

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, Company manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the Company, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---

## 恒投證券 HENGTOU SECURITIES

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

(the “Company”)  
(Stock Code: 01476)

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2023,  
REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023,  
WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2023,  
ANNUAL REPORT FOR THE YEAR 2023,  
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023,  
FINAL ACCOUNTS REPORT FOR THE YEAR 2023,  
RE-APPOINTMENT OF DOMESTIC AUDITOR FOR THE YEAR 2024,  
RE-APPOINTMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2024  
AND  
NOTICE OF AGM**

---

A notice convening the AGM to be held at the meeting room of Grand Mercure Beijing Central, 6 Xuan Wu Men Nei Avenue, Xicheng District, Beijing, the PRC at 10:00 a.m. on Tuesday, 14 May 2024 is set out on pages 5 to 7 of this circular. A form of proxy for use at the AGM is also enclosed with this circular.

If you intend to attend the AGM by proxy, you are required to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of H Shares), or to the Company's head office in the PRC at 11/F, China Life Centre, No. 17 Finance Street, Xicheng District, Beijing, the PRC (for the holders of Domestic Shares) as soon as possible but in any event by not less than 24 hours before the time appointed for holding of the AGM (i.e. before 10:00 a.m. Monday, 13 May 2024) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

10 April 2024

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	ii
<b>LETTER FROM THE BOARD</b> .....	1
<b>NOTICE OF ANNUAL GENERAL MEETING</b> .....	5
<b>APPENDIX I – REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2023</b> .....	8
<b>APPENDIX II – REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023</b> .....	11
<b>APPENDIX III – WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2023</b> .....	16
<b>APPENDIX IV – FINAL ACCOUNTS REPORT FOR THE YEAR 2023</b> .....	19

---

## DEFINITIONS

---

*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

“AGM”	the annual general meeting of the Company for the year 2023 to be held at the meeting room of Grand Mercure Beijing Central, 6 Xuan Wu Men Nei Avenue, Xicheng District, Beijing, the PRC at 10:00 a.m. on Tuesday, 14 May 2024
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of directors of the Company
“Company”	a joint stock company incorporated in the People’s Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for or credited as paid in Renminbi
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Director(s)”	the independent non-executive director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

---

## DEFINITIONS

---

“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

---

LETTER FROM THE BOARD

---

恒投證券  
**HENGTOU SECURITIES**

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

(the “Company”)  
(Stock Code: 01476)

*Executive Director:*

Mr. Zhu Yanhui

*Non-executive Directors:*

Yu Lei

Wang Linjing

Li Ye

Yang Qin

Li Yanyong

*Independent non-executive Directors:*

Chen Xin

Xu Hongcai

Cheng Zhuo

*Registered address:*

Manshishangdu Office and Commercial Complex  
Hailaer East Street  
Xincheng District  
Hohhot  
Inner Mongolia Autonomous Region  
the PRC

*Head office address:*

11/F, China Life Centre  
No. 17 Finance Street, Xicheng District  
Beijing  
the PRC

*Place of business in Hong Kong:*

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

10 April 2024

*To the Shareholders,*

Dear Sir/Madam,

**REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2023,  
REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023,  
WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2023,  
ANNUAL REPORT FOR THE YEAR 2023,  
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023,  
FINAL ACCOUNTS REPORT FOR THE YEAR 2023,  
RE-APPOINTMENT OF DOMESTIC AUDITOR FOR THE YEAR 2024,  
RE-APPOINTMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2024,  
AND  
NOTICE OF AGM**

---

## LETTER FROM THE BOARD

---

### INTRODUCTION

The purpose of this circular is to give you the notice of the AGM and provide you with relevant information to enable you to make informed decision on whether to vote for or against the resolutions to be proposed at the AGM for the following matters:

### ORDINARY RESOLUTIONS

**(1) REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2023**

An ordinary resolution will be proposed at the AGM to consider and approve the report of the board of directors for the year 2023, the details of which are set out in Appendix I to this circular.

**(2) REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023**

An ordinary resolution will be proposed at the AGM to consider and approve the report of the supervisory committee for the year 2023, the details of which are set out in Appendix II to this circular.

**(3) WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2023**

An ordinary resolution will be proposed at the AGM to consider and approve the work report of independent directors for the year 2023, the details of which are set out in Appendix III to this circular.

**(4) ANNUAL REPORT FOR THE YEAR 2023**

An ordinary resolution will be proposed at the AGM to consider and approve the annual report for the year 2023, the details of which have been published on the “HKEXnews” website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.cnht.com.cn](http://www.cnht.com.cn).

---

## LETTER FROM THE BOARD

---

**(5) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023**

An ordinary resolution will be proposed at the AGM to consider and approve the report of the profit distribution plan for the year 2023, the details of which are as follows:

In accordance with the financial statements as audited by the auditors, the Company's accumulated retained profit for the year ended 31 December 2023 is RMB1,366,931,725.98. According to the provision "Among profits available for distribution, those from fair value change shall not be used for cash distribution" under No. 1 Guidance on Supervision over Annual Reports of Securities Companies 《證券公司年報監管工作指引第一號》 issued by the China Securities Regulatory Commission, after deducting the cumulative after-tax influence of RMB29,685,293.67 of such part, the Company's profit distributable to Shareholders in cash as at 31 December 2023 is RMB1,337,246,432.31.

