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恒 投 證 券
HENGTOU SECURITIES

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

(the “**Company**”)
(**Stock Code: 01476**)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of the Company hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2024. This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results and has been reviewed by the audit committee of the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.cnht.com.cn). The 2024 interim report of the Company will be published on the websites of HKEXnews and the Company in due course but no later than the end of September 2024.

By order of the Board
Zhu Yanhui
Chairman

Beijing, the PRC
23 August 2024

As at the date of this announcement, the Board comprises Mr. Zhu Yanhui as executive Director; 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.

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Important Notice

The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that the contents of this report are true, accurate and complete without any false representation, misleading statement or material omission, and assume several and joint liability in respect thereof.

This report has been considered and approved at the third meeting of the fifth session of the Board and the third meeting of the fifth session of the Supervisory Committee where all the Directors and Supervisors were present, respectively. None of the Directors, Supervisors or senior management of the Company has declared that they could not guarantee or had any objection to the truthfulness, accuracy and completeness of this report.

The interim financial information for the six months ended 30 June 2024 is prepared by the Company in accordance with the International Financial Reporting Standards, and has been reviewed by Grant Thornton Hong Kong Limited in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. All amounts set out in this report are stated in RMB unless otherwise stated.

Mr. Zhu Yanhui (the Chairman of the Board), Mr. Yin Guohong (the president) and Mr. Sun Hang (the chief financial officer) declared that they warrant the truthfulness, accuracy and completeness of the interim financial information contained in this report.

The forward-looking statements including future plans and development strategies set out in this report do not constitute the Company's substantive commitment to investors. The investors are advised to pay attention to investment risks.

Section I Definitions

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

APP	application, which generally refers to mobile applications
Articles of Association	the articles of association of the Company, as amended from time to time
Baotou Huazi	Baotou Huazi Industry Co., Ltd. (包頭華資實業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600191) and a substantial shareholder of the Company
Board	the board of directors of the Company
Company or Hengtou Securities	a company established as a limited liability company in the PRC on 28 December 1998 and converted into a joint stock company with limited liability under the PRC laws on 3 November 2008 under the corporate name 「恒泰证券股份有限公司」(Hengtai Securities Co., Ltd.), and carrying on business in Hong Kong as 「恒投證券」(in Chinese) and “HENGTOU SECURITIES” (in English) as approved by and registered with the Hong Kong Companies Registry on 27 April 2015, and whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange
Corporate Governance Code	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
Director(s)	director(s) of the Company
Domestic Share(s)	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for or credited as paid-up in RMB
end of the Reporting Period	30 June 2024
Finance Street Capital	Beijing Financial Street Capital Operation Investment (Group) Co., Ltd. (北京金融街資本運營集團有限公司), formerly known as Beijing Finance Street Capital Management Centre (北京金融街資本運營中心), which holds 62.06% equity interest in Finance Street Investment and is a subsidiary of SASAC Xicheng District
Finance Street Investment	Beijing Finance Street Investment (Group) Co., Ltd. (北京金融街投資(集團)有限公司), formerly known as Beijing Finance Street Construction Group Co., Ltd. (北京金融街建設集團), a subsidiary of SASAC Xicheng District
Finance Street Xihuan Properties	Beijing Finance Street Xihuan Properties Co., Ltd. (北京金融街西環置業有限公司), formerly known as Beijing Xihuan Properties Co., Ltd. (北京西環置業有限公司), a subsidiary of Finance Street Investment and a shareholder of the Company
FOF	Fund of Fund, a fund which is specially invested in other securities investment funds

Section I Definitions

GDP	gross domestic product
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Hong Kong Stock Exchange
Hangzhou Ruisi	Hangzhou Ruisi Industrial Co., Ltd. (杭州瑞思實業有限公司), which holds 98.67% equity interest in Shaanxi Tianchen
Hengtai Capital	Hengtai Capital Investment Co., Ltd. (恒泰資本投資有限責任公司), 100% equity interest of which is held by the Company
Hengtai Changcai	Hengtai Changcai Securities Co., Ltd. (恒泰長財證券有限責任公司), 100% equity interest of which is held by the Company
Hengtai Futures	Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司), 95.10% and 4.90% equity interest of which are held by the Company and Hengtai Pioneer, respectively
Hengtai Pioneer	Hengtai Pioneer Investment Co., Ltd. (恒泰先鋒投資有限公司), 100% equity interest of which is held by the Company
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hongzhi Huitong	Beijing Hongzhi Huitong Industrial Co., Ltd. (北京鴻智慧通實業有限公司), a shareholder of the Company
Huarong Infrastructure	Beijing Huarong Infrastructure Investment Co., Ltd. (北京華融基礎設施投資有限責任公司)
Huarong Zonghe Investment	Beijing Huarong Zonghe Investment Co., Ltd. (北京華融綜合投資有限公司), formerly known as Beijing Huarong Zonghe Investment Company (北京華融綜合投資公司), a subsidiary of Finance Street Investment and a substantial shareholder of the Company
Huifa Technology	Zhejiang Free Trade Zone Huifa Technology Co., Ltd. (浙江自貿區匯發科技有限公司), formerly known as Tibet Dazi Huifa Technology Co., Ltd. (西藏達孜匯發科技有限公司) and Tibet Dazi Huifa Investment Co., Ltd. (西藏達孜匯發投資有限公司), a shareholder of the Company
IPO	Initial Public Offering

Section I Definitions

Listing	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange on 15 October 2015
Listing Date	15 October 2015
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
margin financing and securities lending	a collateral-backed operating activity in which securities firms provide clients with monies to buy listed securities or with listed securities for sale
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
NEEQ	National Equities Exchange and Quotations
New China Fund	New China Fund Management Co., Ltd. (新華基金管理股份有限公司), 58.62% equity interest of which is held by the Company
PRC or China	for the purpose of this report, the People's Republic of China (excluding Hong Kong, Macau Special Administration Region of the PRC and Taiwan)
Prospectus	the H Shares prospectus of the Company dated 30 September 2015
Reporting Period	the six months ended 30 June 2024
RMB	Renminbi, the lawful currency of China, the basic unit of which is Yuan
SASAC Xicheng District	The State-owned Assets Supervision and Administration Commission of Xicheng District People's Government of Beijing Municipality (北京市西城區人民政府國有資產監督管理委員會), which holds 100% and 37.94% equity interest in each of Finance Street Capital and Finance Street Investment, respectively
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shaanxi Tianchen	Shaanxi Tianchen Technology Trading Co., Ltd. (陝西天宸科貿有限公司), which holds 97.67% equity interest in Hongzhi Huitong
stock pledged repurchase transaction	a transaction in which a qualified borrower pledges his shares or other securities held as collaterals to obtain financing funds from a qualified lender, and agrees to repay the funds on a future date to release the pledge
substantial shareholder(s)	has the meaning ascribed thereto under the Listing Rules
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company

Section I Definitions

Suzhou Bingtai	Suzhou Bingtai Trading Co., Ltd. (蘇州秉泰貿易有限公司), which holds 100% equity interest in Hangzhou Ruisi
this report	the 2024 interim report of the Company
Tianfeng Securities	Tianfeng Securities Co., Ltd. (天風證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601162) and a substantial shareholder of the Company
Wind Info	Wind Info Co., Ltd. (上海萬得信息技術股份有限公司), a joint stock company incorporated in the PRC with limited liability and a service provider of financial data, information and software, being an independent third party of the Company

Section II Company Profile

I. NAME OF COMPANY

Chinese name: 恒泰证券股份有限公司, being the corporate name in the PRC (carrying on business in Hong Kong as 「恒投證券」)

English name: HENGTAI SECURITIES CO., LTD., being English translation of the corporate name in the PRC (carrying on business in Hong Kong as "HENGTOU SECURITIES")

II. BOARD OF DIRECTORS

Executive Director

Mr. Zhu Yanhui (*Chairman*)

Non-executive Directors

Mr. Yu Lei

Mr. Wang Linjing

Mr. Li Ye

Ms. Yang Qin

Mr. Li Yanyong

Independent Non-executive Directors

Mr. Chen Xin

Mr. Xu Hongcai

Ms. Cheng Zhuo

Special Committees of the Board

Strategy and Investment Committee

Mr. Zhu Yanhui (*Chairman of the Committee*)

Mr. Xu Hongcai

Mr. Li Ye

Risk Control and Supervisory Committee

Mr. Zhu Yanhui (*Chairman of the Committee*)

Mr. Wang Linjing

Mr. Li Yanyong

Audit Committee

Mr. Chen Xin (*Chairman of the Committee*)

Mr. Wang Linjing

Ms. Cheng Zhuo

Remuneration and Nomination Committee

Mr. Chen Xin (*Chairman of the Committee*)

Mr. Xu Hongcai

Mr. Zhu Yanhui

Section II Company Profile

III. SUPERVISORY COMMITTEE

Ms. Yu Le (*Chairlady of the Supervisory Committee*)
Mr. Chen Feng
Mr. Wang Hui

IV. SECRETARY OF THE BOARD

Mr. Zhang Jingshun
Tel: +86 10 8327 0999
Fax: +86 10 8327 0998
Email: zhangjingshun@cnht.com.cn
Correspondence address: 12/F, Tower B, Desheng International Center, No. 83, Deshengmenwai Street, Xicheng District, Beijing, the PRC (post code: 100088)

V. JOINT COMPANY SECRETARIES

Mr. Zhang Jingshun, Dr. Ngai Wai Fung

VI. AUTHORIZED REPRESENTATIVES

Mr. Zhu Yanhui, Dr. Ngai Wai Fung

VII. HEAD OFFICE IN CHINA

Registered address: Manshishangdu Office and Commercial Complex, Hailaer East Street, Xincheng District, Hohhot, Inner Mongolia Autonomous Region, the PRC (post code : 010051)
Head office address: 12/F, Tower B, Desheng International Center, No. 83, Deshengmenwai Street, Xicheng District, Beijing, the PRC (post code: 100088)
Website: www.cnht.com.cn
Email: dongban@cnht.com.cn

VIII. PLACE OF BUSINESS IN HONG KONG

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

IX. AUDITORS

International accounting firm: Grant Thornton Hong Kong Limited
Domestic accounting firm: Grant Thornton Certified Public Accountants

X. HONG KONG LEGAL ADVISOR

Guantao & Chow Solicitors and Notaries

XI. H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

XII. STOCK CODE (H SHARES)

01476

Section III Summary of Accounting Data and Financial Indexes

I. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDEXES

(Unaudited accounting data and financial indexes set out in this report are prepared in accordance with the International Financial Reporting Standards)

Item	1 January 2024 to 30 June 2024	1 January 2023 to 30 June 2023	Increase/ (decrease) from last period
Operating results (RMB'000)			
Total revenue and other income	1,169,284	1,448,468	(19.27%)
Profit before tax	75,098	211,055	(64.42%)
Profit for the period – attributable to ordinary shareholders of the Company	53,872	193,196	(72.12%)
Net cash used in operating activities	(129,342)	(722,239)	82.09%
Earnings per share (RMB/share)			
Basic earning per share ¹	0.0207	0.0742	(72.10%)
Diluted earning per share ¹	0.0207	0.0742	(72.10%)
Profitability index			
Weighted average rate of return on net assets (%) ²	0.67	2.38	Decreased by 1.71 percentage points
Item	30 June 2024	31 December 2023	Increase/ (decrease) from the end of last year
Scale indicators (RMB'000)			
Total assets	35,222,614	31,202,650	12.88%
Total liabilities	26,998,934	23,012,586	17.32%
Accounts payable to brokerage clients	12,143,511	10,510,125	15.54%
Equity attributable to ordinary shareholders and holders of perpetual capital securities	8,121,909	8,053,415	0.85%
Total share capital ('000 shares)	2,604,567	2,604,567	0.00%
Net assets per share attributable to ordinary shareholders ³ (RMB/share)	3.12	3.09	0.97%
Gearing ratio (%) ⁴	64.37	60.42	Increased by 3.95 percentage points

Section III Summary of Accounting Data and Financial Indexes

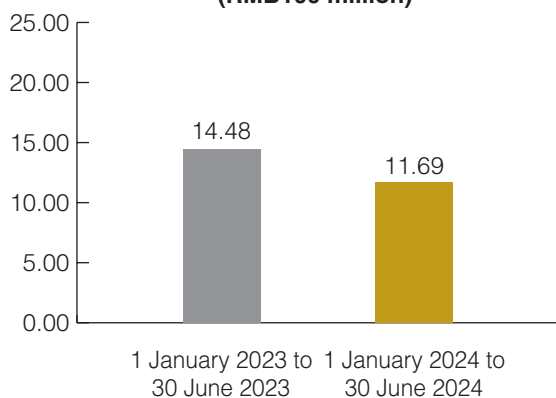
I. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDEXES (CONTINUED)

Notes:

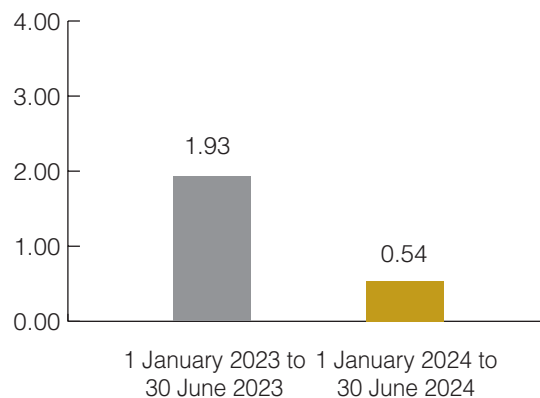
1. The index is calculated based on the assumption of deducting the dividends of the holders of cumulative perpetual capital securities.
2. Weighted average rate of return on net assets (%) = $P / (E_o + P \div 2 + E_i \times M_i \div M_o - E_j \times M_j \div M_o)$, in which P represents net profit attributable to ordinary shareholders of the Company during the Reporting Period; E_o represents 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_o 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. Net assets per share attributable to ordinary shareholders = $(\text{equity attributable to ordinary shareholders and holders of perpetual capital securities} - \text{perpetual capital securities}) \div \text{total share capital}$.
4. Gearing ratio (%) = $(\text{total liabilities} - \text{account payables to brokerage clients}) / (\text{total assets} - \text{account payables to brokerage clients})$.

