet.

SRA transaction refers to the sale of related assets (including bonds and notes) to counterparties at a fixed price under a contract or agreement, and the repurchase of the same financial products at agreed prices on the expiration date of the contract or agreement. The payments actually paid for selling and repurchasing of relevant assets are recorded and are listed under the item "financial assets sold under repurchase agreements" on the balance sheet. The financial products sold are still listed in the Company's balance sheet according to the original classification and are accounted for in accordance with the relevant accounting policies.

Interest income and expenses arising from PRA and SRA transactions are recognized at the effective interest rate during the period of resale or repurchase. If the difference between the effective interest rate and the agreed contractual interest rate is small, interest income and expenses are calculated according to the contractual interest rate.

According to the performance guarantee ratio of the contract, the Company's stock-pledged repurchase business fully considers the credit status of the financing subject, the period of the contract, the liquidity of the secured securities, restricted sales, concentration, volatility, performance guarantee, and other factors to set up different warning lines and closing positions. The closing position is not less than 130%.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 13. Accounting method for SRA (Sale and Repurchase Agreement) and PRA (Purchase and Resale Agreement) (continued)

Stage 1: the stock-pledged repurchase business that maintains a guarantee ratio greater than the closing position and is not overdue;

Stage 2: the stock-pledged repurchase business that maintains a guarantee ratio greater than 100% and less than or equal to the closing position, or the principal and interest are overdue, less than 90 days;

Stage 3: the stock-pledged repurchase business that maintains a guarantee ratio less than or equal to 100%, or the principal and interest are overdue, more than 90 days.

For the financial assets which are mentioned before in stage 1 and stage 2, the Group uses the risk parameter model, including key parameters such as default probability, default loss rate, and credit risk exposure to evaluate the impairment provisions; for the credit-impaired financial assets in stage 3, the management has considered the forward-looking factors and made corresponding impairment provisions by estimating the future cash flows relating to the financial assets. The main factors considered by the Group in calculating the default loss rate are: the market value of the collateral, the liquidity and the disposal cycle, the credit status of the financier, and the repayment ability, etc.

For details of the provisions for impairment of other financial assets held under resale agreements, please refer to "Note IV. 10. Financial assets and financial liabilities".

### 14. Long-term equity investments

The Group's long-term equity investments mainly consist of investments in subsidiaries, investments in associates, and investments in joint ventures.

#### (1) Judgment of significant influence and joint control

The Group bases its judgment of joint control on the fact that all participants or a combination of participants collectively control the arrangement and that the policies of the activities related to the arrangement must be unanimously agreed by those participants who collectively control the arrangement.

The Group is generally considered to have significant influence over an investee when it owns more than 20% (inclusive) but less than 50% of the voting rights in the investee, either directly or indirectly through a subsidiary. If the Group holds less than 20% of the voting rights in the investee, it needs to judge whether it has a significant influence over the investee by also taking into account the facts and circumstances such as having representatives on the board of directors or similar authority of the investee, or participating in the process of formulating financial and operating policies of the investee, or having significant transactions with the investee, or sending management personnel to the investee, or providing key technical information to the investee.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 14. Long-term equity investments (continued)

#### (2) Accounting treatment

The Group initially measures acquired long-term equity investments at initial investment cost.

An investee over which control is formed is a subsidiary of the Group. For a long-term equity investment acquired through a business combination under common control, at the date of the combination, the share of the book value of the net assets of the combined party in the consolidated statements of the ultimate controlling party is used as the initial investment cost of the long-term equity investment. If the book value of the net assets of the combined party at the date of the combination is negative, the cost of the long-term equity investment is determined at zero. For long-term equity investments acquired through a business combination not under common control, the cost of the combination is used as the initial investment cost.

Except the long-term equity investments acquired through business combinations mentioned above, for long-term equity investments acquired by paying cash, the actual purchase price paid is used as the investment cost; for long-term equity investments acquired by issuing equity securities, the fair value of equity securities issued is used as the investment cost; for long-term equity investments invested by investors, the value agreed in the investment contract or agreement is used as the investment cost.

The Group accounts for its investments in subsidiaries using the cost method and its investments in joint ventures and associates using the equity method.

For long-term equity investments accounted for by the cost method for subsequent measurement, the book value of the cost of long-term equity investments is increased by the fair value of the cost amount paid for the additional investment and the related transaction costs incurred when the additional investment is made. Cash dividends or profits declared by the investee are recognized as investment income at the amount entitled.

For long-term equity investments accounted for under the equity method for subsequent measurement, the book value of long-term equity investments is increased or decreased accordingly with changes in the owners' equity of the investee. In particular, the share of net profit or loss in the investee is recognized based on the fair value of each identifiable asset, etc. of the investee at the time the investment is acquired, in accordance with the Company's accounting policies and accounting periods, and after offsetting the portion of the gain or loss from internal transactions with associates and joint ventures that is attributable to the investors in proportion to the shareholding.

The difference between the book value and the actual acquisition price of long-term equity investments disposed of is recognized as investment income in the current period. If a long-term equity investment accounted for by the equity method is recognized in equity as a result of changes in the equity of the investee other than net profit or loss, the portion of the investment that was previously recognized in equity is transferred to the current period's investment profit or loss in proportion to the amount of the investment when the investment is disposed of.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 14. Long-term equity investments (continued)

If control over the original subsidiary is lost due to the disposal of a portion of the equity investment or for other reasons, the remaining equity interest is remeasured at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest and the share of the original subsidiary's net assets continuously measured from the date of purchase based on the original shareholding ratio is recognized as investment income in the period in which control is lost, and goodwill is offset accordingly. Other comprehensive income related to the original equity investment in the subsidiary is transferred to current investment income when control is lost.

If transactions of the step-by-step disposal of equity to loss of controlling interest are not a package deal, the Group accounts for each transaction separately. If they are a package deal, each transaction is accounted for as a transaction in which a subsidiary was disposed of and control was lost, but the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity interest disposed of in each transaction before the loss of control is recognized as other comprehensive income and is transferred to profit or loss in the period when control is lost.

### 15. Investment properties

Investment properties include buildings that have been leased out.

Investment properties of the Group are initially measured at their cost. The costs of the purchased investment properties include the purchase price, relevant taxes and fees, and other expenses directly attributable to the assets. The costs of self-constructed investment properties consist of the necessary expenses incurred before the constructed assets reach their intended serviceable state.

The Group adopts the cost model for the subsequent measurement of investment properties. The average life method is used for depreciation or amortization according to the estimated useful life and net residual value rate.

The estimated useful life, net residual value rate, and depreciation rate of the Group's investment properties are as follows:

Type of assets	Estimated useful life (Years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Business buildings	40	5.00	2.38

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 15. Investment properties (continued)

When the use purpose of investment properties is changed for self-use, the investment properties will be converted into fixed assets or intangible assets from the date of change. When the use purpose of self-use property is changed to earn rent or capital appreciation, the fixed assets or intangible assets will be converted into investment properties from the date of change. When a conversion occurs, the book value before the conversion is taken as the entry value after the conversion.

When an investment property is disposed of, or is permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the investment properties shall be terminated. The amount of the disposal income of the investment properties sold, transferred, scrapped, or damaged shall be included in the current profits or losses after deducting the book value and relevant taxes and fees.

### 16. Fixed assets

Fixed assets of the Group are tangible assets with the following characteristics: held for production of goods or supply of services, for rental or administrative purposes, expected to be used for more than one accounting year, and with the unit value more than RMB2,000.

Fixed assets include business buildings, non-business buildings, makeshift houses, structures, machinery equipment, power equipment, transport facilities, electronic equipment, communication equipment, electrical equipment, security equipment, and office facilities. They are recorded at their costs at the time of acquisition. The costs of the purchased fixed assets include the purchase price, import duties, and other related taxes and fees, as well as other expenses incurred before the fixed assets reach the intended use status that can be directly attributed to the assets. The costs of self-constructed fixed assets consist of the necessary expenditure incurred before the assets are constructed to reach their intended use. The fixed assets invested by the investor shall be recorded at the value agreed upon in the investment contract or agreement, or at fair value if the value agreed upon in the contract or agreement is not fair.

If the subsequent expenditures related to fixed assets, including repair expenditures and renovation expenditures, meet the conditions for the recognition of fixed assets, they shall be included in the cost of fixed assets, and the book value of the replaced part shall be terminated. If the fixed assets fail to meet the conditions for recognition, they shall be recorded into the current profit or loss when they occur.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 16. Fixed assets (continued)

The Group shall make depreciation for all the fixed assets except the fixed assets which have been fully depreciated but are still in use and the land which is separately priced and recorded. Depreciation is calculated using the life average method and included in the cost of the relevant assets or current expenses according to the use.

The depreciable lives, estimated net residual value rates, and depreciation rates of fixed assets by category are as follows:

Type of assets	Estimated useful life (Years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Business buildings	40	5.00	2.38
Non-business buildings	35	5.00	2.71
Makeshift houses	5	5.00	19.00
Structures	20	5.00	4.75
Machinery equipment	10	5.00	9.50
Power equipment	15	5.00	6.33
Communication equipment	5	5.00	19.00
Electronic equipment	5	5.00	19.00
Electrical equipment	5	5.00	19.00
Security equipment	5	5.00	19.00
Office facilities	5	5.00	19.00
Other transport facilities	8	5.00	11.88

At the end of each year, the Group shall review the estimated useful life, expected net residual value, and depreciation method of the fixed assets. If there is any change, it will be treated as an accounting estimate change.

A fixed asset shall be derecognized when it is disposed of, or when no economic benefits are expected to arise from its use or disposal. Proceeds from the disposal of fixed assets that are sold, transferred, scrapped, or destroyed, net of their book values and related taxes, shall be recognized in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 17. Construction in progress

Construction in progress is measured at actual costs incurred. Self-employed construction works is measured by direct materials, direct wages, direct construction costs, etc.; outsourced construction works is measured by the price of works to be paid, etc.; and the cost of equipment installation works is determined on the basis of the value of the equipment installed, installation costs, and expenditures incurred for commissioning. The cost of construction in progress also includes borrowing costs and exchange gains and losses that should be capitalized.

For construction in progress, all expenses incurred before the asset reaches the expected usable state shall be regarded as the entry value of fixed assets. If the construction in progress has reached the expected serviceable state, but the completion settlement has not been handled, from the date of reaching the expected serviceable state, it shall be transferred into fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the Group's fixed assets depreciation policy. After the completion settlement is handled, the original estimated value is adjusted according to the actual cost, but the accrued depreciation amount is not adjusted.

### 18. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary costs, and exchange differences incurred on foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction, or production of assets eligible for capitalization begin to be capitalized when expenditures for the assets have been incurred, borrowing costs have been incurred, and the acquisition, construction, or production activities necessary to bring the assets to their intended usable or saleable condition have begun, and capitalization ceases when the assets acquired, constructed, or produced that qualify for capitalization reach their intended usable or saleable condition. Other borrowing costs are recognized as expenses in the period in which they are incurred.

Interest expenses actually incurred in the current period on special borrowings are capitalized, net of interest income earned on unused borrowed funds deposited in banks or investment income earned on temporary investments; general borrowings are capitalized based on the weighted-average amount of accumulated asset expenses in excess of the portion of special borrowings multiplied by the capitalization rate of the general borrowings occupied. The capitalization rate is determined based on the weighted-average interest rate of general borrowings.

Assets eligible for capitalization are assets such as fixed assets, investment properties, and inventories that require a significant period of time (usually more than one year) for acquisition, construction, or production activities to reach their intended use or saleable condition.

If there is an unusual interruption in the acquisition, construction, or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs is suspended until the acquisition, construction, or production of the asset resumes.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 19. Intangible assets

Intangible assets of the Group, including land-use rights, trading seat fees, and software, etc., which are measured at the actual cost at the time of acquisition. For the purchased intangible assets, the actual cost is the actual payment price and other related expenses. The actual cost of the intangible assets invested by the investor shall be determined at the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is not fair, the actual cost shall be determined at the fair value.

The land-use right is amortized on a straight-line basis since the acquisition date. The trading seat fees, software, and other intangible assets are amortized according to the shortest of the estimated useful life, the benefit period stipulated in the contract and the effective life stipulated by law. The amortized amount is included in the relevant asset cost and the current profit or loss.

The estimated useful life and amortization method of intangible assets with limited useful life is reviewed at the end of each year, and if it changes, it is treated as a change in accounting estimates. At the end of each year, the estimated useful life of intangible assets with uncertain useful life is reviewed. If there is evidence that the useful life of intangible assets is limited, the useful life should be estimated and amortized during that period.

### 20. Impairment of long-term non-financial assets

Long-term equity investments, investment properties, fixed assets, construction in progress, and intangible assets with limited useful life are tested for impairment if there is any indication that the assets may be impaired at each balance sheet date. For goodwill and intangible assets with uncertain useful life, impairment tests shall be conducted at the end of each year regardless of whether there is any indication of impairment. If it is difficult to test the recoverable amount of a single asset, the test shall be based on the asset group or combination of asset groups to which the asset belongs.

If the result of the impairment test indicates that the recoverable amount of the asset is less than its book value, an impairment loss is recognized based on the difference. Once the impairment loss on the aforesaid asset is recognized, it shall not be reversed in subsequent accounting periods. The recoverable amount of an asset is the higher between the net value of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 20. Impairment of long-term non-financial assets (continued)

The signs of impairment are as follows:

- (1) The market price of the asset has fallen sharply in the current period, and the decline is significantly higher than the expected decline due to the passage of time or normal use.
- (2) A significant change has taken place during the current period, or will take place in the near future, in the economic, technological, or legal environment in which the enterprise operates or in the market to which the asset is dedicated, which will exert an adverse effect on the enterprise.
- (3) The market interest rate or other market investment return rate has increased in the current period, which affects the discount rate of the enterprise to calculate the present value of the expected future cash flow of the asset, resulting in a substantial reduction in the asset's recoverable amount.
- (4) There is evidence that the asset has become obsolete or its entity has been damaged.
- (5) Assets have been or will be idled, terminated, or planned for disposal in advance.
- (6) The evidence in the internal report of the enterprise indicates that the economic performance of the asset has been lower or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is much lower (or higher) than the expected.
- (7) Other signs that assets may have been impaired.

### 21. Goodwill

Goodwill represents the excess of the cost of an equity investment or the cost of a business combination not under common control over the share of the fair value of the net identifiable assets of the investee or the acquiree obtained in the business combination at the acquisition date or the purchase date.

Goodwill related to subsidiaries is listed separately in consolidated financial statements, while goodwill related to associates and joint ventures is included in the book value of long-term equity investments.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 21. Goodwill (continued)

Goodwill is listed separately in the financial statements, with the impairment test once a year, whether there is any sign of impairment. During the impairment test, the book value of goodwill is allocated to the asset group or combination of asset groups expected to benefit from the synergies of the business combination. If the test results indicate that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of the impairment loss is offset against the book value of goodwill allocated to the asset group or combination of asset groups and then offset against the book value of other assets in proportion to the book value of other assets except goodwill.

### 22. Long-term deferred expenses

The long-term deferred expenses of the Group refer to the expenses that have been paid but should be borne in the current and future periods with an amortization period of more than 1 year (excluding 1 year), which are amortized evenly in the benefit period. If the long-term deferred expenses are no longer beneficial to the subsequent accounting periods, the unamortized balance is then transferred to profit or loss for the period.

### 23. Employee benefits

The Group recognizes employee benefits payable as a liability in the accounting period in which the services are rendered by the employees and includes the cost of the related assets and expenses according to the beneficiaries of the services rendered by the employees. Compensation due to the termination of employment relationships with employees is recognized in profit or loss for the period.

Employee benefits consist primarily of short-term benefits, post-employment benefits, termination benefits, other long-term employee benefits, and other expenses related to the acquisition of services provided by employees.

Short-term benefits refer to the employee benefits that the Group needs to pay in full within twelve months after the end of the annual reporting period in which employees provide related services, excluding post-employment benefits and termination benefits. The Group recognizes the short-term benefits payable as a liability during the accounting period when the employees provide services and includes them in the relevant asset costs and expenses based on the beneficiaries of the services provided by the employees.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 23. Employee benefits (continued)

Post-employment benefits refer to various forms of benefits and welfare provided by the Group for obtaining the services provided by the employee after the employee retires or dissolves the labor relationship with the Group, except short-term benefits and termination benefits. The Group's post-employment benefit plans are defined contribution plans. The defined contribution plan for post-employment benefits is mainly for participation in the social basic pension insurance and unemployment insurance organized by the labor and social security agencies. During the accounting period in which an employee provides services for the Group, the amount that should be paid according to the defined contribution plan shall be recognized as liabilities and included in the current profits or losses or the cost of related assets.

Termination benefits mainly include compensation for the Group's decision to terminate an employee's employment relationship with an employee before the expiration of the employee's employment contract, regardless of the employee's willingness to do so, and compensation for encouraging employees to voluntarily accept layoffs before the expiration of the employee's employment contract. The Group reasonably anticipates and recognizes employee benefit liabilities arising from termination benefits in accordance with the terms of the termination plan and recognizes them in profit or loss for the current period.

Other long-term employee benefits include long-term paid absences, long-term disability benefits, and long-term profit-sharing plans.

The employees of the Group participate in the enterprise annuity plan established by the Group in accordance with the relevant policies of the national enterprise annuity system on the basis of participating in the social basic pension insurance. The expenses required for the Group's annuity shall be paid jointly by the Group and the employees. The Group's total contribution is 8% of the employee's total salary for the previous year, and the employee's individual contribution is 2% of the employee's total salary for the previous year.

If the Group decides to terminate the labor relationship with the employee before the expiration of the employee's labor contract or puts forward compensation suggestions to encourage the employee to accept the layoff voluntarily, if the Group has formulated a formal plan to terminate the labor relationship or put forward a voluntary layoff proposal and will implement it soon, at the same time, the Group cannot unilaterally withdraw the plan to terminate the labor relationship or layoff proposal. The provisions arising from compensation for the termination of labor relations with employees shall be recognized and included in the current profits or losses.

Regarding the early retirement plan implemented by the Group, the early retirement benefits are dealt with in the same way as termination benefits, because those employees no longer bring economic benefits to the enterprise. When the early retirement plan meets the recognition conditions specified in the employee benefits standards, according to the provisions of the early retirement plan, the Group's planned retirement salary and social insurance premiums, etc., for the period from the day when the employee stops providing services to the normal retirement date are recognized as provisions, which are included in the current profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 24. Provisions

The Group recognizes a provision for operations related to external guarantees, discounting of commercial acceptance bills, pending litigation or arbitration, and other contingencies if the following conditions are met: the obligation is a present obligation assumed by the Group, it is probable that the performance of the obligation will result in an outflow of economic benefits from the enterprise, and the amount of the obligation can be measured reliably.

The provision is initially measured on the basis of the best estimate of the expenditure required to meet the related present obligation, taking into account factors such as risk, uncertainty, and time value of money, which are related to contingencies. Where the effect of the time value of money is material, the best estimate is determined by discounting the relevant future cash outflows. The book value of provisions is reviewed by the Group at the balance sheet date and may be adjusted to reflect the current best estimate if any changes occur.

If all or part of the expenditure required by the Group to settle the provision is expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the book value of the provision.

### 25. General risk reserve and transaction risk reserve

According to *the Financial Rules for Financial Enterprises* and *the Notice on the 2007 Annual Report of Securities Company* (Zheng Jian Ji Gou Zi [2007] No.320), the general risk reserve shall be withdrawn at 10% of the current net profit after making up losses. According to the *Operational Guidelines for the Application of the Opinions on Regulating Asset Management Business of Financial Institutions to the Large Collection Asset Management Business of Securities Companies* (China Securities Regulatory Commission Announcement [2018] No. 39) and the *Regulations on Liquidity Risk Management of Publicly Offered Open-End Securities Investment Funds*, a risk reserve for asset management operations shall be withdrawn. According to the *Interim Regulations for the Supervision of Important Money Market Funds*, a risk reserve for fund sales operations shall be withdrawn. In accordance with the provisions of *the Securities Law* and the Zheng Jian Ji Gou Zi [2007] No 320, the transaction risk reserve shall be withdrawn at 10% of the current net profit after making up losses.

In order to reduce the repayment risk of bonds, the proportion of discretionary surplus reserve and the proportion of general risk reserve are increased during the duration of bonds, which is withdrawn according to 5% of the current net profit after making up the loss, as deliberated and approved by the 14th meeting of the 4th Session of the Board of Directors and the 6th extraordinary general meeting of shareholders in 2013. The general risk reserve shall be withdrawn according to 11% of the current net profit after making up the loss. In case of failure to pay the principal and interest of the bond on schedule or failure to pay the principal and interest of the bond on schedule at maturity, the Company will withdraw the discretionary surplus reserve according to 10% of the current net profit after making up the loss during the remaining duration of the bond, and the general risk reserve according to 12% of the current net profit after making up the loss.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 25. General risk reserve and transaction risk reserve (continued)

According to the *Interim Regulations on the Supervision of Important Money Market Funds* (China Securities Regulatory Commission Announcement [2023] No. 42) jointly issued by the China Securities Regulatory Commission and the People's Bank of China, fund sales organizations shall establish a risk reserve mechanism for important money market funds, and the proportion of the risk reserve to be provided from all sales revenue of important money market funds shall not be less than 20% per month, and the balance of the risk reserve can no longer be withdrawn when the balance of the risk reserve reaches 0.25% of the retained size of the sales of important money market funds as of the end of the previous quarter.

### 26. Revenue recognition principles

The revenue of the Group is recognized when the performance obligations of the contract are fulfilled, i.e., when the customer obtains control of the relevant goods (referring to the goods or services). To gain control over the relevant goods means that the customer can dominate the use of the goods and get almost all the economic benefits from them.

Performance obligations represent the Group's commitments to transfer clearly distinguishable goods or render services to the customer. The commitments include express commitments in the contract and commitments that the customer reasonably expects the Group to perform at the time the contract is entered into based on the Group's publicly announced policies, specific statements, or past practices.

The Group evaluates the contract at the beginning of the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation should be performed within a certain period of time or at a certain point. If one of the following conditions is met, the contract obligations shall be fulfilled within a certain period of time; otherwise, the performance of a contractual obligation at a certain point:

- The customer concurrently receives and consumes the benefits provided by the Group's performance as the Group performs.
- The customer can control the goods that are under construction during the Group's contract execution.
- The Group's performance does not create goods with an alternative use and the Group has a right to receive payments for performance completed to date.

For the performance obligations performed within a certain period of time, the Group recognizes the revenue according to the performance progress within that period of time. When the performance schedule cannot be reasonably determined, if the costs incurred by the Group are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance schedule can be reasonably determined. For the performance obligation performed at a certain time point, the Group recognizes the revenue when the customer obtains the control over the relevant goods.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 26. Revenue recognition principles (continued)

The Group's right to receive consideration (and the right depends on factors other than the passage of time) as a result of transferring the goods or services to customers is presented as contract assets, and impairment provisions are made for the contract assets based on ECL. The right of the Group to charge the customer unconditionally (only dependent on the passage of time) is listed as a receivable. The Group's obligation to transfer the goods or services, because the Group received or got consideration from the customers, should be listed as contract liabilities.

The specific accounting policies relating to the Group's main business to generate revenue are as follows:

#### (1) Fee and commission income

The fee income from buying and selling securities on behalf of customers shall be recognized on the trading day of securities trading.

The income from securities underwriting shall be recognized when the Group completes the performance obligations in the underwriting contract.

The income from the asset management business of the entrusted customer, when the entrusted management contract expires and is settled with the entrusting unit, the profit or loss that should be enjoyed by the Company is calculated according to the proportion specified in the contract and recognized as the current gain or loss. If the contract stipulates that the Company charges management fees and performance compensation fees in accordance with the agreed proportions, the management fees and performance compensation gains shall be recognized in installments.

The income from issuance recommendation, financial consulting business, and investment consulting business shall be recognized during the performance of the Group's performance obligations or at the time of completion of the performance obligations according to the terms of the contract.

#### (2) Interest income

When the relevant income can be measured reliably and relevant economic benefits can be received, the interest income is recognized according to the time of fund utilization and the agreed interest rate. If there is little difference between the effective interest rate and the contractual interest rate, the interest income shall be calculated according to the contractual interest rate.

The financial assets held under resale agreements due in the current period, the difference between the resale price and the purchase price shall be recognized as the income in the current period. If there is no maturity in the current period, the interest accrued and withdrawn at the end of the period shall be recognized as the current income according to the amortized cost and the effective interest rate. If there is a small difference between the effective interest rate and the contractual interest rate, the income shall be recognized as the current income according to the contractual interest rate.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 26. Revenue recognition principles (continued)

#### (3) Investment income

The Group recognizes the difference between the fair value of the financial assets held for trading and the initial recorded value as investment income and adjusts the gain or loss from changes in fair value. Upon disposal of financial assets at fair value through other comprehensive income, the difference between the sum of the price obtained and the cumulative changes in fair value previously recognized directly in other comprehensive income and the book value of the financial asset is recognized in investment income.

For long-term equity investments accounted for by the cost method, cash dividends or profits declared by the investee are recognized as investment income for the current period; for long-term equity investments accounted for by the equity method, investment income is recognized on the basis of the investee's share of net profit realized or adjusted net profit.

#### (4) Spot market trading revenue and service revenue

Yuxin Investment Management (Shanghai) Co., Ltd, a subsidiary of the Company, is involved with spot market trading revenue and service revenue. For spot market trading revenue, the contacts between Yuxin and its customers usually stipulate only the performance obligation of transferring goods. After comprehensively considering various factors, revenue was recognized at the time when every single performance obligation was performed. These factors include: obtaining the present right to receive payment for the goods, the transfer of the major risk and reward of the goods' ownership, the transfer of the legal ownership of goods, the physical transfer of goods, and the reception of goods by the customer. For service revenue, revenue is recognized when the service is provided and the amount of payment could be measured reliably.

### 27. Accounting method for the client asset management business

The Company's client asset management business includes collective asset management business, single asset management business, and special asset management business. The Company is entrusted to operate collective asset management business, single asset management business, and special asset management business, with custody customers or collective plans as the main body, independent establishment of accounts, independent accounting, and not listing in the Company's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 28. Government grants

The government grants related to assets are the government grants which are obtained by the Group for purchasing long-term assets or otherwise. The government grants related to revenue are the government grants except those related to assets. If the grant's target is not clearly specified in the government documents, the Group will make judgments according to the above principle of distinction. If it is difficult to make a distinction, the whole is classified as a government grant related to revenue.

If the government grant is a monetary asset, it is measured according to the amount actually received. For the grant paid according to a fixed standard, or there is evidence at the end of the year that can meet the relevant conditions specified in the financial support policy and is expected to receive financial support funds, it is measured according to the amount actually receivable. If the government grant is a non-monetary asset, it should be measured at its fair value. If its fair value cannot be obtained reliably, it shall be measured at its nominal amount (RMB1).

The government grants related to assets shall be recognized as deferred income, and the government grants related to assets that have been recognized as deferred income shall be recognized in the current profit or loss in stages within the useful life of the relevant assets.

When the related assets are sold, transferred, scrapped, or destroyed before the end of their useful lives, the related unallocated balance of deferred income is transferred to profit or loss in the period of disposal of the assets.

Government grants related to revenue that compensate for related costs or losses in subsequent periods are recognized as deferred income and recognized in the current profit or loss in the period in which the related costs or losses are recognized. Government grants related to ordinary activities are included in other income or charged against related costs, based on the substance of economic operations. Government grants not related to ordinary activities are included in non-operating income.

### 29. Deferred tax assets and deferred tax liabilities

The Group's deferred tax assets and deferred tax liabilities are recognized on the basis of the difference between the tax bases of assets and liabilities and their book values (temporary difference). For deductible losses and tax credits that can be offset against taxable income in subsequent years in accordance with the provisions of the tax law, a corresponding deferred tax asset is recognized as if they were temporary differences. Deferred tax assets and deferred tax liabilities are measured at the balance sheet date at the tax rates that apply in the period in which it is expected to recover the assets or settle the liabilities.

The Group recognizes deferred tax assets arising from deductible temporary differences to the extent that the taxable income used to offset against the deductible temporary differences is likely to be obtained. The book value of deferred tax assets recognized should be written down when it is probable that sufficient taxable income will not be available to offset the deferred tax assets in future periods. The write-downs are reversed when it is probable that sufficient taxable income will be available.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 30. Leases

At the inception of a contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if either of the parties to the contract has given up the right to control the use of one or more identified assets for a specified period of time in exchange for consideration. To determine whether the contract cedes the right to control the use of the identified assets for a certain period of time, the Group assesses whether the customer under the contract is entitled to receive substantially all of the economic benefits arising from the use of the identified assets during the period of use and has the right to dominate the use of the identified assets during that period of use.

If a contract contains several separate leases at the same time, the Group splits the contract and accounts for each separate lease separately. The right to use an identified asset constitutes a separate lease under the contract if the following conditions are all met:

- ① The lessee may profit from the use of the asset alone or in conjunction with other resources that are readily available;
- ② The asset is not highly dependent or highly related to other assets in the contract.

Where a contract contains both lease and non-lease components, the Group accounts for the lease and non-lease components separately when it acts as a lessor or lessee.

#### (1) The Group as the lessee

The types of assets leased by the Group are mainly buildings and structures.

##### 1) Initial measurement

At the inception date of a lease, the Group recognizes the right to use the leased asset over the lease term as a right-of-use asset and the present value of the outstanding lease payments as a lease liability, except for short-term leases and leases of low-value assets. In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If the interest rate implicit in the lease cannot be determined, the lessee's incremental borrowing rate shall be used as the discount rate.

The lease term is the period during which the Group has the right to use the leased asset and the right is non-cancellable. Where the Group has a renewal option, i.e. the right to elect to renew the lease of the asset, and it is reasonably certain that the option will be exercised, the lease term also includes the period covered by the renewal option. Where the Group has a termination option, i.e. the right to elect to terminate the lease of the asset, but it is reasonably certain that the option will not be exercised, the lease term includes the period covered by the termination option. Where a significant event or change within the Group's control occurs, and it affects whether the Group is reasonably certain that it will exercise the corresponding option, the Group reassesses whether it is reasonably certain that it will exercise the option to renew the lease or the option to purchase, or not exercise the option to terminate the lease.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 30. Leases (continued)

#### (1) The Group as the lessee (continued)

##### 2) Subsequent measurement

The Group depreciates right-of-use assets using the straight-line method. If it is reasonably certain that ownership of the leased assets will be obtained at the end of the lease term, the Group depreciates the leased assets over their remaining useful lives. If it is not reasonably certain that ownership of a leased asset will be obtained at the end of the lease term, the Group depreciates the asset over the shorter of the lease term or the remaining useful life of the leased asset. The Group calculates the interest expenses on lease liabilities at a fixed periodic rate for each period of the lease, and recognizes them in the current profit or loss.

Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss when they are actually incurred.

Subsequent to the commencement date of the lease term, when there is a change in the substantially fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, a change in the index or rate used to determine the lease payments, a change in the appraisal of, or the actual exercise of, an option to purchase, an option to renew, or an option to terminate, the Group remeasures the lease liability based on the present value of the lease payments as a result of the change and adjusts the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero but the lease liabilities are subject to further reduction, the Group recognizes the remaining amount in the current profit or loss.

##### 3) Lease changes

A lease change refers to a change of lease scope, lease consideration, or lease term other than the original contractual terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc.

If there is a change in the lease and the following conditions are met, the Group will treat the lease change as a separate lease for accounting purposes:

- ① The lease change expands the scope of the lease by increasing the right to use one or more of the leased assets;
- ② The increased consideration is equivalent to the separate price of the expanded part of the lease adjusted for the circumstances of that contract.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 30. Leases (continued)

#### (1) The Group as the lessee (continued)

##### 3) Lease changes (continued)

When a lease change is not accounted for as a separate lease, the Group re-determines the lease term on the effective date of the lease change and re-measures the lease liability by discounting the changed lease payment amount using the revised discount rate. In calculating the present value of the changed lease payments, the Group uses the interest rate implicit in the lease for the remaining lease term as the discount rate. If the interest rate implicit in the lease for the remaining lease term cannot be determined, the Group uses the interest rate of the Group's incremental borrowing rate on the effective date of the lease change as the discount rate.

In respect of the effect of the above adjustments to lease liabilities, the Group distinguishes between the following scenarios for accounting purposes:

- ① When a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Group reduces the book value of the right-of-use asset to reflect the partial termination or complete termination of the lease. The Group recognizes gains or losses related to partial or complete termination of leases in profit or loss for the period.
- ② For other lease changes, the Group adjusts the book value of right-of-use assets accordingly.

##### 4) Short-term leases and leases of low-value assets

On the commencement date of the lease term, the Group recognizes leases with a lease term not exceeding 12 months and not including purchase options as short-term leases and leases with a lower value when a single leased asset is a brand new asset as leases with low-value assets. Where the Group subleases or expects to sublease leased assets, the original lease is not recognized as a lease of a low-value asset. The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Lease payments are charged to the cost of the related assets or to current profit or loss on a straight-line basis in each period during the lease term, and contingent rentals are charged to profit or loss as incurred.

#### (2) The Group as the lessor

Leases that transfer substantially all the risks and rewards associated with ownership of the leased asset at the inception date of the lease are finance leases, while all other leases are operating leases. The Group's leases are all operating leases.

As the lessor of operating leases, rental income from operating leases is recognized in profit or loss on a straight-line basis in each period during the lease term, and contingent rentals are recognized in profit or loss when they are actually incurred.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 31. Income tax accounting

The balance sheet liability method is used for income tax accounting. Income tax expenses include current income taxes and deferred income taxes. Except that the current income tax and deferred income tax related to transactions and events directly included in shareholders' equity are included in shareholders' equity, and the book value of goodwill is adjusted by deferred income tax generated from the business combination, the remaining current income tax and deferred income tax expenses or income are included in current profits or losses.

Current income tax is the amount due to the tax authorities for transactions and events that have occurred in the current period, as determined by the enterprise in accordance with tax regulations. Deferred income tax is the difference between the amount of deferred tax assets and deferred tax liabilities that should be recognized under the balance sheet liability method at the end of the period and the amount originally recognized.

### 32. Hedging accounting

On the basis of the hedging relationship, the Group classifies hedging into fair value hedges, cash flow hedges, and hedges of a net investment in a foreign operation.

#### (1) For hedging instruments satisfy all the following conditions, hedge accounting is applied for accounting treatment

- ① The hedging relationship is comprised of only qualifying hedging instruments and hedged items;
- ② Prior to hedging, the Group has formally designated the hedging instruments and the hedged items, and prepared the documentation regarding hedging relationships, risk management strategies, and objectives for undertaking the hedging;
- ③ The hedging relationship meets the hedge effectiveness requirements.

A hedge that meets all the following conditions is regarded to meet hedge effectiveness requirements:

- a. There is an economic relationship between the hedged item and the hedging instrument, which makes the values of the hedging instrument and the hedged item generally move in the opposite direction because of the same hedged risk.
- b. The effect of credit risk does not dominate the value changes that result from the economic relationship between the hedged item and the hedging instrument.
- c. The hedge ratio of the hedging relationship is the ratio of the quantity of the hedged item that the Company hedges to the quantity of the hedging instrument that the Company uses. However, that ratio shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument, which would cause hedge ineffectiveness and may result in an accounting result that is inconsistent with the purpose of hedge accounting.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 32. Hedging accounting (continued)

#### (2) Accounting for fair value hedges

- ① Gains or losses arising from hedging instruments shall be included in profit or loss for the current period. If the hedging instrument hedges the non-trading equity instrument investment (or its components) that is selected to be measured at fair value through other comprehensive income, the gains or losses generated by the hedging instrument are included in other comprehensive income.
- ② Gains or losses of the hedged item arising from the hedged risk exposure are included in profit or loss for the current period, and the book value of the hedged item that is not measured at fair value should be adjusted. If the hedged item is a financial asset (or its component) measured at fair value through other comprehensive income, the profit or loss generated from the hedged risk exposure is included in profit or loss for the current period, and as its book value has been measured at fair value, no adjustment is needed. If the hedged item is a non-trading equity instrument investment (or its components) measured at fair value through other comprehensive income, the gains or losses arising from the hedged risk exposure are included in other comprehensive income, and as its book value has been measured at fair value, no adjustment is needed.

If the hedged item is an unrecognized definite commitment (or its component), the accumulated change in fair value caused by the hedged risk after the designation of the hedging relationship shall be recognized as an asset or liability, and the relevant gains or losses shall be included in the profits and losses of each relevant period. When the commitment is delivered, assets are acquired, or liabilities are assumed, the initial recognized amount of the assets or liabilities should be adjusted to include the cumulative change in the fair value of the recognized hedged item.

If the hedged item is a financial instrument (or its component) measured at amortized cost, the adjustment to the book value of the hedged item shall be amortized based on the effective interest rate recalculated on the amortization date and included in profit or loss. The amortization can start from the adjustment date, but not later than the time point when the adjustment to hedging gains and losses of the hedged item is terminated. If the hedged item is a financial asset (or its component) measured at fair value through other comprehensive income, the accumulatively recognized hedging gains or losses shall be amortized in the same way and included in the current profit and loss, but the book value of the financial asset (or its component) shall not be adjusted.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 32. Hedging accounting (continued)

#### (3) Accounting treatment for cash flow hedges

- ① The effective part of the gain or loss generated by the hedging instrument shall be recognized in other comprehensive income as cash flow hedge reserve. The amount of cash flow hedge reserve should be measured as the lower of the following two:
  - a. The cumulative gain or loss on the hedging instrument from inception of the hedge.
  - b. The present value of the cumulative change in the expected future cash flows of the hedged item from inception of the hedge. The amount of the cash flow hedge reserve recognized in the other comprehensive income during each accounting period is the change in the cash flow hedge reserve for the accounting period.
- ② Any remaining gain or loss on the hedging instrument (other than the gain or loss included in other comprehensive income) is regarded as ineffective, and shall be recognized in profit or loss.
- ③ The amount that has been accumulated in the cash flow hedge reserve shall be accounted for as follows:
  - a. If the hedged item is an expected transaction that will subsequently results in the recognition of a non-financial asset or non-financial liability, or the expected transaction of a non-financial asset or a non-financial liability becomes a definite commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve in other comprehensive income, and reallocate it to the initial recognized value of the asset or the liability.
  - b. For cash flow hedges other than those covered by the previous rule, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the periods during which the hedged expected future cash flows affect profit or loss.
  - c. If cash flow hedge reserve in other comprehensive income is a loss and the Company expects that all or part of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 32. Hedging accounting (continued)

#### (4) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges:

- ① The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income. The gain or loss of the hedging instrument in other comprehensive income shall be reclassified to profit or loss on the disposal or partial disposal of the foreign operation.
- ② The ineffective portion shall be recognized in profit or loss.

#### (5) Termination of hedge accounting

In case of any of the following circumstances, the application of hedge accounting shall be terminated:

- ① The management objective has changed, and the hedging relationship no longer meets the risk management objective;
- ② The hedging instrument or instruments have expired, sold or terminated or executed;
- ③ There is no longer an economic relationship between the hedged item and the hedging instrument, or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- ④ The hedging relationship does not satisfy other conditions of undertaking hedge accounting. If rebalancing of the hedging relationship applies, the Company shall consider the rebalancing the hedging relationship first and subsequently assess whether the hedging relationship satisfies the conditions of undertaking hedge accounting.

The termination of hedge accounting may affect the hedging relationship or part of it, if only part of it is affected, hedge accounting still applies to the remaining.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 32. Hedging accounting (continued)

#### (6) Option to designate a credit exposure as measured at fair value

When the credit risk exposure of a financial instrument (or its components) is managed by using a credit derivative instrument measured at fair value through current profit and loss, the financial instrument (or its components) can be designated as a financial instrument measured at fair value with its changes included in the current profit and loss at, before or after the time of initial recognition, and written records shall be kept at the same time while the following conditions shall be met simultaneously:

- The subject of the financial instrument's credit exposure (for example, the borrower, or the holder of a loan commitment) matches the subject of the credit derivative;
- The repayment level of financial instruments is consistent with the repayment level of the instruments to be delivered according to the terms of credit derivatives.

### 33. Segment information

The Group determines its operating segments based on its internal organizational structure, management requirements, and internal reporting system, while the report segment is determined based on the operating segment. An operating segment is a component of the Group that meets the following conditions simultaneously: the component is able to generate income and incur expenses in its day-to-day business; the Company's management is able to periodically evaluate the operating results of the component in order to decide on the allocation of resources to it and evaluate its performance; the Group has access to accounting information on the financial position, operating results and cash flows of the component, with inter-segment transfer prices determined by reference to market prices.

### 34. Held for sale and terminate operations

#### (1) Held-for-sale assets

When the group recovers its book value mainly through the sale rather than continuous use of a non-current asset or disposal group, the non-current asset or disposal group is classified as held for sale.

Disposal group refers to a group of assets disposed of as a whole through sale or other means in a transaction, as well as the liabilities directly related to these assets transferred in the transaction.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 34. Held for sale and terminate operations (continued)

#### (1) Held-for-sale assets (continued)

The Group classifies non-current assets or disposal groups that meet the following conditions as held for sale:

- The non-current asset or disposal group is immediately available for sale in its current condition, in accordance with the practice of selling such assets or disposal groups in similar transactions;
- A sale is extremely likely to occur where the Group has resolved on a plan of sale and has entered into legally binding purchase agreements with other parties. The sale is expected to be completed within a year.

The group makes initial measurement and subsequent measurement on the non-current assets held for sale (excluding financial assets and deferred income tax assets) or disposal group according to the lower of the book value and the net amount after the fair value minus the selling expenses. The difference between the book value and the net amount after the fair value minus the selling expenses is recognized as asset impairment loss and included in the current profits or losses.

#### (2) Terminate operations

The Group will discontinue operations as defined by a separately distinguishable component that meets one of the following conditions and that has been disposed of or classified as holding for sale by the Group:

- The component represents a separate principal operation or a separate principal area of operation;
- The component is part of an associated plan to dispose of a separate principal operation or a separate principal area of operation;
- This component is a subsidiary acquired specifically for resale.

For terminate operations reported in the current period, the Group reports the profit and loss from continuing operations and the profit or loss from discontinued operations separately in the current period's income statement. At the same time, in the income statement of the comparative period, the information previously reported as continuing operation profits or losses is restated as the discontinued operation profits or losses of the comparable accounting period.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 35. Fair value measurement

The Group measures derivative financial instruments and equity instrument investments at fair value at each balance sheet date. Fair value is the price that a market participant would receive for selling an asset or pay for transferring a liability in an orderly transaction occurring on the measurement date.

Assets and liabilities that are measured or disclosed at fair value in the financial statements are identified within the fair value hierarchy based on the lowest level input that is significant to the overall fair value measurement: level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the related assets or liabilities.

At each balance sheet date, the Group reassesses the assets and liabilities recognized in the financial statements that are measured at fair value on a continuous basis to determine whether a transition has occurred between the fair value measurement hierarchy.

For financial instruments traded in an active market, the Group determines their fair value by using their quoted prices in the active market. For financial instruments not traded in an active market, the Group determines their fair value by using valuation techniques, and the valuation models used are mainly discounted cash flow models. The inputs to the valuation techniques consist mainly of the risk-free rate, credit premium and liquidity premium for debt instruments, and the valuation multiplier and liquidity discount for equity instruments.

Level 3 fair values are determined based on the Group's valuation models, such as discounted cash flow models. The Group also considers the initial transaction price, recent transactions in identical or similar financial instruments, or full third-party transactions in comparable financial instruments. On December 31st, 2024, level 3 financial assets measured at fair value are valued using significant unobservable inputs such as discount rates, but their fair values are not materially sensitive to reasonable changes in these significant unobservable inputs.

The Group uses the market approach to determine the fair value of unlisted equity investments. This requires the Group to determine comparable listed companies, select market multipliers, and estimate liquidity discounts, among other things, and is therefore subject to uncertainty.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 36. Significant accounting judgments and estimates

During the preparation of the financial statements, the Company's management will make judgments, estimates and assumptions which will have an impact on the application of accounting policies and the amount of assets, liabilities, revenue and expenses. The reality may differ from these estimates. Management continuously evaluates the judgment of the key assumptions and uncertainties involved in the estimation. The impact of a change in accounting estimates is recognized during the change period and in future periods.

The following accounting estimates and key assumptions carry a significant risk of causing significant adjustments to the carrying values of assets and liabilities in future periods.

#### (1) Provision for impairment of financial assets

The Group recognizes a provision for impairment on the basis of ECL on debt investments, financial assets at fair value through other comprehensive income, financing operations (including margin trading and short selling, agreed repurchase, stock-pledged repurchase, etc.), and currency market disposals (loans) of funds or securities, receivable, etc.

Based on the classification and nature of the above financial assets, combined with its own risk management practices and the relevant requirements of impairment guidelines, the Group comprehensively considers the time value of money and relevant past events that can be obtained without unnecessary additional costs or efforts on the balance sheet date on the basis of probability weighted average, to establish an expected credit loss model to measure the impairment loss of the above financial instruments based on the reasonable and reliable information predicted by the current and future economic conditions. The relevant assumptions, parameters, data sources and measurement procedures of the expected credit loss model require the Group to make professional judgment. Changes in the assumptions of these relevant factors will have an impact on the calculation results of the expected credit loss of financial instruments.

The Group uses an expected credit loss model to evaluate the impairment of financial assets and the application of the expected credit loss model requires making significant judgments and estimates such as the probability of default, the rate of default losses and whether credit risk increases significantly, taking into account all reasonable and reliable information, including forward-looking information. In making these judgments and estimates, the Group extrapolates expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risk and other factors.

The Group's judgment criteria for significant increase in credit risk, the definition of credit-impaired assets, and assumptions of ECL. For details, please refer to "Note X. 2. Credit risk".

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 36. Significant accounting judgments and estimates (continued)

#### (2) Impairment provision of goodwill

The goodwill is tested at least annually for impairment. The recoverable amount of the asset group and asset group combination that includes goodwill is the present value of its expected future cash flow, and its calculation requires the use of accounting estimates.

If management revises the gross profit margin used in the calculation of future cash flows of asset groups and asset group combinations, and the revised gross profit margin is lower than the currently used gross profit margin, the Group shall make provision for impairment of goodwill.

If management revises the pre-tax discount rate used for discounting cash flows, and the revised pre-tax discount rate is higher than the currently used discount rate, the Group shall provide additional impairment for goodwill.

If the actual gross profit margin or pre-tax discount rate is higher or lower than the management's estimate, the Group cannot reverse the impairment loss for goodwill that has been accrued.

#### (3) Recognition of deferred income tax assets

The estimation of deferred income tax assets needs to estimate the taxable income and applicable tax rates in the future years. The realization of deferred income tax assets depends on whether the Group is likely to obtain sufficient taxable income in the future. Future changes in tax rates and the reversal time of temporary differences may also affect income tax expenses (income) and the balance of deferred income tax. Changes in the above estimates may result in important adjustments to deferred income tax.

#### (4) Useful life of fixed assets and intangible assets

At least, at the end of the year, the Group reviews the estimated useful life of fixed assets and intangible assets. The estimated service life is determined by the management based on the historical experience of similar assets, with reference to the commonly used estimates in the same industry, combined with the expected technical updates. When the previous estimates have changed significantly, the depreciation expenses and amortization expenses in the future period shall be adjusted accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

### 36. Significant accounting judgments and estimates (continued)

#### (5) Determining the scope of consolidation

All facts and circumstances must be considered when assessing whether the Group controls the invested enterprise as an investor. The definition of control includes the following three elements: 1) the power of the investor to the investee; 2) the variable return enjoyed by the investee in the relevant business; and 3) the ability to use the power of the investee to influence the amount of its return. If one or more of the three control elements mentioned above change, the Group will reassess whether control still exists.

For structured entities (such as funds and asset management plans) managed by the Group, the Group will assess whether its maximum exposure to the structured entities, together with the variable returns generated by its administrator's compensation, is significant enough to indicate that the Group has control over the structured entities. If the Group has control over the structured entity under management, the structured entity will be included in the consolidated scope of the consolidated financial statements.

### 37. Changes in significant accounting policies and accounting estimates

#### (1) Changes in significant accounting policies

There was no change in significant accounting policies in the Company during the year.

#### (2) Changes in significant accounting estimates

There was no change in significant accounting estimates in the Company during the year.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## V. TAXATION

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	16.5%, 25%
Value added tax	The taxable amount calculated by multiplying the taxable sales revenue by the applicable tax rate/collection rate and deducting the balance of input tax allowed to be deducted in the current period	3%~13%
Urban maintenance and construction tax	Turnover tax payable	5%, 7%
Educational surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

Description of income tax rates of different taxpayers:

In accordance with the provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Announcement of the State Administration of Taxation on Printing and Distributing the "Measures for the Administration of the Collection of Corporate Income Tax Collection for Cross-Regional Operations"* (State Administration of Taxation Announcement No. 57 of 2012), the Company implements the corporate income tax collection and management measures of "unified calculation, hierarchical management, on-site prepayment, consolidated liquidation, and fiscal adjustment".

According to the *Enterprise Income Tax Law of the People's Republic of China*, the Company applies the enterprise income tax rate of 25% from January 1st, 2008; Central China International Holdings Co., Ltd. and its subsidiaries in Hong Kong apply the comprehensive profits tax rate of 16.5% in accordance with the relevant provisions of the Hong Kong Special Administrative Region.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

#### (1) Details

Item	December 31st, 2024			December 31st, 2023		
	Functional currency	Exchange rate <sup>(Note 1)</sup>	RMB amount	Functional currency	Exchange rate	RMB amount
<b>Cash on hand</b>			<b>73,338.23</b>			<b>121,206.68</b>
RMB	59,987.33	1.0000	59,987.33	61,459.82	1.0000	61,459.82
HKD	10,272.85	0.9260	9,513.06	61,428.47	0.9062	55,667.71
CAD	760.00	5.0498	3,837.84	760.00	5.3673	4,079.15
<b>Deposits in bank</b>			<b>14,296,599,461.89</b>			<b>9,686,435,108.53</b>
Deposit account			<b>2,291,354,135.99</b>			<b>1,528,331,501.98</b>
RMB	1,573,161,866.41	1.0000	1,573,161,866.41	1,292,799,921.32	1.0000	1,292,799,921.32
USD	90,729,350.54	7.1884	652,198,863.45	23,930,918.82	7.0827	169,495,480.87
HKD	71,207,531.14	0.9260	65,941,022.13	72,556,523.38	0.9062	65,752,172.61
AUD	14.62	4.5070	65.89	47,292.37	4.8484	229,292.51
EUR	6,951.90	7.5257	52,317.88	6,951.65	7.8592	54,634.42
CAD	0.04	5.0498	0.20	0.04	5.3673	0.22
THB	0.15	0.2126	0.03	0.15	0.2074	0.03
Client fund deposit			<b>12,005,245,325.90</b>			<b>8,158,103,606.55</b>
RMB	11,881,018,207.40	1.0000	11,881,018,207.40	8,091,817,817.52	1.0000	8,091,817,817.52
USD	1,351,550.60	7.1884	9,715,490.00	2,559,690.14	7.0827	18,129,513.23
HKD	123,657,324.19	0.9260	114,511,628.50	53,139,718.59	0.9062	48,156,275.80
<b>Other cash</b>			<b>104,311,239.85</b>			<b>290,633,313.58</b>
RMB	104,311,239.85	1.0000	104,311,239.85	290,633,313.58	1.0000	290,633,313.58
<b>Total</b>			<b>14,400,984,039.97</b>			<b>9,977,189,628.79</b>

Note 1: The disclosed discount rates are rounded to four decimal places, while the actual discount rates are rounded to six decimal places, and there may be trailing differences in the discounting relationships. Other similar disclosures in this report are the same.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 1. Cash and bank balances (continued)

#### (1) Details (continued)

In which, details of Margin trading and short selling business are shown in the table below:

Item	December 31st, 2024			December 31st, 2023		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
Corporate credit capital			682,267,152.89			5,015,052.38
RMB	682,267,152.89	1.0000	682,267,152.89	4,853,442.33	1.0000	4,853,442.33
HKD		0.9260		178,334.24	0.9062	161,610.05
Client credit capital			946,433,443.78			482,766,712.67
RMB	926,081,044.26	1.0000	926,081,044.27	418,406,075.91	1.0000	418,406,075.91
USD	130,080.29	7.1884	935,069.68	2,475,623.70	7.0827	17,534,099.98
HKD	20,968,132.94	0.9260	19,417,329.83	51,672,371.81	0.9062	46,826,536.78
Total			1,628,700,596.67			487,781,765.05

(2) As of December 31st, 2024, the Group's cash which deposited overseas were RMB831,020,416.40, and mainly due to deposits made by Hong Kong subsidiaries.

(3) As of December 31st, 2024, the Group had a restricted bank deposits totaling RMB26,002,214.08, all of which were risk reserves deposited with banks for the purpose of carrying out the Company's asset management business. Details are as follows:

Item	December 31st, 2024	December 31st, 2023
Risk reserve for asset management business	26,002,214.08	23,487,092.38
Deposit for Banker's acceptance bill		4,250,000.00
Total	26,002,214.08	27,737,092.38

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2. Clearing settlement funds

Item	December 31st, 2024			December 31st, 2023		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
<b>Corporate reserve funds</b>			<b>250,438,772.27</b>			<b>123,592,584.12</b>
RMB	250,086,148.59	1.0000	250,086,148.59	123,592,573.15	1.0000	123,592,573.15
HKD	380,774.63	0.9260	352,612.54		0.9062	
USD	1.55	7.1884	11.14	1.55	7.0827	10.97
<b>Client's ordinary reserve funds</b>			<b>3,818,259,497.08</b>			<b>2,984,987,457.62</b>
RMB	3,809,364,273.10	1.0000	3,809,364,273.10	2,976,767,216.44	1.0000	2,976,767,216.44
USD	995,834.59	7.1884	7,158,457.37	1,016,803.58	7.0827	7,201,714.72
HKD	1,875,476.88	0.9260	1,736,766.61	1,123,928.47	0.9062	1,018,526.46
<b>Client's credit reserve funds</b>			<b>462,627,073.83</b>			<b>341,398,380.01</b>
RMB	462,627,073.83	1.0000	462,627,073.83	341,398,380.01	1.0000	341,398,380.01
<b>Total</b>			<b>4,531,325,343.18</b>			<b>3,449,978,421.75</b>

### 3. Margin accounts receivable

#### (1) By categories

Item	December 31st, 2024	December 31st, 2023
<b>Domestic</b>		
Including: Individual	9,200,706,620.57	7,440,114,286.25
Institution	72,908,137.65	60,146,266.68
Less: Provision for impairment	28,296,230.68	22,528,674.12
<b>Subtotal</b>	<b>9,245,318,527.54</b>	<b>7,477,731,878.81</b>
<b>Overseas</b>		
Including: Individual	81,938,289.27	61,454,752.90
Institution	55,556,977.88	119,347,366.55
Less: Provision for impairment	56,052,007.03	53,680,166.81
<b>Subtotal</b>	<b>81,443,260.12</b>	<b>127,121,952.64</b>
<b>Total book value</b>	<b>9,326,761,787.66</b>	<b>7,604,853,831.45</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Margin accounts receivable (continued)

#### (2) Details of collateral

Category of collateral	December 31st, 2024	December 31st, 2023
Cash	663,322,335.49	300,734,425.68
Bonds	83,339,089.37	101,840,928.12
Stocks	23,151,634,093.39	18,373,982,388.47
Funds	576,075,165.90	455,642,504.79
<b>Total</b>	<b>24,474,370,684.15</b>	<b>19,232,200,247.06</b>

### 4. Derivative financial instruments

#### (1) December 31st, 2024

Category	Hedging instruments			Non-hedging instruments		
	Nominal value	Fair value Asset	Liability	Nominal value	Fair value Asset	Liability
Commodity futures				193,240,973.80	182,570.00	1,006,896.76
Less: Deductible temporary receipts and payments					182,570.00	1,006,896.76
Interest rate swaps				109,890,000,000.00	87,644,815.14	
Less: Deductible temporary receipts and payments					87,644,815.14	
National debt futures				5,122,801,565.82	3,465,893.94	
Less: Deductible temporary receipts and payments					3,465,893.94	
Stock index futures				210,928,531.47		1,401,271.47
Less: Deductible temporary receipts and payments						1,401,271.47
Stock return swap				21,441,313.58	7,276,331.39	
Over the counter options				29,403,544.10	7,966,829.29	
Exchange-trade options				157,106,012.00	883,600.00	1,996,580.00
<b>Total</b>				<b>115,624,921,940.77</b>	<b>16,126,760.68</b>	<b>1,996,580.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Derivative financial instruments (continued)

#### (2) December 31st, 2023

Category	Nominal value	Hedging instruments		Nominal value	Non-hedging instruments	
		Fair value	Liability		Fair value	Liability
		Asset			Asset	
Commodity futures				292,288,544.53		207,540.07
Less: Deductible temporary receipts and payments						207,540.07
Interest rate swaps				97,020,000,000.00	19,621,428.21	
Less: Deductible temporary receipts and payments					19,621,428.21	
National debt futures				11,958,508,900.72	25,318,985.30	
Less: Deductible temporary receipts and payments					25,318,985.30	
Stock index futures				78,284,604.62	683,024.62	
Less: Deductible temporary receipts and payments					683,024.62	
Stock return swap				408,292,672.54		9,086,154.39
Over the counter options				1,461,300,652.51	27,202,732.17	6,763,945.00
Exchange-trade options				181,602,870.46	707,416.00	2,183,680.00
<b>Total</b>				<b>111,400,278,245.38</b>	<b>27,910,148.17</b>	<b>18,033,779.39</b>

### 5. Refundable deposits

Item	December 31st, 2024			December 31st, 2023		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
<b>Trading margin</b>			<b>1,049,349,211.44</b>			<b>1,070,568,192.53</b>
RMB	1,048,383,003.44	1.0000	1,048,383,003.44	1,069,619,293.53	1.0000	1,069,619,293.53
HKD	500,000.00	0.9260	463,020.00	500,000.00	0.9062	453,110.00
USD	70,000.00	7.1884	503,188.00	70,000.00	7.0827	495,789.00
<b>Credit margin</b>			<b>9,623,078.96</b>			<b>6,640,165.20</b>
RMB	9,623,078.96	1.0000	9,623,078.96	6,640,165.20	1.0000	6,640,165.20
<b>Performance bonds</b>			<b>157,827,358.15</b>			<b>9,583,851.20</b>
RMB	157,827,358.15	1.0000	157,827,358.15	9,583,851.20	1.0000	9,583,851.20
<b>Total</b>			<b>1,216,799,648.55</b>			<b>1,086,792,208.93</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Accounts receivable

#### (1) By details

Item	December 31st, 2024	December 31st, 2023
Stock-pledged repurchase receivable (Note 1)	626,241,864.08	634,712,442.78
Receivables from clients' liquidation	5,278,534.94	312,806.75
Management fee receivable	51,015,084.82	59,191,389.33
Fees and commission receivable	14,916,054.80	15,894,472.71
Receivables from clients' financing	5,609,195.54	5,832,797.37
Over the counter trade receivable	31,441,313.58	308,673,293.60
Receivables from disposal of stocks (Note 2)	156,039,977.32	54,528,480.00
Debt asset package receivable (Note 2)	112,426,721.70	
Others	8,012,891.00	13,189,163.47
Less: Provision for bad debts (According to the simplified model)	679,967,806.29	671,219,236.90
Book value of accounts receivable	331,013,831.49	421,115,609.11

Note 1: Based on the result of court enforcement after the stock-pledged mortgage financing breached the contract, the Company transferred the unpaid repayment part to the accounts receivable. As of December 31st, 2024, the balance of the stock-pledged repurchase receivable is RMB626,241,864.08, and the amount of bad debt provision is RMB626,241,864.08, accounting for 100.00% of the balance of stock-pledged repurchase receivable.