In view of the long-term development of the Company, upon consideration and approval at the second meeting of the fifth session of the Board convened on 22 March 2024, the Board did not recommend to make any profit distribution for the year ended 31 December 2023.

**(6) FINAL ACCOUNTS REPORT FOR THE YEAR 2023**

An ordinary resolution will be proposed at the AGM to consider and approve the final accounts report for the year 2023, which was prepared in accordance with the China Accounting Standards for Business Enterprises. The details of the final accounts report are set out in the Appendix IV to this circular.

**(7) RE-APPOINTMENT OF DOMESTIC AUDITOR FOR THE YEAR 2024**

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of Grant Thornton (Special General Partnership) as the domestic auditor of the Company for the year 2024, to provide relevant audit and review services in accordance with the China Accounting Standards for Business Enterprises, as well as other professional services in accordance with regulatory requirements and needs arising from the Company's actual business development for a term until the conclusion of the annual general meeting of the Company to be held in 2025 and to authorize the Board to determine its remuneration.

---

## LETTER FROM THE BOARD

---

### (8) RE-APPOINTMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2024

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of Grant Thornton Hong Kong Limited as the international auditor of the Company for the year 2024, to provide relevant audit and review services in accordance with the International Financial Reporting Standards, as well as other professional services in accordance with regulatory requirements and needs arising from the Company's actual business development for a term until the conclusion of the annual general meeting of the Company to be held in 2025 and to authorize the Board to determine its remuneration.

### THE AGM

The AGM will be held at 10:00 a.m. on Tuesday, 14 May 2024, to consider and, if thought fit, to pass resolutions in respect of the matters set out in the notice of the AGM. A form of proxy will be published on the "HKEXnews" website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.cnht.com.cn](http://www.cnht.com.cn) in accordance with the Articles of Association and the Listing Rules on Wednesday, 10 April 2024.

Whether or not you intend to attend and/or vote at the AGM, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon as soon as possible.

Completion and return of the form of proxy will not preclude you from attending and voting at the AGM or at any adjourned meeting should you so wish.

### VOTING BY POLL

According to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Results of the poll voting will be published on the Company's website at [www.cnht.com.cn](http://www.cnht.com.cn) and the website of the "HKEXnews" at [www.hkexnews.hk](http://www.hkexnews.hk) after the AGM.

### RECOMMENDATION

The Board considers that all resolutions to be proposed at the AGM are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,  
By order of the Board  
**Zhu Yanhui**  
*Chairman*



---

## NOTICE OF ANNUAL GENERAL MEETING

---

# 恒投證券 HENGTOU SECURITIES

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

(the “Company”)  
(Stock Code: 01476)

### NOTICE OF 2023 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) of the Company for the year 2023 will be held at the meeting room of Grand Mercure Beijing Central, 6 Xuan Wu Men Nei Avenue, Xicheng District, Beijing, the People's Republic of China (the “PRC”) at 10:00 a.m. on Tuesday, 14 May 2024 to consider and, if thought fit, to pass, with or without modifications, the following resolutions of the Company:

#### ORDINARY RESOLUTIONS

1. To receive, consider and approve the report of the board (the “Board”) of directors (the “Directors”) of the Company for the year ended 31 December 2023;
2. To receive, consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2023;
3. To receive, consider and approve the work report of Independent Directors for the year ended 31 December 2023;
4. To receive, consider and approve the annual report of the Company for the year ended 31 December 2023;
5. To consider and approve the Company's profit distribution plan for the year ended 31 December 2023, that there is no profit to be distributed for the year ended 31 December 2023;
6. To receive, consider and approve the Company's final accounts report for the year ended 31 December 2023;
7. To consider and approve the re-appointment of Grant Thornton (Special General Partnership) as the Company's domestic auditor for the year 2024 for a term until the conclusion of the annual general meeting of the Company to be held in 2025 and to authorise the Board to determine its remuneration; and

---

## NOTICE OF ANNUAL GENERAL MEETING

---

8. To consider and approve the re-appointment of Grant Thornton Hong Kong Limited as the Company's international auditor for the year 2024 for a term until the conclusion of the annual general meeting of the Company to be held in 2025 and to authorise the Board to determine its remuneration.

By order of the Board

**Zhu Yanhui**

*Chairman*

Beijing, the PRC

10 April 2024

*Notes:*

1. Details of the above resolutions are set out in the circular of the Company dated 10 April 2024.
2. In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 9 May 2024 to Tuesday, 14 May 2024 (both days inclusive) during which period no transfer of shares will be effected. Shareholders whose names appear on the register of members of the Company on Tuesday, 14 May 2024 shall be entitled to attend the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's head office in the PRC at 11/F, China Life Centre, No. 17 Finance Street, Xicheng District, Beijing, the PRC (for holders of domestic shares), or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) no later than 4:30 p.m. on Wednesday, 8 May 2024 for registration.
3. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves. A proxy need not be a Shareholder.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same.
5. In order to be valid, the form of proxy must be deposited, for the holders of H shares, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, or for the holders of domestic shares, to the Company's head office in the PRC, not less than 24 hours before the time for holding the AGM or any adjourned meetings thereof (i.e. before 10:00 a.m. on Monday, 13 May 2024). If the form of proxy is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the form of proxy. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should you so wish.