Section III Summary of Accounting Data and Financial Indexes

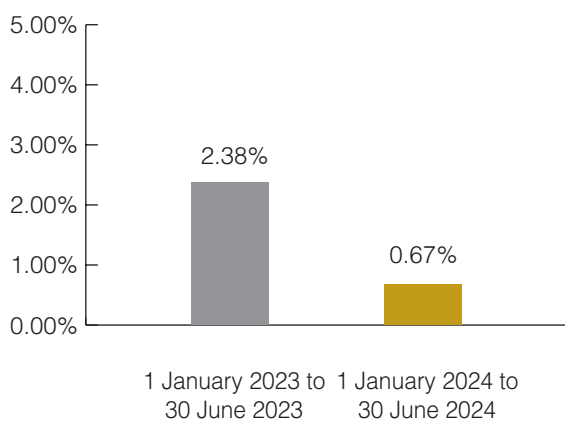
**Revenue and other income
(RMB100 million)**



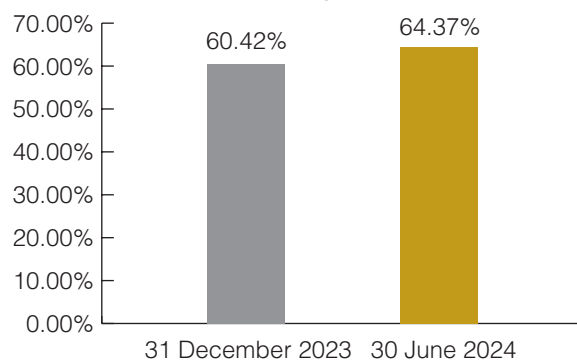
**Profit for the period – attributable to ordinary
shareholders of the Company
(RMB100 million)**



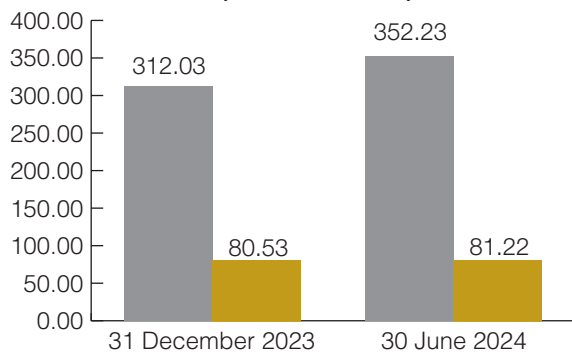
**Weighted average
return on net assets**



Gearing ratio



**Scale indicators
(RMB100 million)**



- Total assets
- Equity attributable to ordinary shareholders of the Company and holders of perpetual capital securities

Section III Summary of Accounting Data and Financial Indexes

II. NET CAPITAL AND OTHER RISK CONTROL INDEXES OF THE COMPANY

As at 30 June 2024, the Company's net capital amounted to RMB6,092.27 million, representing a decrease of RMB291.78 million as compared with RMB6,384.05 million as at the end of 2023. During the Reporting Period, the net capital and related risk control indexes of the Company met the regulatory requirements.

Unit: in RMB'000

Item	30 June 2024	31 December 2023	Regulatory standard
Net capital	6,092,269	6,384,045	N/A
Including: Net core capital	5,342,269	5,334,045	N/A
Net supplement capital	750,000	1,050,000	N/A
Net assets	8,098,480	7,958,245	N/A
Total risk capital provision	3,234,372	3,214,802	N/A
Total assets on and off statement of financial position	22,584,296	19,611,842	N/A
Risk coverage ratio	188.36%	198.58%	≥100%
Capital leverage ratio	24.20%	27.82%	≥8%
Liquidity coverage ratio	300.63%	312.69%	≥100%
Net stable funding ratio	194.77%	192.25%	≥100%
Net capital/net assets	75.23%	80.22%	≥20%
Net capital/liabilities	44.96%	59.20%	≥8%
Net assets/liabilities	59.76%	73.80%	≥10%
Proprietary equity securities and securities derivatives/net capital	15.25%	8.26%	≤100%
Proprietary non-equity securities and securities derivatives/net capital	166.34%	119.10%	≤500%

Section IV Management Discussion and Analysis

I. ECONOMIC AND MARKET ENVIRONMENT DURING THE REPORTING PERIOD

During the Reporting Period, the complexity and uncertainty of the external environment increased significantly, and the continuous deepening of domestic structural adjustments brought new challenges. However, the ongoing impact of the macro-economic policy, in addition to the slight recovery in external demand, accelerated development of new quality productive forces and other factors have provided new supports. In conclusion, in the first half of 2024, the national economy continued to recover and improve, making progress while maintaining stability, with overall stable performance. In the first half of 2024, GDP recorded a year-on-year increase of 5.00%. By industries, the primary industry, the secondary industry and the tertiary industry recorded a year-on-year increase of 3.50%, 5.80% and 4.60%, respectively. By quarters, the first quarter and the second quarter recorded a year-on-year increase of 5.30% and 4.70%, respectively. In the first half of 2024, the national added value of industries above designated size increased by 6.00% year-on-year, the added-value of the service industry increased by 4.60% year-on-year, the total social retail sales of consumer goods increased by 3.70% year-on-year, the national fixed asset investment increased by 3.90% year-on-year, and the national consumer price index (CPI) increased by 0.10% year-on-year. During the Reporting Period, the People's Bank of China (PBOC) made comprehensive use of various policy tools to support the economic recovery, boosted the confidence of operators and maintained a steady economic operation by lowering reserve requirements ratios and interest rates to improve expectations of capital market investors and stabilise the financial market operation. At the end of June 2024, broad measure of money supply recorded a year-on-year increase of 6.20%, the stock of social financing scale recorded a year-on-year increase of 8.10%, and the balance of RMB loans recorded a year-on-year increase of 8.80%.

During the Reporting Period, the overall A-share market in China experienced a fluctuating trend, starting from a sluggish performance at the beginning of the year to the rebound followed by volatile adjustments. In the first half of 2024, the Shanghai Stock Exchange Composite Index decreased by 0.25%, the Shenzhen Stock Exchange Component Index decreased by 7.10%, and the Growth Enterprise Index decreased by 10.99%. The total trading volumes of stocks and funds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange amounted to RMB115,202.476 billion, among which, the total trading volumes of stocks and funds on the Shanghai Stock Exchange amounted to RMB56,270.908 billion, representing a decrease of 1.85% as compared with that of the same period in 2023, and the total trading volumes of stocks and funds on the Shenzhen Stock Exchange amounted to RMB58,931.568 billion, representing a decrease of 12.52% as compared with that of the same period in 2023. (Sources: websites of National Bureau of Statistics, the People's Bank of China, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and Wind Info)

Section IV Management Discussion and Analysis

II. ANALYSIS OF PRINCIPAL BUSINESSES

During the Reporting Period, the Group recorded revenue and other income of RMB1,169.28 million and net profit of RMB18.99 million, representing a decrease of 19.27% and 88.09%, respectively, as compared with that of the same period of 2023.

(I) Brokerage and Wealth Management Business

During the Reporting Period, the revenue and other income from brokerage and wealth management business amounted to RMB698.13 million, representing a decrease of 11.07% as compared with that of the same period of 2023.

1. Securities Brokerage

During the Reporting Period, the Company adhered to the “customer-centric” business philosophy, continued to optimise its management mechanisms and organizational structure, and strengthened the empowerment and guidance functions of the Company’s headquarters towards its branch institutions to facilitate business development. The Company improved its tiered service system for wealth management client groups, enhanced the quality and efficiency of client service, and actively promoted scenario-based operations and multi-channel client acquisition to continuously expand its scale. The Company effectively upgraded its comprehensive wealth management service platform, and worked hard to build a professional wealth advisory team. By improving investment advisory capabilities, strengthening platform empowerment, and reinforcing investor education, the Company continuously met the high-quality wealth management needs of residents and supported the high-quality development of the real economy.

During the Reporting Period, the number of new accounts opened reached 163,600, and total number of clients reached 3,920,600, representing an increase of 4.00% as compared with that at the end of 2023. The total assets under custody for clients reached RMB142,047.18 million, representing a decrease of 5.12% as compared with that at the end of 2023. The turnover of stocks and funds reached RMB833,661.69 million, representing a decrease of 15.25% as compared with that of the same period of 2023, while the market share of stocks and funds was 0.3622%, representing a decrease of 8.43% as compared with that of the same period of 2023.

2. Futures Brokerage

During the Reporting Period, Hengtai Futures strengthened forward-looking research, strictly adhered to the bottom line of compliance, and overcame the impact of unfavorable market conditions at the beginning of the year, comprehensively enhancing the quality and efficiency of its development. Hengtai Futures focused on developing its financial institution business and optimizing the client trading structure. With the Inner Mongolia branch as a key driver, Hengtai Futures strengthened its advantages in key regional products and actively expanded its outreach to industrial clients. It also enhanced the management of its branches and IB channels, continuously optimized its business model and improved service efficiency. During the Reporting Period, Hengtai Futures added 1,675 new clients.

Section IV Management Discussion and Analysis

II. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(I) Brokerage and Wealth Management Business (Continued)

3. Wealth Management

During the Reporting Period, the Company carried out multi-dimensional client accompaniment services in the weak market environment, regularly published various professional research reports covering topics such as major asset allocation and monthly product report. At the same time, the Company actively advanced fund investment advisory business, with the project already initiated and systematic development and testing underway. During the Reporting Period, the Company launched three securities structured products and continued to build out its fixed-income product series, providing comprehensive wealth management services for different types of clients. It also regularly organized marketing activities for its sales departments, empowering the departments through various initiatives. During the Reporting Period, the Company sold 2,021 financial products and recorded sales of RMB6,414.65 million. As at the end of the Reporting Period, the existing size of its financial products was RMB15,905.60 million.

4. Capital-Based Intermediary

During the Reporting Period, based on a stringent control over margin financing and securities lending business risks, the Company further improved the credit business operation and management system by doing a good job in customer services to optimize customers' experience. As at the end of the Reporting Period, the balance of the margin financing and securities lending businesses amounted to RMB4,840.79 million, and the balance of stock pledged repurchase transaction amounted to RMB496.89 million.

5. Asset Custody

During the Reporting Period, the Company actively leveraged the value of its custody business and launched the custody of standardized products such as asset management plans and private securities investment funds, which added 1 new asset management plan and 6 new private securities investment funds for its custody. As at the end of the Reporting Period, the Company provided custody services for 816 funds, fund services for 256 funds and fund raising supervision services for 309 funds. The aggregate size of asset custody, fund services and fund raising supervision amounted to RMB120,872 million.

Section IV Management Discussion and Analysis

II. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(II) Investment Banking Business

During the Reporting Period, the revenue and other income from investment banking business amounted to RMB65.48 million, representing a decrease of 31.68% as compared with that of the same period of 2023.

1. Equity Financing

During the Reporting Period, several projects of Hengtai Changcai for refinancing and mergers and acquisition restructuring projects have been progressing in Beijing Stock Exchange steadily. With the market fully transitioning into the registration-based system era, Hengtai Changcai actively seized the opportunities in market development and continuously refined itself by improving its professionalism with compliance to build a full-service investment banking business chain. At the same time, Hengtai Changcai, by maintaining and consolidating its core customers, continually facilitated the transformation of investment banking business from a traditional project-based approach to a client-based approach to provide clients with more refined and comprehensive financial services through multi-departmental coordinated services in order to form a strong customer adhesion and a stable business scale in mergers and acquisitions, restructuring, IPO, and refinancing activities, thus comprehensively enhancing the equity project reserve.