Note 2: Central China Blue Ocean Investment Management Co., Ltd. reduced its equity investment in a holding subsidiary, Henan Central China Micro-Lending Co., Ltd. by way of directed capital reduction, which was paid in the form of cash and assets, and receivables from disposal of stocks and debt asset package receivable were formed for the aforesaid matters.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Accounts receivable (continued)

#### (2) By portfolio methods

Item	December 31st, 2024			
	Book balance Amount	Proportion (%)	Provision for bad debts Amount	Accrual ratio (%)
Separate provision for bad debts	938,274,753.91	92.81	674,357,482.35	71.87
<b>Subtotal</b>	<b>938,274,753.91</b>	<b>92.81</b>	<b>674,357,482.35</b>	<b>71.87</b>
Combination provision for bad debts				
Including: Within 1 year	41,348,082.21	4.09	206,740.41	0.50
1-2 years	8,519,366.89	0.84	425,968.34	5.00
2-3 years	10,169,555.30	1.01	1,016,955.53	10.00
3-4 years	6,628,129.93	0.65	1,325,625.99	20.00
4-5 years	1,929,205.48	0.19	578,761.64	30.00
More than 5 years	4,112,544.06	0.41	2,056,272.03	50.00
<b>Subtotal</b>	<b>72,706,883.87</b>	<b>7.19</b>	<b>5,610,323.94</b>	
<b>Total</b>	<b>1,010,981,637.78</b>	<b>100.00</b>	<b>679,967,806.29</b>	

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Accounts receivable (continued)

#### (2) By portfolio methods (continued)

Item	December 31st, 2023			
	Book balance Amount	Proportion (%)	Provision for bad debts Amount	Accrual ratio (%)
Separate provision for bad debts	671,457,717.69	61.47	664,481,581.87	98.96
<b>Subtotal</b>	671,457,717.69	61.47	664,481,581.87	98.96
Combination provision for bad debts				
Including: Within 1 year	387,171,516.49	35.44	1,935,857.58	0.50
1-2 years	12,279,555.30	1.12	613,977.77	5.00
2-3 years	10,558,081.99	0.97	1,055,808.20	10.00
3-4 years	5,802,760.96	0.53	1,160,552.20	20.00
4-5 years	2,805,737.56	0.26	841,721.27	30.00
More than 5 years	2,259,476.02	0.21	1,129,738.01	50.00
<b>Subtotal</b>	420,877,128.32	38.53	6,737,655.03	
<b>Total</b>	1,092,334,846.01	100.00	671,219,236.90	

- (3) Among the balance of accounts receivable at the end of period, the amount receivable from shareholder entities holding more than 5% (including 5%) of the voting shares of the Company was RMB2,292,776.96, for the accrued receivable of asset management fee income.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Accounts receivable (continued)

#### (4) Accounts receivable of the top five closing balances, grouped by party in arrears

Name of entity	Balance as of December 31 <sup>st</sup> , 2024	As a percentage of the balance of accounts receivable (%)	Balance of bad debt provision	Nature or content of payment	Aging
Entity 1	258,438,936.40	25.56	258,438,936.40	Receivables from stock pledges	1–2 years
Entity 2	181,150,400.00	17.92	181,150,400.00	Receivables from stock pledges	4–5 years
Entity 3	128,457,200.00	12.70	128,457,200.00	Receivables from stock pledges	4–5 years
Entity 4	101,511,497.32	10.04	507,557.49	Equity transfer fund	Within 1 year
Entity 5	58,195,327.68	5.76	58,195,327.68	Receivables from stock pledges	2–3 years
<b>Total</b>	<b>727,753,361.40</b>	<b>71.98</b>	<b>626,749,421.57</b>		

### 7. Financial assets held under resale agreements

#### (1) By business categories

Item	December 31 <sup>st</sup> , 2024	December 31 <sup>st</sup> , 2023
Bond-pledged repurchase	<b>1,159,016,090.40</b>	305,392,570.51
Stock-pledged repurchase	<b>484,192,659.70</b>	904,184,979.44
Agreed repurchase securities		3,009,369.26
Less: Provision for impairment	<b>198,207,070.66</b>	202,385,573.18
<b>Total</b>	<b>1,445,001,679.44</b>	1,010,201,346.03

#### (2) By categories of financial assets

Item	December 31 <sup>st</sup> , 2024	December 31 <sup>st</sup> , 2023
Stocks	<b>484,192,659.70</b>	907,194,348.70
Bonds	<b>1,159,016,090.40</b>	305,392,570.51
Less: Provision for impairment	<b>198,207,070.66</b>	202,385,573.18
Book value	<b>1,445,001,679.44</b>	1,010,201,346.03

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 7. Financial assets held under resale agreements (continued)

#### (3) By collateral categories

Category of collateral	Fair value as at December 31st, 2024	Fair value as at December 31st, 2023
Stocks	1,080,936,742.20	1,850,388,342.63
Bonds	367,773,178.70	
Total	1,448,709,920.90	1,850,388,342.63
Including: Collateral that can be sold or re-collateralized		
Including: Collateral that has been sold or has been re-collateralized		

Note: For the Treasury bond reverse repo transaction operated through the exchange, because it is automatically matched by the exchange and guarantees the full value of the collateral, it is impossible to know the information of the counterparty pledge pool. Therefore, the fair value of the collateral mentioned above does not include the fair value of the collateral asset obtained by the exchange's Treasury bond reverse repo. As of December 31st, 2024 and December 31st, 2023, the amount of the above-mentioned exchange's Treasury bond reverse repo by the Company was RMB827.44 million and RMB305.258 million, respectively.

#### (4) Stock-pledged repurchase by residual maturity

Remaining period	December 31st, 2024	December 31st, 2023
Within 1 month		
1-3 months	84,813,621.99	82,041,490.51
3 months to 1 year	201,025,404.38	575,688,817.67
More than 1 year		
Over due	198,353,633.33	246,454,671.26
<b>Total</b>	<b>484,192,659.70</b>	<b>904,184,979.44</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 7. Financial assets held under resale agreements (continued)

#### (5) By impairment stages of stock-pledged repurchases

Item	December 31st, 2024			Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Book balance	285,839,026.37		198,353,633.33	484,192,659.70
Provision for impairment	652,872.33		197,554,198.33	198,207,070.66
<b>Book value</b>	<b>285,186,154.04</b>		<b>799,435.00</b>	<b>285,985,589.04</b>
<b>The value of Collateral</b>	<b>1,080,137,307.20</b>		<b>799,435.00</b>	<b>1,080,936,742.20</b>

Item	December 31st, 2023			Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Book balance	657,730,308.18		246,454,671.26	904,184,979.44
Provision for impairment	1,972,693.89		200,407,826.69	202,380,520.58
<b>Book value</b>	<b>655,757,614.29</b>		<b>46,046,844.57</b>	<b>701,804,458.86</b>
<b>The value of Collateral</b>	<b>1,759,639,551.63</b>		<b>83,393,185.00</b>	<b>1,843,032,736.63</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Financial assets held for trading

#### (1) By categories

Category	December 31st, 2024				
	Financial assets classified as at fair value through profit or loss	Fair value Financial assets designated as at fair value through profit or loss	Total fair value	Financial assets classified as at fair value through profit or loss	Initial cost Financial assets designated as at fair value through profit or loss
Bonds	12,020,038,900.84		12,020,038,900.84	12,249,520,123.32	12,249,520,123.32
Public offering of fund	3,533,193,947.39		3,533,193,947.39	3,535,807,063.87	3,535,807,063.87
Stocks	740,789,774.22		740,789,774.22	1,210,781,350.36	1,210,781,350.36
Bank financial products	25,260,043.36		25,260,043.36	25,000,000.00	25,000,000.00
Asset management products of securities companies	60,263,754.13		60,263,754.13	67,698,060.30	67,698,060.30
Private funds and partnerships	1,142,344,601.77		1,142,344,601.77	1,004,333,480.05	1,004,333,480.05
Others	107,356,348.71		107,356,348.71	112,143,776.61	112,143,776.61
<b>Total</b>	<b>17,629,247,370.42</b>		<b>17,629,247,370.42</b>	<b>18,205,283,854.51</b>	<b>18,205,283,854.51</b>

Category	December 31st, 2023				
	Financial assets classified as at fair value through profit or loss	Fair value Financial assets designated as at fair value through profit or loss	Total fair value	Financial assets classified as at fair value through profit or loss	Initial cost Financial assets designated as at fair value through profit or loss
Bonds	19,651,578,605.94		19,651,578,605.94	19,786,150,062.56	19,786,150,062.56
Public offering of fund	1,304,685,499.45		1,304,685,499.45	1,333,420,172.28	1,333,420,172.28
Stocks	840,279,124.07		840,279,124.07	1,081,097,145.65	1,081,097,145.65
Bank financial products	58,508,802.33		58,508,802.33	58,000,000.00	58,000,000.00
Asset management products of securities companies	772,615,727.08		772,615,727.08	773,994,916.53	773,994,916.53
Private funds and partnerships	1,150,034,991.40		1,150,034,991.40	1,037,348,358.90	1,037,348,358.90
Others	493,504,941.74		493,504,941.74	459,200,000.00	459,200,000.00
<b>Total</b>	<b>24,271,207,692.01</b>		<b>24,271,207,692.01</b>	<b>24,529,210,655.92</b>	<b>24,529,210,655.92</b>

Note: "Others" mainly are trust plans, structured deposits and fund asset management plans.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Financial assets held for trading (continued)

#### (2) Securities financed in financial assets held for trading

As at December 31st, 2024 and December 31st, 2023, the balance of the Group's financial assets held for trading included securities financed of RMB12,201,501.73 and RMB2,661,822.87, respectively.

#### (3) Financial assets held for trading with restricted realization

Item	Reasons	Book value as of December 31st, 2024	Book value as of December 31st, 2023
Bonds	Pledged for repurchase financing, pledged for bond lending	5,498,908,884.27	10,797,226,684.80
Bonds	Bonds default	35,345,400.00	29,405,934.81
Bonds	Non-transferable during lifetime		5,000,000.00
Asset management products of securities companies	Undue underlying trust assets	1,196,100.00	1,196,100.00
Asset management products of securities companies	Exit not allowed during the lock-in or closed period	54,070,205.57	13,050,487.72
Public offering of fund	Securities financed	12,201,501.73	2,661,822.87
Stocks	Post-IPO restrictions, pre-listing institutional class restrictions	26,282,039.43	23,750,347.80
Structured deposits	Fixed term	15,013,541.67	
Trust plans	Fixed term	35,205,109.59	
Financial products	Exit not allowed during the lock-in or closed period	15,114,886.18	

### 9. Debt investments

#### (1) Details of debt investments

Category	December 31st, 2024		
	Initial cost	Interest	Provision for impairment
Trust plans	115,983,969.95		90,261,669.95
Private placement bonds	159,324,413.53		159,324,413.53
Asset management plans	183,071,098.68		158,946,697.02
			24,124,401.66
<b>Total</b>	<b>458,379,482.16</b>		<b>408,532,780.50</b>
			<b>49,846,701.66</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Debt investments (continued)

#### (1) Details of debt investments (continued)

Category	December 31st, 2023			
	Initial cost	Interest	Provision for impairment	Book value
Trust plans	190,725,846.42		93,447,439.61	97,278,406.81
Private placement bonds	156,556,487.87		156,556,487.87	
Asset management plans	182,038,742.06		158,946,697.02	23,092,045.04
<b>Total</b>	<b>529,321,076.35</b>		<b>408,950,624.50</b>	<b>120,370,451.85</b>

#### (2) Details of impairment provisions

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
<b>Balance as of January 1st, 2024</b>			408,950,624.50	408,950,624.50
Current book balance of debt investments as of January 1st, 2024	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Current year accrual			8,887,044.05	8,887,044.05
Current year reversal				
Current year write-offs				
Other transfers out			12,072,813.71	12,072,813.71
Translation differences of foreign currency financial statements			2,767,925.66	2,767,925.66
<b>Balance as of December 31st, 2024</b>			<b>408,532,780.50</b>	<b>408,532,780.50</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Financial assets at fair value through other comprehensive income

#### (1) By categories

Category	December 31st, 2024				
	Initial cost	Interest	Changes in fair value	Book value	Cumulative provision for impairment
National bonds	50,448,417.85	1,228,602.74	735,082.15	52,412,102.74	
Local government bonds	55,305,622.61	65,917.81	6,547,327.39	61,918,867.81	62,390.21
<b>Total</b>	<b>105,754,040.46</b>	<b>1,294,520.55</b>	<b>7,282,409.54</b>	<b>114,330,970.55</b>	<b>62,390.21</b>

Category	December 31st, 2023				
	Initial cost	Interest	Changes in fair value	Book value	Cumulative provision for impairment
National bonds	201,421,761.58	2,994,587.69	328,738.42	204,745,087.69	
Local government bonds	158,223,077.29	2,129,617.48	1,078,672.71	161,431,367.48	198,011.19
Corporate bonds	42,966,626.88	1,432,647.54	345,733.12	44,745,007.54	52,657.70
<b>Total</b>	<b>402,611,465.75</b>	<b>6,556,852.71</b>	<b>1,753,144.25</b>	<b>410,921,462.71</b>	<b>250,668.89</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. Financial assets at fair value through other comprehensive income (continued)

#### (2) Details of impairment provisions

Provision for bad debts	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit losses in lifetime (No credit impairment)	Stage 3 Expected credit losses in lifetime (Credit impairment)	Total
<b>Balance as of January 1st, 2024</b>	250,668.89			250,668.89
Current book balance of financial assets at fair value through other comprehensive income as of January 1st, 2024	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Current year accrual				
Current year reversal	7,336.28			7,336.28
Current year write-offs				
Others transfers out	180,942.40			180,942.40
<b>Balance as of December 31st, 2024</b>	62,390.21			62,390.21

#### (3) Financial assets at fair value through other comprehensive income with restricted realization

Item	Reasons	Book value as of December 31st, 2024	Book value as of December 31st, 2023
Local government bonds	Pledged for repurchase financing	49,535,094.25	
National bonds	Pledged for refinancing business	46,302,949.35	42,292,691.53

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 11. Investments in other equity instruments

#### (1) Details of investments in other equity instruments

Item	December 31st, 2024	December 31st, 2023
Future membership	1,400,000.00	1,400,000.00
<b>Total</b>	<b>1,400,000.00</b>	<b>1,400,000.00</b>

#### (2) Additional information about other equity instruments

According to the *Implementation Rules for the Financial Treatment of Futures Companies issued by the China Futures Association*, the Company's subsidiaries list futures membership as investments in other equity instruments.

### 12. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	December 31st, 2024	December 31st, 2023
Long-term equity investments calculated by equity method	943,004,822.25	1,478,891,569.69
<b>Total long-term equity investments</b>	<b>943,004,822.25</b>	<b>1,478,891,569.69</b>
Less: Provision for impairment of long-term equity investments	37,754,195.83	35,833,324.53
<b>Net value of long-term equity investments</b>	<b>905,250,626.42</b>	<b>1,443,058,245.16</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. Long-term equity investments (continued)

#### (2) Investments in associates

Investee	Increase/decrease in current year							Closing book value	Closing balance of impairment provision (Note 1)
	Opening book value	Additional investment	Reducing investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits		
Heran Asset Management Co., Ltd.	696,317,592.86			68,387,101.50	550,391.86		-24,597,377.47	740,657,708.75	
Heran Central China Micro-Lending Co., Ltd. [Note 2]	352,334,659.17		354,508,857.52	2,174,198.35					
Heran Shengrong Juyuan Venture Capital Fund (Limited Partnership)	76,167,902.19		75,969,605.19	-198,297.00					
Heran Jindao Shengyuan Equity Investment Fund (Limited Partnership)	51,076,381.30		50,494,996.59	-581,384.71					
LuoYang Kaiyuan Technology Innovation Venture Capital Fund (Limited Partnership)	35,790,550.66		29,160,000.00	1,609,765.49				8,240,316.15	
Heran Dafei Caifang Media Holding Co., Ltd.	32,698,312.28			1,822,279.01			-1,350,000.00	33,170,591.29	
Heran Liying Environmental Protection Technology Co., Ltd.	32,106,960.36			-366,479.64				28,031,577.36	3,708,903.36
Minquan County Innovation Industry Investment Fund (Limited Partnership)	29,968,894.11		10,000,000.00	-9,829,978.92				10,138,915.19	
Xinxiang Zhongding Technology Achievement Transformation Fund (Limited Partnership)	19,951,277.90			-1,521,444.52				18,429,833.38	
CSI Jiaotong Fund Management Co., Ltd.	19,457,390.37			-1,362,119.28				18,095,271.09	
Heran Zhongqian Equipment Manufacturing Technology Research Center Co., Ltd.	19,021,635.71		14,100,000.00					4,921,635.71	
Zhongyuan Environmental Capital Technology Co., Ltd.	16,046,950.18		16,046,950.18						
LuoYang Desheng Biotechnology Co., Ltd.	12,577,745.47			-1,452,228.47				11,125,517.00	
Zhengzhou Dafei Zhixin Technology Co., Ltd.	12,158,167.88		12,000,000.00	-158,167.88					
LuoYang Guohong Industry Development Investment Fund (Limited Partnership)	11,044,727.86			443,885.40				11,488,613.26	
Hebi Magesium Trading Center Co., Ltd.	8,908,735.15			-231,079.99				8,677,655.16	
Weihui Zhongding Innovation Equity Investment Fund Partnership (Limited Partnership)	3,985,419.04			-17,102.35				3,968,316.69	
Heran Jiaoguang Rongmei Information Technology Co., Ltd.	3,968,039.42			-43,293.39				3,924,746.03	
Hebi Jingkai Electronic Industry Development Fund Partnership (Limited Partnership)	1,968,316.71			-18,072.49				1,950,244.22	
Puyang Chuangxing Industrial Investment Fund Co., Ltd.	1,664,755.93		1,693,202.79	28,446.86					

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. Long-term equity investments (continued)

#### (2) Investment in associates (continued)

Investee	Increase/decrease in current year							Closing balance of impairment provision (Note 1)
	Opening book value	Additional investment	Reducing investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits	
Luohe Huarui Permanent Magnetic Material Co., Ltd.	1,500,000.00		1,500,000.00					1,662,457.43
Zhengzhou Majia Agricultural Technology Co., Ltd.	1,376,024.42		1,885,626.31	509,601.89				
Zhengzhou Nongdao E-commerce Co., Ltd.	1,005,916.36		208,164.38					12,473,406.77
Tangyin County Innovation Industry Investment Fund (Limited Partnership)	984,343.22			-1,443.78				
Henan Investment Realistic Communication Co., Ltd.	737,546.61			-88,512.89				982,899.44
Henan Dudu Computer Technology Co., Ltd.	240,000.00		240,000.00					649,033.72
Henan Ruidi Pharmaceutical Technology Co., Ltd.								298,473.38
Shangcai Fengtuo Agriculture and Forestry Technology Co., Ltd.								5,059,488.46
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.								4,946,823.89
2242257 Ontario Inc.								3,354,112.56
<b>Total</b>	<b>1,443,058,245.16</b>		<b>567,807,402.96</b>	<b>59,105,673.19</b>	<b>550,391.86</b>	<b>-25,947,377.47</b>	<b>-3,708,903.36</b>	<b>905,250,626.42</b>
								<b>37,754,195.83</b>

Note 1: The Group examined the carrying amount of long-term equity investments as at December 31st, 2024, and assessed the indications of impairment by taking into account the operating conditions, financial conditions and other factors of the investee units, and implemented the impairment measurement on this basis. During the reporting period, the Group made a provision for impairment of long-term equity investments of RMB3,708,903.36. As at December 31st, 2024, the Group made an aggregate provision of RMB37,754,195.83 for impairment of long-term equity investments.

Note 2: The Group disposed part of its equity interest in Henan Central China Micro-Lending Co., Ltd. during the year, and its shareholding was reduced from 39.00% to 7.576%, which no longer has significant influence and was adjusted to be accounted for as financial assets held for trading.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13. Investment properties

#### (1) Investment properties using the cost-measurement model

Item	Buildings and structures	Total
<b>I. Original book value</b>		
1. Opening balance	43,909,920.74	43,909,920.74
2. Increase	2,468,906.50	2,468,906.50
(1) Transferred from fixed assets	2,468,906.50	2,468,906.50
3. Decrease	15,113,174.44	15,113,174.44
(1) Transferred to fixed assets	15,113,174.44	15,113,174.44
4. Closing balance	31,265,652.80	31,265,652.80
<b>II. Accumulated depreciation and amortization</b>		
1. Opening balance	19,428,894.46	19,428,894.46
2. Increase	1,869,493.21	1,869,493.21
(1) Accrual or amortization	990,720.63	990,720.63
(2) Transferred from fixed assets	878,772.58	878,772.58
3. Decrease	8,225,807.74	8,225,807.74
(1) Transferred to fixed assets	8,225,807.74	8,225,807.74
4. Closing balance	13,072,579.93	13,072,579.93
<b>III. Provision for impairment</b>		
1. Opening balance		
2. Increase		
3. Decrease		
4. Closing balance		
<b>IV. Book value</b>		
1. Closing book value	18,193,072.87	18,193,072.87
2. Opening book value	24,481,026.28	24,481,026.28

- 1) On December 31st, 2024 and December 31st, 2023, no provision for impairment was necessary for the Group's investment properties.
- 2) On December 31st, 2024 and December 31st, 2023, the Group had no investment properties that had not completed the property right certificate yet.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Fixed assets

#### (1) Book value of fixed assets

Item	December 30th, 2024	December 31st, 2023
Original value of fixed assets	526,494,933.29	520,142,181.72
Less: Accumulative depreciation	341,863,095.92	335,678,267.03
Less: Provision for impairment		
Total book value of fixed assets	184,631,837.37	184,463,914.69

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Fixed assets (continued)

#### (2) Changes in the increase or decrease of fixed assets

Item	Buildings and structures	Electrical equipment	Transport facilities	Others	Total
<b>I. Original book value</b>					
1. Opening balance	160,970,835.42	316,729,209.39	20,774,850.90	21,667,286.01	520,142,181.72
2. Increase	15,113,174.44	29,978,038.31		259,505.72	45,350,718.47
(1) Acquisition		29,978,038.31		259,505.72	30,237,544.03
(2) Transferred in from investment properties	15,113,174.44				15,113,174.44
3. Decrease	2,468,906.50	28,974,186.29	5,423,429.57	2,183,938.24	39,050,460.60
(1) Disposal or scrap		28,974,186.29	5,423,429.57	2,183,938.24	36,581,554.10
(2) Transferred to investment properties	2,468,906.50				2,468,906.50
4. Translation differences of foreign currency financial statements		39,711.50	10,275.00	2,507.20	52,493.70
5. Closing balance	173,615,103.36	317,772,772.91	15,361,696.33	19,745,360.69	526,494,933.29
<b>II. Accumulative depreciation</b>					
1. Opening balance	71,252,018.46	229,684,590.74	19,003,045.04	15,738,612.79	335,678,267.03
2. Increase	12,660,804.79	27,330,872.55	285,637.41	1,423,019.20	41,700,333.95
(1) Accrual	4,434,997.05	27,330,872.55	285,637.41	1,423,019.20	33,474,526.21
(2) Transferred in from investment properties	8,225,807.74				8,225,807.74
3. Decrease	878,772.58	27,358,433.18	5,222,936.73	2,096,656.49	35,556,798.98
(1) Disposal or scrap		27,358,433.18	5,222,936.73	2,096,656.49	34,678,026.40
(2) Transferred to investment properties	878,772.58				878,772.58
4. Translation differences of foreign currency financial statements		30,047.78	10,259.27	986.87	41,293.92
5. Closing balance	83,034,050.67	229,687,077.89	14,076,004.99	15,065,962.37	341,863,095.92
<b>III. Provision for impairment</b>					
1. Opening balance					
2. Increase					
3. Decrease					
4. Closing balance					
<b>IV. Book value</b>					
1. Closing book value	90,581,052.69	88,085,695.02	1,285,691.34	4,679,398.32	184,631,837.37
2. Opening book value	89,718,816.96	87,044,618.65	1,771,805.86	5,928,673.22	184,463,914.69

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 14. Fixed assets (continued)

#### (2) Changes in the increase or decrease of fixed assets (continued)

- 1) The depreciation of the fixed asset recognized in the year was RMB33,474,526.21.
- 2) As of December 31st, 2024, the Group had no significant idle fixed assets.
- 3) As of December 31st, 2024, the Group had no fixed assets that had not completed the title certificate.
- 4) On December 31st, 2024 and December 31st, 2023, the Group believed that no provision for impairment was necessary for fixed assets.

### 15. Construction in progress

#### (1) Details of construction in progress

Item	December 31st, 2024			December 31st, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Office building construction	225,069,712.95		225,069,712.95	189,352,396.39		189,352,396.39
<b>Total</b>	<b>225,069,712.95</b>		<b>225,069,712.95</b>	<b>189,352,396.39</b>		<b>189,352,396.39</b>

#### (2) Changes in significant construction in progress during the year

Item	Opening balance	Increase during the year	Decrease during the year		Closing balance
			Transferred to fixed assets	Other decrease	
Self-built office buildings	189,352,396.39	35,717,316.56			225,069,712.95
<b>Total</b>	<b>189,352,396.39</b>	<b>35,717,316.56</b>			<b>225,069,712.95</b>

- (3) On December 31st, 2024 and December 31st, 2023, the Group believed that no provision for impairment was necessary for construction in progress.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 16. Right-of-use assets

#### (1) Details of right-of-use assets

Item	Buildings and structures	Total
I. Original book value		
1. Opening balance	343,961,624.64	343,961,624.64
2. Increase	47,572,201.29	47,572,201.29
(1) Rent in	47,572,201.29	47,572,201.29
3. Decrease	110,064,053.11	110,064,053.11
(1) Lease expired	38,768,627.34	38,768,627.34
(2) Others	71,295,425.77	71,295,425.77
4. Translation differences of foreign currency financial statements	342,089.34	342,089.34
5. Closing balance	281,811,862.16	281,811,862.16
II. Accumulative depreciation		
1. Opening balance	181,590,849.91	181,590,849.91
2. Increase	58,249,951.69	58,249,951.69
(1) Accrual	58,249,951.69	58,249,951.69
3. Decrease	80,695,479.77	80,695,479.77
(1) Lease expired	38,768,627.34	38,768,627.34
(2) Others	41,926,852.43	41,926,852.43
4. Translation differences of foreign currency financial statements	172,218.38	172,218.38
5. Closing balance	159,317,540.21	159,317,540.21
III. Book value		
1. Closing book value	122,494,321.95	122,494,321.95
2. Opening book value	162,370,774.73	162,370,774.73

Note: The item "Others" is mainly changes in lease contracts, and relocation or revocation of branch office premises.

- (2) On December 31st, 2024 and December 31st, 2023, no provision for impairment was necessary for the Group's right-of-use assets.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 17. Intangible assets

#### (1) Details of intangible assets

Item	Computer software	Seat fee	Land-use right	Others	Total
<b>I. Original book value</b>					
1. Opening balance	509,776,051.68	28,937,110.00	105,480,246.53	2,344,188.67	646,537,596.88
2. Increase	52,753,856.38		175,505.14		52,929,361.52
3. Decrease					
4. Translation differences of foreign currency financial statements	5,946.00	9,910.00			15,856.00
5. Closing balance	562,535,854.06	28,947,020.00	105,655,751.67	2,344,188.67	699,482,814.40
<b>II. Accumulated amortization</b>					
1. Opening balance	307,642,440.35	28,467,333.24	25,710,809.70	2,086,641.52	363,907,224.81
2. Increase	68,322,272.68	16,666.76	2,639,955.78	41,509.44	71,020,404.66
3. Decrease					
4. Translation differences of foreign currency financial statements	5,946.00				5,946.00
5. Closing balance	375,970,659.03	28,484,000.00	28,350,765.48	2,128,150.96	434,933,575.47
<b>III. Provision for impairment</b>					
1. Opening balance					
2. Increase					
3. Decrease					
4. Closing balance					
<b>IV. Book value</b>					
1. Closing book value	186,565,195.03	463,020.00	77,304,986.19	216,037.71	264,549,238.93
2. Opening book value	202,133,611.33	469,776.76	79,769,436.83	257,547.15	282,630,372.07

(2) The amortization of the intangible assets recognized in the year was RMB71,020,404.66.

(3) On December 31st, 2024 and December 31st, 2023, the Group had no significant intangible assets used as collateral or guarantee.

(4) On December 31st, 2024 and December 31st, 2023, the Group believed that no provision for impairment was necessary for intangible assets.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Deferred tax assets and deferred tax liabilities

#### (1) Deferred tax assets before offset

Item	December 31st, 2024		December 31st, 2023	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	1,441,838,250.01	350,612,112.63	1,358,748,760.27	329,894,415.12
Employee benefits payable	301,568,186.20	75,392,046.55	349,319,436.56	87,329,859.14
Changes in fair value of financial assets held for trading and derivative financial instruments	444,020,105.73	97,483,839.62	465,050,918.74	98,748,012.97
Underwriting income and expenditure to be carried forward	3,299,339.60	824,834.90	3,024,843.12	756,210.78
Accrued expenses	41,110,445.44	10,277,611.36	30,444,853.96	7,611,213.49
Changes in fair value of financial liabilities held for trading	3,193,631.92	798,407.98	728,081.24	182,020.31
Futures risk reserve	422,299.44	105,574.86	422,299.44	105,574.86
Others	337,200,807.89	80,595,559.41	448,505,375.39	105,182,023.24
<b>Total</b>	<b>2,572,653,066.23</b>	<b>616,089,987.31</b>	<b>2,656,244,568.72</b>	<b>629,809,329.91</b>

#### (2) Deferred tax liabilities before offset

Item	December 31st, 2024		December 31st, 2023	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in fair value of financial assets held for trading and derivative financial instruments	537,964.40	134,491.10	32,545.72	8,136.43
Changes in fair value of financial assets at fair value through other comprehensive income	7,282,409.54	1,820,602.39	1,753,144.24	438,286.06
Others	137,066,525.58	34,266,631.39	228,190,177.32	57,047,544.33
<b>Total</b>	<b>144,886,899.52</b>	<b>36,221,724.88</b>	<b>229,975,867.28</b>	<b>57,493,966.82</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Deferred tax assets and deferred tax liabilities (continued)

#### (3) Net amount of deferred tax assets or deferred tax liabilities after offset

Item	Closing offset amount between deferred tax assets and liabilities	Closing balance of deferred tax assets or liabilities after offset	Opening offset amount between deferred tax assets and liabilities	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	29,601,858.47	586,488,128.84	36,734,033.00	593,075,296.91
Deferred tax liabilities	29,601,858.47	6,619,866.41	36,734,033.00	20,759,933.82

### 19. Goodwill

#### (1) Original value of goodwill

Investee	December 31st, 2023	Increase during the year		Decrease during the year		December 31st, 2024
		Business combination in current year	Translation differences of foreign currency financial statements	Disposal	Others	
Central China Futures Co., Ltd. <small>[Note 1]</small>	7,268,756.37					7,268,756.37
Central China International Financing Co., Ltd. <small>[Note 2]</small>	15,279,078.91		334,169.79			15,613,248.70
<b>Total</b>	22,547,835.28		334,169.79			22,882,005.07

Note 1: In 2007, the Company acquired 55.68% equity of Central China Futures Co., Ltd. (formerly known as "Yuliang Futures Brokerage Co., Ltd.") through a business combination not under common control. The excess of the combination cost over the fair value of the identifiable assets and liabilities of Central China Futures Co., Ltd. obtained on a pro rata basis was recognized as goodwill related to Central China Futures Co., Ltd.