---

## NOTICE OF ANNUAL GENERAL MEETING

---

6. Shareholders shall produce their identity documents and supporting documents in respect of shares held when attending the AGM. If corporate Shareholders appoints authorised representative to attend the AGM, the authorised representative shall produce his/her identity documents and a notarially certified copy of the relevant authorisation instrument signed by the Board or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the form of proxy signed by the Shareholders or their attorney when attending the AGM.
7. The AGM is expected to be held for less than half a day. Shareholders who intend to attend the AGM shall arrange and bear their own transportation and accommodation expenses.
8. The name and address of the Company's H share registrar is as follows:  
  
Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East,  
Wanchai, Hong Kong  
Tel: +852 2862 8555  
Fax: +852 2865 0990
9. The address of head office of the Company in the PRC is as follows:  
  
11/F, China Life Centre,  
No. 17 Finance Street,  
Xicheng District, Beijing,  
the PRC  
Contact person: Wang Hui  
Tel: +86 10 8327 0996  
Fax: +86 10 8327 0998
10. Where there are joint registered holders of any share(s), any one of such joint holders may attend and vote at the AGM, either in person or by proxy, in respect of such share(s) as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the AGM or any adjourned meeting thereof (as the case may be), the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
11. Pursuant to rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the chairman of the general meeting will also demand that all the resolutions proposed at the general meeting will be voted on by way of poll in registered form pursuant to Article 123 of the articles of association of the Company.

*As at the date of this notice, the Board comprises Mr. Zhu Yanhui as executive Directors; Mr. Yu Lei, Mr. Wang Linjing, Mr. Li Ye, Ms. Yang Qin and Mr. Li Yanyong as non-executive Directors; Mr. Chen Xin, Mr. Xu Hongcai and Ms. Cheng Zhuo as independent non-executive Directors.*

**REPORT OF THE BOARD OF DIRECTORS  
FOR THE YEAR 2023****I. MEETINGS OF THE BOARD OF DIRECTORS FOR THE YEAR 2023**

During the year 2023, the Board convened 20 meetings in total. For details, please refer to “III. Board of Directors and Performance of Duties” under Section 10 “Corporate Governance Report” of the annual report of the Company for the year 2023 dispatched to the Shareholders.

**II. OPERATION OF THE COMPANY FOR THE YEAR 2023**

Please refer to Section 6 “Report of the Board of Directors” of the annual report of the Company for the year 2023 dispatched to the Shareholders.

**III. MAIN WORK OF THE BOARD OF DIRECTORS FOR THE YEAR 2024****(I) Strengthening standardised operation supervision and continuously improving the standard of corporate governance**

With a series of capital market laws and regulations such as the Securities Law of the People’s Republic of China, the Company Law of the People’s Republic of China and new policies of industry regulation, the regulatory authorities have put forward higher requirements for the improvement of corporate governance structure of securities firms. The Board will continue to improve the corporate governance structure of the Company, continuously improve the scientific decision-making ability of the Board, continue to strengthen the supervision of standardised operation, and improve the overall level of standardised operation of the Company to ensure the legitimate rights and interests of all Shareholders.

**(II) Exploiting the effectiveness of compliance and risk control to improve the internal synergy efficiency**

The Board will urge the Company to continuously improve the professional level and comprehensive capability of compliance and risk control management, optimize the design of the three lines of defense, and exploit the effectiveness of compliance and risk control. In addition, the Company will continue to strengthen the horizontal communication and connection among various business lines and functional departments, as well as the vertical synergy between the parent company and the subsidiaries with overall coordination and rational transformation, so as to promote the overall synergy of the Company and maximize the operating efficiency of the Company.

**(III) Strictly performing the obligations of information disclosure and strengthening the management of investor relationship**

The Board will continue to attach great importance to information disclosure and supervise the Company to establish a sound information disclosure and investor relations system, continue to improve the quality and effectiveness of information disclosure, carry out the relevant work of information disclosure and investor relations management in an organized manner, effectively maintain the communication bridge between internal and external parties, and continue to improve the quality of internal and external services. The Board will also strengthen the management of insider information and insider knowledge, disclose matters related to connected transactions accurately and timely, and be accountable to investors with cautious endeavours.

**(IV) Actively performing social responsibilities and establishing an effective brand image of public company**

The Board will actively respond to the call of the state, supervise the Company to fully utilize its strengths and fulfill its social responsibilities, and firmly establish and maintain a good image of honesty, law-abiding and fairness, take the initiative to undertake the obligation of promoting social and economic development and industry progress, and continue to support social welfare issues. The Company will also strengthen its building of corporate culture, actively promote its strategy and showcase the image of the Company, and strengthen the credibility and influence of the Company's brand.

**(V) Clarifying the objectives of risk management for money laundering and improving the effectiveness of anti-money laundering work**

The Board will strictly follow the requirements of the People's Bank of China, the China Securities Regulatory Commission and other regulatory agencies as well as the industry self-regulatory organizations on the supervision of anti-money laundering and anti-terrorist financing work, fully implement the laws and regulations of anti-money laundering, establish clear objectives of money laundering risk management and urge the Company to promote the building of risk management culture of money laundering and actively fulfill its anti-money laundering obligations of corporate financial institution.