2. Debt Financing

During the Reporting Period, Hengtai Changcai completed 8 bond projects, with credit bond financing scale amounting to approximately RMB3,509 million, in which it served as lead underwriter and joint lead underwriter. Due to the fact that there has been new industry regulation, the number of projects that have been submitted and approved have been decreased. Compared to the corresponding period in 2023, Hengtai Changcai has experienced a certain decrease in the number and amount of underwriting projects. Hengtai Changcai will maintain existing resources and develop new incremental growths while it will also strengthen synergic coordinations in terms of businesses and resources with various stakeholders in order to empower bond financing business.

3. NEEQ Referral Business

During the Reporting Period, Hengtai Changcai continued to advance the risk control mechanisms, business systems, organizational structure, and talent development in the NEEQ listing business. Leveraging the advantages of existing projects on the NEEQ, Hengtai Changcai carried out systematic supervisory services and quality control for projects, and established strategic partnerships with corporate clients to provide specialized, high-quality, and differentiated financing services. Focusing on key regions and specific sectors, the company deeply cultivated localized markets and strengthened the development reserves for key projects on the NEEQ. During the Reporting Period, Hengtai Changcai completed 1 listing project, declared 1 project and completed 2 NEEQ financing projects. As at the end of the Reporting Period, 128 projects were continuously supervised.

Section IV Management Discussion and Analysis

II. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(III) Investment Management Business

During the Reporting Period, the revenue and other income from investment management business amounted to RMB151.56 million, representing a decrease of 62.53% as compared with that of the same period of 2023.

1. Assets Management

During the Reporting Period, the asset management business continued to enhance its investment and research capabilities, maintained a better performance ranking of collective asset management schemes for fixed income assets in the industry, and further enriched its product lines with the issuance of two fixed-income collective asset management schemes and two fixed-income single asset management schemes in the first half of the year. The total asset management scale grew by 41% compared to the end of last year, and the actively managed collective asset management schemes grew by 44% compared to the end of last year, exceeding the industry average. In terms of product performance, based on Wind Info data statistics, the Company's existing asset management schemes ranked in the top 1/2 among its peers in the securities industry. Additionally, according to a report from the 21st Century Asset Management Research Institute on "Wealth Management Institution Evaluation (理財機構測評)", the Company's bond-type collective asset management schemes ranked among the industry leaders in terms of average return rate in the first quarter of 2024. During the Reporting Period, the asset management business actively expanded agency channels by exploring project business models, and thus to seek breakthroughs in business growth, laying a good foundation for business development in the second half of 2024.

As at the end of the Reporting Period, the total size of asset management business was RMB15,645.73 million, of which the size of collective asset management schemes amounted to RMB4,676.81 million, the size of single asset management schemes amounted to RMB1,400.63 million, the size of the asset-backed securities special schemes amounted to RMB9,568.29 million.

As at the end of the Reporting Period, the numbers of subsisting products of the collective, single asset management schemes and the asset-backed securities special schemes were 34, 10 and 5, respectively.

Section IV Management Discussion and Analysis

II. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(III) Investment Management Business (Continued)

2. Fund Management

During the Reporting Period, New China Fund adhered to the direction of long-term performance as its core value, intensified its compliance development by the manner of prioritizing customers' interests as its core development goal, constantly improved the investment and research system, and met the needs of various customers for asset management. As at the end of the Reporting Period, there were a total of 43 public funds under New China Fund's management with amounts of RMB49,411 million, representing a year-on-year decrease of RMB4,442 million or 8.25%. According to the regulatory requirements, New China Fund has completed the rectification of the special historical account business and the special historical account products have been rectified in accordance with the regulatory requirements. As at the end of the Reporting Period, New China Fund had a total of 56 special account products with the size of asset management of RMB846 million, representing a year-on-year decrease of RMB527 million or 38.38%.

3. Private Equity Investment

During the Reporting Period, Hengtai Capital actively conducted project research and explored new projects. It has added 1 new private equity fund, with the main participants being local and municipal state-owned asset platforms and related social capital, and the main investment direction being advanced manufacturing industry. At the end of the Reporting Period, Hengtai Capital managed a total of 2 private equity funds, with a total fund management scale of RMB2,900 million.

4. Alternative Investment

During the Reporting Period, Hengtai Pioneer placed its work focus on post-investment management of projects, conducted special post-investment investigations on some of the invested projects and conducted in-depth research on the invested projects. Based on the principles of realism and horizontal comparison, the Company analyzed the development status of the invested enterprises and assessed the investment value of the projects. Meanwhile, Hengtai Pioneer revised the company's authorization and credit system during the year, establishing more scientific decision-making requirements for the proposed investment projects. At the end of the Reporting Period, Hengtai Pioneer had directly invested in 22 projects.

Section IV Management Discussion and Analysis

II. ANALYSIS OF PRINCIPAL BUSINESSES (CONTINUED)

(IV) Proprietary Trading Business

During the Reporting Period, the revenue and other income from the proprietary trading business amounted to RMB234.06 million, representing an increase of 62.77% as compared with that of the same period of 2023.

In early 2024, after experiencing muted economic expectations, the market fluctuated between the current economic situation and the expectations of demand-side policy stimulus. The market experienced significant declines followed by substantial rebounds, and the previous lows can be largely confirmed as a cyclical bottom area. In terms of market performance, large-cap stocks outperformed small-cap stocks, and dividend strategies generally outperformed the market. The Company's proprietary trading business actively adjusted its portfolio structure based on economic data and company performance, closely tracking fluctuations in the economic cycle and exploring potential investment opportunities in the market.

In terms of stock investment business, the Company steadily increased its investment in research capabilities, enhancing its analysis and judgment of macroeconomic and industry rotation trends; increased its investment in ETF, effectively avoiding the non-systematic risk of individual stocks; and actively explored opportunities in private placements and block trades, widely searching for low valuation and high-quality private placement projects. Through close collaboration between the investment research team and the quantitative analysis team, the Company established a comprehensive and multi-dimensional investment strategy framework.

In terms of fixed income business, the domestic economic growth was stable and positive, but overall weaker than expected, and the situation of insufficient overall social demand and weak demand persisted. Monetary policy remained an active, supportive policy, and the liquidity environment remained relatively ample. The progress of government debt issuance was slower than the same period last year, and the overall supply of credit bonds was limited. The yields of interest rate bonds were generally in a downward trend, and the yield levels and spread of credit bonds were both declined. The Company seized the market opportunity to increase the duration and position ratio of interest rate bonds in portfolio, and the increased leverage also boosted returns. Meanwhile, the Company continued to optimize credit bond positions to ensure the credit risk of the portfolio was under control.

In terms of the share transfer market-making business, the NEEQ market-making index and the BSE 50 index have experienced large declines since the beginning of this year, with the overall market performance being poor. Around the lows of these indices, the Company gradually built positions in Beijing Stock Exchange stocks which were thoroughly researched and have strong fundamentals. In terms of the market-making business, the Company used block trades band operations to reduce the cost of long position and increased the position in small amount at low levels.

Section IV Management Discussion and Analysis

III. PROSPECTS AND FUTURE PLANS

(I) Development Prospect of the Industry

In 2024, the State Council issued the Several Opinions of the State Council on Strengthening Regulation, Preventing Risks, and Promoting High-Quality Development of the Capital Market (“Opinions”), which embody the determination to further enhance the inherent stability of the capital market to improve the quality of listed companies from the source and boost investor confidence by focusing on strong regulation, risk prevention, and promoting high-quality development in the securities industry. The Opinions highlight the need to strengthen the supervision of securities and fund institutions, promote the industry’s return to its roots, and enhance its quality and competitiveness; facilitate the high-quality development of securities and fund institutions, and guide industry entities to establish proper operational principles and effectively manage the balance between functionality and profitability; strengthen shareholder and business access management for industry institutions, refine the conditions for senior executives’ appointments, and establish filing management systems; improve regulatory frameworks for key businesses such as derivatives, margin financing and securities lending; promote industry institutions to enhance investment banking and wealth management capabilities; support leading institutions to enhance their core competitiveness through methods such as mergers and acquisitions, organizational innovation, while encouraging small and medium-sized institutions to pursue differentiated development and specialized operations.

In order to adapt to future development needs, securities firms should proactively adjust their business structures to offer more comprehensive and diverse services and products that better align with customer demands. In terms of brokerage services, transitioning towards wealth management and institutionalization is crucial. For investment banking operations, exploring a synergistic model of “investment banking + investment + research” is recommended. Regarding asset management services, accelerating penetration into public offerings and maintaining a focus on active management is essential. Securities firms should focus comprehensively on the investment side, financing side, and trading side, and actively construct a capital intermediary bridge, which will become an important fulcrum for them to strengthen their operational resilience and stabilize their operating revenues. Comparing with international standards, Chinese securities firms have tremendous potential and ample room for development in terms of scale, profitability, and business models. It is anticipated that in the future, there will be a surge of various forms of mergers and acquisitions within domestic securities firms, including acquisitions involving strong and weak firms, restructuring among small and medium-sized brokerages, cross-border acquisitions, and alliances between major players, which will help securities firms enhance their capabilities in providing comprehensive financial services across the entire value chain, ultimately boosting their overall competitiveness.

Section IV Management Discussion and Analysis

III. PROSPECTS AND FUTURE PLANS (CONTINUED)

(II) Development Plan of the Company

The year 2024 is the first year of the official implementation of the Company's three-year strategic plan. The Company will adhere to the leadership of Party building, cultivate a corporate culture with financial characteristics, continuously improve corporate governance, strengthen the foundation of compliance and risk control, enhance internal control management, optimize personnel structure, and improve operational efficiency. In terms of business operations, focusing on strategic objectives, the Company will persist in advancing business transformation to promote the continuous, healthy, and high-quality development of all business aspects, enhancing the ability to serve customers. The Company's securities brokerage business will continuously adapt to market developments by relying on a complete business chain to promote synergy among various operations. The Company will actively advance multi-channel cooperation, with a focus on enhancing buyer-side service capabilities; strengthen the strategic positioning of investment advisory services, drive the transformation of buyer-side advisory services to provide clients with comprehensive financial solutions. Simultaneously, investments in innovative businesses such as options, income swaps, and repurchase agreements will be increased to enrich the variety of brokerage services, thereby enhancing the scale and market share of brokerage businesses. The Company will adhere to compliance and promote high-quality development of brokerage business by effectively implementing investor suitability management, coordinating the advancement of investor education, and integrating it organically with business operations. In terms of proprietary business, the Company will actively track and research the market to grasp market trends and hotspots, select and invest industries and companies capable of outperforming the market to gain excess returns, and adjust asset allocation ratios and portfolio structures; closely monitor the direction of monetary policy and flexibly allocate fixed-income assets. In terms of asset management business, the Company will maintain stable performance while continuing to uphold the characteristics of fixed income products. Simultaneously, the Company will develop FOF products and customized products; further enhance and expand sales channels, seeking breakthroughs in institutional and bank clients; manage existing product performance and new product launches effectively, increase the scale of management, and build the excellent Hengtai Asset Management brand. The investment banking business will continue to maintain existing customers and projects, while increasing the development of new customers and new projects, to constantly enrich project reserves. By strengthening collaboration with various departments of the Company, it aims to leverage synergetic effects and create a comprehensive business service system for customers, from initial financing to IPO entering the capital market for fundraising in the later stage. The Company will continue to strengthen team building, constantly enhance its own professional competence, rigorously control business quality, adhere to compliance and risk control requirements, implement the "three lines of defense" outlined in internal control guidelines, and lawfully conduct all business operations.

Section IV Management Discussion and Analysis

IV. FINANCIAL STATEMENTS ANALYSIS

(I) Analysis on Profitability during the Reporting Period

During the Reporting Period, the Group recorded revenue and other income of RMB1,169.28 million, representing a decrease of 19.27% as compared to that of the same period in 2023; net profit attributable to the shareholders of the Company amounted to RMB53.87 million, representing a decrease of 72.12% as compared to that of the same period in 2023; earnings per share amounted to RMB0.0207, representing a decrease of 72.10% as compared to that of the same period in 2023; and the weighted average return on net assets was 0.67%, representing a decrease of 1.71 percentage points as compared to that of the same period in 2023.

(II) Asset Structure and Asset Quality

As at the end of the Reporting Period, total assets of the Group amounted to RMB35,222.61 million, increased by 12.88% as compared to RMB31,202.65 million as at the end of 2023. Total liabilities amounted to RMB26,998.93 million, increased by 17.32% as compared to RMB23,012.59 million as at the end of 2023. Equity attributable to ordinary shareholders and holders of perpetual capital securities of the Company amounted to RMB8,121.91 million, increased by 0.85% as compared with RMB8,053.42 million as at the end of 2023.