Note 2: Central China International, a subsidiary of the Company, acquired 100% equity interests in Central China International Financing (formerly known as "Pan Asia Corporate Finance Limited") through a business combination not under common control in 2016 with a merger consideration of HKD24,416,272.00. The fair value of the identifiable net assets of Central China International Financing as at the date of the combination was HKD7,556,040.59, and the difference of HKD16,860,231.41 was recorded as goodwill after being translated into RMB at the exchange rate as at December 31st, 2024.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. Goodwill (continued)

#### (2) Provision for impairment of goodwill

Investee	December 31st, 2023	Increase during the year		Decrease during the year		December 31st, 2024
		Accrual	Translation differences of foreign currency financial statements	Disposal	Others	
Central China Futures Co., Ltd. Central China International Financing Co., Ltd.	15,279,078.91		334,169.79			15,613,248.70
<b>Total</b>	15,279,078.91		334,169.79			15,613,248.70

The main cash flow generated by the above investee is independent of the other subsidiaries of the Company, and the Company separately manages the above subsidiaries. Therefore, each subsidiary constitutes an asset group, and the goodwill formed by the business combination is allocated to the corresponding subsidiaries for the impairment test. The recoverable amount of the Company's goodwill is determined by estimating the present value of future cash flows.

The Group has made a full provision for the impairment of goodwill arising from the acquisition of Central China International Financing. The management of the Company considers that no impairment provision is necessary for the goodwill arising from the acquisition of Central China Futures.

- (3) The Company estimates the present value of the future cash flows of the asset group based on the financial budgets and applicable discount rates for the next few years in accordance with the development plan of Central China Futures and the industry development trend. Cash flows for the years in which the financial budget is exceeded are judged by the rate of growth over the stabilization period, which does not exceed the long-term average growth rate of the business to which the asset group relates. The projection period used by the Company is five years. The pre-tax discount rate applied to the cash flows of Central China Futures is 12.00% and the growth rate of operating income over the stabilization period is 0%. The discount rate and weighted average growth rate reflect the specific risks and long-term growth expectations of the underlying asset group. The key assumptions underlying the recoverable amount estimates related to other projected cash inflows or outflows include projected revenues and revenue margins. These estimates are determined based on the historical performance of the asset group and management's expectations of market changes. During the projection period, the revenue growth rate for the Central China Futures asset group is 15.00%, with a profit margin of 20.97%. During the stabilization period, the profit margin for the Central China Futures asset group is 24.61%. The recoverable amount of the asset group of Central China Futures is greater than its book value and is not impaired.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Other assets

#### (1) Details

Item	December 31st, 2024	December 31st, 2023
Other receivables	48,929,126.86	230,943,169.55
Assets held for debt settlement	62,382,700.00	12,165,744.13
Deferred expenses	16,251,671.16	18,304,952.02
Long-term deferred expenses	35,588,211.55	45,879,186.91
Pending underwriting expenses	3,406.25	305,805.01
Bulk commodity inventory		107,365,768.25
Clearing margin receivable	10,049,607.61	10,049,604.49
Prepayment of enterprise income tax	39,737,859.45	1,016,794.89
Others	24,621,667.89	7,011,163.81
<b>Total</b>	<b>237,564,250.77</b>	<b>433,042,189.06</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Other assets (continued)

#### (2) Other receivables

##### 1) By details

Item	December 31st, 2024	December 31st, 2023
Prepayments	61,996,850.20	74,968,817.81
Cash pledge	11,080,439.81	16,663,113.31
Deposits	1,518,000.00	163,001,703.94
Others	21,241,333.72	24,893,433.98
Less: Provision for bad debts	46,907,496.87	48,583,899.49
<b>Book value of other receivables</b>	<b>48,929,126.86</b>	230,943,169.55

##### 2) By portfolio methods

Item	December 31st, 2024			December 31st, 2023		
	Book balance	Provision for bad debts	Proportion (%)	Book balance	Provision for bad debts	Accrual ratio (%)
Separate provision for bad debts	39,913,802.38	39,263,803.96	98.37	204,148,644.82	39,246,978.29	19.22
<b>Subtotal</b>	<b>39,913,802.38</b>	<b>39,263,803.96</b>	<b>98.37</b>	<b>204,148,644.82</b>	<b>39,246,978.29</b>	<b>19.22</b>
Combination provision for bad debts						
Including: Within 1 year	26,392,165.51	131,960.85	0.50	34,932,277.65	174,661.39	0.50
1-2 years	10,030,790.44	501,539.52	5.00	12,906,541.63	645,327.08	5.00
2-3 years	3,691,710.24	369,171.02	10.00	8,740,365.98	874,036.60	10.00
3-4 years	3,297,715.00	659,542.88	20.00	4,410,274.42	882,054.88	20.00
4-5 years	1,368,707.19	410,612.16	30.00	2,168,207.63	650,462.29	30.00
More than 5 years	11,141,732.97	5,570,866.48	50.00	12,220,756.91	6,110,378.96	50.00
<b>Subtotal</b>	<b>55,922,821.35</b>	<b>7,643,692.91</b>		<b>75,378,424.22</b>	<b>9,336,921.20</b>	
<b>Total</b>	<b>95,836,623.73</b>	<b>46,907,496.87</b>		<b>279,527,069.04</b>	<b>48,583,899.49</b>	

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Other assets (continued)

#### (2) Other receivables (continued)

#### 3) Other receivables with bad debt in accordance with the general model of expected credit losses

Provision for bad debts	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit losses in lifetime (No credit impairment)	Stage 3 Expected credit losses in lifetime (Credit impairment)	Total
<b>Balance as of January 1st, 2024</b>		9,336,921.20	39,246,978.29	48,583,899.49
Current year balance as of January 1st, 2024	—	—	—	—
— transfer to stage 2				
— transfer to stage 3		-11,987.50	11,987.50	
— transfer back to stage 2				
— transfer back to stage 1				
Current year accrual			4,838.17	4,838.17
Current year reversal		1,685,790.61		1,685,790.61
Current year write-offs				
Translation differences of foreign currency financial statements		4,549.82		4,549.82
<b>Balance as of December 31st, 2024</b>		7,643,692.91	39,263,803.96	46,907,496.87

#### (3) Long-term deferred expenses

Item	December 31st, 2023	Increase during the year	Amortization in current year	Translation differences of foreign currency financial statements	December 31st, 2024
Decoration expenses, etc.	45,879,186.91	9,394,696.24	19,698,059.47	12,387.87	35,588,211.55
<b>Total</b>	45,879,186.91	9,394,696.24	19,698,059.47	12,387.87	35,588,211.55

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Other assets (continued)

#### (4) Entrusted loans

Item	December 31st, 2024	December 31st, 2023
Entrusted loans	22,135,377.29	22,135,377.29
Less: Provision for impairment	22,135,377.29	22,135,377.29
Book value		

### 21. Securities lending

Item	December 31st, 2024	December 31st, 2023
Securities lending	12,201,501.73	3,676,678.87
— Financial assets held for trading	12,201,501.73	2,661,822.87
— Securities received through refinancing		1,014,856.00
Total amount of securities received through refinancing		1,828,500.00

As of December 31st, 2024 and December 31st, 2023, the Group had no significant securities lending business contracts overdue.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 22. Statement of provision for impairment of assets

#### (1) By changing details

Item	December 31st, 2023	Increase during the year	Decrease during the year Reversal	Other transfer-out	Translation differences of foreign currency financial statements	December 31st, 2024
Provision for impairment of margin accounts receivable	76,208,840.93	8,004,413.10			134,983.68	84,348,237.71
Provision for bad debts of accounts receivable	671,219,236.90	8,726,292.63			22,276.76	679,967,806.29
Provision for bad debts of other receivables	48,583,899.49	4,838.17	1,685,790.61		4,549.82	46,907,496.87
Provision for impairment of financial assets held under resale agreements	202,385,573.18	74,237.16	4,252,739.68			198,207,070.66
Provision for impairment of debt investments	408,950,624.50	8,887,044.05		12,072,813.71	2,767,925.66	408,532,780.50
Provision for impairment of financial assets at fair value through other comprehensive income	250,668.89		7,336.28	180,942.40		62,390.21
Provision for impairment of other assets	10,070,146.72	60,076.38				10,130,223.10
Provision for impairment of entrusted loans	22,135,377.29					22,135,377.29
<b>Subtotal of provision for credit impairment of financial instruments and other items</b>	<b>1,439,804,367.90</b>	<b>25,756,901.49</b>	<b>5,945,866.57</b>	<b>12,253,756.11</b>	<b>2,929,735.92</b>	<b>1,450,291,382.63</b>
Provision for impairment of long-term equity investments	35,833,324.53	3,708,903.36		1,921,811.92	133,779.86	37,754,195.83
Provision for impairment of inventory	386,465.61	6,025,919.78	416,408.24	5,995,977.15		15,613,248.70
Provision for impairment of goodwill	15,279,078.91				334,169.79	15,613,248.70
Provision for impairment of assets held for debt settlement		8,404,400.58				8,404,400.58
<b>Subtotal of provision for impairment of other assets</b>	<b>51,498,869.05</b>	<b>18,139,223.72</b>	<b>416,408.24</b>	<b>7,917,789.07</b>	<b>467,949.65</b>	<b>61,771,845.11</b>
<b>Total</b>	<b>1,491,303,236.95</b>	<b>43,896,125.21</b>	<b>6,362,274.81</b>	<b>20,171,545.18</b>	<b>3,397,685.57</b>	<b>1,512,063,227.74</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 22. Statement of provision for impairment of assets (continued)

#### (2) Expected credit loss provisions for financial instruments and other items

Item	December 31st, 2024			Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Provision for impairment of margin accounts receivable	28,299,171.02	45,320.48	56,003,746.21	84,348,237.71
Provision for bad debts of accounts receivable		5,610,323.94	674,357,482.35	679,967,806.29
Provision for bad debts of other receivables		7,643,692.91	39,263,803.96	46,907,496.87
Provision for impairment of financial assets held under resale agreements	652,872.33		197,554,198.33	198,207,070.66
Provision for impairment of debt investments			408,532,780.50	408,532,780.50
Provision for impairment of financial assets at fair value through other comprehensive income	62,390.21			62,390.21
Provision for impairment of other assets [Note]		162,446.33	9,967,776.77	10,130,223.10
Provision for impairment of entrusted loans			22,135,377.29	22,135,377.29
<b>Total</b>	<b>29,014,433.56</b>	<b>13,461,783.66</b>	<b>1,407,815,165.41</b>	<b>1,450,291,382.63</b>

Note: Provision for impairment of other receivables is shown separately and is not included in the provision for impairment of other assets.

Item	December 31st, 2023			Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Provision for impairment of margin accounts receivable	22,529,094.73	301,016.11	53,378,730.09	76,208,840.93
Provision for bad debts of accounts receivable		6,737,655.03	664,481,581.87	671,219,236.90
Provision for bad debts of other receivables		9,336,921.20	39,246,978.29	48,583,899.49
Provision for impairment of financial assets held under resale agreements	1,977,746.49		200,407,826.69	202,385,573.18
Provision for impairment of debt investments			408,950,624.50	408,950,624.50
Provision for impairment of financial assets at fair value through other comprehensive income	250,668.89			250,668.89
Provision for impairment of other assets		102,369.95	9,967,776.77	10,070,146.72
Provision for impairment of entrusted loans			22,135,377.29	22,135,377.29
<b>Total</b>	<b>24,757,510.11</b>	<b>16,477,962.29</b>	<b>1,398,568,895.50</b>	<b>1,439,804,367.90</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 23. Short-term loans

#### (1) Classification of short-term loans

Category	December 31st, 2024	December 31st, 2023
Guaranteed loans	7,008,341.66	
<b>Total</b>	<b>7,008,341.66</b>	

As of December 31st, 2024, short-term loans represented working capital loans of Yuxin Investment Management (Shanghai) Co., Ltd., a subsidiary of Central China Securities, from China EVERBRIGHT BANK Company Limited, which was guaranteed by Henan Wan Zhuang Anyang Logistics Park Co., Ltd. on a joint and several basis, with an amount of RMB7 million, a term from March 26th, 2024 to March 25th, 2025, and an interest rate of 3.90%.

### 24. Short-term financing instruments payable

Category	Par value (RMB10,000)	Interest start date	Bonds		Coupon rate	Book balance			Book balance as of December 31st, 2024
			Remaining period	Issuing amount (RMB10,000)		as of December 31st, 2023	Increase during the year	Decrease during the year	
21 Central China 01 (Note 1)	100,000	March 5th, 2021	3 years	100,000	4.03%	1,033,273,352.46	7,026,647.54	1,040,300,000.00	
22 Central China 01 (Note 2)	200,000	February 24th, 2022	3 years	200,000	3.20%		2,054,657,975.25		2,054,657,975.25
21 Central China C1 (Note 3)	110,000	October 22nd, 2021	3 years	110,000	4.70%	1,110,196,388.80	41,503,611.20	1,151,700,000.00	
22 Central China C1 (Note 4)	50,000	October 17th, 2022	3 years	50,000	3.30%		503,480,821.83		503,480,821.83
23 Central China 02 (Note 5)	100,000	June 12th, 2023	368 days	100,000	2.61%	1,014,468,720.61	11,846,279.39	1,026,315,000.00	
WENDING ZHONGYUAN (Note 6)	USD8,800	March 22nd, 2022	3 years	USD10,000	4.00%		651,523,174.84	12,433,344.00	639,089,830.84
Income securities issued certificate (Note 7)	69,530.60	July 4th, 2024-December 26th, 2024	28-385 days	69,530.60	1.80%-2.60%	917,784,921.71	2,563,539,127.20	2,782,063,111.14	699,260,937.77
<b>Total</b>						4,075,723,383.58	5,833,577,637.25	6,012,811,455.14	3,896,489,565.69

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 24. Short-term financing instruments payable (continued)

Note 1: According to the resolution of the Company's third extraordinary general meeting of shareholders in 2015, the Company was approved by the China Securities Regulatory Commission on the *Approval of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Qualified Investors* (Zheng Jian Xu Ke [2019] No. 326), the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB3 billion to qualified investors. On March 4th, 2021, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 4.03%.

Note 2: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved by the China Securities Regulatory Commission on the *Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 39), and the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB2 billion to professional investors. On February 23rd, 2022, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 3.20%.

Note 3: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to non-publicly issue subordinated bonds with a total amount of no more than RMB3 billion to qualified investors in accordance with the Shanghai Stock Exchange's *Letter on No Objection to the Listing and Transfer of Non-public Issuance of Subordinated Corporate Bonds by Central China Securities Co., Ltd.* (SSE Letter [2020] No. 544), and the effective date of the SSE Letter was extended from March 2021 to December 2021 in accordance with the requirements of the notice of the Shanghai Stock Exchange. On October 21st, 2021, the Company issued the first subordinated bond of RMB1.1 billion in 2021, with a maturity of 3 years and a coupon rate of 4.70%.

Note 4: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved by the China Securities Regulatory Commission in the *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213), and the Company was allowed to publicly issue subordinated corporate bonds with a total value of no more than RMB4 billion to professional investors. On October 14th, 2022, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 3.30%.

Note 5: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On June 9th, 2023, the Company issued bonds of RMB1 billion, with a maturity of 368 days and a coupon rate of 2.61%.

Note 6: Wending Zhongyuan Company Limited, a subsidiary of the Company, issued dollar bonds of USD100 million with a coupon rate of 4.00% on March 22nd, 2022, after the tenth meeting of the sixth session of the Board of Directors of the Company and the first extraordinary general meeting of shareholders in 2019 deliberated and approved the *Proposal on the General Authorization of the Company to Issue Domestic and Overseas Debt Financing Instruments*. The Company provided joint and several liability guarantees.

Note 7: As of December 31st, 2024, the Company's deposited income securities issued certificates consisted of Jinyi Series income securities issued certificates of RMB279,711,483.09, Zunyi Series income securities issued certificates of RMB319,414,112.21, and Rongyi Series income securities issued certificates of RMB100,135,342.47, with a maturity of 28 to 385 days and interest rates ranging from 1.80% to 2.60%.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 25. Due to banks and other financial institutions

#### (1) Categories

Item	December 31st, 2024	December 31st, 2023
Due to banks	2,660,382,573.45	2,995,916,161.16
Capital from refinancing	1,302,221,138.90	301,990,833.32
<b>Total</b>	<b>3,962,603,712.35</b>	<b>3,297,906,994.48</b>

#### (2) Residual maturity of capital from refinancing

Item	December 31st, 2024		December 31st, 2023	
	Balance	Interest rate range	Balance	Interest rate range
Within 1 month			201,886,111.10	3.50%
1-3 months				
3 months to 1 year	1,302,221,138.90	1.85%-2.55%	100,104,722.22	2.90%
<b>Total</b>	<b>1,302,221,138.90</b>	<b>1.85%-2.55%</b>	<b>301,990,833.32</b>	<b>2.90%-3.50%</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 26. Financial liabilities held for trading

#### (1) Financial liabilities held for trading

Category	December 31st, 2024	
	Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss
		Total
Bonds (Note 1)	223,811,867.81	223,811,867.81
Structured entities included in the scope of consolidation which are classified as financial liabilities at fair value through profit or loss (Note 2)	355,075,799.85	355,075,799.85
<b>Total</b>	<b>578,887,667.66</b>	<b>578,887,667.66</b>

Category	December 31st, 2023	
	Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss
		Total
Bonds (Note 1)	307,843,920.49	307,843,920.49
Structured entities included in the scope of consolidation which are classified as financial liabilities at fair value through profit or loss (Note 2)	578,564,904.36	578,564,904.36
Income securities issued certificate pegged to stock indexes (Note 3)	503,202,356.18	503,202,356.18
<b>Total</b>	<b>1,389,611,181.03</b>	<b>1,389,611,181.03</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 26. Financial liabilities held for trading (continued)

#### (1) Financial liabilities held for trading (continued)

Note 1: As of December 31st, 2024 and December 31st, 2023, the Group sold bonds to other financial institutions for financing operations.

Note 2: In the consolidated financial statements, the Group classifies financial liabilities arising from the consolidation of structured entities as financial liabilities held for trading as the Group has the obligation to make payments to other investors on the maturity date of the structured entities based on the net book value and the relevant terms of the structured entities.

Note 3: As of December 31st, 2023, the Group sold income securities issued certificates to other financial institutions for financing operations. As of December 31st, 2024, the Group had no outstanding income securities issued certificates sold to other financial institutions for financing operations.

### 27. Financial assets sold under repurchase agreements

#### (1) By business categories

Item	December 31st, 2024	December 31st, 2023
Outright repurchase	232,362,526.93	429,052.73
Pledge-style repurchase	5,056,721,845.42	10,601,958,426.84
<b>Total</b>	<b>5,289,084,372.35</b>	<b>10,602,387,479.57</b>

#### (2) By subject categories

Item	December 31st, 2024	December 31st, 2023
Bonds	5,289,084,372.35	10,602,387,479.57
<b>Total</b>	<b>5,289,084,372.35</b>	<b>10,602,387,479.57</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 27. Financial assets sold under repurchase agreements (continued)

#### (3) Collateral information of financial assets sold under repurchase agreements

Category of collateral	Fair value as at December 31st, 2024	Fair value as at December 31st, 2023
Bonds	5,873,550,561.40	11,493,240,612.92
<b>Total</b>	<b>5,873,550,561.40</b>	11,493,240,612.92

### 28. Accounts payable to brokerage clients

#### (1) Details

Item	December 31st, 2024	December 31st, 2023
General brokerage business		
Including: Individual	14,060,230,985.52	9,962,778,842.88
Institution	1,127,774,495.37	870,758,790.03
<b>Subtotal</b>	<b>15,188,005,480.89</b>	10,833,537,632.91
Credit business		
Including: Individual	1,274,893,968.16	687,968,937.04
Institution	13,110,926.49	16,544,033.05
<b>Subtotal</b>	<b>1,288,004,894.65</b>	704,512,970.09
<b>Total</b>	<b>16,476,010,375.54</b>	11,538,050,603.00

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 29. Taxes payable

Item	December 31st, 2024	December 31st, 2023
Enterprise income tax	2,873,378.01	8,458,155.39
Individual income tax	35,713,175.59	15,673,639.63
Value-added tax	1,411,797.88	807,251.57
Urban maintenance and construction tax	464,602.12	549,135.56
Education surcharge	430,079.39	490,403.86
Property tax	366,173.05	294,440.00
Land use tax	99,773.56	52,642.81
Others	44,830.77	111,190.49
<b>Total</b>	<b>41,403,810.37</b>	<b>26,436,859.31</b>

### 30. Accounts payable

#### (1) Presentation of accounts payable

Item	December 31st, 2024	December 31st, 2023
Open-end fund liquidation	196,178,376.01	356,512,718.52
Securities liquidation	2,745,743.88	3,254,604.40
Bank custody fee	4,576,820.63	4,594,888.40
Payables for over-the-counter transactions		494,958,985.70
Others	1,838,023.67	13,692,147.28
<b>Total</b>	<b>205,338,964.19</b>	<b>873,013,344.30</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 31. Contract liabilities

#### (1) Details of contract liabilities

Item	December 31st, 2024	December 31st, 2023
Fee and commission advances	2,400,665.20	2,469,798.59
Trade advances		5,412,034.78
<b>Total</b>	<b>2,400,665.20</b>	<b>7,881,833.37</b>

(2) As of December 31st, 2024, there were no material contract liabilities aged over one year.

### 32. Bonds payable

#### (1) Classification of bonds payable

Category	Par value (RMB10,000)	Interest start date	Bond maturity	Issuing amount (RMB10,000)	Coupon rate	Book balance as of December 31st, 2023	Increase during the year	Decrease during the year	December 31st, 2024 Book balance
22 Central China 01 (Note 1)	200,000	February 24th, 2022	3 years	200,000	3.20%	2,054,143,260.14	9,856,739.86	2,064,000,000.00	
22 Central China C1 (Note 2)	50,000	October 17th, 2022	3 years	50,000	3.30%	503,435,616.39	13,064,383.61	516,500,000.00	
23 Central China 01 (Note 3)	100,000	March 13th, 2023	3 years	100,000	3.68%	1,029,176,975.09	37,108,412.58	36,800,000.00	1,029,485,387.67
23 Central China C1 (Note 4)	50,000	August 18th, 2023	3 years	50,000	3.70%	506,893,150.70	18,550,684.97	18,500,000.00	506,943,835.67
24 Central China 01 (Note 5)	70,000	January 25th, 2024	3 years	70,000	2.90%		718,614,318.13		718,614,318.13
24 Central China 02 (Note 6)	200,000	July 4th, 2024	3 years	200,000	2.22%		2,020,640,834.17		2,020,640,834.17
24 Central China C1 (Note 7)	100,000	June 4th, 2024	3 years	100,000	2.44%		1,014,105,205.49		1,014,105,205.49
WENDING ZHONGYUAN (Note 8)	USD8,800	March 22nd, 2022	3 years	USD10,000	4.00%	627,552,162.94	9,773,405.06	637,325,568.00	
Income securities issued certificate (Note 9)	81,889.30	June 4th, 2024 to December 24th, 2024	385 to 1092 days	81,889.30	2.60%–3.00%		822,940,299.06		822,940,299.06
<b>Total</b>	—	—	—	—	—	4,721,201,165.26	4,664,654,282.93	3,273,125,568.00	6,112,729,880.19

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 32. Bonds payable (continued)

#### (1) Classification of bonds payable (continued)

Note 1: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved by the China Securities Regulatory Commission on the *Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 39), and the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB2 billion to professional investors. On February 23rd, 2022, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 3.20%.

Note 2: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated corporate bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213). On October 14th, 2022, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 3.30%.

Note 3: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On March 10th, 2023, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 3.68%.

Note 4: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated corporate bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213). On August 17th, 2023, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 3.70%.

Note 5: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On January 24th, 2024, the Company issued bonds of RMB700 million, with a maturity of 3 years and a coupon rate of 2.90%.

Note 6: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On July 3th, 2024, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 2.22%.

Note 7: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated corporate bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213). On June 3rd, 2024, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 2.44%.

Note 8: Wending Zhongyuan Company Limited, a subsidiary of the Company, issued dollar bonds of USD100 million with a coupon rate of 4.00% on March 22nd, 2022, after the tenth meeting of the sixth session of the Board of Directors of the Company and the first extraordinary general meeting of shareholders in 2019 deliberated and approved the *Proposal on the General Authorization of the Company to Issue Domestic and Overseas Debt Financing Instruments*. The Company provided joint and several liability guarantees.

Note 9: As of December 31st, 2024, the Company's deposited income securities issued certificates consisted of Jinyi Series income securities issued certificates of RMB171,042,901.80 and Rongyi Series income securities issued certificates of RMB651,897,397.26, with a maturity of 385 to 1092 days and interest rates ranging from 2.60% to 3.00%.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 33. Employee benefits payable

#### (1) Categories

Item	December 31st, 2023	Increase during the year	Decrease during the year	December 31st, 2024
Short-term benefits	463,717,581.22	600,046,522.22	670,409,728.81	393,354,374.63
Post-employment benefit — defined contribution plans	51,716,711.53	115,426,362.16	127,000,639.79	40,142,433.90
Termination benefits	69,546.95	4,127,340.85	4,125,819.79	71,068.01
<b>Total</b>	<b>515,503,839.70</b>	<b>719,600,225.23</b>	<b>801,536,188.39</b>	<b>433,567,876.54</b>

#### (2) Short-term benefits

Item	December 31st, 2023	Increase during the year	Decrease during the year	December 31st, 2024
Salaries, bonuses, allowances and subsidies	320,180,167.85	435,734,059.35	509,998,087.21	245,916,139.99
Employee welfare	46,307.85	43,786,048.54	43,768,922.65	63,433.74
Social insurance premiums	2,087.70	44,132,062.03	44,132,062.03	2,087.70
Including: Medical insurance	1,853.60	37,246,112.89	37,246,112.89	1,853.60
Work-related injury insurance	39.00	717,275.54	717,275.54	39.00
Maternity insurance	195.10	2,244,425.88	2,244,425.88	195.10
Supplementary medical insurance		3,924,057.82	3,924,057.82	
Others		189.90	189.90	
Housing provident fund		58,117,601.85	58,117,601.85	
Labor union and employee education costs	143,489,017.82	18,276,750.45	14,393,055.07	147,372,713.20
<b>Total</b>	<b>463,717,581.22</b>	<b>600,046,522.22</b>	<b>670,409,728.81</b>	<b>393,354,374.63</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 33. Employee benefits payable (continued)

#### (3) Defined contribution plans

Item	December 31st, 2023	Increase during the year	Decrease during the year	December 31st, 2024
Basic pension insurance	3,902.40	73,637,377.00	73,637,377.00	3,902.40
Unemployment insurance	97.50	3,009,041.26	3,009,041.26	97.50
Enterprise annuity	51,712,711.63	38,779,943.90	50,354,221.53	40,138,434.00
<b>Total</b>	<b>51,716,711.53</b>	<b>115,426,362.16</b>	<b>127,000,639.79</b>	<b>40,142,433.90</b>

Note: The Company and the domestic subsidiaries make contributions to basic pension insurance (the "Pension Insurance Plan") in accordance with the relevant regulations of the local government. The subsidiaries of the Company in Hong Kong, such as Central China International Financial Holdings Co., Ltd., make contributions to the Mandatory Provident Fund (the "MPF Plan") in accordance with the Mandatory Provident Fund Schemes Ordinance of Hong Kong. The Company and the domestic subsidiaries have established the enterprise annuity plans (the "Enterprise Annuity Plans") in accordance with the relevant policies of the domestic enterprise annuity system.

As of December 31st, 2024, under the pension insurance plan and MPF plan, the Group has not had any relevant forfeiture of contributions. Under the enterprise annuity plan, the Company retains the confiscated contributions in the enterprise annuity public account in accordance with the domestic enterprise annuity policy and the Company's enterprise annuity management system, which will be enjoyed by employees who are still in the enterprise annuity plan. Forfeited contributions will not be used to offset future contributions and will not reduce current and future contribution levels.