**(VI) Determining the Company’s goals of integrity management and ensuring the healthy development of various businesses**

In accordance with the relevant requirements of regulatory authorities and self-regulatory organizations, the Board will establish and realize the goals of integrity management, and determine the integrity responsibility of the Directors, Supervisors and senior management personnel; urge the Company to establish a sound risk prevention and control mechanism for business integrity, and improve the work system of integrity covering each business line, clarify the responsibilities and division of work for integrity management at all levels; fully incorporate integrity into the personnel management system, strengthen the checks and balances of positions and internal supervision mechanisms; take multiple measures to carry out integrity education and publicity activities to promote the integration of integrity culture into corporate culture, and ensure the healthy and sustainable development of the various businesses of the Company.

**(VII) Launching research work to provide scientific basis and effective support for the decision-making of the Company**

The Board intends to gain an in-depth and comprehensive understanding of the operating conditions of the Company and the challenges encountered by the Company in its development by combining on-site visits and listening to reports. Members of the Board will utilize their professional skills and abundant experience in the field to pool their collective wisdom to analyze the difficulties and challenges faced by the Company and propose practical and forward-looking solutions. This will lay a solid foundation for the Company to formulate more specific and targeted development strategies and facilitate the Company to advance in a steady manner amidst fierce market competition.

**(VIII) Proactively pushing for the effective implementation of strategies and promoting the steady business growth**

The Company will closely combine the actual situation and further refine the implementation plan of the strategy to ensure that the strategy is implemented in a solid and powerful manner, so as to promote the steady development of the business and clarify the future development path of the Company. In 2024, along with the ongoing optimization of the governance structure, the Company will raise the standard of operation and management to a higher level, and will do its utmost to promote the development of the various businesses in an effort to realize the standardization, specialization and high efficiency of the business, so as to lay a solid foundation for the long-term development of the Company.

**REPORT OF THE SUPERVISORY COMMITTEE  
FOR THE YEAR 2023**

**I. MEETINGS OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023**

During the year 2023, the Supervisory Committee convened 8 meetings in total. For details, please refer to “VII. Supervisory Committee and Duty Performance” under Section 10 “Corporate Governance Report” of the annual report of the Company for the year 2023 dispatched to the Shareholders.

**II. PERFORMANCE OF DUTIES OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023**

During the year 2023, the Supervisory Committee reviewed 23 resolutions throughout the year, and oversaw and inspected the legal compliance, major decisions and major operating activities of the Company as well as its financial position, and, on such basis, presented the opinions to the Company from the following perspective:

**1. Legal Compliance of the Company**

The Company operated in strict compliance with the relevant national laws and regulations such as the Company Law of the PRC and the Securities Law of the PRC as well as the provisions under the Articles of Association, and the decision-making procedures were in conformity with the law, which made the construction of the internal control system been further improved, the resolutions of the general meeting of Shareholders been effectively implemented. The Directors and senior management maintained their integrity and showed professional dedication towards their duties while remaining diligent in serving their functions. None of the Directors or senior management committed any acts in violation of law, regulations or the Articles of Association or to the prejudice of the interests of the Company in performing their duties.

**2. Completion of the Renewal of Members of the Fifth Session of the Supervisory Committee**

On 8 September 2023, the Company successfully convened the 2023 second extraordinary general meeting, which considered and passed a resolution in relation to the Election of Supervisors for the Fifth Supervisory Committee. On the same day, the first meeting of the fifth session of the Supervisory Committee of the Company was successfully convened and considered and passed the proposal of Election of Ms. Yu Lei as the Chairman of the Supervisory Committee of the fifth session of the Supervisory Committee. This represents the successful completion of the renewal of the members of the fifth session of the Supervisory Committee, injecting new vitality into the sustainable and stable development of the Company.

**3. Inspection on Financial Position of the Company**

The Supervisory Committee reviewed the financial position of the Company in a comprehensive and thorough manner and was of the opinion that the financial report for the year 2022 and the interim financial report for the year 2023 presented a true and objective view of the financial position and operating results of the Company. The audit report with a standard unqualified audit opinion issued and the assessment on the relevant matters conducted by the accounting firm were objective and fair.

**4. Supervision over Connected Transactions of the Company**

The Supervisory Committee conducted inspection on connected transactions of the Company in 2023 and was of the opinion that the decision-making process for connected transactions of the Company was in line with requirements under relevant laws, regulations and the Articles of Association, the price of connected transaction is fair and the transaction procedure is legal and effective, there is no harm to the interests of the Company and other Shareholders.

**5. Audit Opinion on the 2022 Annual Report of the Company**

The Supervisory Committee has carefully reviewed 2022 annual report of the Company and considered that the review procedures, the content and format of 2022 annual report of the Company complied with the laws and regulations, the Articles of Association and the relevant provisions of the internal management system of the Company, and fairly and truly reflected the actual situation of the Company. No breach of confidentiality has been found regarding those who involved in the preparation and review of the annual report.



**6. Opinion on Internal Control of the Company**

Upon earnest deliberation of the self-assessment report of internal control of the Company, the Supervisory Committee was of the view that a relatively comprehensive internal control system had been developed and could be effectively implemented, and the self-assessment report of the Company reflected the establishment and implementation of the internal control system of the Company and were prepared in truthful and objective manner.