The Group's asset structure remained stable with sound asset quality and liquidity. As at the end of the Reporting Period, the total assets of the Group comprised of: cash assets, which primarily included cash and cash equivalents (including cash held on behalf of brokerage clients), clearing settlement funds and refundable deposits, amounted to RMB15,554.30 million, representing 44.16% of the Group's total assets; margin assets, which primarily included margin accounts receivable, financial asset held under resale agreements and placements with a financial institution, amounted to RMB5,309.88 million, representing 15.08% of the Group's total assets; financial investment assets, amounted to RMB12,401.48 million, representing 35.21% of the Group's total assets; and property, equipment and other operating assets, which primarily included property and equipment, investment properties, intangible assets, rights-of-use assets, amounted to RMB1,956.95 million, representing 5.55% of the Group's total assets.

The Group's gearing ratio and financial leverage ratio remained relatively stable. As at the end of the Reporting Period, liabilities after deducting accounts payable to brokerage clients amounted to RMB14,855.42 million, representing an increase of RMB2,352.96 million or 18.82% as compared with that at the end of 2023. The gearing ratio of the Group was 64.37%, increased by 3.95 percentage points from 60.42% as at the end of 2023 (Note: gearing ratio = (total liabilities – accounts payable to brokerage clients)/(total assets – accounts payable to brokerage clients)). Financial leverage ratio was 2.84 folds, increased by 10.51% from 2.57 folds as at the end of 2023 (Note: financial leverage ratio = (total assets – accounts payable to brokerage clients)/equity attributable to ordinary shareholders and holders of perpetual capital securities of the Company).

Section IV Management Discussion and Analysis

IV. FINANCIAL STATEMENTS ANALYSIS (CONTINUED)

(III) Financing Channels and Financing Ability

During the Reporting Period, the Company met its operating capital requirement through debt financing. Debt financing of the Company included beneficiary certificates, margin and securities refinancing, subordinated bonds etc. During the Reporting Period, accumulated placements from China Securities Finance Corporation Limited amounted to RMB2,400 million and accumulated capital inflow from beneficiary certificates amounted to RMB1,201 million. Meanwhile, the Company received comprehensive credit line with greater limit granted by several banks.

(IV) Liquidity Management

The Company places a strong emphasis on liquidity management, and has established a specific department responsible for liquidity management. The Company's liquidity management focused on the organic combination of the security, liquidity and profitability of capital. As requested by the CSRC, the Company established sound management system and contingency measure for liquidity risk. The Company has prepared monthly liquidity monitor statement. The liquidity monitor index of the Company in each month throughout the Reporting Period complied with the regulatory requirements.

(V) Cash Flow

During the Reporting Period, net cash flow arising from operating activities amounted to RMB-129.34 million, increased by RMB592.90 million from RMB-722.24 million in the corresponding period of 2023; net cash flow arising from investment activities during the Reporting Period amounted to RMB-409.32 million, decreased by RMB800.23 million from RMB390.91 million in the corresponding period of 2023; net cash flow arising from financing activities during the Reporting Period amounted to RMB613.99 million, decreased by RMB342.11 million from RMB956.10 million in the corresponding period of 2023. Cash and cash equivalents at the end of the Reporting Period amounted to RMB2,109.68 million, decreased by RMB546.12 million from RMB2,655.80 million in the corresponding period in 2023.

(VI) Changes in Significant Accounting Policies

During the Reporting Period, there is no material change in the significant accounting policies of the Company.

Section IV Management Discussion and Analysis

V. BRANCHES AND SUBSIDIARIES

(I) Branch Offices and Securities Branches

As at the end of the Reporting Period, the Company had 3 branch offices and 107 securities branches.

1. Establishment of securities branches and changes in securities branches

(1) Newly-established securities branches

None in the Reporting Period.

(2) Relocation of securities branches

During the Reporting Period, 7 securities branches of the Company were relocated, details of which are as follows:

No.	Name of securities branch before relocation	Name of securities branch after relocation	Address of securities branch after relocation (PRC)
1	Hengtai Securities Co., Ltd. Shanghai Wusong Road Securities Branch (恒泰证券股份有限公司上海吴淞路證券營業部)	Hengtai Securities Co., Ltd. Shanghai Hailun Road Securities Branch (恒泰证券股份有限公司上海海倫路證券營業部)	Unit 03 & 04, 22/F, No.440 Helen Road, Hongkou District, Shanghai (上海市虹口區海倫路440號22層03、04單元)
2	Hengtai Securities Co., Ltd. Beijing Guanghua Road Securities Branch (恒泰证券股份有限公司北京光華路證券營業部)	Hengtai Securities Co., Ltd. Beijing Jianguo Road Securities Branch (恒泰证券股份有限公司北京建國路證券營業部)	No.1105, 10/F, No.10 Building, No.93 Jianguo Road, Chaoyang District, Beijing (北京市朝陽區建國路93號院10號樓10層1105號)
3	Hengtai Securities Co., Ltd. Hangzhou Xixi Road Securities Branch (恒泰证券股份有限公司杭州西溪路證券營業部)	Hengtai Securities Co., Ltd. Hangzhou Minhe Road Securities Branch (恒泰证券股份有限公司杭州民和路證券營業部)	Rooms 2810-2811, 28/F, Zhongke Baosheng Science and Technology Park, Building 1, Baosheng Century Centre, No. 800 Minhe Road, Yingfeng Street, Xiaoshan District, Hangzhou, Zhejiang (浙江省杭州市蕭山區盈豐街道民和路800號寶盛世紀中心1幢中科寶盛科技園28層2810-2811室)
4	Hengtai Securities Co., Ltd. Shanghai Shaanxi North Road Securities Branch (恒泰证券股份有限公司上海陝西北路證券營業部) ¹	Hengtai Securities Co., Ltd. Shanghai Shaanxi North Road Securities Branch (恒泰证券股份有限公司上海陝西北路證券營業部) ¹	Rooms 2403, 2405 & 2406, No. 1438 Shaanxi North Road, Putuo District, Shanghai (上海市普陀區陝西北路1438號2403、2405、2406室)

Section IV Management Discussion and Analysis

V. BRANCHES AND SUBSIDIARIES (CONTINUED)

(I) Branch Offices and Securities Branches (Continued)

1. Establishment of securities branches and changes in securities branches (Continued)

(2) Relocation of securities branches (Continued)

No.	Name of securities branch before relocation	Name of securities branch after relocation	Address of securities branch after relocation (PRC)
5	Hengtai Securities Co., Ltd. Dongguan Dongcheng Yingbin Road Securities Branch (恒泰证券股份有限公司东莞东城迎宾路证券营业部)	Hengtai Securities Co., Ltd. Dongguan Nancheng Hongbei Road Securities Branch (恒泰证券股份有限公司东莞南城宏北路证券营业部)	Room 317, No. 8, Huijin Fourth Street, Nancheng Street, Dongguan City, Guangdong (廣東省東莞市南城街道匯金四街8號317室)
6	Hengtai Securities Co., Ltd. Changsha Xiaoxiang North Road Securities Branch (恒泰证券股份有限公司长沙潇湘北路证券营业部) ¹	Hengtai Securities Co., Ltd. Changsha Xiaoxiang North Road Securities Branch (恒泰证券股份有限公司长沙潇湘北路证券营业部) ¹	No. 1102-1101, Dingheng Building, No. 20 Chazishan East Road, Yuelu District, Changsha City, Hunan (湖南省長沙市嶽麓區茶子山東路20號鼎衡大廈1102-1101)
7	Hengtai Securities Co., Ltd. Beijing Financial Street Second Securities Branch (恒泰证券股份有限公司北京金融大街第二證券營業部)	Hengtai Securities Co., Ltd. Beijing Deshengmenwai Street Securities Branch (恒泰证券股份有限公司北京德勝門外大街證券營業部)	301, 3/F, No. 83, Deshengmenwai Street, Xicheng District, Beijing (北京市西城區德勝門外大街83號3層301)

Note:

- Name of the securities branch remained unchanged after relocation.

(3) Deregistration of securities branches

None in the Reporting Period.

2. Establishment of new branch offices and changes in branch offices

During the Reporting Period, in order to further expand the scale of the Company's brokerage business in the Beijing region, enhance the regional brand influence and co-ordinate regional resources, the Company decided to establish the Beijing branch. The Beijing branch obtained its business licence on 8 May 2024 and securities and business operation licence on 24 July 2024.

Section IV Management Discussion and Analysis

V. BRANCHES AND SUBSIDIARIES (CONTINUED)

(II) Subsidiaries of the Company

During the Reporting Period, the registered address of Hengtai Capital, a subsidiary, was changed to “Building 4-323, Hengsheng Plaza, North of Helan Road, East of Europe Road, Tianjin Free Trade Pilot Zone (Dongjiang Free Trade Zone) (天津自貿試驗區(東疆綜合保稅區)) (custody No. 918 of Tianjin Quanxinquanyi Business Secretary Service Co., Ltd., No. 918) (天津全新全意商務秘書服務有限公司託管第918號)” on 7 June 2024. There was no change in other subsidiaries during the Reporting Period.

VI. MAJOR FINANCING

(I) Equity Financing

None in the Reporting Period.

(II) Major Debt Financing

1. Issuance of beneficiary certificates

The Company raised an aggregate of RMB1,201 million through issuance of beneficiary certificates during the Reporting Period. As at 30 June 2024, the outstanding balance of the beneficiary certificates amounted to RMB1,701 million. The particulars of the issuance of beneficiary certificates of the Company during the Reporting Period are set out below:

Name	Size of the issuance (RMB'00 million)	Interest rate	Term (days)	Issue date	Maturity date
Hengchuangtaifu No. 49	4.00	3.30%	363	26 January 2024	23 January 2025
Hengchuangtaifu No. 50	4.00	3.25%	363	26 January 2024	23 January 2025
Hengfu No. 35	0.40	3.30%	364	8 February 2024	6 February 2025
Hengfu No. 36	0.61	2.47%	160	24 May 2024	31 October 2024
Hengchuangtaifu No. 51	3.00	2.38%	103	27 June 2024	8 October 2024

2. Issuance of subordinated bonds

During the Reporting Period, the Company has not issued subordinated bonds. As at 30 June 2024, the outstanding balance of the subordinated bonds amounted to RMB1,500 million.

3. Issuance of corporate bonds

During the Reporting Period, the Company has not issued corporate bonds. As at 30 June 2024, the outstanding balance of the corporate bonds amounted to RMB1.950 billion.

Section IV Management Discussion and Analysis

VII. MAJOR INVESTMENT

None in the Reporting Period.

VIII. ACQUISITION OR DISPOSAL OF MATERIAL ASSETS, EXTERNAL GUARANTEE, MORTGAGE, PLEDGE AND MATERIAL CONTINGENT LIABILITIES

During the Reporting Period, there was no acquisition and disposal of the Company's material assets and business merger, nor any material contingent liabilities that may affect the Company's financial position and operating results.

During the Reporting Period, the Company's external guarantee, mortgage and pledge were as follows:

On 21 September 2023, Finance Street Investment (as guarantor), the Company (as counter-guarantor) and New China Fund (as debtor) entered into the Counter-Guarantee Agreement, particulars of which are set out in the sub-section headed "IV. Connected Transactions" under Section 7 "Other Material Particulars" in the Company's 2023 annual report. Pursuant to the Counter-Guarantee Agreement, the Company shall mortgage or pledge the following assets of the Company to Finance Street Investment as security in relation to the Guaranteed Amount to be guaranteed by Finance Street Investment in accordance with the Implementation Settlement Agreement, the Guarantee Agreement and the Guarantee Letter:

1. an immovable property, being a residential property of the Company located at Unit 1, Building 2, Block 6, Dongjing Road, Xicheng District, Beijing, with a gross floor area of 1,658.56 square meters and an appraisal value of approximately RMB130 million. It is currently leased to an individual, being an independent third party;
2. an immovable property, being the Manshi Shangdu Office and Commercial Complex Building of the Company located at Hailar East Street, Xincheng District, Hohhot City, Inner Mongolia Autonomous Region, with a gross floor area of 15,106.98 square meters and an appraisal value of approximately RMB120 million. It is currently used by the Company as its office; and
3. 50% equity and derivative interest of Hengtai Changcai (a wholly-owned subsidiary of the Company) with an appraisal value of approximately RMB550 million (being 50% of approximately RMB1,100 million).

The period of Counter-Guarantee shall be 2 years from the date when Finance Street Investment actually performs its guarantee obligations.

Section IV Management Discussion and Analysis

IX. RISK MANAGEMENT

(I) Major Risks and Countermeasures relating to Operation of the Company

1. Credit Risk

Credit risk is the possibility of loss caused by our counterparty's failure to perform a contract or a change in its credit rating or ability to perform. Credit risk of the Company is mainly generated from two aspects: (i) financing business such as margin financing and securities lending and stock pledged repurchase transaction; and (ii) proprietary credit bond investment business.