### 34. Lease liabilities

Item	December 31st, 2024	December 31st, 2023
Lease liabilities	114,709,864.43	159,674,911.48
Including: Lease liabilities due within one year	39,401,441.20	66,335,598.42
<b>Total</b>	<b>114,709,864.43</b>	<b>159,674,911.48</b>

The items leased by the Group are mainly houses and buildings. The Group rents houses and buildings as office space, and office space leasing usually lasts for a period of 1 to 10 years.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 35. Other liabilities

#### (1) Details

Item	December 31st, 2024	December 31st, 2023
Other payables	161,327,691.27	224,003,199.09
Receipts in advance		38,153,283.30
Dividends payable	1,071,386.94	1,071,386.42
Futures risk reserve	38,056,931.04	34,714,760.36
Investor Protection Fund	1,992,016.01	6,002,456.29
Others	230,158.93	1,053,692.80
<b>Total</b>	<b>202,678,184.19</b>	<b>304,998,778.26</b>

#### (2) Other payables

Item	December 31st, 2024	December 31st, 2023
Non-monetary offset against treasury futures margin	50,056,543.31	48,414,991.31
Withholding supervision fees, rent, utilities, etc.	42,109,433.43	49,499,181.81
Equity transfer fund	15,467,888.88	14,813,893.20
Warehouse receipt pledge deposit		50,260,864.00
Others	53,693,825.65	61,014,268.77
<b>Total</b>	<b>161,327,691.27</b>	<b>224,003,199.09</b>

#### (3) Futures risk reserve

The Company's subsidiary, Central China Futures, according to the *Provisional Regulations on the Financial Management of Commodity Futures Trading*, accrues the futures risk reserve based on 5% of the net income of the futures brokerage service fee income minus the futures exchange service fee payable and includes it to the current profit or loss. When the risk reserve is used to make up for losses due to its own reasons or to write off uncollectible advances for risk losses in accordance with the regulations, the balance of the futures risk reserve is offset.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 36. Share capital

Item	December 31st, 2023	Issued new shares	Bonus shares	Increase/decrease (+, -)		Others	Subtotal	December 31st, 2024
				Shares transferred from reserves				
Total share capital	4,642,884,700.00							4,642,884,700.00

### 37. Capital reserve

Item	December 31st, 2023	Increase during the year	Decrease during the year	December 31st, 2024
Premium on share capital	6,540,294,251.22			6,540,294,251.22
Other capital reserves	-270,300,425.54		9,871,719.35	-280,172,144.89
<b>Total</b>	<b>6,269,993,825.68</b>		<b>9,871,719.35</b>	<b>6,260,122,106.33</b>

### 38. Other comprehensive income

Item	Opening balance of OCI attributable to shareholders of the parent company	Amount incurred before income tax	Less: Transfer to profit or loss for current period from those included in OCI in prior period	Amount incurred in current year		Attributable to the parent company after tax	Minority shareholders interests after tax	Closing balance of OCI attributable to shareholders of the parent company
				Less: Income tax expenses	Total			
OCI to be reclassified subsequently to profit or loss	63,695,070.78	17,699,390.94	2,009,703.95	1,335,246.66	14,354,440.33	14,354,440.33		78,049,511.11
Including: Changes in fair value of financial assets at fair value through other comprehensive income	1,314,858.20	7,358,026.84	1,828,761.55	1,382,316.33	4,146,948.96	4,146,948.96		5,461,807.16
Provision for credit impairment of financial assets at fair value through other comprehensive income	188,001.66	-7,336.28	180,942.40	-47,069.67	-141,209.01	-141,209.01		46,792.65
OCI that will be reclassified to profit or loss under equity method	1,735,028.56	550,391.86			550,391.86	550,391.86		2,285,420.42
Translation differences of foreign currency financial statements	60,457,182.36	9,798,308.52			9,798,308.52	9,798,308.52		70,255,490.88
<b>Total</b>	<b>63,695,070.78</b>	<b>17,699,390.94</b>	<b>2,009,703.95</b>	<b>1,335,246.66</b>	<b>14,354,440.33</b>	<b>14,354,440.33</b>		<b>78,049,511.11</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 39. Surplus reserve

Item	December 31st, 2023	Increase during the year	Decrease during the year	December 31st, 2024
Statutory reserve	773,314,682.01	7,268,086.20		780,582,768.21
Discretionary reserve	229,235,215.11	3,634,043.10		232,869,258.21
<b>Total</b>	<b>1,002,549,897.12</b>	<b>10,902,129.30</b>		<b>1,013,452,026.42</b>

### 40. General risk reserve

Item	December 31st, 2023	Increase during the year	Decrease during the year	December 31st, 2024
General risk reserve	912,610,825.48	18,783,164.34		931,393,989.82
Transaction risk reserve	768,560,879.91	7,268,086.20		775,828,966.11
<b>Total</b>	<b>1,681,171,705.39</b>	<b>26,051,250.54</b>		<b>1,707,222,955.93</b>

### 41. Undistributed profits

Item	FY 2024	FY 2023
<b>Undistributed profits as at the end of the prior year</b>	<b>242,467,397.11</b>	211,258,110.35
Adjustments		
<b>Undistributed profits as at the beginning of the year</b>	<b>242,467,397.11</b>	211,258,110.35
Add: Net profit attributable to owners of the parent company	<b>245,847,400.51</b>	211,601,553.51
Less: Statutory reserve	<b>7,268,086.20</b>	40,026,086.22
Discretionary reserve	<b>3,634,043.10</b>	20,013,043.11
General risk reserve	<b>18,783,164.34</b>	47,826,858.30
Transaction risk reserve	<b>7,268,086.20</b>	40,026,086.22
Distribution of ordinary share dividends	<b>92,857,694.00</b>	32,500,192.90
<b>Undistributed profits as at the end of the year</b>	<b>358,503,723.78</b>	242,467,397.11

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 42. Net interest income

Item	FY 2024	FY 2023
<b>Interest income</b>	<b>828,108,569.66</b>	813,456,863.57
Including: Interest income from cash and bank balances and clearing settlement funds	299,849,720.21	248,731,162.82
Interest income from margin trading business	480,033,984.49	480,128,684.03
Interest income from financial assets held under resale agreements	37,268,782.23	53,041,910.28
Including: Interest income from the agreed repurchase	49,422.74	389,700.52
Interest income from stock pledge repurchase	26,989,668.37	48,118,590.80
Interest income from debt investments		350,000.00
Interest income from financial assets at fair value through other comprehensive income	7,525,559.12	31,205,106.44
Others	3,430,523.61	
<b>Interest expenses</b>	<b>583,403,257.39</b>	687,388,404.06
Interest expenses of loans	366,831.79	322,625.58
Interest expenses of income securities issued certificate	24,559,426.26	49,105,952.65
Interest expenses of due to banks and other financial institutions	25,452,509.58	19,327,829.88
Including: Interest expenses of refinancing	10,895,681.58	10,507,524.89
Interest expenses of financial assets sold under repurchase agreements	203,511,167.12	270,524,897.67
Interest expenses of accounts payable to brokerage clients	27,542,970.70	33,401,291.89
Interest expenses of bonds payable	281,965,286.25	285,231,180.65
Including: Interest expenses of subordinated bonds	91,959,575.01	94,073,880.56
Interest expenses of bond lending	9,662,138.78	13,719,191.95
Others	10,342,926.91	15,755,433.79
<b>Net interest income</b>	<b>244,705,312.27</b>	126,068,459.51

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 43. Net fee and commission income

#### (1) Details

Item	FY 2024	FY 2023
Net income of securities brokerage business	571,586,885.57	436,874,115.80
Including: Securities brokerage business income	731,886,358.47	584,208,514.12
Including: Funds received as an agent of the stock exchange	717,725,752.37	568,727,704.78
Leasing of trading units and seats	176,614.69	44,205.69
Sales agent of financial products	13,760,110.61	15,322,193.88
Securities brokerage business expenses	160,299,472.90	147,334,398.32
Including: Funds received as an agent of the stock exchange	160,254,212.08	147,282,166.18
Sales agent of financial products		232.82
Net income of futures brokerage business	71,320,145.70	94,987,938.70
Including: Futures brokerage business income	193,615,213.94	177,763,305.23
Futures brokerage business expenses	122,295,068.24	82,775,366.53
Net income of investment banking business	56,282,928.18	91,944,011.98
Including: Investment banking business income	59,531,799.91	96,074,321.50
Including: Securities underwriting business	30,924,053.46	47,916,765.70
Securities sponsorship business	600,000.00	13,963,773.58
Financial advisory business	28,007,746.45	34,193,782.22
Including: Investment banking business expenses	3,248,871.73	4,130,309.52
Including: Securities underwriting business	2,066,529.34	1,358,490.56
Securities sponsorship business		
Financial advisory business	1,182,342.39	2,771,818.96
Net income of asset management business	24,479,998.61	48,701,535.95
Including: Asset management business income	24,479,998.61	48,701,535.95
Asset management business expenses		
Net income of fund management business	8,178,181.43	14,478,808.90
Including: Fund management business income	8,194,030.48	16,500,827.87
Fund management business expenses	15,849.05	2,022,018.97
Net income of investment consulting business	57,325,617.49	43,276,167.10
Including: Investment consulting business income	57,325,617.49	43,276,167.10
Investment consulting business expenses		
Net income of other fees and commissions	20,897,559.11	15,725,751.28
Including: Other fee and commission income	21,307,970.76	15,815,504.70
Other fee and commission expenses	410,411.65	89,753.42
<b>Total net income of fees and commissions</b>	<b>810,071,316.09</b>	<b>745,988,329.71</b>
<b>Including: Total fee and commission income</b>	<b>1,096,340,989.66</b>	<b>982,340,176.47</b>
<b>    Total fee and commission expenses</b>	<b>286,269,673.57</b>	<b>236,351,846.76</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 43. Net fee and commission income (continued)

#### (2) Net income from financial advisory business

Net income from financial advisory business	FY 2024	FY 2023
Net income from mergers and acquisitions financial advisory business-domestic listed company	1,320,754.73	188,679.24
Net income from mergers and acquisitions financial advisory business-others	603,773.59	849,056.61
Others	24,900,875.74	30,384,227.41
<b>Total</b>	<b>26,825,404.06</b>	<b>31,421,963.26</b>

### 44. Investment income

#### (1) By categories

Item	FY 2024	FY 2023
Income from long-term equity investments calculated by equity method	59,105,673.19	-23,173,922.62
Income from disposal of long-term equity investments	36,966,406.34	-13,421,087.96
Investment income from financial instruments	416,275,512.98	909,772,487.30
Including: Income generated during the holding period	639,180,968.58	748,039,526.43
Including: Financial assets held for trading	530,487,214.88	691,235,214.10
Financial liabilities held for trading	108,693,753.70	56,804,312.33
Including: Income from disposal of financial instruments	-222,905,455.60	161,732,960.87
Including: Financial assets held for trading	739,621,990.67	69,938,207.42
Financial assets at fair value through other comprehensive income	2,245,236.31	63,690,575.55
Derivative financial instruments	-894,692,877.41	56,340,363.86
Financial liabilities held for trading	-70,642,698.36	-28,236,185.96
Debt investments	562,893.19	
<b>Total</b>	<b>512,347,592.51</b>	<b>873,177,476.72</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 44. Investment income (continued)

#### (2) Statement of investment income from financial instruments held for trading

Financial instruments held for trading		FY 2024
Financial assets classified as at fair value through profit or loss	Income during the holding period	530,487,214.88
	Income from disposal	739,621,990.67
Financial assets designated as at fair value through profit or loss	Income during the holding period	
	Income from disposal	
Financial liabilities classified as at fair value through profit or loss	Income during the holding period	108,693,753.70
	Income from disposal	-70,642,698.36
Financial liabilities designated as at fair value through profit or loss	Income during the holding period	
	Income from disposal	

### 45. Gains and losses on changes in fair value

Item	FY 2024	FY 2023
Financial assets held for trading	-175,425,752.72	-37,780,111.04
Including: Financial assets designated as at fair value through profit or loss		
Financial liabilities held for trading	-2,465,550.68	1,236,527.27
Including: Financial liabilities designated as at fair value through profit or loss		
Derivative financial instruments	-20,923,546.70	-60,112,944.37
<b>Total</b>	<b>-198,814,850.10</b>	<b>-96,656,528.14</b>

### 46. Other operating income

Item	FY 2024	FY 2023
Commodity sales income	293,073,401.93	289,628,561.31
Penalty interest income from stock pledge business	9,509,221.42	6,247,656.63
Rental income	2,115,056.61	2,167,699.45
Other income	2,075,578.76	2,771,861.83
<b>Total</b>	<b>306,773,258.72</b>	<b>300,815,779.22</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 47. Gains from assets disposal

Item	FY 2024	FY 2023
Non-current asset disposal income	3,427,741.26	40,069.74
Including: Fixed asset disposal income	-6,374.99	12,231.42
Income from disposal of right-of-use assets	3,434,116.25	27,838.32
<b>Total</b>	<b>3,427,741.26</b>	<b>40,069.74</b>

### 48. Other income

Item	FY 2024	FY 2023
Job stability allowance	2,214,044.34	1,861,067.91
Withholding fee refunds	5,332,190.01	8,880,916.83
Government grants	5,324,200.00	7,453,199.24
<b>Total</b>	<b>12,870,434.35</b>	<b>18,195,183.98</b>

### 49. Taxes and surcharges

Item	FY 2024	FY 2023
Urban maintenance and construction tax	5,566,345.72	4,790,045.88
Education surcharge	3,996,069.79	3,459,097.79
Others	3,339,872.57	2,905,267.45
<b>Total</b>	<b>12,902,288.08</b>	<b>11,154,411.12</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 50. Business and administrative expenses

Item	FY 2024	FY 2023
Employee benefits	719,600,225.23	918,611,314.01
Amortization of intangible assets	71,020,404.66	59,466,837.67
Depreciation of right-of-use assets	58,249,951.69	75,328,454.46
Electronic equipment operating fees	57,696,104.05	61,583,055.89
Depreciation of fixed assets	33,474,526.21	33,122,857.80
Advertising fees	20,387,698.63	28,917,302.16
Amortization of long-term deferred expenses	19,698,059.47	17,420,014.74
Consulting fees	16,786,892.59	22,114,586.87
Communication fees	15,764,189.29	17,972,110.56
Member fees	14,885,423.29	14,824,029.38
Securities Investors Protection Funds	10,967,421.06	11,677,884.61
Water and electricity charges	9,235,866.94	8,987,559.85
Information fees	8,449,345.42	10,338,461.65
Others <i>(Note)</i>	86,288,997.19	101,232,928.74
<b>Total</b>	<b>1,142,505,105.72</b>	<b>1,381,597,398.39</b>

Note: The audit fee of RMB2,927,369.51 included in the business and management expenses for the current period mainly comprised of RMB2,560,954.71 for the review of the Group's audit for the year 2024 by ShineWing Certified Public Accountants and SHINEWING (HK) CPA Limited, and RMB366,414.80 for the fees for the special (non-audit) services provided by other auditing firms.

### 51. Loss on impairment of credit

Item	FY 2024	FY 2023
Provision for bad debts	7,045,340.19	8,744,138.88
Provision for impairment of debt investments	8,887,044.05	43,195,119.90
Provision for impairment of financial assets at fair value through other comprehensive income	-7,336.28	167,469.41
Provision for impairment of margin accounts receivable	8,004,413.10	2,646,125.36
Provision for impairment of financial assets held under resale agreements	-4,178,502.52	181,391.90
Provision for impairment of risk reserve receivable	60,076.38	102,369.95
<b>Total</b>	<b>19,811,034.92</b>	<b>55,036,615.40</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 52. Other asset impairment losses

Item	FY 2024	FY 2023
Provision for impairment of inventory	5,609,511.54	1,622,536.81
Provision for impairment of long-term equity investments	3,708,903.36	
Provision for impairment of goodwill		11,421,648.78
Provision for impairment of assets held for debt settlement	8,404,400.58	
<b>Total</b>	<b>17,722,815.48</b>	<b>13,044,185.59</b>

### 53. Other operating costs

Item	FY 2024	FY 2023
Costs of the commodity sold	291,905,856.97	296,058,350.98
Investment property depreciation	990,720.63	1,188,326.06
Others	61,320.75	664,846.63
<b>Total</b>	<b>292,957,898.35</b>	<b>297,911,523.67</b>

### 54. Non-operating income

#### (1) Details

Item	FY 2024	FY 2023	Amount included in non-recurring profit or loss
Gains on non-current assets disposal	229,417.80	187,056.55	229,417.80
Government grants	400,000.00	2,635,000.00	400,000.00
Others <i>(Note)</i>	36,078,358.57	3,447,112.65	36,078,358.57
<b>Total</b>	<b>36,707,776.37</b>	<b>6,269,169.20</b>	<b>36,707,776.37</b>

Note : Other mainly includes the income from the disposal of assets held for debt settlement by subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 54. Non-operating income (continued)

#### (2) Details of government grants

Item	FY 2024	Source and basis	Asset-related/ revenue-related
Units with Outstanding Contributions to the Development of the Financial Industry in Zhengdong New Area	400,000.00	Zhengdong Document [2023] No. 18	Revenue-related
<b>Total</b>	<b>400,000.00</b>	—	—

### 55. Non-operating expenses

Item	FY 2024	FY 2023	Amount included in non-recurring profit or loss
Losses on non-current assets disposal	1,351,092.20	1,837,747.06	1,351,092.20
Donation and sponsorship expenses	295,340.00	101,500.00	295,340.00
Others	3,793,579.35	1,353,797.35	3,793,579.35
<b>Total</b>	<b>5,440,011.55</b>	<b>3,293,044.41</b>	<b>5,440,011.55</b>

### 56. Income tax expenses

#### (1) Income tax expenses

Item	FY 2024	FY 2023
Current income tax expenses	21,097,826.84	34,105,926.42
Deferred income tax expenses	-7,697,680.56	-24,081,168.08
<b>Total</b>	<b>13,400,146.28</b>	<b>10,024,758.34</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 56. Income tax expenses (continued)

#### (2) Reconciliation of accounting profit to income tax expenses

Item	FY 2024
Consolidated total profit for the year	235,293,786.69
Income tax expenses at applicable rates	58,823,446.67
Effect of different tax rates applicable to subsidiaries	1,384,802.16
Effect of prior income tax reconciliation	3,904,392.01
Effect of non-taxable incomes	-102,396,597.55
Effect of non-deductible costs, expenses and losses	13,654,616.14
Impact caused by application of deductible losses of deferred tax assets unconfirmed in previous period	
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current year	38,144,849.09
Others	-115,362.24
<b>Income tax expenses</b>	<b>13,400,146.28</b>

### 57. Earnings per share

Item	FY 2024	FY 2023
Net profit attributable to owners of the parent company	245,847,400.51	211,601,553.51
Non-recurring profit or loss attributable to owners of the parent company	35,929,167.14	15,727,258.33
Net profit attributable to owners of the parent company after deducting non-recurring profit or loss	209,918,233.37	195,874,295.18
Weighted average number of ordinary shares outstanding	4,642,884,700.00	4,642,884,700.00
<b>Basic earnings per share</b>	<b>0.0530</b>	0.0456
<b>Basic earnings per share after deducting non-recurring profit or loss</b>	<b>0.0452</b>	0.0422

As of January 1st, 2024 and December 31st, 2024, the Company had no potential dilutive ordinary shares, thus diluted earnings per share are the same as basic earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 58. Items of the cash flow statement

#### (1) Cash related to operating activities

##### 1) Other cash received related to operating activities

Item	FY 2024	FY 2023
Liquidation		132,354,127.79
Government grants	13,270,434.35	20,830,183.98
Other operating income	306,773,258.72	300,815,779.22
Decrease in receivables from equity transfers	25,324,975.10	
Decrease in receivables from over-the-counter transactions	277,231,980.02	
Decrease in inventories	107,752,233.86	
Decrease in deposits receivable	161,483,703.94	62,813,396.88
Increase in payables for over-the-counter transactions		494,958,985.70
Decrease in prepayments	12,971,967.61	62,279,032.38
Others	36,075,988.86	61,421,320.68
<b>Total</b>	<b>940,884,542.46</b>	<b>1,135,472,826.63</b>

##### 2) Other cash payments related to operating activities

Item	FY 2024	FY 2023
Liquidation	160,843,203.03	
Increase in refundable deposits	129,992,825.97	146,845,635.25
Decrease in other costs		
Payment of business and administrative expenses	240,461,938.46	277,647,919.71
Other operating costs	291,967,177.72	296,723,197.61
Increase in inventories		64,106,611.33
Decrease in warehouse receipt pledge deposit payable	50,260,864.00	
Decrease in payables for over-the-counter transactions	494,958,985.70	
Receivables from over-the-counter transactions		308,673,293.60
Equity transfer fund		95,883,706.27
Others	68,848,264.98	70,802,539.38
<b>Total</b>	<b>1,437,333,259.86</b>	<b>1,260,682,903.15</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 58. Items of the cash flow statement (continued)

#### (2) Cash flows related to financing activities

##### 1) Other cash flows paid related to financing activities

Item	FY 2024	FY 2023
Cash payments for acquiring minority shareholders' equity		110,520,406.50
Cash payments to repay lease liabilities	80,204,665.86	81,597,052.99
Others		7,958,842.97
<b>Total</b>	<b>80,204,665.86</b>	<b>200,076,302.46</b>

##### 2) Changes in liabilities arising from financing activities

Item	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term loans		7,000,000.00	213,091.65	204,749.99		7,008,341.66
Short-term financing instruments payable	4,075,723,383.58	2,543,027,000.00	3,294,617,293.25	6,016,878,111.14		3,896,489,565.69
Bonds payable	4,721,201,165.26	4,531,062,304.26	195,720,510.29	151,594,748.73	3,183,659,350.89	6,112,729,880.19
Lease liabilities	159,674,911.48		35,239,618.81	80,204,665.86		114,709,864.43
Dividends payable	1,071,386.42		94,057,694.52	94,057,694.00		1,071,386.94
<b>Total</b>	<b>8,957,670,846.74</b>	<b>7,081,089,304.26</b>	<b>3,619,848,208.52</b>	<b>6,342,939,969.72</b>	<b>3,183,659,350.89</b>	<b>10,132,009,038.91</b>

##### (3) Description of cash flows presented on a net basis

Cash flows related to the Company's main operations, such as margin accounts receivable, due to banks and other financial institutions, repurchase operations, and investment and trading operations, represent cash inflows and outflows that are frequently transacted and in significant amounts. Presentation of the above cash flows on a net basis better illustrates their impact on the Company's ability to pay and solvency and is more useful for evaluating the Company's ability to pay and solvency and analyzing the Company's future cash flows. Therefore, the Company presents the relevant cash flows generated from the above businesses on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 58. Items of the cash flow statement (continued)

#### (4) Supplementary information on consolidated cash flow statement

Item	FY 2024	FY 2023
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	221,893,640.41	202,223,805.15
Add: Provision for impairment of assets	37,533,850.40	68,080,800.99
Depreciation of investment properties and fixed assets	34,465,246.84	34,311,183.86
Right-of-use assets depreciation	58,249,951.69	75,328,454.46
Amortization of intangible assets	71,020,404.66	59,466,837.67
Amortization of long-term deferred expenses	19,698,059.47	17,420,014.74
Losses on disposal of fixed assets, intangible assets and other long-term assets (or revenue: "-")	-2,306,066.86	1,610,620.77
Gains and losses on changes in fair value (or revenue: "-")	198,814,850.10	96,656,528.14
Interest expenses	306,891,544.30	334,659,758.88
Exchange losses (or revenue: "-")	1,455,640.68	-387,802.13
Investment losses (or revenue: "-")	-106,985,093.40	-58,650,671.41
Decrease in deferred tax assets (or increase: "-")	7,824,703.17	-8,893,187.65
Increase in deferred tax liabilities (or decrease: "-")	-15,522,383.74	-15,187,980.41
Decrease of operating receivables (or increase: "-")	4,398,248,801.16	-415,290,075.23
Increase of operating payable (or decrease "-")	-1,063,114,488.49	-858,646,455.88
Net cash flow from operating activities	4,168,168,660.39	-467,298,168.05
<b>2. Significant investing and financing business not related to cash receipts and payments:</b>		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	18,885,077,274.92	13,393,530,130.84
Less: Opening balance of cash	13,393,530,130.84	13,297,323,968.54
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	5,491,547,144.08	96,206,162.30

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 58. Items of the cash flow statement (continued)

#### (5) Cash and cash equivalents

Item	December 31st, 2024	December 31st, 2023
Cash	18,885,077,274.92	13,393,530,130.84
Including: Cash on hand	73,338.23	121,206.68
Bank deposits available for payment	14,251,725,360.35	9,653,387,458.97
Other cash and bank balances	104,311,239.85	290,633,313.58
Clearing settlement funds	4,528,967,336.49	3,449,388,151.61
Cash equivalents		
Including: Bond investment maturing within three months		
Closing balance of cash and cash equivalents	18,885,077,274.92	13,393,530,130.84

#### (6) Cash and bank balances and clearing settlement funds not classified as cash and cash equivalents

Item	December 31st, 2024	December 31st, 2023	Reasons for not classified as cash and cash equivalents
Accrued interest	21,229,894.15	5,900,827.32	Not yet due for collection
Risk reserve for asset management business	26,002,214.08	23,487,092.38	Restricted use rights
Deposit for Banker's acceptance bill		4,250,000.00	Restricted use rights
<b>Total</b>	<b>47,232,108.23</b>	<b>33,637,919.70</b>	—

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 59. Assets with restricted ownership or use rights

Item	Book value as of December 31st, 2024	Reasons
Cash and bank balances	26,002,214.08	Risk reserve account for asset management business
	5,498,908,884.27	Pledged for repurchase financing, pledged for bond lending
	35,345,400.00	Bonds default
	26,282,039.43	Post-IPO restrictions, pre-listing institutional class restrictions
Financial assets held for trading	12,201,501.73	Securities financed
	50,218,651.26	Structured deposits, trust plans not yet matured
	1,196,100.00	Undue underlying trust assets
	69,185,091.75	Exit not allowed during the lock-in or closed period
Financial assets at fair value through other comprehensive income	46,302,949.35	Pledged for refinancing business
	49,535,094.25	Pledged for repurchase financing

### 60. Entrusted asset management business

Item	Collective asset management business	Single asset management business	Special asset management business
Product quantity at the end of the year	8	1	2
Number of clients at the end of the year	50,739	1	9
Including: Individual clients	50,686		
Institutional clients	53	1	9
Entrusted funds at the beginning of the year	4,647,641,052.88	26,000,000.00	1,014,491,556.30
Including: Own capital investment	14,800,000.00		150,202,340.74
Individual clients	2,164,482,118.51	10,000,000.00	
Institutional clients	2,468,358,934.37	16,000,000.00	864,289,215.56
Entrusted funds at the end of the year	6,179,041,505.05	16,000,000.00	799,882,742.04
Including: Own capital investment	53,513,203.34		129,332,280.64
Individual clients	3,570,023,593.49		
Institutional clients	2,555,504,708.22	16,000,000.00	670,550,461.40
Initial cost of main entrusted assets at the end of the year	5,044,835,742.98	15,855,916.94	755,840,000.00
Including: Stocks		15,855,916.94	
Other bonds	2,651,277,852.98		
Funds	8,057,890.00		
Trust plans	2,385,500,000.00		567,000,000.00
Others			188,840,000.00
Net income of asset management business for the year	23,923,483.80	386,703.49	169,811.32

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 61. Foreign currency

#### (1) Foreign currency

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Cash and bank balances			842,432,738.98
Including: USD	92,080,901.14	7.1884	661,914,353.45
EUR	6,951.90	7.5257	52,317.88
HKD	194,875,128.18	0.9260	180,462,163.69
CAD	760.04	5.0498	3,838.04
AUD	14.62	4.5068	65.89
THB	0.15	0.2126	0.03
Clearing settlement funds			9,247,847.66
Including: USD	995,836.14	7.1884	7,158,468.51
HKD	2,256,251.51	0.9260	2,089,379.15
Margin accounts receivable			81,443,260.12
Including: USD	20.00	7.1884	143.77
HKD	87,947,730.50	0.9260	81,443,116.35
Refundable deposits			966,208.00
Including: USD	70,000.00	7.1884	503,188.00
HKD	500,000.00	0.9260	463,020.00
Accounts receivable			5,852,591.32
Including: HKD	619,907.71	0.9260	574,059.34
USD	734,312.50	7.1884	5,278,531.98
Other receivables			2,070,757.89
Including: HKD	683,639.27	0.9260	633,077.31
USD	200,000.08	7.1884	1,437,680.58
Accounts payable to brokerage clients			137,679,541.12
Including: USD	3,006,045.03	7.1884	21,608,654.13
HKD	125,341,115.92	0.9260	116,070,886.99
Accounts payable			1,999,033.55
Including: HKD	2,158,690.28	0.9260	1,999,033.55
Other payables			19,149,409.62
Including: HKD	20,678,814.76	0.9260	19,149,409.62
Bonds payable			639,089,830.84
Including: USD	88,905,663.76	7.1884	639,089,830.84

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 62. Leases

#### (1) The Group as the lessee

Item	Amount incurred in current year	Amount incurred in previous year
Interest expense on lease liabilities	4,103,101.54	7,777,151.52
Short-term lease expenses recognized in profit or loss using the simplified approach	7,773,477.24	3,218,478.25
Total cash outflows related to leases	87,978,143.10	84,815,531.24

#### (2) The Group as the lessor

##### 1) The Group's operating leases as lessor

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Lease of Buildings and Structures	2,115,056.61	
<b>Total</b>	2,115,056.61	

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 63. Overseas business entities

The consolidated balance statements of the Company for FY 2024 include overseas subsidiaries such as Central China International Financial Holdings Co., Ltd., Central China International Securities Co., Ltd., Central China International Futures Co., Ltd., Central China International Investment Co., Ltd., Central China International Financing Co., Ltd., Central China International Holdings Co., Ltd., Central China International Financial Group Ltd., and Wending Zhongyuan Company Limited. The aforementioned companies, Central China International Futures Co., Ltd. and Central China International Holdings Co., Ltd. which were cancelled this year are included in the consolidated income statement. The assets and liabilities in the foreign currency balance sheet are exchanged at the spot exchange rate on the balance sheet date (HKD1: RMB0.926040); the owner's equity items, except for the "undistributed profits", are exchanged at the spot exchange rate when the business occurs; the income and expense items in the income statement are exchanged at the approximate exchange rate of the spot exchange rate on the transaction date (the average exchange rate of the current year is HKD1: RMB0.912750). The differences arising from the above exchange of foreign currency statements shall be separately presented under the item of owners' equity. Foreign currency cash flows are exchanged using the approximate exchange rate of the spot exchange rate on the date of cash flow. The impact of exchange rate changes on cash shall be separately presented in the cash flow statement.

## VII. CHANGES IN THE SCOPE OF CONSOLIDATION

Central China International Futures Co., Ltd, considered and approved the application for withdrawal of Type 2 (dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities licenses to the Securities and Futures Commission of Hong Kong and the request for closure of the futures business of Central China International at the Board of Directors' meeting held on January 9th, 2023 by way of written communication vote. On October 11th, 2024 Central China International Futures Co., Ltd. was completed its cancellation and is no longer included in the scope of consolidation.