**7. Overall Supervision of the Risk Management and Compliance Management of the Company**

The Supervisory Committee diligently performs its duties and comprehensively supervises the performance of duties and responsibilities of the Board and the management in terms of risk management and compliance management. The Supervisory Committee actively attends Board meetings to gain an in-depth understanding of the operating conditions and decision-making process of the Company; listens to the Company's annual risk management and compliance management reports and reviews the Company's monthly risk management reports, special reports and compliance reports; participates in the meetings of the compliance risk management committee of the Company and other relevant meetings to fully grasp the dynamics of risks, urge prevention and resolution regarding significant risks, establish a compliant corporate culture, and ensure the sound operation of the Company. The aforesaid measures have effectively promoted the perfection of the risk management and compliance management system of the Company and provided robust guarantee for the lawful and compliant operation and sustainable and healthy development of the Company.

**8. Performance of Anti-money Laundering Supervision**

The Supervisory Committee carefully reviewed the Company's objectives of money laundering risk management, annual work plan for anti-money laundering and work report for anti-money laundering, etc., fully understood the anti-money laundering supervisory opinions and rectification measures of the Hohhot Central Sub-branch of the People's Bank of China, as well as the rectification of the problems identified in the risk assessment of money laundering and terrorist financing, which urged the Board and senior management to perform their duties with due diligence in risk management of money laundering.

**9. Management and Construction of Integrity in Practice**

The Supervisory Committee has supervised the implementation of a series of policies and measures on integrity management by the Company in accordance with the requirements of the regulatory bodies and self-regulatory organizations on integrity management, and the Company has established a relatively sound risk prevention and control mechanism on integrity management to ensure the transparency and compliance of the business of the Company. Meanwhile, the Supervisory Committee also regularly or irregularly reviews the work of the internal audit department of the Company and conducts in-depth assessment and review regarding the management of integrity business so as to identify and rectify any problems in a timely manner. By taking such measures, the Supervisory Committee has effectively enhanced the integrity management standard of the Company and provided a strong guarantee for the healthy development of the Company.

**10. Inspection on the Financial Responsibility of the Term of Office of Former Senior Executives**

In 2023, seven senior executives of the Company departed from their offices. The Supervisory Committee, in accordance with the provisions of the Articles of Association and regulatory requirements, organized an external auditing institution and the audit department of the Company to conduct tenure audits of the departed senior executives, and the audit reports have been submitted to the regulatory authorities in a timely manner upon fulfillment of the internal review and approval procedures.

**11. Amendment of Relevant Rules of Procedure**

In order to further enhance the efficiency and transparency of its work and to ensure the effective performance of its supervisory functions, the Supervisory Committee has considered and approved the amendments to the Rules of Procedure of the Supervisory Committee in accordance with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Articles of Association and other laws and regulations. The revised Rules of Procedure have more specific requirements and regulations on the exercise of risk management, compliance management and money laundering risk management by the Supervisory Committee. The amendment not only reflects the emphasis of the Supervisory Committee on the optimization of the corporate governance structure, but also demonstrates the determination of the Supervisory Committee to reinforce its self-construction and to enhance the supervisory capacity.

**III. MAIN WORK OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2024**

In 2024, in accordance with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Articles of Association and other laws and regulations, the Supervisory Committee will continue to conscientiously perform various duties, strive to achieve new achievements in strengthening daily supervision, focusing on compliance and risk control, improving the construction of internal mechanisms, and promoting the standardized and stable development of the Company, and further exert the independence, professionalism and effectiveness of the supervision of the Supervisory Committee to improve the governance level of the Company.

The Supervisory Committee will keep on supervising the performance of duties by the Directors and senior management, and engage the Audit Department of the Company from time to time to conduct economic responsibility audits on the performance of duties and treatment of the persons-in-charge of the Company and their business expenditures, and results of which will be supervised and managed. The Supervisory Committee will oversee the major decision-making, financial management, periodical reporting and connected transactions of the Company; further promote the continuous healthy and effective operation of the compliance management and comprehensive risk management systems of the Company, and continuously promote the enhancement of the level of compliance and risk management of the Company, so as to safeguard the rights and interests of the Company, Shareholders and employees.

The Supervisory Committee intends to gain an in-depth and comprehensive understanding of the basic conditions of the Company and the challenges encountered by the Company in its development by combining on-site visits and listening to reports. Members of the Supervisory Committee will utilize their professional skills and abundant experience in the field to pool their collective wisdom to analyze the difficulties and challenges faced by the Company and propose practical and forward-looking solutions. This will lay a solid foundation for the Company to formulate more specific and targeted development strategies and facilitate the Company to advance in a steady manner amidst fierce market competition.

The Supervisory Committee will review the money laundering risk management objectives, annual anti-money laundering work plan and anti-money laundering work report of the Company in a timely manner to understand the overall progress of the anti-money laundering work of the Company, and fulfill the supervisory responsibilities of the Supervisory Committee regarding the money laundering risk management in an efficient manner.

The Supervisory Committee will, in accordance with the relevant requirements of the regulatory bodies and self-regulatory organizations on integrity in business, strengthen the supervision of the Directors and senior management in fulfilling their management duties on integrity in business, guide the Shareholders to comply with the regulations on integrity in business, enhance the awareness of clean business, and promote the building of a culture featuring integrity.

**WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2023**

In 2023, the Independent Directors, in stringent conformity with the relevant provisions of the Company Law of the People’s Republic of China and the Articles of Association, performed their duties independently and faithfully, and actively attended the relevant meetings of the Company and expressed their independent opinions on matters requiring the opinions of the Independent Directors, which safeguarded the legitimate rights and interests of the Company and all Shareholders, especially the small and medium-sized Shareholders. The work in 2023 is as follows:

**I. THE ATTENDANCE OF INDEPENDENT DIRECTORS AT MEETINGS FOR THE YEAR 2023**

In 2023, all Independent Directors attended the general meetings, Board meetings, and actively participated in the discussion of various resolutions and put forward opinions and suggestions, and voted in favor of the relevant resolutions that required voting, which has effectively fulfilled their duty of diligence as an Independent Director. The attendance of the Independent Directors at relevant meetings for the year 2023 is as follows:

Name of Independent Directors	Position	Number of attendance in Board meetings					Attendance in general meetings	
		Number of attendance required in the Board meetings	Number of meetings attended in person	Number of meetings attended by proxy	Number of absences	Voting results	Number of attendance in general meetings	Number of attendance in general meetings
Chen Xin	Independent non-executive Director	5	5	0	0	All agree	2	2
Xu Hongcai	Independent non-executive Director	5	5	0	0	All agree	2	2
Cheng Zhuo	Independent non-executive Director	5	5	0	0	All agree	2	2
Xie Deren	Independent non-executive Director (resigned)	15	15	0	0	All agree	3	3
Dai Genyou	Independent non-executive Director (resigned)	15	15	0	0	All agree	3	3
Lam Sek Kong	Independent non-executive Director (resigned)	15	15	0		All agree	3	3

**II.      ISSUE OF INDEPENDENT OPINIONS IN PERFORMANCE OF DUTIES AS INDEPENDENT DIRECTORS**

In 2023, the Independent Directors regularly and irregularly listened to the work reports of the management, and promptly reviewed the work reports of business conditions, compliance and risk control, and auditing submitted by the Company through telephone, email and other ways. They took the opportunity to participate in relevant meetings such as Board meetings, general meetings and other related meetings to communicate with the management, proactively understood the operating conditions of the Company, paid attention to changes in the industry, discussed major issues of the Company, focused on matters involving small and medium-sized investors and gave full play to their professional expertise to put forward relevant suggestions and opinions. The Independent Directors actively promoted the cultural philosophy of “compliance, honesty, professionalism and stability” to protect the interests of the Company and its small and medium-sized Shareholders and promote the healthy development of the Company.

The Independent Directors have reviewed various reports of the Company in 2022 in a thorough and prudent manner, including but not limited to the financial report, business report and risk assessment report, to ensure the enhanced transparency of the operations of the Company and the accuracy of the information disclosure. Meanwhile, the Independent Directors also actively participated in the revision of the internal control system, compliance system, audit system, human resources system and information technology system of the Company, providing solid backup for the internal management of the Company. The Independent Directors actively participated in the review of the Articles of Association on two occasions to ensure the compliance and applicability of the operation of the Company. The Independent Directors also thoroughly reviewed the amendment to the Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for the Board of Directors and Rules of Procedure for the Supervisory Committee to provide clearer and more standardized guidance for the internal decision-making process of the Company. The Independent Directors also participated in the selection and appointment of members of the management of the Company and related matters involving connected transactions. They have expressed their professional opinions and recommendations on related matters and transactions, which have fully utilized their roles as independent Directors and promoted the efficient and scientific decision-making of the Board.

**III.    OVERALL ASSESSMENT AND RECOMMENDATION**

In 2023, the Independent Directors continued to pay attention to the disclosure of information by the Company and carefully examined the reports disclosed by the Company, focusing on the annual report and interim report, and paying attention to whether the disclosures were false or have material omissions. After review, the annual report and interim report prepared by the Company met the regulatory requirements, and there was no violation of rights and interests for investors. In 2023, for each resolution that needs to be reviewed by the Board, the Independent Directors carefully reviewed the information provided by the Company in advance and exercised their voting rights independently, objectively and prudently. The Independent Directors have an in-depth understanding of the daily situation of the Company, such as the Company's operation and management, internal control, financial management, connected transactions and business development, have kept abreast of the process of the Company, fully performed the duties of the Independent Directors, and promoted the decision-making by the Board scientifically and objectively, thus effectively safeguarding the legitimate rights and interests of the minority Shareholders. In 2023, the Independent Directors continued to strengthen their studies, urged the Company to improve its governance structure, formulated relevant systems in a timely manner, and formed an awareness of actively protecting the rights and interests of investors.

In 2024, Independent Directors will continue to focus on the work of the Board and special committees under the Board by performing the duties of Independent Directors with devotion, diligence and duty, giving full play to the role of Independent Directors, maintaining communication and cooperation with the Board, the Supervisor Committee and senior management personnel, gaining a comprehensive understanding of the operating conditions of the Company and the market environment through in-depth research, and to make constructive suggestions and recommendations, in order to promote the sustainable and steady development of the Company, effectively safeguard the interests of the Company and all Shareholders, in particular the small and medium-sized Shareholders.

**FINAL ACCOUNTS REPORT FOR THE YEAR 2023**

Based on the audit of the financial statements of 2023, Grant Thornton (Special General Partnership) considered that the financial statements of the Company prepared in accordance with the China Accounting Standards for Business Enterprises, presented fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its operating results and cash flows for the year then ended, and issued an audit report with standard unqualified opinions to the Company.