Credit risk from financing activities can be controlled by (i) determination of reasonable credit line which is managed through client suitability management, margin translation, daily mark to market, risk reminders and forced liquidation of client's positions upon credit investigation via the internal credit rating system; and (ii) conducting sufficient due diligence on the financier and analysis on the fundamentals of pledge target prior to the implementation of securities pledged projects to reasonably determine key risk factors including pledge rate and performance guarantee proportion, and constantly maintain risk monitoring over projects in performance to address problems once detected. Credit risks for investment business can be managed by establishing internal rating, blacklist and whitelist mechanism, credit management, public opinion monitoring, risk monitoring indicator limit, regular risk screening and other measures.

2. Market Risk

Market risk refers to risk of unexpected potential value losses of the financial assets held by the Company resulting from adverse changes in securities price, interest rate and exchange rate. In particular, risk of adverse price fluctuations refers to the risk that the stock market may fluctuate and cause the prices of stocks and other securities products to change, which may incur losses for the Company. Interest rate risk refers to the risk of loss to the Company arising from changes in market interest rates and credit spread that could result in changes in the prices of bonds and other fixed-income securities. Exchange rate risk refers to possibility that the Company may incur losses due to changes in exchange rates during operating activities involving possession or use of foreign exchanges. Market risk of the Company mainly derives from proprietary businesses including equity securities investment, fixed income securities investment, financial derivatives investment and NEEQ market making business.

Market risk is mainly managed by the Company through implementation of limit management, securities pool system, daily mark to market, stress test, monitoring and warning, stop-loss, risk hedge, risk report and other systems and measures. Based on risk tolerance preferences, the Company sets the annual overall limits of market risk for proprietary businesses which are decomposed and assigned to the respective business departments level by level. The Company has established a market risk indicator system including Value at Risk (VaR), Dollar Value of All 01 (DV01) and Max Drawdown. The risk management department conducts a daily monitoring over the proprietary position risk and regularly carries out stress test to estimate the losses under extreme circumstances and timely make risk warning and urge relevant business department to handle it when the risk control indicator exceeds the warning threshold.

Section IV Management Discussion and Analysis

IX. RISK MANAGEMENT (CONTINUED)

(I) Major Risks and Countermeasures relating to Operation of the Company (Continued)

3. Liquidity Risk

Liquidity risk refers to risk where the Company fails to obtain sufficient funds in time at reasonable costs in order to repay mature debts, fulfill other payment obligations and satisfy the funding needs for carrying on normal business. The financial management department of the Company takes the lead in liquidity risk management. The Company constantly monitors Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and other liquidity risk control indicators and conducts semi-annual liquidity risk stress tests through which its liquidity risk level under the extreme circumstance is evaluated and the risk emergency plans are established. The Company has set threshold values for liquidity risk control indicators, and a risk warning will be sent to the relevant department of the Company based on the monitoring of the indicators. The Company monitors and analyzes the matching of the Company's assets and liabilities from various time periods under both normal and stressed situations, the diversification and stability of the Company's capital resources, the capability of high-quality liquid assets and market liquidity and at the same time strengthens the management of the Company's liquidity during operating hours and makes reasonable arrangements for financing activities to maintain adequate intraday liquidity position.

4. Compliance Risk

Compliance risk refers to the risk that operating activities or staffs of securities companies may be subject to legal sanctions, regulatory measures and self-regulatory disciplinary punishments arising from the breach of laws, regulations or rules. The Company has established an effective and sound compliance management system and compliance management framework. In accordance with regulatory requirements, the compliance management department of the Company manages compliance risk through compliance review, compliance monitoring, compliance examination, compliance supervision and compliance training.

5. Operational Risk

Operational risk is possibility of losses caused by the failures of internal systems and procedures, improper employee behaviors, information system defect and the influence of external events. The Company has formulated operational risk management system and internal management system of various businesses and regulated its business activities. It has established an identification, assessment and control system for operational risk that fully covers the Company's business activities. The Company mainly manages operational risks through risk and control self-assessment (RCSA), loss data collection (LDC), key risk indicator (KRI) monitoring, and other measures.

Section IV Management Discussion and Analysis

IX. RISK MANAGEMENT (CONTINUED)

(I) Major Risks and Countermeasures relating to Operation of the Company (Continued)

6. Reputational Risk

Reputational risk refers to the risk to form negative opinions of investors, issuers, regulatory authorities, self-regulatory organizations, the public and the media on the Company as a result of the business act or external events of the Company and the violation of integrity requirements, professional ethics, business norms, rules and regulations by its employees, thereby damaging the Company's brand value, posing detrimental impact to its normal operations and even affecting market stability and social stability. The Company's management, led by the chief risk officer, is responsible for and establishes a reputational risk management team, which is composed of the office of the Board, the risk management department, the president's office, the compliance management department and the human resources department. The Company has established a sound reputation risk management system and workflow, to provide guarantee for the improvement of the all-round risk management system, the enhancement of the reputation risk management capability and the maintenance and promotion of the reputation and image of the Company. The Company dynamically monitors the evolution and development of various reputational risk events through public sentiment monitoring system, organizes the information about the overall situation of the reputational risk events and the corresponding measures to be taken and reports the same to the Company in a timely manner. The reputational risk management team reviews and determines the final solution.

(II) Construction of Risk Management System and Comprehensive Risk Management Implementation of the Company

During the Reporting Period, the Company actively implemented various requirements of the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》), conducted routine risk management and various key projects based on the requirements of full coverage, detectability, measurability, analysis and risk-response ability on risk management and continuously improved the comprehensive risk management system.

1. Management System

In accordance with the Securities Law of the PRC (《中華人民共和國證券法》), the Regulations on the Supervision and Administration of Securities Companies (《證券公司監督管理條例》), the Norms for the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》) and other laws, regulations and regulatory provisions, the Company has formulated the Measures for Comprehensive Risk Management of Hengtai Securities Co., Ltd. (《恒泰證券股份有限公司全面風險管理辦法》) and the Risk Management and Cultural Manual of Hengtai Securities Co., Ltd. (《恒泰證券股份有限公司風險管理文化手冊》), which sets overall requirements on the comprehensive risk management, and special management systems has been established for liquidity risks, market risks, credit risks, operation risks, reputation risks and other risks. In the first half of 2024, the Company amended and improved seven systems, including the Management Regulations on Client Credit of Hengtai Securities Co., Ltd. (《恒泰證券股份有限公司客戶授信管理規定》).

Section IV Management Discussion and Analysis

IX. RISK MANAGEMENT (CONTINUED)

(II) Construction of Risk Management System and Comprehensive Risk Management Implementation of the Company (Continued)

2. Framework

The Company established a four-level risk management system including the Board, the management, the risk management department and business departments. It specified the responsibilities of the Board, the Supervisory Committee, the management, all departments, branches and subsidiaries in performing the comprehensive risk management and established a multi-layered and inter-connected operation mechanism with effective balances. Meanwhile, the Company has gradually incorporated all subsidiaries into the comprehensive risk management system and guided subsidiaries in establishing and improving the governance structure, setting risk preference and perfecting the risk monitoring, reporting and response mechanism. It specified the responsible person for the risk management of subsidiaries and the chief risk officer of the Company conducts appraisal on the responsible person.

3. Information Technology

The Company has established a securities risk monitoring and management platform with the integration of dynamic risks monitoring on net capitals, market risk management, credit risk management, operation risk management, liquidity risk management, abnormal transaction monitoring and other functions on the basis of its business practice. It supports the collection, identification, measurement, appraisal, monitoring and reporting of various risk information and can meet the demands of the Company in risk management and decision-making.

4. Indicator System

The Company has established a risk preference indicator system with net capital and liquidity as the core covering market risks, credit risks, operation risks and concentration risks. The risk preference of the Company can cover all business line, including proprietary investment business, asset management business, securities brokerage business and investment banking business. Based on the development strategy, operation targets and financial conditions of the Company, it sets management and control quota on major risks, including but not limited to risk quota, business size, value at risk, sensitivity indicator, concentration, and stop-loss. It also regularly appraises the risk tolerance through stress test and other methods and guides resources allocation.

Section IV Management Discussion and Analysis

IX. RISK MANAGEMENT (CONTINUED)

(II) Construction of Risk Management System and Comprehensive Risk Management Implementation of the Company (Continued)

5. Talent Team

The risk management department of the Company has established four secondary department professional teams for market risk, credit risk, operation risk and comprehensive risks. The financial management department and the board office designate special persons to be responsible for the management of liquidity risks and reputation risks. Currently, risk management staff with over three years of relevant working experience account for over 2% of the total staff at the head office of the Company, which provided talent guarantees to effectively conducting the comprehensive risk management work. Each business department of the Company has set risk management positions as an integral part of the risk management system. They accept the business guidance of the risk management department and serve as the bridge link.

6. Response Mechanism

The Company established a working mechanism on net assets trend monitoring, risk authorization, regular risk reporting, regular stress test and risk management meeting to identify significant potential risks in the business process in a timely manner and actively take prevention and response measures. The Company also has risk emergency preplans on significant risks and emergencies, specified the emergency triggering conditions, the organizational system, measures, methods and procedures in risk disposal and continuously improved them through emergency exercises. The Company has established a performance appraisal and accountability mechanism linked to risk management results. It regularly appraises the risk management performance of all business departments, subsidiaries and branches and the appraisal results are included in the performance appraisal system. Meanwhile, the audit department regularly appraises the comprehensive risk management system to guarantee the effectiveness of the comprehensive risk management.

Section V Other Material Particulars

I. PROFIT DISTRIBUTION AND PROFIT DISTRIBUTION PLAN

(I) Implementation of the 2023 Profit Distribution Plan

The Company held the 2023 annual general meeting on 14 May 2024 to consider and approve the resolution in relation to the 2023 Profit Distribution Plan, pursuant to which, the Company did not conduct profit distribution for the year ended 31 December 2023.

(II) The 2024 Interim Profit Distribution Plan

The Company did not have any profit distribution plan for the first half of 2024.

II. SHARE OPTION SCHEME OR EQUITY INCENTIVE SCHEME

During the Reporting Period, the Company did not adopt nor implement any share option scheme or equity incentive scheme.

III. SIGNIFICANT LAWSUITS AND ARBITRATIONS

(I) Significant Lawsuits and Arbitrations Newly Increased during the Reporting Period

None in the Reporting Period.

(II) Subsequent Progress of the Significant Lawsuits and Arbitrations in the Previous Years

1. **The dispute with regard to the Qinghui Leasing asset-backed special scheme Phase I under the management of the Company**

For details of the case, please refer to II. "Significant Lawsuits and Arbitrations" in Section 7 "Other Material Particulars" of the 2018 annual report, 2019 annual report, 2020 annual report, 2021 annual report, 2022 annual report and 2023 annual report of the Company.

(1) *Complaints filed by the priority holders of the special scheme against the Company*

In April 2021, the Company received a civil complaint from Beijing Xinrisheng Investment Management Co., Ltd., the priority holder of Qinghui Leasing asset-backed special scheme Phase I, requesting the Company to repay its principal amount of RMB10 million, loss of earnings and related expenses. On 30 June 2022, the People's Court of Xicheng District, Beijing issued first-instance judgments, ruled the Company to compensate the principals of RMB10 million and relevant losses. The Company then appealed against the case. The second-instance judgement against the cases of Beijing Xinrisheng Investment Management Co., Ltd. has been issued by the Beijing Financial Court on 29 December 2023, the original judgment shall be revoked, and the Company was sentenced to bear the total loss of 70% of the investment principal and interest of Beijing Xinrisheng Investment Management Co., Ltd. On 27 May 2024, the Company filed a retrial with the Beijing High People's Court in relation to the case.

Section V Other Material Particulars

III. SIGNIFICANT LAWSUITS AND ARBITRATIONS (CONTINUED)

(II) Subsequent Progress of the Significant Lawsuits and Arbitrations in the Previous Years (Continued)

1. The dispute with regard to the Qinghui Leasing asset-backed special scheme Phase I under the management of the Company (Continued)

(1) *Complaints filed by the priority holders of the special scheme against the Company (Continued)*

On 15 June 2022, China Resources SZITIC Trust Co., Ltd., the priority holder of Qinghui Leasing asset-backed special scheme Phase I, filed a lawsuit against the Company, requesting the Company to repay the outstanding subscription principal of RMB30 million, income loss and related expenses. On 17 January 2023, the People's Court of Xicheng District, Beijing ruled the Company to compensate China Resources SZITIC Trust Co., Ltd. the outstanding subscription principal of RMB30 million and income loss. The Company has appealed to the Beijing Financial Court on 31 January 2023. On 6 July 2023, the Beijing Financial Court ruled on such case and rejected the application made by the Company, the original judgment shall be upheld. On 28 December 2023, the Company filed a retrial with the Beijing High People's Court. The Beijing High People's Court ruled on such case and rejected the retrial application made by the Company on 22 April 2024.