Central China International Financial Holdings Co., Ltd. was considered and approved to carry out the write-off of Central China International Financial Holdings Co., Ltd. and Central China International Holdings Co., Ltd. at a Board of Directors' meeting held on November 3rd, 2023, through a written communication vote. On July 5th, 2024, Central China International Holdings Co., Ltd. completed its cancellation and is no longer included in the scope of consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VIII. EQUITY IN OTHER ENTITIES

### 1. Equity in subsidiaries

#### (1) Composition of enterprise groups

Name of subsidiary	Company type	Main places of business	Places of registration	Business nature	Registered capital	Shareholding ratio (%)		Method of acquisition
						Direct	Indirect	
Central China Futures Co., Ltd.	Corporation	Zhengzhou	Zhengzhou	Futures brokerage	RMB330 million	92.29		Acquisition
Yuxin Investment Management (Shanghai) Co. Ltd.	Limited company	Zhengzhou	Shanghai	Investment management	RMB160 million		92.29	Investment establishment
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	Limited company	Zhengzhou	Luohe <sup>(Note)</sup>	Private equity investment fund management	RMB280 million	100.00		Investment establishment
Henan Kaiyuan Private Equity Fund Management Co., Ltd.	Limited company	Zhengzhou	Luoyang	Equity investment management	RMB100 million		60.00	Investment establishment
Central China Blue Ocean Investment Management Co., Ltd.	Limited company	Zhengzhou	Xuchang	Alternative investment	RMB2,526 million <sup>(Note)</sup>	100.00		Investment establishment
Central China Equity Exchange Co., Ltd.	Corporation Limited company	Zhengzhou	Zhengzhou	Regional equity market	RMB350 million	36.00		Investment establishment
Central China International Financial Holdings Co., Ltd.	Limited company	Hong Kong	Hong Kong	Holding company	HKD1,800 million	100.00		Investment establishment
Central China International Financial Group Ltd.	Limited company	Hong Kong	Cayman Islands	Holding company	HKD1,000 million		100.00	Investment establishment
Central China International Financing Co., Ltd.	Limited company	Hong Kong	Hong Kong	Investment bank	HKD40 million		100.00	Acquisition
Central China International Securities Co., Ltd.	Limited company	Hong Kong	Hong Kong	Securities business	HKD600 million		100.00	Investment establishment
Central China International Investment Co., Ltd.	Limited company	Hong Kong	Hong Kong	Proprietary investment	HKD10 million		100.00	Investment establishment
Wending Zhongyuan Company Limited	Limited company	Hong Kong	British Virgin Islands	Bond issuing entity	USD1		100.00	Investment establishment

Note: In accordance with the company's development plan, Zhongyuan Securities Co., Ltd. has reduced the capital of Central China Blue Ocean from RMB3.05 billion to RMB2.526 billion. The relevant industrial and commercial change registration was completed on January 21st, 2025.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (continued)

#### (1) Composition of enterprise groups (continued)

##### 1) Reasons why the shareholding ratio of subsidiaries is different from the voting ratio

Central China Equity Exchange Co., Ltd. was established in 2015. The Company has signed a concerted action agreement with other investors. Through this agreement, the Company can control 51% of the voting rights of Central China Equity Exchange Co., Ltd.

##### 2) Basis for controlling structured entities included in the consolidation scope

In accordance with the *Accounting Standards for Business Enterprises No. 33 — Consolidated Financial Statements*, the Company includes structured entities participating with the Company's own funds that meet the definition of "control" set out in the standards in its consolidated financial statements. As of December 31st, 2024, as the executive partner of the partnership, the Company and its subsidiaries owned Henan Zhongyuan Science and Innovation Venture Capital Fund (Limited Partnership), Henan Zhongzheng Kaiyuan Venture Capital Fund (Limited Partnership), Henan Kaiyuan Yucai Agricultural Venture Capital Fund (Limited Partnership), Anyang Purun High-tech Industry Investment Fund (Limited Partnership) and Henan Dingyu Xiangbei Equity Investment Fund Partnership (Limited Partnership). The Company can control them. Therefore, the above five partnerships are included in the scope of consolidation.

As of December 31st, 2024, the details of structured entities included in the consolidation scope are as follows:

Structured entities name	Total share/Registered capital	Proportion of shares held by the Company on December 31st, 2024 (%)	Direct/Indirect investment
Henan Zhongyuan Science and Innovation Venture Capital Fund (Limited Partnership)	500,000,000.00	50.00	Indirect
Henan Zhongzheng Kaiyuan Venture Capital Fund (Limited Partnership)	110,000,000.00	15.27	Indirect
Henan Kaiyuan Yucai Agricultural Venture Capital Fund (Limited Partnership)	100,000,000.00	20.40	Indirect
Anyang Purun High-Tech Industry Investment Fund (Limited Partnership)	100,000,000.00	13.20	Indirect
Henan Dingyu Xiangbei Equity Investment Fund Partnership (Limited Partnership)	200,000,000.00	30.80	Indirect

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (continued)

#### (2) Important non-wholly owned subsidiaries

Name of subsidiary	Minority shareholders Shareholding ratio	Profit and loss attributable to minority shareholders in the current year	Dividends declared to be distributed to minority shareholders in the current year	Balance of minority shareholders' equity as of December 31st, 2024
Central China Futures Co., Ltd.	7.71%	1,076,120.81		38,563,637.94
Central China Equity Exchange Co., Ltd.	64.00%	-37,552,283.92		189,076,745.39

#### (3) Main financial information of important non-wholly owned subsidiaries

The main financial information of these important non-wholly owned subsidiaries is the amount before mutual offset between enterprises in the Company, but after adjustment of fair value and unified accounting policies on the merger date:

Item	Closing balance/Current year (FY 2024)	
	Central China Futures Co., Ltd.	Central China Equity Exchange Co., Ltd.
Total assets	2,854,463,962.24	309,383,276.11
Total liabilities	2,377,820,338.64	11,671,733.89
Operating income	405,016,772.47	-49,292,921.99
Net profit	13,961,089.85	-58,675,443.62
Total comprehensive income	13,961,089.85	-58,675,443.62
Cash flow from operating activities	120,901,346.93	-22,676,164.71

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (continued)

#### (3) Main financial information of important non-wholly owned subsidiaries (continued)

Item	Closing balance/Previous year (FY 2023)	
	Central China Futures Co., Ltd.	Central China Equity Exchange Co., Ltd.
Total assets	2,797,587,463.71	393,636,236.74
Total liabilities	2,334,904,929.96	37,249,250.90
Operating income	409,038,301.81	-34,261,098.26
Net profit	10,843,939.62	-42,311,289.64
Total comprehensive income	10,843,939.62	-42,311,289.64
Cash flow from operating activities	98,091,328.39	-17,920,770.13

### 2. Rights and interests in joint ventures or associates

#### (1) Important joint ventures or associates

The name of the joint venture or associates	Main places of business	Places of registration	Business nature	Shareholding ratio (%)		Accounting policy
				Direct	Indirect	
Henan Asset Management Co., Ltd.	Zhengzhou	Zhengzhou	Other financial industries		10.00	Equity method

#### 1) Basis for holding less than 20% of the voting rights but having significant impact

Central China Blue Ocean Investment Management Co., Ltd. holds 10% of the shares of Henan Asset Management Co., Ltd., and has a significant impact by sending a director to Henan Asset Management Co., Ltd.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

### 2. Rights and interests in joint ventures or associates (continued)

#### (2) Key financial information of significant associates

Item	Closing balance/ Current year Henan Asset Management Co., Ltd.
Total assets	35,450,651,433.47
Total liabilities	20,674,471,159.47
Minority shareholders' equity	1,669,603,186.57
Equity attributable to owners of the parent company	13,106,577,087.42
Share of net assets based on shareholding percentage	1,310,657,708.75
Adjustment	
— Others	-570,000,000.00
The book value of the equity investment in the associate	740,657,708.75
Operating income	2,830,611,058.84
Net profit attributable to owners of the parent company	676,719,270.33
Net after-tax amount of other comprehensive income attributable to owners of the parent company	5,503,918.55
Total comprehensive income attributable to owners of the parent company	682,223,188.88
Dividends received from associates in the current year	24,597,377.47

#### (3) Aggregated financial information for immaterial joint ventures and associates

Item	Closing balance/ Current year	Closing balance/ Previous year
The total book value of the investments of the associates	164,592,917.67	394,405,993.13
The following items are sums which are calculated according to the proportion of shareholding		
Net profit	-9,281,428.31	-13,758,352.22
Other comprehensive income		
Total comprehensive income	-9,281,428.31	-13,758,352.22

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## VIII. EQUITY IN OTHER ENTITIES (CONTINUED)

### 2. Rights and interests in joint ventures or associates (continued)

#### (4) Unconfirmed commitments related to joint venture investment

The Group has no commitments that need to be disclosure.

#### (5) Contingent liabilities related to investment in joint ventures or associates

The Group has no contingencies that need to be disclosed.

### 3. Equity in structured entities not included in the scope of consolidated financial statements

The structured entities initiated and established by the Group that are not included in the scope of consolidated financial statements mainly include collective asset management plans, single asset management plans, special asset management plans, and partnerships. The nature and purpose of these structured entities are mainly to manage investors' assets and charge management fees. Their financing method is to issue investment products to investors. The rights and interests enjoyed by the Company in these structured entities not included in the scope of consolidated financial statements mainly include the income from directly holding investments or collecting management fees through managing these structured entities. The variable returns related to product income enjoyed by the Company is not significant, so such structured entities are not consolidated.

As of December 31st, 2024, the total assets of the collective asset management plan managed by the Group that are not included in the scope of the consolidated financial statements were RMB5,292,300,448.36, the total assets of the single asset management plan were RMB39,784,921.22, the total assets of the special asset management plan are RMB762,587,962.42, and the total assets of the partnership were RMB238,488,294.80.

For the year 2024, the Group received income of RMB32,674,029.09 from the management services in the above structured entities, please refer to "VI. 43. Net fee and commission income" in this note for details.

As of December 31st, 2024, the Group's equity in structured entities not included in the scope of consolidated financial statements was classified as financial assets held for trading, debt investments, and management fees and commissions receivable included in accounts receivable. The relevant book value and maximum risk exposure are as follows:

Item	December 31st, 2024	December 31st, 2023
Financial assets held for trading	1,311,585,017.73	2,474,664,462.55
Debt investments and receivables	81,807,610.59	161,069,382.98
<b>Total</b>	<b>1,393,392,628.32</b>	2,635,733,845.53

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS

### 1. Related party relationships

#### (1) Controlling shareholder and ultimate controller

##### 1) Controlling shareholder and ultimate controller

As of December 31st, 2024, Henan Investment Group Co., Ltd. (hereinafter referred to as Henan Investment Group) directly or indirectly holds the voting shares of the Company, accounting for 22.05% of the total shares of the Company (Note 1), and is the controlling shareholder of the Company. The basic information of Henan Investment Group is as follows:

Name of controlling shareholder	Enterprise type	Places of registration	Business nature	Legal representative	Uniform social credit code
Henan Investment Group	State-owned enterprise	Zhengzhou	Investment management	Yan Wanpeng	914100001699542485

Note 1: According to the Company's information, as of the end of the reporting period, Henan Investment Group held 822,983,847 A shares of the Company, 46,733,000 H shares of the Company through its wholly owned subsidiary Dahe Paper (Hong Kong) Co., Ltd. and 153,840,000 H shares of the Company through Hong Kong Stock Connect, with a total of 1,023,556,847 shares of the Company, accounting for 22.05% of the total share capital of the Company.

Note 2: The actual controller of the Company is the Department of Finance of Henan Province.

#### (2) Subsidiaries

For details of the subsidiaries, please refer to "Note VIII.1. Equity in subsidiaries".

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 1. Related party relationships (continued)

#### (3) Associates

The associates with whom the Group had related transactions during the year are listed below:

Name of associate	Relationship with the Company
Henan Dahe Cailifang Media Holding Co., Ltd.	Associate of the subsidiary
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Associate of the subsidiary
Luoyang Desheng Biotechnology Co., Ltd.	Associate of the subsidiary
Minquan County Innovation Industry Investment Fund (Limited Partnership)	Associate of the subsidiary
Luohe Huarui Permanent Magnetic Material Co., Ltd.	Associate of the subsidiary
Henan Liying Environmental Protection Technology Co., Ltd.	Associate of the subsidiary
Zhengzhou Dahe Zhixin Technology Co., Ltd.	Associated of the Former Subsidiary

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 1. Related party relationships (continued)

#### (4) Major related parties without control relationship

Name of related party	Relationship with the Company	Uniform social credit code/organization code
Henan Asset Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000MA448PJU6H
Henan Asset Fund Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100MA456R9R3R
Henan Ancai HI-TECH Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	9141000070678656XY
Guoyu Capital Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	914403003267120593
Zhongfu Digital Technology Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000054727766A
Zhengzhou Gaowo Property Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100681773585L
Henan Xinning Modern Logistics Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91320500628384839J
Central China Trust Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000169953018F
Henan Science and Technology Investment Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000169955769X
Henan Venture Capital Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	914100007425233538
Henan Talent Group Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410105MA3X6PQ842
Henan Tiandi Hotel Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100594892586U
Henan Huirong Renda Fanglue Management Consulting Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410105MA9F8B3T7G
Lian Zhuoyue Insurance Brokerage Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100678075487T
Angang Group International Trade Co., Ltd.	Subsidiary of a non-controlling shareholder	91410500172267086K
Anyang Iron and Steel Co., Ltd.	Subsidiary of a non-controlling shareholder	914100007191734203
Henan Angang Tendering Agency Co., Ltd.	Subsidiary of a non-controlling shareholder	91410500MA45R9KG90
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	Subsidiary of a non-controlling shareholder	91320000672504885X
Zhongyuan BANK Co., Ltd.	Joint venture of Henan Investment Group	9141000031741675X6
BANK of Zhengzhou Co., Ltd.	Joint venture of Henan Investment Group	914100001699995779
Henan Huaqi Energy Conservation and Environment Protection Venture Capital Co., Ltd.	Joint venture of Henan Investment Group	91410000071384697T
Henan Yicheng New Energy Co., Ltd.	Joint venture of Henan Investment Group	914102002681294387
Henan Rural Commercial Union Bank Co., Ltd.	Joint venture of Henan Investment Group	91410000MAD4H3W09L
Henan South-to-North Water Diversion Counterpart Cooperation Industry Investment Fund(L.P.)	Joint venture of Henan Investment Group	91410000MA40EF1J3Q
Zhengzhou Zhongyuan International Aviation Holdings Development Co., Ltd.	Joint venture of Henan Investment Group	91410100MA40XF1874
Puyang Emerging Industry Investment Fund Partnership (Limited Partnership)	Joint venture of Henan Investment Group	91410900MA9MD7935Y
Henan Zhongyu Credit Promotion Co., Ltd.	Joint venture of Henan Investment Group	91410100MA9KQBWB7W
Shenma Industry Co., Ltd.	Joint venture of Henan Investment Group	91410000169972489Q
Henan Railway Construction Investment Group Co., Ltd.	Minority shareholders of former subsidiaries	91410000694858692Q
Zhongyuan Asset Management Co., Ltd.	Enterprises in which executives of Henan Investment Group are executives	91410000356141357Q

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 2. Related transactions

#### (1) Commission income generated from providing agency securities trading services

Name of related party	FY 2024	FY 2023
Henan Investment Group and its subsidiaries, associates and joint ventures	31,338.98	105,535.66
Zhongyuan Asset Management Co., Ltd.		17,469.92
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	19,110.25	27,088.61
Henan Railway Construction Investment Group Co., Ltd.	4,021.06	56,814.04
Anyang Iron and Steel Co., Ltd.	5,645.69	
Angang Group International Trade Co., Ltd.		1,623.38
Directors, supervisors and senior managers of the Company and Henan Investment Group and their close family members	53,805.86	50,250.16

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 2. Related transactions (continued)

#### (2) Related transaction balance

Name of related party	Account name	Transaction content	December 31st, 2024	December 31st, 2023
Henan Investment Group Co., Ltd.	Accounts receivable	Asset management business income	2,292,776.96	3,238,290.83
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Accounts receivable	Debt asset package	3,624,646.40	
Zhongfu Digital Technology Co., Ltd.	Other payables	Software fees	120,000.00	
Zhongfu Digital Technology Co., Ltd.	Intangible assets	Software fees	1,113,207.55	
Henan Angang Tendering Agency Co., Ltd.	Other receivables	Deposits	3,800.00	
Zhengzhou Gaowo Property Co., Ltd.	Construction in progress	Payment of project management fees	939,622.64	
Luoyang Desheng Biotechnology Co., Ltd.	Contract liabilities	Ongoing supervision fees	56,603.77	
Anyang Iron and Steel Co., Ltd.	Accounts payable to brokerage clients	Futures brokerage business	1,921,146.96	1,921,146.96
Angang Group International Trade Co., Ltd.	Accounts payable to brokerage clients	Futures brokerage business	3,259,039.61	3,259,039.61
Henan Asset Fund Management Co., Ltd.	Financial assets held for trading	Partnership funds	9,682,371.88	8,591,692.49
Henan Lying Environmental Protection Technology Co., Ltd.	Financial assets held for trading	Purchase of shares		9,000,000.00
Zhongyuan Asset Management Co., Ltd.	Financial assets held for trading	Purchase of bonds		35,590,559.17
Directors, supervisors and senior management of the Company	Financial assets held for trading	Purchase of asset management products	4,434,712.30	
Henan Investment Group and its subsidiaries, associates and joint ventures	Accounts payable to brokerage clients	Securities brokerage business	24,781,741.39	928,162.81
Directors, supervisors and senior managers of the Company and Henan Investment Group and their close family members	Accounts payable to brokerage clients	Securities brokerage business	1,590,258.48	3,504,972.34
Anyang Iron and Steel Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	1,077,749.01	419,977.70
Zhongyuan Asset Management Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	4,653,277.44	3,562.71
Henan Railway Construction Investment Group Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	1,649.71	2,191,578.51
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business		1,099,696.34
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Contract liabilities	Equity custodian fee income		10,174.18
Henan Rural Commercial Union Bank Co., Ltd.	Contract liabilities	Equity custodian fee income	3,930.82	
Joint venture of affiliated Henan Investment Group	Deposits in bank	Balance of deposits in bank	1,317,051.80	1,814,535.19
Joint venture of affiliated Henan Investment Group	Bonds payable	Subscription of corporate bonds		141,297,722.21
Joint venture of affiliated Henan Investment Group	Other assets	Expenditures	157,232.71	235,849.06

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 2. Related transactions (continued)

#### (3) Other related party transactions

Name of related party	Content of related transactions	FY 2024	FY 2023
Henan Investment Group Co., Ltd.	Income from financial advisory fees, asset management operations, etc.	371,910.22	658,836.67
Henan Dahe Caillifang Media Holding Co., Ltd.	Expenditures	546,918.24	424,528.29
Henan Talent Group Co., Ltd.	Expenditures	103,679.25	148,113.20
Henan Tiandi Hotel Co., Ltd.	Expenditures	76,080.11	256,829.44
Lian Zhuoyue Insurance Brokerage Co., Ltd.	Expenditures		281,856.56
Henan Huirong Renda Fanglue Management Consulting Co., Ltd.	Expenditures	432,075.47	418,811.88
Angang Group International Trade Co., Ltd.	Income from sale of goods		4,519,469.03
Henan Asset Fund Management Co., Ltd.	Fund investment income	1,090,679.39	-3,129,003.37
Zhongyuan Asset Management Co., Ltd.	Investment income on bonds	2,494,086.08	2,448,205.93
Zhengzhou Dahe Zhixin Technology Co., Ltd.	Equity custodian fee income		6,499.94
Henan Railway Construction Investment Group Co., Ltd.	Underwriting income		197,488.68
Henan Xinning Modern Logistics Co., Ltd.	Underwriting income	3,200,000.00	
Henan Railway Construction Investment Group Co., Ltd.	Purchase of equity		225,551,850.00
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Equity custodian fee income	10,174.18	7,267.25
Henan Rural Commercial Union Bank Co., Ltd.	Equity custodian fee income	43,238.99	
Central China Trust Co., Ltd.	Consulting income, sales fee income	78,192.16	
Associated enterprises of Henan Investment Group	Interest income from bank deposits	3,086.43	7,178.16
Associated enterprises of Henan Investment Group	Pledged repurchase interest expenses	60,660.59	
Associated enterprises of Henan Investment Group	Interest expense on bond lending		2,602.74
Associated enterprises of Henan Investment Group	Investment income on securities	710,584.72	960,178.22
Associated enterprises of Henan Investment Group	Interest expense on subordinated debt payable	5,282,277.79	8,583,112.32
Associated enterprises of Henan Investment Group	Financial advisory fee income and underwriting income	943,396.23	185,723.58

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 2. Related transactions (continued)

#### (4) Guarantees for subsidiaries

The Company guaranteed the issuance of overseas bonds of not more than USD100 million by Wending Zhongyuan Company Limited, a special purpose entity wholly-owned subsidiary of Central China International, with a corresponding guaranteed amount of approximately RMB639,089,830.84 in respect of principal and interest as at the end of the reporting period.

#### (5) Benefits of directors, supervisors and employees

##### 1) Benefits of key management personnel

Key management personnel include members of the board of directors, the board of supervisors and other senior managers. For FY2024, the benefits (before tax) paid and payable by the Company to key management personnel are as follows:

Expressed in RMB'0000		
Item	FY 2024	FY 2023
Benefits of key management personnel	788.53	1,050.83

The remuneration of key management personnel does not include social insurance, enterprise annuity, supplementary medical insurance and the unit contribution portion of the housing provident fund.

The Company's portion of social insurance, enterprise annuity, supplementary medical insurance and housing provident fund unit contribution for key management personnel in 2024 amounted to RMB2.4326 million; the Company's portion of social insurance, enterprise annuity, supplementary medical insurance and housing provident fund unit contribution for key management personnel in 2023 amounted to RMB2.816 million.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 2. Related transactions (continued)

#### (5) Benefits of directors, supervisors and employees (continued)

##### 2) Benefits of directors and supervisors

The remuneration (before tax) paid and payable by the Company to its directors and supervisors for the year 2024 is as follows:

Expressed in RMB'0000

Name	Remuneration	Wages, allowances and other benefits	Discretionary bonus	Social insurance, enterprise annuity, supplementary medical insurance and housing provident fund	Total
<b>Executive director</b>					
Lu Zhili		55.45		18.58	74.03
<b>Non-Executive Director</b>					
Zhang Dongming	25.00				25.00
Zeng Song	25.00				25.00
Chen Zhiyong	25.00				25.00
He Jun	25.00				25.00
<b>Supervisors</b>					
Zhu Junhong		24.32		10.84	35.16
Xiao Yichen		50.08		16.01	66.09
Ba Guanhua		32.58		14.65	47.23
Xu Changyu		37.69		15.69	53.38
Xiang Siying	12.00				12.00
Xia Xiaoning	12.00				12.00

Note: The 2024 remuneration of the above directors and supervisors has not yet been finalized and the undetermined amount will not have an impact on the Group's 2024 financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 2. Related transactions (continued)

#### (5) Benefits of directors, supervisors and employees (continued)

#### 3) The five highest-paid individuals

The actual remunerations (after tax) received by the Company's five highest-paid individuals from the Company during FY2024 are as follows:

Expressed in RMB

Item	FY 2024	FY 2023
Wages, allowances and other benefits	3,016,088.86	3,541,764.30
Pension	272,448.00	268,540.80
Discretionary bonus	6,601,506.02	15,791,579.74
<b>Total</b>	<b>9,890,042.88</b>	<b>19,601,884.84</b>

The number of employees whose salaries are located in the following ranges is listed below:

Range	Number of employees	
	FY 2024	FY 2023
RMB1,000,001 to RMB 1,500,000	1	
RMB 1,500,001 to RMB 2,000,000	1	
RMB 2,000,001 to RMB 2,500,000	2	
RMB 2,500,001 to RMB 3,000,000	1	1
RMB 3,000,001 to RMB 3,500,000		1
RMB 3,500,001 to RMB 4,000,000		1
RMB 4,000,001 to RMB 4,500,000		
RMB 4,500,001 to RMB 5,000,000		1
RMB 5,000,001 to RMB 5,500,000		1
RMB 5,500,001 to RMB 6,000,000		
<b>Total</b>	<b>5</b>	<b>5</b>

Note: The remuneration paid by the Company to the above individuals who are not directors or non-supervisors during the year is based on the services rendered to the Company by the above individuals. The remuneration actually received by the five highest-paid individuals from the Company includes deferred remuneration from previous years.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (CONTINUED)

### 2. Related transactions (continued)

#### (5) Benefits of directors, supervisors and employees (continued)

#### 4) *Loans and advances to key management personnel*

The Company had no loans and advances to members of the Board of Directors, Supervisory Committee and other senior management at the end of the reporting period.

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

### 1. Overview

The Group's risk management objective is to uphold the risk management concept of matching capital, risk and income, so as to bear appropriate risks, achieve the optimal balance of business scale, profitability and risk tolerance, and bring sustained and stable profit returns to shareholders. The Group's risk management strategy aims to identify and evaluate various risks faced by the Group, set an appropriate risk tolerance level, timely and reliably measure and monitor risks, and ensure that risks are controlled within an acceptable range.

The main risks faced by the Group include: credit risk, market risk, liquidity risk, operational risk, compliance risk and information technology risk. The Group has adopted risk management policies and procedures to identify and assess these risks, established appropriate risk indicators, risk limit levels, risk policies and internal control procedures, and continuously monitored and managed risks through the information system.

The Company's risk management organizational structure is divided into four levels, including: the Board of Directors; Managers; Risk Management Department; and Departments, branches, and subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 1. Overview (continued)

The first level is the Board of Directors, which bears ultimate responsibility for comprehensive risk management. Their main responsibilities include: reviewing and approving the Company's fundamental risk management systems, risk appetite, risk tolerance, and major risk limits; reviewing periodic risk assessment reports. The second level is the Managers, who bear the primary responsibility for comprehensive risk management. Their main responsibilities include: formulating and adjusting the Company's risk management system in a timely manner; establishing and improving the Company's comprehensive risk management structure, clarifying the division of responsibilities among risk management functional departments, business departments, and other departments in risk management, and establishing an effective check and balance and mutual coordination operation mechanism between departments; formulating specific implementation plans for risk appetite, risk tolerance, and major risk limits, ensuring their effective implementation, monitoring execution, analyzing causes in a timely manner, and dealing with them in accordance with the authorization of the Board of Directors; conducting periodic evaluates of the Company's overall risks and various important risk management status, resolving problems in risk management, and reporting to the Board of Directors; establishing a performance appraisal system covering the effectiveness of risk management; establishing a complete information technology system and data quality control mechanism, etc. The third level is the Risk Management Department. The Company establishes functional departments such as the Risk Management Headquarters to fulfill risk management responsibilities, including identifying, monitoring, evaluating, and reporting risks across the Company and guiding and inspecting risk management work in all departments, branches, and subsidiaries. Main responsibilities of the Risk Management Headquarters include: promoting the construction and continuous improvement of the Company's comprehensive risk management system; organizing the formulation of risk appetite, risk tolerance, and risk limits to provide decision-making basis for the Company and monitoring and supervising their implementation; organizing the identification of risks in various business and management aspects of the Company, participating in the design and proposal evaluation of risk control mechanisms for new businesses; monitoring the risks in the Company's business and management activities, revealing the overall and various types of risk conditions and levels of the Company, and organizing the implementation of risk early-warning work; organizing and carrying out risk evaluates, qualitatively describing or quantitatively measuring the Company's risk level; establishing a smooth risk information communication and transmission mechanism, conducting risk reports, and providing risk management recommendations for business decisions; guiding and inspecting the risk management work of various departments, branches and subsidiaries, and conducting risk management evaluations on various departments, branches and subsidiaries; advancing the construction of the risk management information technology system, etc. The fourth level consists of various departments, branches, and subsidiaries, which bear direct responsibility for risk management. Their main responsibilities include: implementing the Company's risk management systems, procedures, risk appetite, risk limits, and control standards; formulating and implementing risk management systems and operational procedures for key business activities related to the business and management activities of their respective units; comprehensively understanding and fully considering various risks related to business and management activities in decision-making, identifying, analyzing, evaluating and monitoring various risks of their units from the source, and responding to risks within the authorized scope, etc.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk

Credit risk refers to the risk of losses due to defaults by financing parties, counterparties or issuers. The Company's credit risks mainly come from financial assets which include bank balances, clearing settlement funds, financial assets at fair value through other comprehensive income, financial assets held under resale agreements, financial assets at amortized costs, margin accounts receivable, entrusted loans, other current assets, and refundable deposits.

The Group's bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks, while clearing settlement funds are deposited in the China Securities Depository and Clearing Corporation Limited, with a relatively low level of credit risk.

In terms of proprietary trading, if the transaction is through a stock exchange or China Securities Depository and Clearing Corporation Limited, the default risk of counterparty is low, but for inter-bank market transactions, the Group will assess the counterparties and only select those with an accepted credit rating. The Company invests in debt securities with acceptable credit ratings and monitors the operations and credit ratings of the issuers.

Margin financing assets include advances to margin accounts receivable and securities lent to customers. Credit risks associated with these financial assets mainly relate to customers' inability to repay the principal, interest or securities borrowed. The Group supervises finance trading accounts on an individual customer basis, and would require additional margin, cash collateral or securities if necessary. Margin accounts receivable are monitored based on collateral rates to ensure that the value of collateral assets is sufficient to cover the advance. As of December 31st, 2024 and December 31st, 2023, the collateral value of the Group's customers is sufficient to resist the credit risk of financing business.

The Group's credit risk also arises from the securities and futures brokerage business. If a customer fails to deposit sufficient trading funds, the Group may use its own funds to complete the settlement. The Group requires customers to deposit all cash required in trading before it settles on behalf of customers, so as to mitigate and manage the credit risk properly.

The Group's financial assets measured at the amortized cost projects are carried out through entrusted loans. The credit risk management of such projects includes project establishment, due diligence, internal review, investment decision-making, and follow-up management. The Group assesses both the borrowers' credit risk and the rewards and sets risk mitigation measures such as guarantee. Entrusted loans are approved by the authorized approvers. The Group constantly monitors the entrusted funds. Key negative indications that may have an impact on the borrowers' solvency are reported timely, and the Group takes action accordingly to control the risks.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk (continued)

The Group invests in financial products, trust plans, and asset management plans with a proper approval process.

The credit risk control of the Company's stock pledge repurchase business is mainly realized through customer risk education, customer credit and creditworthiness assessment, credit management, risk assessment of collateral securities, reasonable setting of limit indicators, day-to-day market surveillance, customer risk alerts, mandatory liquidation of positions and judicial recourse. In addition, the Company makes provision for impairment on a prudent basis for defaulting customers, customers with insufficient collateralized securities, and normal customer financing in accordance with the provisions of ASBE No. 22.