**I. OVERALL OPERATION**

In 2023, the Group achieved operating revenue of RMB1,858,375,500, representing an increase of 49% as compared to the corresponding period in the last year; operating expenses of RMB1,752,982,800, representing a decrease of 32% as compared to the corresponding period in the last year; and net profit of RMB12,165,500, representing an increase of 101% as compared to the corresponding period in the last year, among which, net profit attributable to the Shareholders of the Company amounted to RMB64,145,600.

As of the end of 2023, the total assets of the Group amounted to RMB30,436,119,500, representing a decrease of RMB585,128,200 or 2% as compared to the beginning of the year; total liabilities amounted to RMB22,246,055,100, representing a decrease of RMB589,437,700 or 3% as compared to the beginning of the year; equity interests of owners amounted to RMB8,190,064,400, representing an increase of RMB4,309,500 as compared to the beginning of the year, among which, equity interests attributable to the Shareholders of the parent company amounted to RMB8,053,415,300.

**II. ASSET AND LIABILITY STRUCTURE AND CASH FLOW****1. Asset and liability structure**

As of the end of 2023, the total assets and total liabilities of the Group amounted to RMB30,436,119,500 and RMB22,246,055,100, respectively. The gearing ratio of the self-owned assets was 59%, representing an increase of 2 percentage points as compared to the corresponding period in the last year.

Major assets: monetary contributions funds amounted to RMB10,291,588,400, representing a decrease of RMB609,512,800 as compared to the beginning of the year and accounting for 34% of the total assets; clearing settlement funds amounted to RMB2,160,270,700, representing a decrease of RMB495,848,800 as compared to the beginning of the year and accounting for 6% of the total assets; financial investment amounted to RMB9,335,303,500, representing an increase of RMB424,717,100 as compared to the beginning of the year and accounting for 31% of the total assets; margin loans amounted to RMB5,183,075,900,

representing an increase of RMB481,300,400 as compared to the beginning of the year and accounting for 17% of the total assets; assets held under resale agreements amounted to RMB482,029,900, representing a decrease of RMB342,533,500 as compared to the beginning of the year and accounting for 2% of the total assets. The above major assets accounted for 90% of the total assets.

Major liabilities: customer brokerage deposits amounted to RMB10,510,124,500, representing a decrease of RMB1,254,954,000 as compared to the beginning of the year and accounting for 47% of the total liabilities; financial assets sold under agreements to repurchase amounted to RMB3,610,482,000, representing a decrease of RMB61,809,000 as compared to the beginning of the year and accounting for 16% of the total liabilities; debt payable amounted to RMB3,417,750,900, representing a decrease of RMB54,796,400 as compared to the beginning of the year and accounting for 15% of the total liabilities; short-term financing bill payables amounted to RMB964,838,500, representing a decrease of RMB51,932,700 as compared to the beginning of the year and accounting for 5% of the total liabilities; and placements amounted to RMB2,117,389,000, representing an increase of RMB1,113,406,800 as compared to the beginning of the year and accounting for 10% of the total liabilities. The above major liabilities accounted for 93% of the total liabilities.

## 2. Operating funds

Cash flow of the Company in 2023 is as follows:

**Table 1: Table of cash flow for operating funds**

*Unit: RMB0'000*

<b>Item</b>	<b>2023</b>	<b>2022</b>
I. Net cash flow generated from operating activities	-59,944.20	3,890.32
Cash inflow generated from operating activities	360,998.08	650,443.62
Cash outflow generated from operating activities	420,942.28	646,553.30
II. Net cash flow generated from investment activities	-7,885.23	-10,391.33
III. Net cash flow generated from financing activities	-38,021.52	-162,484.67
IV. Impact on cash arising from changes in exchange rates	48.68	246.69
V. Net increase in cash and cash equivalents	-105,802.27	-168,738.99
Add: Balance of cash and cash equivalents at the beginning of the period	1,246,571.84	1,415,310.83
VI. Balance of cash and cash equivalents at the end of the period	1,140,769.57	1,246,571.84



- (1) In 2023, net cash outflow from operating activities amounted to RMB599,442,000, among which cash inflow generated from operating activities was RMB3,609,980,800, mainly consisted of cash inflow from receipt of interests, fees and commission of RMB2,065,108,700; cash inflow from placements of RMB1,100,000,000, funds inflow from business under resale agreements of RMB325,593,100, cash inflow from placements of RMB7,573,100, and cash generated from other operating activities of RMB111,705,800; cash outflow generated from operating activities amounted to RMB4,209,422,800, mainly consisted of cash outflow from financial assets held for trading amounted to RMB3,763,000, cash outflow from payment for staff of RMB897,265,600, cash outflow paid for interests, fees and commission of RMB339,909,000, cash outflow from payment of taxes of RMB80,179,500, cash outflow from receipt of trading agency of RMB1,254,954,000, funds outflow from repurchasing business of RMB62,230,000, fund outflow generated from margin loans of RMB471,856,600, and cash outflow from payment for other operating activities of RMB1,099,265,100.
- (2) Net cash outflow from investment activities of the Group in 2023 amounted to RMB78,852,300, mainly consisted of cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB79,025,800.
- (3) Net cash outflow from financing activities of the Company in 2023 amounted to RMB380,215,200, mainly consisted of cash inflow from the Company's financial activities of issuance of beneficiary certificates of RMB1,950,000,000, cash inflow from the issuance of subordinated bonds and corporate bonds of RMB3,450,000,000; cash outflow from repayment of the principle of beneficiary certificates, subordinated bonds, private bonds and corporate bonds of RMB5,450,000,000, cash outflow from payment of interests of RMB220,674,200, cash outflow paid for other activities relating to financing of RMB109,541,000.