(2) *Complaints filed by the Company against Hongyuan Petrochemical and Qinghui Leasing*

As the manager, the Company set up the Qinghui Leasing asset-backed special scheme Phase I (the "Project", the "Special Scheme") on 7 January 2016. The basic assets are the rent claim and other rights under a single lease contract and their collateral security interests. The Project was originally scheduled to expire on 4 November 2018. In December 2017, the Company learned that Xianyang Hongyuan Petrochemical Co., Ltd. (咸陽鴻元石油化工有限公司) ("Hongyuan Petrochemical"), the single lessee of the Special Scheme, was in a state of suspension of production, and Hongyuan Petrochemical had been taken legal procedures by many financial institutions to collect debts. The early termination of the Special Scheme was triggered by the risk that Hongyuan Petrochemical could not pay the rent in full. In order to safeguard the legitimate rights and interests of the priority holders of this Project, on 15 January 2018, the Company filed a lawsuit with the Beijing High People's Court, suing Qinghui Leasing Co., Ltd. (慶匯租賃有限公司) ("Qinghui Leasing"), the equity originator of the Special Scheme, and Hongyuan Petrochemical with a total amount of approximately RMB530 million, and the Beijing High People's Court filed the case on 22 January 2018. On 17 November 2021, the Beijing High People's Court ruled on such case and suspended the trial as involving criminal cases. In December 2021, the High People's Court of Shaanxi Province made a final judgment on the criminal cases involved. On 11 August 2022, the Company agreed to Qinghui Leasing's application to add King & Wood Mallesons, China Chengxin Certification and Evaluation Information Technology Co., Ltd. (中誠信證評數據科技有限公司) and BDO China Shu Lun Pan CPAs as defendants, and applied to the Beijing High People's Court to change the litigation request to order the defendants to jointly bear the losses and legal fees of the Company. On 14 July 2023, Beijing High People's Court ruled on such case and rejected the application made by the Company. On 25 July 2023, the Company has appealed to the Supreme People's Court through the Beijing High People's Court. On 8 March 2024, the Company received an acceptance notice of the case from the Supreme People's Court.

Section V Other Material Particulars

III. SIGNIFICANT LAWSUITS AND ARBITRATIONS (CONTINUED)

(II) Subsequent Progress of the Significant Lawsuits and Arbitrations in the Previous Years (Continued)

2. The lawsuit filed by the Company against six clients in relation to stock pledged repurchase transaction

For details of the case, please refer to II. "Significant Lawsuits and Arbitrations" in Section 7 "Other Material Particulars" of the 2019 annual report, the 2020 annual report, the 2021 annual report, the 2022 annual report and 2023 annual report of the Company.

On 24 July 2023, the Company submitted the application materials for the resumption of execution of five cases of Mr. He Lin, Mr. Jiang Dehu, Mr. Weng Huayin, Mr. Li Enping and Guangzhou Ruide Jinsheng Investment Management Partnership (Limited Partnership) (廣州瑞德金晟投資管理合夥企業有限合夥) to the Hohhot Intermediate People's Court. On 25 July 2023, execution was resumed in the two cases of Mr. Weng Huayin and Mr. Li Enping. On 28 July 2023, execution was resumed in the three cases of Mr. He Lin, Mr. Jiang Dehu and Guangzhou Ruide Jinsheng Investment Management Partnership (Limited Partnership) (廣州瑞德金晟投資管理合夥企業有限合夥). The above cases are currently under execution.

IV. SIGNIFICANT CONTRACTS AND CONTRACT FULFILLMENT

The Company entered into a property lease contract with China Life Real Estate Co., Limited on 1 March 2016, pursuant to which the Company leased from China Life Real Estate Co., Limited the space of the 11/F, China Life Centre, Financial Street, Xicheng District, Beijing, China for a term of 3 years commencing from 1 March 2016. The property lease contract was renewed on 1 March 2019 for a term of 3 years commencing from 1 March 2019. The property lease contract was re-signed on 1 March 2022 for a term of 2 years commencing from 1 March 2022. The property lease contract was renewed with effect from 1 March 2024 for a term expiring on 28 June 2024. The rental paid by the Company for the Reporting Period was approximately RMB13,117,200. The term of the property lease contract has expired and the address of the head office of the Company in the PRC has been changed. For details, please refer to the announcement of the Company dated 21 June 2024.

V. ENGAGEMENT OF AUDITORS

During the Reporting Period, the Company re-appointed Grant Thornton Certified Public Accountants as its domestic auditor for the year 2024 for providing relevant audit service and review service based on China Accounting Standards for Business Enterprises. The Company also re-appointed Grant Thornton Hong Kong Limited as its international auditor for the year 2024 for providing relevant audit and review services based on the International Financial Reporting Standards.

Section V Other Material Particulars

VI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company exerts its effort in maintaining high quality corporate governance in order to protect the interest of its shareholders and enhance its corporate value and accountability. The Company strictly complied with all provisions under Part 2 of the Corporate Governance Code, where applicable, and the Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

VII. CORPORATE GOVERNANCE

(I) General Meeting

The Articles of Association and the Rules of Procedure for General Meetings of the Company have stipulated the rights and obligations of shareholders and the convocation, voting and proposal of general meetings. During the Reporting Period, the Company convened 2 general meetings.

(II) Operation of the Board and its Special Committees

The Board comprises 9 Directors, including 1 executive Director (Mr. Zhu Yanhui (*Chairman*)), 5 non-executive Directors (Mr. Yu Lei, Mr. Wang Linjing, Mr. Li Ye, Ms. Yang Qin, Mr. Li Yanyong) and 3 independent non-executive Directors (Mr. Chen Xin, Mr. Xu Hongcai and Ms. Cheng Zhuo).

The Board consists of 4 special committees, including Strategy and Investment Committee, Risk Control and Supervisory Committee, Audit Committee and Remuneration and Nomination Committee. The special committees of the Board shall, within their terms of reference specified in the rules of respective procedures, conduct work and be accountable to the Board.

Composition of the current special committees of the Board:

Strategy and Investment Committee:	Zhu Yanhui (<i>Chairman of the Committee, executive Director</i>), Xu Hongcai (<i>independent non-executive Director</i>), Li Ye (<i>non-executive Director</i>)
Risk Control and Supervisory Committee:	Zhu Yanhui (<i>Chairman of the Committee, executive Director</i>), Wang Linjing (<i>non-executive Director</i>), Li Yanyong (<i>non-executive Director</i>)
Audit Committee:	Chen Xin (<i>Chairman of the Committee, independent non-executive Director</i>), Wang Linjing (<i>non-executive Director</i>), Cheng Zhuo (<i>independent non-executive Director</i>)
Remuneration and Nomination Committee:	Chen Xin (<i>Chairman of the Committee, independent non-executive Director</i>), Xu Hongcai (<i>independent non-executive Director</i>), Zhu Yanhui (<i>executive Director</i>)

Section V Other Material Particulars

VII. CORPORATE GOVERNANCE (CONTINUED)

(II) Operation of the Board and its Special Committees (Continued)

During the Reporting Period, the Board convened 7 meetings to consider 36 proposals; the Strategy and Investment Committee convened 1 meeting, the Risk Control and Supervisory Committee convened 2 meetings, the Audit Committee convened 4 meetings, and the Remuneration and Nomination Committee convened 1 meeting.

The Audit Committee has reviewed and confirmed this report.

(III) Operation of the Supervisory Committee

Supervisory Committee currently consists of 3 Supervisors, namely, Ms. Yu Lei, the chairlady of the Supervisory Committee, Mr. Chen Feng, the shareholder representative Supervisor, and Mr. Wang Hui, the employee representative Supervisor. During the Reporting Period, the Supervisory Committee convened 1 meeting to consider 7 proposals. The Supervisors performed their duties diligently and supervised the operation of the Company in accordance with relevant laws and regulations and the relevant requirements of the Articles of Association, so as to protect the legitimate interests of the Company, shareholders and investors.

VIII. COMPLIANCE WITH MODEL CODE

The Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors and Supervisors. The Company has made specific enquiry of all Directors and Supervisors, and all Directors and Supervisors confirmed that they had complied with the required standards set out in the Model Code during the Reporting Period.

IX. DIRECTOR AND SUPERVISOR SERVICE CONTRACT

No Directors or Supervisors entered into any service contract with the Company or its subsidiaries which shall be compensated (except for statutory compensation) upon termination within one year.

X. DIRECTORS' AND SUPERVISORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, no Directors, Supervisors of the Company or their respective spouse or children under the age of 18 purchased the shares or debentures of the Company to obtain rights, or such persons exercised any such right; or no arrangements have been made by the Company or any of its subsidiaries to entitle such right to the Company's Directors, Supervisors or their respective spouse or children under the age of 18 in any other body corporate.

Section VI Changes in Shareholdings and Particulars about Shareholders

I. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, to the knowledge of the Directors after having made reasonable enquiries, the following persons (excluding the Directors, Supervisors or chief executives of the Company) had interests or short positions in shares or underlying shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Names of substantial shareholders	Class of shares	Nature of interest	Number of shares held (shares)	Approximate percentage of total number of issued shares of the Company ¹ (%)	Approximate percentage of the Company's total issued Domestic Shares/H Shares ¹ (%)	Long positions/ short positions/ shares available for lending
Huarong Zonghe Investment ^{2, 5}	Domestic Shares	Beneficial owner	569,895,304	21.8806	26.4610	Long positions
Finance Street Xihuan Properties ³	Domestic Shares	Beneficial owner	211,472,315	8.1193	9.8189	Long positions
Finance Street Investment ^{2, 3, 4, 5}	Domestic Shares	Interests of controlled corporation	781,367,619	29.9999	36.2799	Long positions
Finance Street Capital ^{2, 3, 4, 5}	Domestic Shares	Interests of controlled corporation	781,367,619	29.9999	36.2799	Long positions
SASAC Xicheng District ^{2, 3, 4, 5}	Domestic Shares	Interests of controlled corporation	781,367,619	29.9999	36.2799	Long positions
Tianfeng Securities ⁵	Domestic Shares	Beneficial owner	440,618,114	16.9171	20.4585	Long positions
Baotou Huazi	Domestic Shares	Beneficial owner	308,000,000	11.8254	14.3008	Long positions
Huifa Technology ⁶	Domestic Shares	Beneficial owner	154,000,000	5.9127	7.1504	Long positions
Ms. Chen Shan ⁶	Domestic Shares	Interests of controlled corporation	154,000,000	5.9127	7.1504	Long positions
Mr. Shen Weimin ⁶	Domestic Shares	Interests of controlled corporation	154,000,000	5.9127	7.1504	Long positions
Hongzhi Huitong ⁷	Domestic Shares	Beneficial owner	123,500,000	4.7417	5.7343	Long positions
Shaanxi Tianchen ⁷	Domestic Shares	Interests of controlled corporation	123,500,000	4.7417	5.7343	Long positions
Hangzhou Ruisi ⁷	Domestic Shares	Interests of controlled corporation	123,500,000	4.7417	5.7343	Long positions
Suzhou Bingtai ⁷	Domestic Shares	Interests of controlled corporation	123,500,000	4.7417	5.7343	Long positions
Mr. Zhou Zhiqiang ⁷	Domestic Shares	Interests of controlled corporation	123,500,000	4.7417	5.7343	Long positions
Ravi Global Limited ⁸	H Shares	Beneficial owner	123,206,000	4.7304	27.3277	Long positions
Quick Idea Investments Limited ⁸	H Shares	Interests of controlled corporation	123,206,000	4.7304	27.3277	Long positions
G-Resources Group Limited ⁸	H Shares	Interests of controlled corporation	123,206,000	4.7304	27.3277	Long positions
Guotai Fund Management Co., Ltd. (國泰基金管理有限公司)	H Shares	Investment manager	72,161,000	2.7706	16.0057	Long positions

Section VI Changes in Shareholdings and Particulars about Shareholders

I. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Notes :