#### Expected credit loss measurement

Since the first implementation of the new financial instrument standards on January 1st, 2018, for financial assets measured at amortized cost (including margin accounts receivable, financial assets held under resale agreements, financial instruments measured at amortized cost) and financial assets instruments at fair value through other comprehensive income, the Group uses general methods to measure its expected credit losses, models and assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the likelihood of customer default and associated losses). The Group uses a simple method to measure the expected credit losses of accounts receivable and other receivables. According to the simple method, the Group measures the loss provision based on the expected credit losses of the entire duration.

For financial assets that use general methods to measure expected credit losses, the Group uses an impairment model in which the credit quality of the financial assets has changed in three stages since the initial recognition of the financial assets to measure the expected credit losses respectively, including:

- A financial instrument whose credit risk has not increased significantly since initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ("SICR") since initial recognition is identified, but it will not be regarded as the instrument for credit impairment, the Group will transfer it to "Stage 2".
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk (continued)

#### Expected credit loss measurement (continued)

Stage 1: The Company measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL; Stages 2 and 3: The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition and the Company has measured the loss allowance for such a financial instrument at an amount equal to the lifetime ECL.

For such financial assets classified under Stages 1 and 2, management considered forward-looking factors and assesses credit loss allowances using the risk parameter modeling approach that incorporates key parameters, including probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"). For credit-impaired financial assets classified under Stage 3, management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets after taking into consideration forward looking factors.

The measurement of ECL adopted by management according to China Accounting Standards for Business Enterprises, involves judgement, assumptions and estimations, including: determination of the criteria for SICR; selection of the appropriate models and assumptions; establishment of the number and relative weightings of forward-looking scenarios for each type of product.

#### Measuring ECL — inputs, assumptions and estimation techniques

Depending on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Group measures the provision for impairment on different financial assets by the expected credit losses over 12 months or the entire duration of the asset, respectively.

The Group takes full account of forward-looking information when measuring ECL. ECL is the result after discounting the product of PD, LGD and EAD that takes into account the forward-looking impact:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For margin loan financing, the Group determines the PD by borrower, based on factors including the coverage ratio of margin loans to underlying collateral value and, the volatility of such collateral's valuation. For debt securities investments, the external credit rating and related PD are taken into consideration.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. For margin loan financing, the Group determines LGD, based on factors including the realizable value of collateral upon forced liquidation taking into consideration the estimated volatility over the realization period. For debt securities investments, LGD is determined based on assessed publicly available information from credit rating agencies, and the type of securities.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk (continued)

#### Judgment criteria of significant increase in credit risk

The Group evaluates the financial instruments at each financial statement date after considering whether SICR has occurred since initial recognition. An ECL allowance for financial assets is recognized according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking. The Group considers a financial instrument to have experienced SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For financing-type business, if the recovery measures are taken to maintain the guarantee ratio below the close-out line, it indicates that the value of the collateral pledged as security or the quality of the third-party guarantee has significantly decreased, and the Group considers that the credit risk of this type of financing-type business has significantly increased.

A financial instrument is considered to have experienced SICR if the borrower or the debtor is overdue for more than 30 days after the contract payment date.

On December 31st, 2024, the Group has used the low credit risk exemption for financial instruments, such as cash and bank accounts, settlement reserve, refundable deposits, financial assets held under resale agreements, and no longer compared whether the credit risk on the balance sheet date increased significantly compared with that at the time of initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk (continued)

#### Definition of credit-impaired assets

The Group considers whether a financial instrument is credit-impaired according to the new financial instrument based on criteria, which is consistent with the internal credit risk management practice. The consideration includes quantitative criteria and qualitative criteria. The Group defines a financial instrument as credit-impaired, which is fully aligned with the definition of in default, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For margin financing or stock-pledged repurchase agreements, a forced liquidation of a client's position is triggered when the collateral valuation falls short of the related loan amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor is in significant financial difficulty;
- An active market for that financial asset has disappeared because of financial difficulty;
- Concessions have been made by the lender relating to the debtor's financial difficulty;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring.

When a financial asset is considered to be credit-impaired, it may be from multiple events, not due to a separately identifiable event.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk (continued)

#### Forward-looking information

The assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group analyzes historical data to identify key economic indicators that affect the credit risk and expected credit losses of each asset portfolio, primarily including the Business Climate Index. Using regression analysis, the Group has determined the historical relationship between these economic indicators and default probability, default exposure and default loss rate, and determined the expected default probability, default exposure and default loss rate by predicting future economic indicators.

In addition to the base economic scenario, the Group also identifies other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure that non-linearity is captured. The number of scenarios and their attributes are reassessed at each financial statement date.

As at December 31st, 2023 and December 31st, 2024, for all portfolios, the Group concluded that 3 scenarios appropriately captured the non-linearity of economic variables. The scenario weightings are determined by a combination of statistical analysis and experts' judgement, taking account of the range of possible outcomes represented by each scenario.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and quantitative indicators. The Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stage 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk (continued)

#### Sensitivity Analysis

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting and other factors considered when applying expert judgment. Changes in these inputs, assumptions and judgments impact the assessment of SICR and the measurement of ECL.

#### Collateral and other credit enhancements

The Group employed a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral for funds advanced or guarantees. The Group determined the type and amount of collaterals according to the credit risk evaluation of counterparties. The collaterals under margin accounts receivable and purchase and resale agreements are primarily stocks, debt securities, funds etc. Management will exercise margin calls according to related agreements based on the market value fluctuation of collaterals, and monitor the changes in the market value of the collateral during the adequacy review of loss preparations.

#### Credit risk exposure analysis

The Group's financing business customers have considerable asset quality. Most of the financing business maintains guarantee ratios above the liquidation line. There are sufficient collaterals for the bond reverse repurchase business and the assets are not expected to default.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk (continued)

#### Credit risk exposure analysis (continued)

The maximum credit risk exposure of the Group is as follows:

Expressed in RMB'0000

Item	December 31st, 2024	December 31st, 2023
Cash and bank balances	1,440,098.40	997,718.96
Clearing settlement funds	453,132.53	344,997.84
Margin accounts receivable	932,676.18	760,485.38
Derivative financial assets	1,612.68	2,791.01
Refundable deposits	121,679.96	108,679.22
Accounts receivable	33,101.38	42,111.56
Financial assets held under resale agreements	144,500.17	101,020.13
Financial assets held for trading	1,332,513.31	2,208,924.31
Debt investments	4,984.67	12,037.05
Financial assets at fair value through other comprehensive income	11,433.10	41,092.15
Investments in other equity instruments	140.00	140.00
Other assets	5,904.19	24,102.20
<b>Total</b>	<b>4,481,776.57</b>	<b>4,644,099.81</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 2. Credit risk (continued)

#### Credit quality analysis

As of December 31st, 2024, the credit quality of each financial asset item is as follows:

Expressed in RMB'0000

Item	Stage 1	Stage 2	Stage 3	Total
Loans and entrusted loans			2,213.54	2,213.54
Margin accounts receivable	935,450.98	59.65	5,600.37	941,111.00
Financial assets at fair value through other comprehensive income	11,433.10			11,433.10
Debt investments			45,837.95	45,837.95
Financial assets held under resale agreements	144,485.52		19,835.36	164,320.88
<b>Subtotal</b>	<b>1,091,369.60</b>	<b>59.65</b>	<b>73,487.22</b>	<b>1,164,916.47</b>
Less: Provision for impairment	2,901.44	4.53	68,422.61	71,328.58
<b>Total</b>	<b>1,088,468.16</b>	<b>55.12</b>	<b>5,064.61</b>	<b>1,093,587.89</b>

### 3. Liquidity risk

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

In order to prevent liquidity risk, the following measures are taken: first, strengthen the management of capital position and cash flow, adopt the advance reservation mode of large amount of funds, strengthen the monitoring and management of large amount of funds, scientifically predict the cash flow gap in different time periods in the future, and ensure the consistency of financing arrangement and business capital utilization rhythm; Second, actively expand financing channels, comprehensively use a variety of financing methods, balance the distribution of debt maturity, improve the diversification and stability of financing, and avoid the repayment risk due to too single financing channels or concentrated debt maturity; Third, establish the operation and management mechanism of liquidity reserve funds, reasonably set the minimum holding scale of liquidity reserve funds and the allocation proportion of high-quality liquidity assets, hold sufficient high-quality liquidity assets, and ensure that the Company can realize sufficient funds in time to deal with the capital gap under normal and pressure situations; Fourth, adopt the risk monitoring system with net capital and liquidity as the core to monitor the risk control indicators, and use stress test to evaluate the impact of business activities on the Company's liquidity; Fifth, establish and continuously improve the liquidity risk emergency mechanism, and regularly conduct emergency drills on liquidity risks to ensure the timeliness and effectiveness of the Company's liquidity crisis response.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 3. Liquidity risk (continued)

The financial liabilities held by the Group are analyzed as follows according to the maturity of undiscounted remaining contractual obligations:

Expressed in RMB'0000

Non-derivative financial liabilities	December 31st, 2024							Total
	Current	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	
Short-term loans		2.28	704.55					706.83
Short-term financing instruments payable		19,675.61	292,356.31	81,074.32				393,106.24
Due to banks and other financial institutions		266,054.45		131,448.99				397,503.44
Financial liabilities held for trading		43,636.05		13,280.21		972.51		57,888.77
Financial assets sold under repurchase agreements		528,945.34						528,945.34
Accounts payable to brokerage clients	229,705.97	1,417,895.07						1,647,601.04
Bonds payable		2,041.12	3,700.16	8,758.99	628,267.80			642,768.07
Accounts payable							20,533.90	20,533.90
Other liabilities							20,264.27	20,264.27
<b>Total</b>	<b>229,705.97</b>	<b>2,278,249.92</b>	<b>296,761.02</b>	<b>234,562.51</b>	<b>628,267.80</b>	<b>972.51</b>	<b>40,798.17</b>	<b>3,709,317.90</b>

(Continued)

Non-derivative financial liabilities	December 31st, 2023							Total
	Current	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	
Short-term loans								
Short-term financing instruments payable		28,150.31	139,568.70	246,383.46				414,102.47
Due to banks and other financial institutions		319,845.33		10,147.42				329,992.75
Financial liabilities held for trading				56,862.46		994.03	81,104.63	138,961.12
Financial assets sold under repurchase agreements	42.91	1,060,299.50						1,060,342.41
Accounts payable to brokerage clients	205,579.48	948,225.58						1,153,805.06
Bonds payable			11,418.87	4,894.80	482,462.52			498,776.19
Accounts payable							87,301.33	87,301.33
Other liabilities							26,579.18	26,579.18
<b>Total</b>	<b>205,622.39</b>	<b>2,356,520.72</b>	<b>150,987.57</b>	<b>318,288.14</b>	<b>482,462.52</b>	<b>994.03</b>	<b>194,985.14</b>	<b>3,709,860.51</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 4. Market risk

Market risk is the risk that the fair value of financial instruments held will change due to unfavourable changes in market prices, including interest rate risk, price risk and exchange rate risk. Since the Company's main positions are self-operated investments, the price risk and interest rate risk of stocks and derivatives have a greater impact on the investment business.

In terms of market risk, the Company follows the principles of soundness and prudence, accurately defines, uniformly measures and prudently evaluates the market risk the Company bears. For the directional investment business, the Company adheres to a risk-controllable and moderate-scale risk management strategy, and assumes a moderate-scale risk position.

#### (1) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the financial status and cash flow of the Group due to changes in market interest rates. The interest-earning assets of the Group affected by changes in market interest rates are mainly bank deposits, clearing settlement funds, refundable deposits, and debt investments.

The Group utilizes sensitivity analysis as the main tool for monitoring interest rate risk. Under the assumption that other variables remain unchanged, sensitivity analysis is adopted to measure the possible impact on total profits and shareholder equity when changes in interest rates occur. The currency and maturity structure of the Group's major interest rate-sensitive assets and liabilities are basically matched. The Group's bond investments are mainly based on the buy-and-hold prudent strategy and spread arbitrage strategy, with controls on the leverage multiples, bond ratings and durations of the proprietary business, in order to prevent and reduce the interest rate risk.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 4. Market risk (continued)

#### (1) Interest rate risk (continued)

The table below presents the residual maturities of the Group's financial assets and liabilities before their contractual re-pricing dates or their maturity dates (whichever are earlier):

Expressed in RMB'0000

Item	December 31st, 2024						Total
	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Cash and bank balances	1,440,091.07					7.33	1,440,098.40
Clearing settlement funds	453,132.53						453,132.53
Margin accounts receivable	28,379.06	176,083.30	727,231.97	981.85			932,676.18
Derivative financial assets						1,612.68	1,612.68
Refundable deposits						121,679.96	121,679.96
Accounts receivable						33,101.38	33,101.38
Financial assets held under resale agreements	115,981.55	8,465.61	20,053.01				144,500.17
Financial assets held for trading	14,903.00	8,518.88	519,359.04	335,168.41	345,025.25	539,950.16	1,762,924.74
Debt investments	4,984.67						4,984.67
Financial assets at fair value through other comprehensive income				5,241.21	6,191.89		11,433.10
Other assets						5,904.19	5,904.19
Subtotal of financial assets	2,057,471.88	193,067.79	1,266,644.02	341,391.47	351,217.14	702,255.70	4,912,048.00
Short-term loans	0.83	700.00					700.83
Short-term financing instruments payable	19,655.19	290,741.90	79,251.87				389,648.96
Due to banks and other financial institutions	266,038.26		130,222.11				396,260.37
Financial liabilities held for trading	43,636.05		13,280.21		972.51		57,888.77
Financial assets sold under repurchase agreements	528,908.44						528,908.44
Accounts payable to brokerage clients	1,647,601.04						1,647,601.04
Derivative financial liabilities						199.66	199.66
Bonds payable	1,902.08	2,974.25	4,306.66	602,090.00			611,272.99
Accounts payable						20,533.90	20,533.90
Other liabilities						20,264.27	20,264.27
Subtotal of financial liabilities	2,507,741.89	294,416.15	227,060.85	602,090.00	972.51	40,997.83	3,673,279.23
Interest rate sensitivity gap	-450,270.01	-101,348.36	1,039,583.17	-260,698.53	350,244.63	661,257.87	1,238,768.77

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 4. Market risk (continued)

#### (1) Interest rate risk (continued)

(Continued)

Item	December 31st, 2023						Total
	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Cash and bank balances	997,706.84					12.12	997,718.96
Clearing settlement funds	344,997.84						344,997.84
Margin accounts receivable	56,890.13	211,720.19	491,875.06				760,485.38
Derivative financial assets						2,791.01	2,791.01
Refundable deposits	108,679.22						108,679.22
Accounts receivable						42,111.56	42,111.56
Financial assets held under resale agreements	35,143.94	8,188.26	57,687.93				101,020.13
Financial assets held for trading	22,730.68	36,181.81	155,615.02	1,215,117.54	561,897.45	435,578.27	2,427,120.77
Debt investments	12,037.05						12,037.05
Financial assets at fair value through other comprehensive income			15,262.04	20,165.10	5,665.01		41,092.15
Other assets						24,102.20	24,102.20
Subtotal of financial assets	1,578,185.70	256,090.26	720,440.05	1,235,282.64	567,562.46	504,595.16	4,862,156.27
Short-term loans							
Short-term financing instruments payable	28,121.67	138,711.00	240,739.67				407,572.34
Due to banks and other financial institutions	319,780.23		10,010.47				329,790.70
Financial liabilities held for trading			56,862.46		994.03	81,104.63	138,961.12
Financial assets sold under repurchase agreements	1,060,238.75						1,060,238.75
Accounts payable to brokerage clients	1,153,805.06						1,153,805.06
Derivative financial liabilities						1,803.38	1,803.38
Bonds payable		9,105.44	1,032.88	461,981.80			472,120.12
Accounts payable						87,301.33	87,301.33
Other liabilities						26,579.18	26,579.18
Subtotal of financial liabilities	2,561,945.71	147,816.44	308,645.48	461,981.80	994.03	196,788.52	3,678,171.98
Interest rate sensitivity gap	-983,760.01	108,273.82	411,794.57	773,300.84	566,568.43	307,806.64	1,183,984.29

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 4. Market risk (continued)

#### (2) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to equity securities, investment funds, convertible bonds, derivatives and collective asset management plans whose values will fluctuate as a result of changes in market prices.

The Group's price risk management policy requires setting and managing investment objectives. The Group manage price risk by holding an appropriately diversified investment portfolio, setting limits for investments in different securities and closely monitoring the portfolio of investments to reduce the risk of concentration in any one specific industry or issuer. The Group uses derivatives contracts to economically hedge against certain exposures arising from its investment portfolio.

The analysis below shows the impact on profit before income tax and other comprehensive income before income tax due to changes in the prices of stocks, funds, convertible bonds, derivatives and collective asset management plans by 10%, assuming all other variables remain unchanged. A positive result indicates an increase in profit before income tax and other comprehensive income before income tax, while a negative result indicates otherwise.

Expressed in RMB'0000

Item	December 31st, 2024		December 31st, 2023	
	Total profit	Other comprehensive income	Total profit	Other comprehensive income
Increase by 10%	9,083.01		21,810.02	
Decrease by 10%	-9,083.01		-21,810.02	

#### (3) Exchange rate risk

The fluctuation of the exchange rate will bring certain exchange risks to the Group. As of December 31st, 2024, the Group's foreign currency assets and foreign currency liabilities accounted for less than 5% of total assets and total liabilities. Due to the low proportion of foreign currency in the Group's asset liability and income structure, the Group believes that exchange rate risk has little impact on operation.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 5. Operational risk

Operational risk is the risk of loss resulting from inadequate or faulty internal processes, personnel, information technology systems and external events.

The Group emphasizes the matching of business scale, profit and risk management ability, and does not sacrifice the control of operational risk for the pursuit of profit. The Group emphasizes carrying out the business of various securities companies under the premise of sound control of operational risks. In the case of cost permitting, the Group will continue to strengthen the operational risk management system and implement the internal control system to achieve the controllability of operational risk under the established business income.

### 6. Compliance risk

Compliance risk refers to the risk that the Company will be investigated for legal responsibility, take regulatory measures, be given disciplinary actions, and suffer property loss or business reputation loss due to the violation of laws, regulations and norms by the company or its staff's business management or practice behavior.

The Company's management of compliance risk mainly includes: first, timely tracking of laws, regulations and standards, and continuous improvement of the compliance management system in conjunction with the actual situation of the Company; at the same time, supervising each division to formulate and revise its internal management system in a timely manner and improve its business processes; actively carrying out the development of a compliance culture, and improving the self-restraint mechanism; second, reviewing the compliance of the Company's systems, major decisions, new products, new business plans, and so on; Third, providing suggestions and consultation on compliance for the management and each division, and supervising and checking the compliance of operational and management activities; fourth, strictly implementing the compliance assessment and accountability mechanism, and effectively playing the roles of assessment-oriented, accountability and warning; fifth, fulfilling the obligations of internal and external reporting according to the regulations; sixth, according to the company's anti-money laundering system, organizing and promoting the divisions to carry out the work of preventing and controlling the risk of money laundering; and seventh, enhancing the training and management of compliance administrators, and continuously building a compliance administrator team with strong compliance awareness and excellent professional abilities. Through various approaches such as compliance consulting, compliance review, compliance inspection and compliance monitoring, the Company identifies, assesses and manages compliance risks related to its operation and management in a timely manner, and integrates compliance management throughout all aspects of decision-making, implementation, supervision and feedback, and into the entire process of the Company's operation and management.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

### 7. Capital management

The Group's objectives of capital management are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a solid capital base to support the development of their business;
- To comply with the capital requirements under the PRC regulations.

In accordance with "Administrative Measures for Risk Control Indicators of Securities Companies" (Revision 2020) issued by the China Securities Regulatory Commission and effective on March 20th, 2020, according to the above management strategies, the Group is required to meet the following standards for risk control indicators on a continual basis:

The risk coverage ratio shall be no less than 100%;

The capital leverage ratio shall be no less than 8%;

The liquidity coverage ratio shall be no less than 100%;

The net stable funding ratio shall be no less than 100%.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES

### 1. Amounts of assets and liabilities measured at fair value and fair value measurement hierarchy

The following table presents information about the fair value of the Group's assets and liabilities measured at fair value at each balance sheet date at the end of the current reporting period and the hierarchy of their fair value measurement. The level in which fair value measurement is categorized is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong. The three levels of inputs are defined below:

Level 1 inputs: unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for related assets or liabilities;

Level 2 inputs include: 1) quotation of similar assets or liabilities in the active market; 2) Quotation of the same or similar assets or liabilities in the inactive market; 3) Other observable input values other than quotation, including observable interest rate and yield curve, implied volatility and credit spread during normal quotation interval; 4) Inputs for market validation, etc.

Level 3 inputs: inputs that are unobservable for related assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES (CONTINUED)

### 1. Amounts of assets and liabilities measured at fair value and fair value measurement hierarchy (continued)

The following table presents the book value of the Group's financial instruments measured at fair value at the balance sheet date by the three levels of the fair value hierarchy.

Item	Fair value as at December 31st, 2024			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading	603,763,221.79	15,659,567,905.76	1,365,916,242.87	17,629,247,370.42
(1) Bond investment	3,786,003.29	11,980,907,497.55	35,345,400.00	12,020,038,900.84
(2) Equity investment	419,212,081.68		321,577,692.54	740,789,774.22
(3) Public offering of fund	180,765,136.82	3,352,428,810.57		3,533,193,947.39
(4) Others		326,231,597.64	1,008,993,150.33	1,335,224,747.97
Financial assets at fair value through other comprehensive income		114,330,970.55		114,330,970.55
Investments in other equity instruments			1,400,000.00	1,400,000.00
Derivative financial assets	883,600.00		15,243,160.68	16,126,760.68
<b>Total</b>	<b>604,646,821.79</b>	<b>15,773,898,876.31</b>	<b>1,382,559,403.55</b>	<b>17,761,105,101.65</b>
Financial liabilities held for trading		223,811,867.81	355,075,799.85	578,887,667.66
Derivative financial liabilities	1,996,580.00			1,996,580.00
<b>Total</b>	<b>1,996,580.00</b>	<b>223,811,867.81</b>	<b>355,075,799.85</b>	<b>580,884,247.66</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES (CONTINUED)

### 1. Amounts of assets and liabilities measured at fair value and fair value measurement hierarchy (continued)

(Continued)

Item	Fair value as at December 31st, 2023			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading	1,371,592,448.20	20,677,027,124.24	2,222,588,119.57	24,271,207,692.01
(1) Bond investment	544,901,139.85	19,077,271,531.28	29,405,934.81	19,651,578,605.94
(2) Equity investment	447,245,286.40	14,096,050.00	378,937,787.67	840,279,124.07
(3) Public offering of fund	379,446,021.95	925,239,477.50		1,304,685,499.45
(4) Others		660,420,065.46	1,814,244,397.09	2,474,664,462.55
Financial assets at fair value through other comprehensive income		410,921,462.71		410,921,462.71
Investments in other equity instruments			1,400,000.00	1,400,000.00
Derivative financial assets	707,416.00		27,202,732.17	27,910,148.17
<b>Total</b>	<b>1,372,299,864.20</b>	<b>21,087,948,586.95</b>	<b>2,251,190,851.74</b>	<b>24,711,439,302.89</b>
Financial liabilities held for trading		811,046,276.67	578,564,904.36	1,389,611,181.03
Derivative financial liabilities	2,183,680.00		15,850,099.39	18,033,779.39
<b>Total</b>	<b>2,183,680.00</b>	<b>811,046,276.67</b>	<b>594,415,003.75</b>	<b>1,407,644,960.42</b>

### 2. Basis for determining the market value of items measured at fair value on continuous and non-continuous Level 1 basis

The fair value of financial instruments traded in an active market shall be determined according to the market quotation on the date of the financial report. If quotations are obtained from exchanges and dealers on a timely and regular basis, and such quotations reflect actual and regular market transactions based on fair negotiation, a market is deemed to be active. Fair value is determined by the closing price on the financial reporting date. Such instruments are included in Level 1. Instruments included in Level 1 mainly consist of securities traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange, listed as financial assets held for trading and financial assets at fair value through other comprehensive incomes.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES (CONTINUED)

### 3. For items measured at fair value in the continuing and discontinued Level 2 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters

The fair value of financial instruments purchased in an inactive market is determined using valuation techniques. These valuation techniques make full use of available observable market data and do not rely on entity-specific estimates as much as possible. An instrument is included in Level 2 if all of the key inputs required to measure it at fair value are observable.

#### **Bond investment:**

Bond investment shall be quoted by the valuation system of bond registration and settlement institutions. For bonds traded in the inter-bank bond market, including government bonds, corporate bonds, commercial bills, special financial bills, central bank bills and other fixed income bonds, the quotation of the valuation system of bond registration and settlement institutions adopts the observable input value reflecting the market conditions as the fair value.

#### **Public offering of fund:**

The fair value of the public offering of funds shall be determined according to the net asset value of the fund on the balance sheet date. The net asset value of the fund is usually determined based on the fair value and related expenses of the underlying investment (debt instruments in the portfolio or publicly traded equity instruments), or valued by a third party (such as a registrar and clearing institution) according to the discounted cash flow model.

#### **Others:**

Other financial assets invested by the Group are mainly collective asset management products, fund financial products, private equity funds and bank financial products. The fair value is determined by the net value of the product corresponding to its share or by using valuation techniques. The observable inputs required by the valuation technique include the market price and interest rate of the investment target. These are observable inputs.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES (CONTINUED)

### 3. For items measured at fair value in the continuing and discontinued Level 2 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters (continued)

**Others:** (continued)

The following table presents the relevant valuation techniques and input parameters for the main Level 2 financial instruments:

Financial instruments	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Impact of unobservable inputs on fair value
Financial assets held for trading				
— Interbank market bonds	Level 2	Quotations from the valuation system of the bond registration and settlement institutions	Not applicable	Not applicable
— Public offering of fund	Level 2	Net asset value of the fund on the balance sheet date	Not applicable	Not applicable
— collective asset management products, fund financial products, private equity funds and bank financial products	Level 2	Net product value corresponding to its share or using valuation techniques	Not applicable	Not applicable
Financial assets at fair value through other comprehensive income				
— Interbank market bonds	Level 2	Quotations from the valuation system of the bond registration and settlement institutions	Not applicable	Not applicable

### 4. For items measured at fair value in the continuing and discontinued Level 3 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters

If one or more of the main input parameters are not based on observable market data, the instrument is included in Level 3. For unlisted equity investment, bond investment, trust products and financial liabilities, the Group uses valuation techniques to determine their fair values, including the discounted cash flow method and market comparison method. Their fair value measurements use important unobservable parameters such as liquidity discounts, volatility and market multipliers. The fair values of unlisted equity investments, bond investments, other investments and financial liabilities are not significantly sensitive to the reasonable changes of these unobservable inputs. Investments in other equity instruments are futures memberships that do not have an active market and are determined at cost.

In 2024, there were no changes to the valuation techniques used in the Group's continuing Level 3 fair value measurements as described above.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES (CONTINUED)

### 5. Changes in Level 3 financial instruments

Item	January 1st, 2024	Increase during the year	Decrease during the year	December 31st, 2024
Financial assets held for trading	2,222,588,119.57		856,671,876.70	1,365,916,242.87
Financial liabilities held for trading	578,564,904.36		223,489,104.51	355,075,799.85
Investments in other equity instruments	1,400,000.00			1,400,000.00
Derivative financial assets	27,202,732.17		11,959,571.49	15,243,160.68
Derivative financial liabilities	15,850,099.39		15,850,099.39	

(Continued)

Item	January 1st, 2023	Increase during the year	Decrease during the year	December 31st, 2023
Financial assets held for trading	1,851,465,599.75	371,122,519.82		2,222,588,119.57
Financial liabilities held for trading	718,581,188.74		140,016,284.38	578,564,904.36
Financial assets at fair value through other comprehensive income	89,606,629.46		89,606,629.46	
Investments in other equity instruments	1,400,000.00			1,400,000.00
Derivative financial assets		27,202,732.17		27,202,732.17
Derivative financial liabilities		15,850,099.39		15,850,099.39

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES (CONTINUED)

### 5. Changes in Level 3 financial instruments (continued)

For Level 3 financial instruments, fair value is determined using valuation techniques (such as the discounted cash flow model and other similar techniques). The classification of fair value measurements in Level 3 is generally determined by the significance of unobservable input parameters to the measurement of the overall fair value. The following table presents the relevant valuation techniques and input parameters for the main Level 3 financial instruments:

Financial assets/ financial liabilities	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Relationship between unobservable input parameters and fair value
Financial assets held for trading				
— Bank financial products	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level;	— Expected future cash flow;	— The higher the future cash flow, the higher the fair value;
— Asset management products of securities companies			— Expected recovery date; — The discount rate corresponding to the expected risk level;	— The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value;
— Trust plan	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level;	— Expected future cash flow — Expected recovery date — The discount rate corresponding to the expected risk level	— The higher the future cash flow, the higher the fair value; — The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value;
— Private placement convertible bonds	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level; — Option pricing model;	— Expected future cash flow — Expected recovery date — The discount rate corresponding to the expected risk level — Stock price volatility	— The higher the future cash flow, the higher the fair value; — The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value; — The greater the fluctuation of stock price, the higher the fair value;

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES (CONTINUED)

### 5. Changes in Level 3 financial instruments (continued)

Financial assets/ financial liabilities	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Relationship between unobservable input parameters and fair value
— Unlisted equity	Level 3	— Adopt the comparable company method to select comparable companies in the same industry similar to the important financial indicators of the target company, and calculate the PE, PB and PS of comparable companies; Considering the liquidity discount, estimate the expected exit date of equity, calculate the volatility of comparable companies, and use the option model to calculate the liquidity discount of comparable companies	— Expected recovery date — Stock price volatility	— The earlier the expected recovery date, the higher the fair value; — The greater the fluctuation of stock price, the higher the fair value;
Financial liabilities held for trading	Level 3	— Future cash flows estimated based on the amount payable are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level	— Expected future cash flow — Expected payment date — The discount rate corresponding to the expected risk level	— The higher the future cash flow, the higher the fair value; — The earlier the payment date, the higher the fair value; — The lower the discount rate, the higher the fair value;
Derivative financial instruments	Level 3	— The option pricing model is used for valuation, and the main input parameter is the volatility of the underlying instrument.	— Volatility of underlying instruments	— The higher the volatility of the underlying instrument, the higher the fair value.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XI. FAIR VALUE DISCLOSURES (CONTINUED)

### 6. For continuing fair value measurements, if a transition between levels occurred during the year, the reason for the transition and the policy for determining the point of transition

The Group's continuing fair value measurements described above were not materially transitioned between levels during the year.