**III. EQUITY INTERESTS OF SHAREHOLDERS****1. Equity interests of owners**

At the end of 2023, the equity interests of owners of the Group amounted to RMB8,190,064,400, representing an increase of RMB4,309,500 as compared to the beginning of the year. Among which:

Closing balance of other comprehensive income amounted to RMB-50,640,100, representing a decrease of RMB7,856,000 or 18% as compared to the beginning of the year.

Closing balance of surplus reserve, general risk reserve and transaction risk reserve amounted to RMB2,421,838,700, representing an increase of RMB26,601,800 or 1% as compared to the beginning of the year.

Undistributed profit: the closing balance amounted to RMB1,409,255,300, representing an increase of RMB37,543,800 or 3% as compared to the beginning of the year. Among which:

- (1) Net profit attributable to the Shareholders of the Company in 2023 increased by RMB64,145,600 of undistributed profit during the period.
- (2) Transfer of general risk reserve and transaction risk reserve decreased by RMB26,601,800 of undistributed profit.

Minority Shareholders' equity interests: the closing balance amounted to RMB136,649,100, representing a decrease of RMB51,980,100 as compared to the beginning of the year.

## 2. Net assets income

The net asset income of the Company in 2023 is as follows:

**Table 2: Table of net asset income and changes in income per share**

Major Financial Indicators	2023	2022	Year on Year increase/ decrease
Net profit attributable to the parent company ( <i>RMB0'000</i> )	6,414.56	-128,637.14	105%
Net assets ( <i>RMB0'000</i> )	819,006.44	818,575.49	0%
Weighted average rate of return on net assets (%)	0.80	-14.86	Increased by 15.66 percentage points
Net assets per Share attributable to ordinary Shareholders ( <i>RMB/share</i> )	3.09	3.07	1%
Basic earnings per Share ( <i>RMB/share</i> )	0.02	-0.49	104%

Notes:

1. Net assets value per share attributable to ordinary Shareholders = (equity attributable to ordinary Shareholders and holders of perpetual capital securities – perpetual capital securities) divided by total share capital.
2. Weighted average rate of return on net assets =  $P / (E_0 + P \div 2 + E_i \times M_i \div M_0 - E_j \times M_j \div M_0)$ , among which, P represents the net profits attributable to ordinary Shareholders of the Company during the Reporting Period;  $E_0$  represents the net assets attributable to ordinary Shareholders of the Company at the beginning of the period;  $E_i$  represents additional net assets from issuance of new shares or from debt to equity attributable to ordinary Shareholders of the Company during the Reporting Period;  $E_j$  represents reduced net assets from repurchase or from cash dividend attributable to ordinary Shareholders of the Company during the Reporting Period;  $M_0$  represents the number of months of the Reporting Period;  $M_i$  represents the accumulative number of months calculated from the month following the additional net assets to the end of the Reporting Period;  $M_j$  represents the accumulative number of months calculated from the month following the reduced net assets to the end of the Reporting Period.
3. Basic earnings per share = (the net profits attributable to ordinary Shareholders of the Company – perpetual capital securities dividend) divided by total share capital.

## 3. Dividends of Shareholders

For the year 2023, the Company did not distribute any cash dividend to the Shareholders.

## IV. NET CAPITAL AND RISK CONTROL INDICATORS

Table 3: Table of Net Capital and Regulatory Indicators

Unit: RMB'0,000

Item	2023	2022	Regulatory standard
Net capital	638,404.47	542,263.85	N/A
Including: Net core capital	533,404.47	542,263.85	N/A
Net supplement capital	105,000.00	0.00	N/A
Net assets	795,824.51	792,846.27	N/A
Total risk capital provision	321,480.18	312,705.92	N/A
Total assets on and off statement of financial position	1,961,184.20	1,792,802.64	N/A
Risk coverage ratio	198.58%	173.41%	≥100%
Capital leverage ratio	27.82%	30.25%	≥8%
Liquidity coverage ratio	312.69%	708.90%	≥100%
Net stable funding ratio	192.25%	134.36%	≥100%
Net capital/net assets	80.22%	68.39%	≥20%
Net capital/liabilities	59.20%	55.29%	≥8%
Net assets/liabilities	73.80%	80.84%	≥10%
Proprietary equity securities and securities derivatives/net capital	8.26%	11.12%	≤100%
Proprietary non-equity securities and securities derivatives/net capital	119.10%	127.64%	≤500%

The net capital of the Company in 2023 was RMB6,384,044,700, representing an increase of RMB961,406,200 as compared to the end of 2022. The capital leverage ratio and liquidity coverage ratio at the end of 2023 were lower than that of the corresponding period of the previous year, while the net stable capital ratio and risk coverage ratio were higher than that of the corresponding period of the previous year. In general, all risk control indicators were in compliance with regulatory standards.