1. As at 30 June 2024, there was a total of 2,604,567,412 shares of the Company in issue, comprising 2,153,721,412 Domestic Shares and 450,846,000 H Shares.
2. On 21 October 2022, pursuant to the Official Reply Concerning the Gratuitous Transfer of State-Owned Equity Interest in Finance Street Group (Xi Guo Zi Fu [2022] No. 27) (《關於金融街集團無償劃轉國有股權的批覆》(西國資覆[2022]27號)) from SASAC Xicheng District, Finance Street Investment and Huarong Infrastructure signed the Share Transfer Agreement with Huarong Zonghe Investment respectively. Pursuant to which, Finance Street Investment and Huarong Infrastructure would transfer a total of 320,498,043 Domestic Shares of the Company directly held by them, representing approximately 12.3052% of the total number of issued shares of the Company and approximately 14.8811% of the total number of issued Domestic Shares of the Company, to Huarong Zonghe Investment, at nil consideration. Huarong Zonghe Investment is wholly-owned by Finance Street Investment. Therefore, Finance Street Investment is deemed to be interested in the 569,895,304 Domestic Shares held by Huarong Zonghe Investment. The transfer procedures of the above shares were completed on 17 February 2023. For details, please refer to the Company's announcements dated 7 February 2023 and 20 February 2023.
3. 90.00% of the equity interest in Finance Street Xihuan Properties is held by Finance Street Investment. Therefore, Finance Street Investment is deemed to be interested in the 211,472,315 Domestic Shares held by Finance Street Xihuan Properties.
4. 62.06% and 37.94% of the equity interest in Finance Street Investment is held by Finance Street Capital and SASAC Xicheng District, respectively, and 100% of the equity interest of Finance Street Capital is held by SASAC Xicheng District. Therefore, each of Finance Street Capital and SASAC Xicheng District is deemed to be interested in the 781,367,619 Domestic Shares held indirectly by Finance Street Investment.
5. On 30 September 2022, Tianfeng Securities (the "Vendor"), as the vendor, had entered into a share transfer agreement with Huarong Zonghe Investment (the "Purchaser"), being a wholly-owned subsidiary of Finance Street Investment, as the Purchaser. Pursuant to which, the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to purchase, 249,397,261 Domestic Shares of the Company, representing approximately 9.5754% of the total number of issued shares of the Company and approximately 11.5798% of the total number of issued Domestic Shares of the Company. Upon completion of the Share Transfer, Tianfeng Securities still held 440,618,114 Domestic Shares of the Company, representing approximately 16.9171% of the total number of issued shares of the Company and approximately 20.4585% of the total number of issued Domestic Shares of the Company. The transfer procedures of the above shares were completed on 17 February 2023. For details, please refer to the Company's announcements dated 30 September 2022, 7 February 2023 and 20 February 2023.
6. 53.33% and 46.67% of the equity interest in Huifa Technology is held by Mr. Shen Weimin (沈為民) and Ms. Chen Shan (陳姍), respectively. Therefore, each of Mr. Shen Weimin (沈為民) and Ms. Chen Shan (陳姍) is deemed to be interested in the 154,000,000 Domestic Shares held by Huifa Technology.
7. 97.67% of the equity interest in Hongzhi Huitong is held by Shaanxi Tianchen. 98.67% of the equity interest in Shaanxi Tianchen is held by Hangzhou Ruisi. 100% of the equity interest in Hangzhou Ruisi is held by Suzhou Bingtai. 81.82% of the equity interest in Suzhou Bingtai is held by Mr. Zhou Zhiqiang (周志強). Therefore, each of Shaanxi Tianchen, Hangzhou Ruisi, Suzhou Bingtai and Mr. Zhou Zhiqiang (周志強) is deemed to be interested in the 123,500,000 Domestic Shares held by Hongzhi Huitong.
8. 100% of the equity interest in Ravi Global Limited is held by Quick Idea Investments Limited. 100% of the equity interest in Quick Idea Investments Limited is held by G-Resources Group Limited. Therefore, each of Quick Idea Investments Limited and G-Resources Group Limited is deemed to be interested in the 123,206,000 H Shares held by Ravi Global Limited.

Save as disclosed above, as at 30 June 2024, the Company is not aware of any other persons (excluding the Directors, Supervisors and chief executives of the Company) having any interest or short position in the shares or underlying shares of the Company which will be required to be recorded in the register under Section 336 of the SFO.

Section VI Changes in Shareholdings and Particulars about Shareholders

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

As at 30 June 2024, based on the information acquired by the Company and to the knowledge of the Directors, the Directors, Supervisors and chief executives of the Company have no (i) interests and short positions (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) which shall be notified to the Company and the Hong Kong Stock Exchange in accordance with Sections 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) interest and 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 (as defined in Part XV of the SFO).

III. PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any listed securities (including sale of treasury shares (within the meaning of the Listing Rules)) of the Company during the Reporting Period. As at the end of the Reporting Period, the Company did not hold any treasury shares.

Section VII Directors, Supervisors, Senior Management and Employees

I. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save for the followings, there was no change in details of Directors and Supervisors which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules as compared with those disclosed in the 2023 annual report.

(I) Changes in Directors

None in the Reporting Period.

(II) Changes in Supervisors

None in the Reporting Period.

(III) Changes in Senior Management

None in the Reporting Period.

(IV) Change in Directors' and Supervisors' information

1. Mr. Zhu Yanhui has been the executive vice chairman of the Beijing Financial Street Chamber of Commerce (北京金融街商會) since May 2024; and ceased to be a director of Greatwall Life Insurance Co., Ltd. since August 2024.
2. Mr. Li Ye ceased to be the investment director of Financial Street Investment from May 2024; he has been the deputy general manager of Financial Street Investment from May 2024; and he has been the secretary of the general party branch of Huarong Zonghe Investment from June 2024.
3. Ms. Yang Qin has been the chairlady of the supervisory board of Greatwall Wealth Insurance Asset Management Co., Ltd. (長城財富保險資產管理股份有限公司) since March 2024.
4. Mr. Chen Feng ceased to be the general manager of the investment banking strategic customer department of Tianfeng Securities since February 2024.

Section VII Directors, Supervisors, Senior Management and Employees

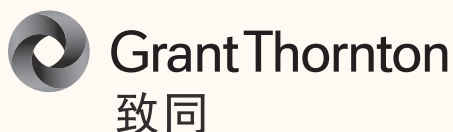
II. EMPLOYEES, REMUNERATION POLICY AND TRAINING

As at the end of the Reporting Period, the Group had 2,496 employees in total, including 2,072 employees of the Company and 424 employees of its subsidiaries.

The Company has established a remuneration management system that integrated incentives and constraints, and integrated fairness and efficiency, aiming to implement the principle of prudent operation, ensure compliance requirements, promote the formation of positive incentives and enhance the long-term value of the Company. By establishing and improving a sound remuneration system, the Company consolidated the governance foundation, risk control foundation, compliance foundation, cultural foundation and talent base for high-quality development. Currently, the Company has built a diversified remuneration structure consisting of fixed remuneration, variable remuneration and benefits, continuously improved the income distribution system, and given full play to the incentivization effect of remuneration and the talent filtration role. The Company has made contributions to various social insurance and housing provident funds on behalf of employees in accordance with relevant laws and regulations of the PRC. The Company has also strictly observed the Labor Law of the PRC, Labor Contract Law of the PRC, the PRC Social Insurance Law and other applicable laws and regulations to bring its hiring under regulation, thus effectively protecting the rights and interests of the employees.

Employee training is an important means for the Company to achieve sustainable development and enhance competitiveness, therefore the Company attaches great importance to employee training. According to its development needs, the Company continuously updates and improves the training curriculum system, adopts more diversified and flexible training methods, and enhances the pertinence and effectiveness of training. In the first half of 2024, the Company mainly conducted 27 online and offline training sessions regarding the “Hundred Talents Program” and “Tercel Program”, business lines empowerment, compliance risk control, clean and honest employment, and information security internal control management, providing personalized training courses and development plans for employees at different levels. Through various training programs, employees’ professional skills and comprehensive qualities have been enhanced, providing stronger talent support for the Company’s development.

Independent Review Report



To the Board of Directors of 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))

INTRODUCTION

We have reviewed the interim financial information of Hengtou Securities (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 46 to 92, which comprises the condensed consolidated statement of financial position as at 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim financial information, including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Grant Thornton Hong Kong Limited

Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

23 August 2024

Chiu Wing Ning

Practising Certificate No.: P04920

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Fees and commission income	3	572,872	715,888
Interest income	4	353,347	394,823
Net investment income	5	187,962	86,546
Other income and gains	6	55,103	251,211
Total operating income		1,169,284	1,448,468
Fees and commission expenses	7	(74,127)	(93,549)
Interest expenses	8	(198,485)	(210,186)
Staff costs	9	(362,163)	(501,842)
Depreciation and amortisation	10	(103,729)	(111,563)
Taxes and surcharges		(6,694)	(6,588)
Other operating expenses	11	(158,110)	(279,454)
Impairment losses, net	12	(42,409)	(34,231)
Unrealised fair value losses from financial assets at fair value through profit or loss, net		(148,469)	–
Total operating expenses		(1,094,186)	(1,237,413)
Profit before tax		75,098	211,055
Income tax expenses	13	(56,104)	(51,579)
Profit for the period		18,994	159,476

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Other comprehensive income:			
<i>Item that may not be reclassified subsequently to profit or loss:</i>			
Equity investments at fair value through other comprehensive income			
– Net change in fair value		12,111	–
– Income tax impact		(3,028)	–
		<u>9,083</u>	<u>–</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Debt investments at fair value through other comprehensive income			
– Net change in fair value		7,385	35,004
– Income tax impact		(1,846)	(8,751)
		<u>5,539</u>	<u>26,253</u>
Other comprehensive income for the period, net of tax		<u>14,622</u>	<u>26,253</u>
Total comprehensive income for the period		<u><u>33,616</u></u>	<u><u>185,729</u></u>
Profit for the period attributable to:			
Ordinary shareholders of the Company		53,872	193,196
Non-controlling interests		(34,878)	(33,720)
		<u>18,994</u>	<u>159,476</u>
Total comprehensive income for the period attributable to:			
Ordinary shareholders of the Company		68,494	219,449
Non-controlling interests		(34,878)	(33,720)
		<u>33,616</u>	<u>185,729</u>
Earnings per share			
Basic and diluted	14	<u><u>RMB0.0207</u></u>	<u><u>RMB0.0742</u></u>

Condensed Consolidated Statement of Financial Position

as at 30 June 2024

	Note	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Non-current assets			
Property and equipment	15	276,840	297,383
Right-of-use assets	16	134,796	167,789
Investment properties		33,886	34,962
Goodwill		43,739	43,739
Intangible assets		153,818	168,488
Refundable deposits		1,263,723	1,098,754
Debt investments measured at amortised cost		–	219,326
Deferred tax assets		732,628	792,045
Other non-current assets	17	55,583	57,851
Total non-current assets		2,695,013	2,880,337
Current assets			
Margin account receivables	18	4,795,407	5,092,456
Other current assets	19	525,664	414,459
Placements with a financial institution	20	99,093	107,889
Financial assets held under resale agreements	21	415,377	481,901
Financial assets at fair value through other comprehensive income	22	2,656,709	2,125,472
Financial assets at fair value through profit or loss	23	9,744,772	7,654,488
Cash held on behalf of brokerage clients	24	11,479,822	9,993,630
Clearing settlement funds		842,534	618,330
Cash and bank balances	25	1,968,223	1,833,688
Total current assets		32,527,601	28,322,313
Total assets		35,222,614	31,202,650

Condensed Consolidated Statement of Financial Position

as at 30 June 2024

	Note	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Current liabilities			
Debt instruments	26	1,701,000	950,000
Placements from a financial institution		2,400,000	2,100,000
Account payables to brokerage clients	27	12,143,511	10,510,125
Employee benefit payables		354,801	489,473
Contract liabilities		200	150
Lease liabilities		73,331	75,662
Other current liabilities	28	520,020	876,809
Current tax liabilities		6,185	14,196
Financial assets sold under repurchase agreements	29	5,426,263	3,607,030
Total current liabilities		22,625,311	18,623,445
Net current assets		9,902,290	9,698,868
Total assets less current liabilities		12,597,303	12,579,205
Non-current liabilities			
Debt instruments	26	3,378,422	3,362,637
Lease liabilities		59,190	90,490
Other non-current liabilities	28	936,000	936,000
Deferred tax liabilities		11	14
Total non-current liabilities		4,373,623	4,389,141
Net assets		8,223,680	8,190,064

Condensed Consolidated Statement of Financial Position

as at 30 June 2024

	<i>Note</i>	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Equity			
Share capital	30	2,604,567	2,604,567
Share premium		1,665,236	1,665,236
Reserves		3,852,106	3,783,612
Total equity attributable to ordinary shareholders of the Company		8,121,909	8,053,415
Non-controlling interests		101,771	136,649
Total equity		8,223,680	8,190,064

Approved by the Board of Directors on 23 August 2024 and are signed on its behalf by:

Zhu Yanhui

Chairman of Board of Directors

Sun Hang

Chief Financial Officer

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024

	Attributable to ordinary shareholders of the Company									
	Share capital	Share premium	Surplus reserve	General risk reserve	Transaction risk reserve	Investment revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024 (audited)	<u>2,604,567</u>	<u>1,665,236</u>	<u>642,525</u>	<u>1,017,226</u>	<u>762,088</u>	<u>(50,639)</u>	<u>1,412,412</u>	<u>8,053,415</u>	<u>136,649</u>	<u>8,190,064</u>
Profit for the period	-	-	-	-	-	-	53,872	53,872	(34,878)	18,994
Other comprehensive income for the period	-	-	-	-	-	14,622	-	14,622	-	14,622
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,622</u>	<u>53,872</u>	<u>68,494</u>	<u>(34,878)</u>	<u>33,616</u>
Appropriation to general risk reserve	-	-	-	7,445	-	-	(7,445)	-	-	-
Disposal of equity investments at FVOCI (non-cycling)	-	-	-	-	-	(3,240)	3,240	-	-	-
As at 30 June 2024 (unaudited)	<u>2,604,567</u>	<u>1,665,236</u>	<u>642,525</u>	<u>1,024,671</u>	<u>762,088</u>	<u>(39,257)</u>	<u>1,462,079</u>	<u>8,121,909</u>	<u>101,771</u>	<u>8,223,680</u>
As at 1 January 2023 (audited)	<u>2,604,567</u>	<u>1,665,236</u>	<u>641,189</u>	<u>995,724</u>	<u>758,324</u>	<u>(42,783)</u>	<u>1,374,869</u>	<u>7,997,126</u>	<u>188,630</u>	<u>8,185,756</u>
Profit for the period	-	-	-	-	-	-	193,196	193,196	(33,720)	159,476
Other comprehensive income for the period	-	-	-	-	-	26,253	-	26,253	-	26,253
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,253</u>	<u>193,196</u>	<u>219,449</u>	<u>(33,720)</u>	<u>185,729</u>
Appropriation to general risk reserve	-	-	-	9,639	-	-	(9,639)	-	-	-
As at 30 June 2023 (unaudited)	<u>2,604,567</u>	<u>1,665,236</u>	<u>641,189</u>	<u>1,005,363</u>	<u>758,324</u>	<u>(16,530)</u>	<u>1,558,426</u>	<u>8,216,575</u>	<u>154,910</u>	<u>8,371,485</u>