### 7. Changes in valuation techniques that occurred during the year and the reasons for the changes

There were no changes in the fair value valuation techniques for the Group's financial instruments during the year.

### 8. Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: margin accounts receivable, financial assets held under resale agreements, accounts receivable, debt investments, short-term loans, accounts payable, short-term financing instruments payable, due to banks and other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, bonds payable and long-term loans.

There is little difference between the book value and fair value of the above financial assets and liabilities not measured at fair value.

## XII. CONTINGENCIES

As of December 31st, 2024, the Group has no material contingencies.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XIII. COMMITMENTS

### 1. Significant commitments

#### (1) Capital commitments

The Group's capital commitments that have been contracted for but not confirmed in the financial statements are set out below:

Item	December 31st, 2024	December 31st, 2023
Contracted but not paid	447,185,554.52	475,434,258.49
<b>Total</b>	<b>447,185,554.52</b>	475,434,258.49

In addition to the above undertakings, as of December 31st, 2024, the Group has no other major commitments that should be disclosed.

## XIV. EVENTS AFTER THE BALANCE SHEET DATE

### 1. Significant non-adjusting events

As at the reporting date, the Group had no significant non-adjusting items.

### 2. Profit distribution

The Company's annual profit distribution plan for 2024, as considered at the Thirty-third Meeting of the Seventh Session of the Board of Directors, is to distribute a cash dividend of RMB0.17 (inclusive of tax) for every 10 shares. As of December 31st, 2024, the Company had a total share capital of 4,642,884,700 shares. Based on this calculation, the total proposed cash dividend is RMB78,929,039.90 (tax included). The Company does not convert capital reserve to increase share capital and does not issue bonus shares. This proposal is subject to the approval of the Company's shareholders in general meeting.

### 3. Other events after the balance sheet date

As of the date of approval of the financial statement, the Group has no other significant events after the balance sheet date that need to be disclosed but have not been disclosed.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XV. SEGMENT INFORMATION

The Group's operating segments are determined on the basis of internal organizational structure, management requirements, and internal reporting system, and the Group's operating segments are those components that meet the following conditions at the same time:

- (1) The component is capable of generating revenue and incurring expenses in its ordinary activities;
- (2) The Company's management is able to periodically evaluate the component's results of operations in order to decide on the allocation of resources to it and to evaluate its performance;
- (3) The Group has access to relevant accounting information on the financial position, results of operations and cash flows of the component.

According to the different business types, the Group's reporting segments are mainly divided into: securities brokerage business segment, proprietary business segment, investment banking business segment, credit business segment, investment management business segment, futures business segment, overseas business segment, headquarters and other business segment.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XV. SEGMENT INFORMATION (CONTINUED)

### 1. Reporting segments (by business)

Expressed in RMB'0000

Item	FY 2024									Total
	Securities brokerage business	Proprietary business	Investment banking business	Credit business	Investment management business	Futures business	Overseas business	Headquarters and others	Offset	
<b>1. Operating income</b>	81,469.49	-8,449.51	4,782.82	41,212.72	15,375.78	40,501.68	2,777.44	-8,527.29	-150.61	168,992.52
Net fee and commission income	62,714.53		4,795.63		3,912.27	7,327.69	929.83	1,620.32	-293.14	81,007.13
Investment income		21,420.54			31,243.48	1,448.49	2,220.94	-5,338.21	239.52	51,234.76
Gains on changes in fair value		2,409.81			-20,534.85	69.16	-1,377.60	-447.43	-0.57	-19,881.49
Exchange gains	3.77						-142.86	-6.47		-145.56
Other income	652.21	628.91	0.42	950.92	5.53	29,534.03	286.27	663.02	-414.17	32,307.14
Net interest income	18,098.98	-32,908.77	-13.24	40,261.80	749.36	2,122.31	860.87	-5,018.52	317.75	24,470.53
<b>2. Operating cost</b>	51,431.60	8,563.52	11,041.93	3,124.09	7,457.23	38,705.12	4,426.51	23,608.89	231.03	148,589.91
<b>3. Operating profit</b>	30,037.90	-17,013.03	-6,259.11	38,088.63	7,918.55	1,796.56	-1,649.07	-32,136.18	-381.64	20,402.60
<b>4. Total assets</b>	2,847,275.77	1,719,350.63	2,410.74	1,170,456.37	332,393.58	285,446.40	123,967.20	1,993,065.24	-3,312,931.12	5,161,434.81
<b>5. Total liabilities</b>	2,826,396.52	1,727,569.39	2,410.74	1,181,523.37	39,040.55	237,782.03	79,038.38	938,762.32	-3,299,370.33	3,733,152.97
<b>6. Supplementary information</b>										
(1) Depreciation and amortization	8,105.22	2,057.30	229.86	144.43	360.97	657.26	592.45	6,317.93	-122.04	18,343.37
(2) Capital expenditure	2,587.66	206.65	61.36	80.59	249.57	411.31	117.13	8,438.57		12,152.84

Note: The data in the table need to be rounded when calculating and there may be trailing deviations. Other similar disclosures in this report are the same.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVI. OTHER IMPORTANT MATTERS

### 1. Margin trading and short selling business

As of December 31st, 2024 and December 31st, 2023, the scale of the Group's margin trading and short selling business is as follows:

Item	December 31st, 2024	December 31st, 2023
Margin accounts receivable	9,411,110,025.37	7,681,062,672.38
Securities lending	12,201,501.73	3,676,678.87
<b>Total</b>	<b>9,423,311,527.10</b>	7,684,739,351.25

### 2. Securities lending

The specific types and fair values of bonds borrowed by the Company on the trading platforms of the interbank and exchange bond markets are as follows:

Item	Fair value as at December 31st, 2024	Fair value as at December 31st, 2023
National bonds	1,014,038,040.00	1,061,286,950.00
Policy-based financial bonds	947,503,330.00	2,165,541,790.00
<b>Total</b>	<b>1,961,541,370.00</b>	3,226,828,740.00

As at December 31st, 2024, the bond fair value of the financial liabilities held for trading arising from the pledge or sale on the pledged repurchase business of bonds acquired by the Group by way of borrowing through the inter-bank and exchange markets was RMB1,875.202 million.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVI. OTHER IMPORTANT MATTERS (CONTINUED)

### 3. Security of customer funds

As of December 31st, 2024, the Company has deposited customer transaction settlement funds in commercial banks with depository qualifications, which is in compliance with the requirements for the security of customer transaction settlement funds as set out in the *Customer Transaction Settlement Fund Management Measures* (China Securities Regulatory Commission Order No. 3), the third-party depository of customer transaction settlement funds and other relevant regulations, to safeguard the safety of customer funds, and the problem of misappropriation of client funds does not exist.

### 4. Assets and liabilities measured at fair value

Item	December 31st, 2023	Gains and losses from changes in fair value for the current year	Cumulative changes in fair value included in equity	Impairment accrued in the current year	December 31st, 2024
1. Financial assets held for trading (excluding derivative financial assets)	24,271,207,692.01	-175,425,752.72			17,629,247,370.42
2. Derivative financial instruments	9,876,368.78	-20,923,546.70			14,130,180.68
3. Financial assets at fair value through other comprehensive income	410,921,462.71		5,529,265.29	-7,336.28	114,330,970.55
4. Investments in other equity instruments	1,400,000.00				1,400,000.00
5. Financial liabilities held for trading	1,389,611,181.03	-2,465,550.68			578,887,667.66

Note: There are no necessarily articulation relationships in this table.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVI. OTHER IMPORTANT MATTERS (CONTINUED)

### 5. Basic classification table for the measurement of financial assets

Financial assets items	Book value as of December 31st, 2024					
	Financial assets measured at amortized cost	Financial assets classified as at fair value through other comprehensive income	Investments in non-trading equity instruments designated as at fair value through other comprehensive income	Measured at fair value through profit or loss		
				Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial assets designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Cash and bank balances	14,400,984,039.97					
Clearing settlement funds	4,531,325,343.18					
Margin accounts receivable	9,326,761,787.66					
Derivative financial assets				16,126,760.68		
Refundable deposits	1,216,799,648.55					
Accounts receivable	331,013,831.49					
Financial assets held under resale agreements	1,445,001,679.44					
Financial assets held for trading				17,629,247,370.42		
Debt investments	49,846,701.66					
Financial assets at fair value through other comprehensive income		114,330,970.55				
Investments in other equity instruments			1,400,000.00			
Other assets	59,041,914.05					
<b>Total</b>	<b>31,360,774,946.00</b>	<b>114,330,970.55</b>	<b>1,400,000.00</b>	<b>17,645,374,131.10</b>		

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVI. OTHER IMPORTANT MATTERS (CONTINUED)

### 5. Basic classification table for the measurement of financial assets (continued)

(Continued)

Financial assets items	Book value as of December 31st, 2023				
	Financial assets measured at amortized cost	Financial assets classified as at fair value through other comprehensive income	Investments in non-trading equity instruments designated as at fair value through other comprehensive income	Measured at fair value through profit or loss	
				Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards
Cash and bank balances	9,977,189,628.79				
Clearing settlement funds	3,449,978,421.75				
Margin accounts receivable	7,604,853,831.45				
Derivative financial assets				27,910,148.17	
Refundable deposits	1,086,792,208.93				
Accounts receivable	421,115,609.11				
Financial assets held under resale agreements	1,010,201,346.03				
Financial assets held for trading				24,271,207,692.01	
Debt investments	120,370,451.85				
Financial assets at fair value through other comprehensive income		410,921,462.71			
Investments in other equity instruments			1,400,000.00		
Other assets	241,021,996.85				
<b>Total</b>	<b>23,911,523,494.76</b>	<b>410,921,462.71</b>	<b>1,400,000.00</b>	<b>24,299,117,840.18</b>	

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVI. OTHER IMPORTANT MATTERS (CONTINUED)

### 6. Basic classification table for the measurement of financial liabilities

Financial liabilities items	Book value as of December 31st, 2024			
	Measured at fair value through profit or loss			
	Financial liabilities measured at amortized cost	Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial liabilities designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Short-term loans	7,008,341.66			
Derivative financial liabilities		1,996,580.00		
Short-term financing instruments payable	3,896,489,565.69			
Due to banks and other financial institutions	3,962,603,712.35			
Financial liabilities held for trading		578,887,667.66		
Financial assets sold under repurchase agreements	5,289,084,372.35			
Accounts payable to brokerage clients	16,476,010,375.54			
Accounts payable	205,338,964.19			
Bonds payable	6,112,729,880.19			
Other liabilities	202,642,667.15			
<b>Total</b>	<b>36,151,907,879.12</b>	<b>580,884,247.66</b>		

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVI. OTHER IMPORTANT MATTERS (CONTINUED)

### 6. Basic classification table for the measurement of financial liabilities (continued)

(Continued)

Financial liabilities items	Book value as of December 31st, 2023			
	Measured at fair value through profit or loss			
	Financial liabilities measured at amortized cost	Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial liabilities designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Short-term loans				
Derivative financial liabilities		18,033,779.39		
Short-term financing instruments payable	4,075,723,383.58			
Due to banks and other financial institutions	3,297,906,994.48			
Financial liabilities held for trading		1,389,611,181.03		
Financial assets sold under repurchase agreements	10,602,387,479.57			
Accounts payable to brokerage clients	11,538,050,603.00			
Accounts payable	873,013,344.30			
Bonds payable	4,721,201,165.26			
Other liabilities	265,791,802.16			
<b>Total</b>	<b>35,374,074,772.35</b>	<b>1,407,644,960.42</b>		

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

### 1. Accounts receivable

#### (1) By details

Item	December 31st, 2024	December 31st, 2023
Stock-pledged repurchase receivable (Note 1)	626,241,864.08	634,712,442.78
Management fee receivable	19,579,354.18	19,431,332.44
Fees and commission receivable	11,927,007.60	12,561,104.82
Receivables from clients' financing	5,609,195.54	5,832,797.37
Over the counter trade receivable	31,441,313.58	308,673,293.60
Others	290,018.71	195,610.12
Less: Provision for bad debts (According to the simplified model)	655,857,734.95	657,607,928.39
Book value of accounts receivable	39,231,018.74	323,798,652.74

Note 1: Based on the result of court enforcement after the stock-pledged mortgage financing breached the contract, the Company transferred the unpaid repayment part to the accounts receivable. As of December 31st, 2024, the balance of the stock-pledged repurchase receivable is RMB626,241,864.08, and the amount of bad debt provision is RMB626,241,864.08, accounting for 100.00% of the balance of stock-pledged repurchase receivable.

#### (2) By portfolio methods

Item	December 31st, 2024			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Separate provision for bad debts	654,858,979.31	94.21	654,858,979.31	100.00
<b>Subtotal</b>	<b>654,858,979.31</b>	<b>94.21</b>	<b>654,858,979.31</b>	<b>100.00</b>
Combination provision for bad debts				
Including: Within 1 year	35,808,394.64	5.15	179,041.97	0.50
1-2 years	619,366.89	0.09	30,968.34	5.00
2-3 years	2,269,555.30	0.33	226,955.53	10.00
3-4 years	628,129.93	0.09	125,625.99	20.00
4-5 years	80,000.00	0.01	24,000.00	30.00
More than 5 years	824,327.62	0.12	412,163.81	50.00
<b>Subtotal</b>	<b>40,229,774.38</b>	<b>5.79</b>	<b>998,755.64</b>	
<b>Total</b>	<b>695,088,753.69</b>	<b>100.00</b>	<b>655,857,734.95</b>	

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 1. Accounts receivable (continued)

#### (2) By portfolio methods (continued)

(continued)

Item	December 31st, 2023			
	Book balance Amount	Proportion (%)	Provision for bad debts Amount	Proportion (%)
Separate provision for bad debts	663,577,258.74	67.61	655,106,680.08	98.72
<b>Subtotal</b>	663,577,258.74	67.61	655,106,680.08	98.72
Combination provision for bad debts				
Including: Within 1 year	312,577,570.83	31.85	1,562,887.85	0.50
1-2 years	2,379,555.30	0.24	118,977.77	5.00
2-3 years	658,081.99	0.07	65,808.20	10.00
3-4 years	437,117.13	0.05	87,423.43	20.00
4-5 years	1,111,737.56	0.11	333,521.27	30.00
More than 5 years	665,259.58	0.07	332,629.79	50.00
<b>Subtotal</b>	317,829,322.39	32.39	2,501,248.31	
<b>Total</b>	981,406,581.13	100.00	657,607,928.39	

- (3) Among the balance of accounts receivable at the end of period, the amount receivable from shareholder units holding more than 5% (including 5%) of the voting shares of the Company was RMB2,292,776.96, for the accrued receivable of asset management fee income.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 1. Accounts receivable (continued)

#### (4) Accounts receivable of the top five closing balances, grouped by party in arrears

Name of entity	Balance as of December 31st, 2024	As a percentage of the balance of accounts receivable (%)	Balance of bad debt provision	Nature or content of payment	Aging
Entity 1	258,438,936.40	37.18	258,438,936.40	Receivables from stock pledges	1-2 years
Entity 2	181,150,400.00	26.06	181,150,400.00	Receivables from stock pledges	4-5 years
Entity 3	128,457,200.00	18.48	128,457,200.00	Receivables from stock pledges	4-5 years
Entity 4	58,195,327.68	8.37	58,195,327.68	Receivables from stock pledges	2-3 years
Entity 5	10,052,807.86	1.45	10,052,807.86	Management fee receivable	More than 3 years
<b>Total</b>	<b>636,294,671.94</b>	<b>91.54</b>	<b>636,294,671.94</b>		

### 2. Other assets

#### (1) Details

Item	December 31st, 2024	December 31st, 2023
Other receivables	42,615,366.69	202,486,210.13
Deferred expenses	12,377,336.40	14,219,735.76
Long-term deferred expenses	33,830,328.52	44,111,663.79
Pending underwriting expenses		273,858.75
Advance Payment of Corporate Income Tax	39,238,242.60	
Others	508,347.71	318,208.54
<b>Total</b>	<b>128,569,621.92</b>	<b>261,409,676.97</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 2. Other assets (continued)

#### (2) Other receivables

##### 1) By details

Item	December 31st, 2024	December 31st, 2023
Prepayments	35,548,083.61	46,191,094.23
Cash pledge	9,974,697.39	13,442,105.61
Subsidiary loans		152,056,250.00
Others	16,324,399.01	18,939,870.99
Less: Provision for bad debts	19,231,813.32	28,143,110.70
<b>Book value of other receivables</b>	<b>42,615,366.69</b>	<b>202,486,210.13</b>

##### 2) By portfolio methods

Item	December 31st 2024			December 31st, 2023		
	Book balance	Provision for bad debts	Proportion (%)	Book balance	Provision for bad debts	Proportion (%)
Separate provision for bad debts	13,099,965.05	13,099,965.05	100.00	13,077,321.05	13,077,321.05	100.00
<b>Subtotal</b>	<b>13,099,965.05</b>	<b>13,099,965.05</b>	<b>100.00</b>	<b>13,077,321.05</b>	<b>13,077,321.05</b>	<b>100.00</b>
Combination provision for bad debts						
Including: Within 1 year	23,267,209.69	116,336.05	0.50	36,117,607.19	180,588.04	0.50
1-2 years	9,816,790.44	490,839.52	5.00	159,240,491.60	7,962,024.58	5.00
2-3 years	3,634,615.93	363,461.59	10.00	7,592,074.79	759,207.48	10.00
3-4 years	2,331,411.67	466,282.33	20.00	2,359,733.10	471,946.62	20.00
4-5 years	768,324.17	230,497.25	30.00	2,145,118.13	643,535.44	30.00
More than 5 years	8,928,863.06	4,464,431.53	50.00	10,096,974.97	5,048,487.49	50.00
<b>Subtotal</b>	<b>48,747,214.96</b>	<b>6,131,848.27</b>		<b>217,551,999.78</b>	<b>15,065,789.65</b>	
<b>Total</b>	<b>61,847,180.01</b>	<b>19,231,813.32</b>		<b>230,629,320.83</b>	<b>28,143,110.70</b>	

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 2. Other assets (continued)

#### (2) Other receivables (continued)

#### 3) Other receivables with bad debt in accordance with the general model of expected credit losses

	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit losses in lifetime (No credit impairment)	Stage 3 Expected credit losses in lifetime (Credit impairment)	Total
<b>Provision for bad debts</b>				
<b>Balance as of January 1st, 2024</b>		15,065,789.65	13,077,321.05	28,143,110.70
Current year balance as of January 1st, 2024	—	—	—	—
— transfer to stage 2				
— transfer to stage 3		-11,987.50	11,987.50	
— transfer back to stage 2				
— transfer back to stage 1				
Current year accrual			10,656.50	10,656.50
Current year reversal		8,921,953.88		8,921,953.88
Current year write-offs				
Translation differences of foreign currency financial statements				
<b>Balance as of December 31st, 2024</b>		6,131,848.27	13,099,965.05	19,231,813.32

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 2. Other assets (continued)

#### (3) Long-term deferred expenses

Item	December 31st, 2023	Increase during the year	Amortization in current year	Translation differences of foreign currency financial statements	December 31st, 2024
Decoration expenses, etc.	44,111,663.79	8,312,082.31	18,593,417.58		33,830,328.52
<b>Total</b>	44,111,663.79	8,312,082.31	18,593,417.58		33,830,328.52

### 3. Long-term equity investments

Item	December 31st, 2024			December 31st, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,789,655,803.95	363,448,720.01	4,426,207,083.94	5,039,655,803.95	213,448,720.01	4,826,207,083.94
<b>Total</b>	4,789,655,803.95	363,448,720.01	4,426,207,083.94	5,039,655,803.95	213,448,720.01	4,826,207,083.94

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 3. Long-term equity investments (continued)

#### (1) Investment in subsidiaries

Investee	December 31st, 2023	Increase during the year	Decrease during the year	December 31st, 2024	Provision for impairment for the year	Provision for impairment Balance as of December 31st, 2024
Central China Futures Co., Ltd.	413,613,442.08			413,613,442.08		
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	300,530,961.87			300,530,961.87		
Central China International Financial Holdings Co., Ltd.	1,522,636,400.00			1,522,636,400.00	150,000,000.00	363,448,720.01
Central China Blue Ocean Investment Management Co., Ltd.	2,676,000,000.00		250,000,000.00	2,426,000,000.00		
Central China Equity Exchange Co., Ltd.	126,875,000.00			126,875,000.00		
<b>Total</b>	<b>5,039,655,803.95</b>		<b>250,000,000.00</b>	<b>4,789,655,803.95</b>	<b>150,000,000.00</b>	<b>363,448,720.01</b>

The parent company made no investments in associates and joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 4. Net interest income

Item	FY 2024	FY 2023
<b>Interest income</b>	<b>751,406,283.52</b>	768,683,856.14
Including: Interest income from cash and bank balances and clearing settlement funds	<b>234,588,662.66</b>	211,916,352.77
Interest income from margin trading and short selling business	<b>470,871,852.04</b>	466,536,150.03
Interest income from financial assets held under resale agreements	<b>37,205,580.97</b>	52,569,878.94
Including: Interest income from agreed repurchase	<b>49,422.74</b>	389,700.52
Interest income from stock pledge repurchase	<b>26,989,668.37</b>	48,118,590.80
Interest income from financial assets at fair value through other comprehensive incomes	<b>7,525,559.12</b>	31,205,106.44
Others	<b>1,214,628.73</b>	6,456,367.96
<b>Interest expenses</b>	<b>547,222,051.28</b>	643,922,499.52
Including: Interest expenses of income securities issued certificate	<b>24,565,124.89</b>	49,105,952.65
Interest expenses of due to banks and other financial institutions	<b>25,452,509.58</b>	19,327,829.88
Including: Interest expenses of refinancing	<b>10,895,681.58</b>	10,507,524.89
Interest expenses of financial assets sold under repurchase agreements	<b>203,511,167.12</b>	265,880,648.15
Interest expenses of accounts payable to brokerage clients	<b>19,914,956.42</b>	25,374,502.21
Interest expenses of bonds payable	<b>254,741,928.86</b>	257,141,916.44
Including: Interest expenses of subordinated bonds	<b>91,959,575.01</b>	94,073,880.56
Interest expenses of bond lending	<b>9,662,138.78</b>	13,719,191.95
Others	<b>9,374,225.63</b>	13,372,458.24
<b>Net interest income</b>	<b>204,184,232.24</b>	124,761,356.62

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 5. Net fee and commission income

#### (1) Details

Item	FY 2024	FY 2023
Net income of securities brokerage business	568,344,887.37	431,840,468.77
Including: Securities brokerage business income	727,859,908.45	577,863,784.46
Including: Funds received as agent of stock exchange	713,169,565.24	562,202,422.38
Leasing of trading units and seats	176,614.69	44,205.69
Sales agent of financial products	13,313,424.41	14,815,215.48
Including: Securities brokerage business expenses	159,515,021.08	146,023,315.69
Including: Funds received as agent of stock exchange	159,469,760.26	145,971,083.55
Sales agent of financial products		232.82
Net income of investment banking business	49,607,745.29	88,516,671.00
Including: Investment banking business income	52,823,012.21	92,646,980.52
Including: Securities underwriting business	29,364,228.36	46,603,917.95
Securities sponsorship business	600,000.00	13,963,773.58
Financial advisory business	22,858,783.85	32,079,288.99
Including: Investment banking business expenses	3,215,266.92	4,130,309.52
Including: Securities underwriting business	2,032,924.53	1,358,490.56
Securities sponsorship business		
Financial advisory business	1,182,342.39	2,771,818.96
Net income of asset management business	24,328,823.74	27,995,480.00
Including: Asset management business income	24,328,823.74	27,995,480.00
Asset management business expenses		
Net income of investment consulting business	57,325,617.49	43,276,167.10
Including: Investment consulting business income	57,325,617.49	43,276,167.10
Investment consulting business expenses		
Net income of other fees	19,437,613.59	15,628,712.24
Including: Income of other fees	19,437,613.59	15,628,712.24
Other fee expenses		
<b>Total</b>	<b>719,044,687.48</b>	<b>607,257,499.11</b>
<b>Including: Total fee and commission income</b>	<b>881,774,975.48</b>	<b>757,411,124.32</b>
<b>    Total fee and commission expenses</b>	<b>162,730,288.00</b>	<b>150,153,625.21</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 6. Investment income

#### (1) By categories

Item	FY 2024	FY 2023
Income from long-term equity investments calculated by cost method		
Income from long-term equity investments calculated by equity method		
Income from disposal of long-term equity investments		
Investment income from financial instruments	211,291,489.07	807,766,561.18
Including: Income generated during the holding period	462,258,386.72	596,263,881.87
Including: Financial assets held for trading	497,053,737.53	637,583,476.60
Financial liabilities held for trading	-34,795,350.81	-41,319,594.73
Income from disposal of financial instruments	-250,966,897.65	211,502,679.31
Including: Financial assets held for trading	720,551,515.44	106,805,795.82
Financial assets at fair value through other comprehensive income	2,245,236.31	63,690,575.55
Derivative financial instruments	-903,120,951.04	69,242,493.90
Financial liabilities held for trading	-70,642,698.36	-28,236,185.96
<b>Total</b>	<b>211,291,489.07</b>	<b>807,766,561.18</b>

#### (2) Statement of investment income from financial instruments held for trading

Financial instruments held for trading		FY 2024
Financial assets classified as at fair value through profit or loss	Income during the holding period	497,053,737.53
	Income from disposal	720,551,515.44
Financial assets designated as at fair value through profit or loss	Income during the holding period	
	Income from disposal	
Financial liabilities classified as at fair value through profit or loss	Income during the holding period	-34,795,350.81
	Income from disposal	-70,642,698.36
Financial liabilities designated as at fair value through profit or loss	Income during the holding period	

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 7. Business and administrative expenses

Item	FY 2024	FY 2023
Employee expenses	618,167,371.35	798,312,985.85
Amortization of intangible assets	69,422,520.45	58,026,111.56
Electronic equipment operating fees	49,340,932.33	52,040,427.35
Depreciation of right-of-use assets	48,966,196.80	61,272,433.00
Depreciation of fixed assets	31,270,574.80	30,773,128.51
Advertising fees	19,023,225.37	26,921,517.60
Amortization of long-term deferred expenses	18,593,417.58	16,353,648.16
Member fees	14,712,058.70	14,514,048.49
Communication fees	13,289,586.16	15,275,751.66
Securities Investor Protection Fund	10,967,421.06	11,677,884.61
Consulting fees	10,838,762.35	12,116,396.68
Property Management Fee	9,162,013.80	9,002,689.60
Water and electricity charges	8,586,099.62	8,379,891.81
Information fees	8,010,604.49	9,714,997.50
Business entertainment expenses	5,748,513.60	9,889,993.96
Rental fees	5,691,753.24	2,342,131.51
Exchange facility usage fees	3,654,230.65	4,263,333.33
Security precautionary fees	3,449,365.82	3,190,392.58
Travel expenses	3,357,871.83	11,688,368.90
Others	20,998,669.96	33,931,232.42
<b>Total</b>	<b>973,251,189.96</b>	<b>1,189,687,365.08</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

### 8. Supplementary information of cash flow statement of parent company

Item	FY 2024	FY 2023
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	72,680,862.03	400,260,862.21
Add: Provision for impairment of assets	140,920,226.94	19,643,966.02
Accumulated depreciation of investment properties and fixed assets	32,192,590.80	31,898,883.89
Right-of-use assets depreciation	48,966,196.80	61,272,433.00
Amortization of intangible assets	69,422,520.45	58,026,111.56
Amortization of long-term deferred expenses	18,593,417.58	16,353,648.16
Losses on disposal of fixed assets, intangible assets and other long-term assets (or revenue: "-")	821,225.79	1,170,150.95
Gains and losses on changes in fair value (or revenue: "-")	-22,110,503.58	-87,437,291.09
Interest expenses	279,307,053.75	312,710,783.06
Exchange losses (or revenue: "-")	27,001.79	-63,128.47
Investment losses (or revenue: "-")	-9,770,795.43	-94,895,681.99
Decrease in deferred income tax assets (or increase: "-")	-15,849,776.74	16,684,566.06
Increase in deferred income tax liabilities (or decrease: "-")		-1,314,736.16
Decrease of operating receivables (or increase: "-")	3,993,025,622.30	-1,673,105,871.56
Increase of operating payable (or decrease "-")	-941,277,125.90	-693,046,331.06
Net cash flow from operating activities	3,666,948,516.58	-1,631,841,635.42
<b>2. Significant investing and financing business not related to cash receipts and payments:</b>		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	16,097,515,104.49	11,203,798,588.51
Less: Opening balance of cash	11,203,798,588.51	11,487,978,273.17
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash equivalent and cash	4,893,716,515.98	-284,179,684.66

## XVIII. FINANCIAL REPORT APPROVAL

This financial report was approved for reporting on March 28th, 2025, by the Company's Board of Directors.

# NOTES TO THE FINANCIAL STATEMENTS

for the Year of 2024

## SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

### 1. Statement of non-recurring profit and loss for the year

In accordance with the China Securities Regulatory Commission's *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Gains and Losses (Revised in 2023)*, the Company's non-recurring gains and losses for the reporting period are as follows:

Item	FY 2024	FY 2023
Gains and losses on disposal of non-current assets	2,306,066.86	-1,610,620.77
Government grants included in current profit or loss	13,270,434.35	20,830,183.98
Other non-operating income and expenses other than the above items	31,989,439.22	1,991,815.30
<b>Subtotal</b>	<b>47,565,940.43</b>	21,211,378.51
Less: Income tax impact	11,633,184.25	5,302,844.63
Influence amount of minority shareholder's equity (after tax)	3,589.04	181,275.55
<b>Non-recurring net profit and loss attributable to shareholders of the parent company</b>	<b>35,929,167.14</b>	15,727,258.33

### 2. Return on net assets and earnings per share

In accordance with the China Securities Regulatory Commission's *Rules for Information Disclosure and Reporting for Companies Offering Their Securities to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings Per Share* (2010 Revision), the Company's weighted-average return on net assets and earnings per share for the year 2024 are set out below:

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to owners of the parent company	1.76%	0.0530	0.0530
Net profit attributable to shareholders of the parent company after deducting non-recurring profits or losses	1.50%	0.0452	0.0452

Central China Securities Co., Ltd.  
March 28th, 2025