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net cash used in operating activities		(129,342)	(722,239)
Cash flows from investing activities			
Proceeds from disposal of property and equipment		374	627
Purchases of property and equipment, intangible assets and other non-current assets		(23,644)	(24,174)
Purchases of financial assets at fair value through other comprehensive income, net of proceeds from disposal		(456,292)	(35,540)
Proceeds from disposal of debt investments measured at amortised cost		220,246	–
(Increase)/Decrease in time deposits with original maturities exceeding three months		(150,000)	450,000
Net cash (used in)/generated from investing activities		(409,316)	390,913
Cash flows from financing activities			
Proceeds from issuance of debt instruments		1,201,000	2,450,000
Repayments of debt instruments		(450,000)	(1,396,000)
Interest paid for financing activities		(94,530)	(46,936)
Payment of lease liabilities		(42,478)	(50,967)
Net cash generated from financing activities		613,992	956,097
Net increase in cash and cash equivalents		75,334	624,771
Cash and cash equivalents at beginning of period		2,034,205	2,029,953
Effect of foreign exchange rate changes		138	1,078
Cash and cash equivalents at end of period	25	2,109,677	2,655,802

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

1. BASIS OF PREPARATION

These condensed consolidated financial statements (the “Interim Financial Information”) of the Company’s and its subsidiaries (together, referred to as the “Group”) for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2023. The accounting policies and methods of computation used in the preparation of the Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2023 except as stated below.

The Interim Financial Information are presented in thousands of Renminbi (“RMB’000”), unless otherwise stated.

2. ADOPTION OF AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

2.1 Amended IFRSs that are effective for annual periods beginning on 1 January 2024

The condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following amended IFRSs which are effective as of 1 January 2024.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendment to IAS 7 and IFRS 7	Supplier Finance Arrangement

The adoption of these newly effective amended IFRSs has no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

2. ADOPTION OF AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)

2.2 Issued but not yet effective IFRSs

At the date of authorisation of the Interim Financial Information, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to IAS 21	Lack of exchangeability ¹
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IFRS accounting standards	Annual Improvements – Volume 11 ²

1 Effective for annual periods beginning on or after 1 January 2025

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

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

4 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended IFRSs are not expected to have a material impact on the Group's Interim Financial Information.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

3. FEES AND COMMISSION INCOME

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Fees and commission income arising from:		
– Securities brokerage business	364,314	419,804
– Assets management business	93,099	148,317
– Underwriting and sponsoring business	35,861	69,829
– Financial advisory business	22,077	19,179
– Future brokerage business	35,663	34,140
– Investment advisory business	14,317	13,188
– Custody business	7,541	11,431
Revenue from contracts with customers within the scope of IFRS 15	572,872	715,888

The following table shows revenue disaggregation by timing of revenue recognition:

	Securities and futures brokerage businesses RMB'000 (unaudited)	Assets management, financial and investment advisory businesses RMB'000 (unaudited)	Underwriting and sponsoring business RMB'000 (unaudited)	Custody business RMB'000 (unaudited)	Total RMB'000 (unaudited)
For the six months ended 30 June 2024					
– Over time	–	129,493	–	7,541	137,034
– Point in time	399,977	–	35,861	–	435,838
For the six months ended 30 June 2023					
– Over time	–	180,684	–	11,431	192,115
– Point in time	453,944	–	69,829	–	523,773

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

4. INTEREST INCOME

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Interest income arising from:		
– Margin financing	168,188	171,267
– Deposits in financial institutions	145,729	156,382
– Financial assets held under resale agreements	7,485	9,454
– Financial assets at fair value through other comprehensive income (“FVTOCI”)	31,204	52,363
– Debt investments measured at amortised cost	741	5,357
	353,347	394,823

5. NET INVESTMENT INCOME

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Dividend income and interest income from financial assets at fair value through profit or loss (“FVTPL”), FVTOCI and debt investments measured at amortised cost	116,625	83,991
Net realised gains from disposal of financial assets at FVTPL, FVTOCI and debt investments measured at amortised cost	71,337	2,555
	187,962	86,546

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Foreign exchange gain, net	138	1,078
Rental income	2,219	2,002
Government grants (<i>Note</i>)	2,305	3,687
Gain on disposal of property and equipment	62	584
Unrealised fair value gain from financial assets at FVTPL, net	49,616	232,334
Others	763	11,526
	55,103	251,211

Note: Government grants were received from several local government authorities for supporting the Group's operation, of which the entitlement was unconditional.

7. FEES AND COMMISSION EXPENSES

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Expenses arising from:		
– Securities brokerage business	67,383	90,349
– Underwriting and sponsoring business	5,800	3,200
– Investment advisory business	944	–
	74,127	93,549

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

8. INTEREST EXPENSES

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Interest expenses arising from:		
– Account payables to brokerage clients	10,972	15,475
– Placements from a financial institution	27,293	17,170
– Financial assets sold under repurchase agreements	45,381	40,339
– Finance charges on lease liabilities	2,940	4,017
– Debt instruments	104,817	123,259
– Other investors of consolidated asset management schemes	7,082	9,926
	198,485	210,186

9. STAFF COSTS

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Short-term benefits	320,339	452,599
Severance payment	2,545	4,096
Defined contribution plan (<i>Note</i>)	39,279	45,147
	362,163	501,842

Note: The Group is required to participate in pension schemes in the People's Republic of China ("PRC") whereby the Group is required to pay contributions for its employees at certain rates of the wages of employees. The Group has no other material obligations for payment of retirement benefits to its employees beyond the contributions described above.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

10. DEPRECIATION AND AMORTISATION

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Depreciation of:		
– property and equipment	22,563	27,355
– investment properties	1,076	1,076
– right-of-use assets	41,840	46,961
Amortisation of:		
– intangible assets	31,679	28,267
– leasehold improvements, long-term prepaid expenses and other foreclosed assets	6,571	7,904
	103,729	111,563

11. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Business entertainment expenses	6,854	7,170
Business travel expenses	6,371	8,211
Consulting fees	9,960	27,210
Electronic equipment operating expenses	35,476	25,865
Miscellaneous office expenses	802	574
Other commission expenses	21,726	35,828
Outsourcing fee	15,685	18,984
Postal and communication expenses	5,415	6,308
Compensation expenses on litigations	3,389	94,508
Lease charges for short-term leases	14,091	7,502
Securities investor protection funds	4,854	5,234
Utilities and building management fees	10,191	9,128
Others (Note)	23,296	32,932
	158,110	279,454

Note: Others mainly consist of marketing expenses, membership fee and other daily operating expenses

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

12. IMPAIRMENT LOSSES, NET

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Impairment losses/(Reversal of impairment losses) on:		
– margin financing	3,755	3,344
– financial assets held under resale agreements	34,890	20,847
– financial assets at FVTOCI	(483)	(533)
– debt investments measured at amortised cost	(674)	(62)
– other current assets	4,921	10,635
	42,409	34,231

13. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Current tax	1,564	1,497
Deferred tax	54,540	50,082
Total income tax expenses	56,104	51,579

The provision for the PRC enterprise income tax is calculated based on the statutory income tax rate of 25% (six months ended 30 June 2023: 25%).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Earnings		
Profit for the period attributable to ordinary shareholders of the Company	<u>53,872</u>	<u>193,196</u>
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation (<i>in thousands</i>)	<u><u>2,604,567</u></u>	<u><u>2,604,567</u></u>

For the six months ended 30 June 2024 and 2023, there were no dilutive potential ordinary shares, hence the diluted earnings per share equals to the basic earnings per share.

15. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property and equipment of approximately RMB2,332,000 (six months ended 30 June 2023: RMB4,724,000) and disposed property and equipment of approximately RMB21,000 (six months ended 30 June 2023: RMB43,000).

16. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group entered into 14 (six months ended 30 June 2023: 8) new lease agreements in respect of properties for initial periods ranging from two to three years (six months ended 30 June 2023: two to three years). These leases do not contain any option to renew the lease and subject to monthly fixed rental payment. For the six months ended 30 June 2024, the total additions to right-of-use assets amounted to RMB11,189,000 (six months ended 30 June 2023: RMB20,684,000).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

17. OTHER NON-CURRENT ASSETS

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Leasehold improvements, long-term prepaid expenses and other foreclosed assets (<i>Note</i>)	34,806	38,401
Prepayments	20,777	19,450
	55,583	57,851

Note:

The movements of leasehold improvements, long-term prepaid expenses and other foreclosed assets are as below:

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
At beginning of the period/year	38,401	50,306
Transfer	291	–
Additions	2,685	3,281
Amortisation	(6,571)	(15,186)
At end of the period/year	34,806	38,401

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

18. MARGIN ACCOUNT RECEIVABLES

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Individual receivables	4,820,204	5,089,213
Institution receivables	20,588	44,873
Less: Accumulated impairment losses	(45,385)	(41,630)
	4,795,407	5,092,456

The fair value of collaterals for margin financing business is analysed as follows:

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Equity securities	11,985,318	13,497,174
Cash	597,033	449,189
	12,582,351	13,946,363

As at 30 June 2024, the margin account receivables carried interests at 4.1% to 8.6% (31 December 2023 (audited): 4.1% to 8.6%) per annum.

Notes to the Condensed Consolidated Financial Statements

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19. OTHER CURRENT ASSETS

	<i>Notes</i>	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Accounts receivable	(a)	169,058	112,680
Interest receivables	(b)	250,699	227,697
Prepaid expenses		16,708	18,225
Income tax recoverable		5,504	5,604
Other receivables	(c)	83,695	50,253
		525,664	414,459

Notes:

(a) Accounts receivable

The ageing analysis of accounts receivable, based on the invoice date, is as follows:

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Within one year	238,980	182,328
Over one year	167,529	167,438
Less: Accumulated impairment losses	(237,451)	(237,086)
	169,058	112,680

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19. OTHER CURRENT ASSETS (CONTINUED)

Notes: (Continued)

(b) Interest receivables

Interest receivables arising from:

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Financial assets at FVTOCI	75,921	80,575
Financial assets at FVTPL	105,148	75,202
Margin financing	95,140	98,427
Bank deposits	8,214	6,505
Financial assets held under resale agreements	111,346	105,321
Placements with a financial institution	7,225	7,225
Less: Accumulated impairment losses	(152,295)	(145,558)
	250,699	227,697

(c) Other receivables

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Other receivables	193,923	162,662
Less: Accumulated impairment losses	(110,228)	(112,409)
	83,695	50,253

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20. PLACEMENTS WITH A FINANCIAL INSTITUTION

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
A non-bank financial institution		
Cost	358,631	367,427
Less: Accumulated impairment losses	(259,538)	(259,538)
	99,093	107,889

During the year ended 31 December 2022, the Group placed RMB375,000,000 placements to GMK Finance Company Limited (“GMK Finance”) through the National Interbank Funding Centre. Amount of RMB150,000,000 was due on 30 March 2022 and amount of RMB225,000,000 was due on 31 March 2022. On 28 March 2022, the Company and the certain shareholders and related companies of GMK Finance entered into a debt-creditor relationship confirmation and extension agreement in agreement to extend the placements to 22 April 2022 and the placements to be guaranteed by the certain shareholders and related companies of GMK Finance. On 22 April 2022, GMK Finance and the shareholders and related companies of GMK Finance failed to make the repayment. In subsequent, the Group filed a civil claim to the Intermediate People’s Court of Hohhot, Inner Mongolia Autonomous Region for demanding the repayment. On 19 June 2023, the Intermediate People’s Court of Hohhot, Inner Mongolia Autonomous Region ruled that GMK Finance the repayment of RMB375,000,000 and the interest payable. On 10 July 2023, the Group filed a claim report of the payable of RMB375,000,000 and interest payable of RMB7,016,000 to the administrator of the restructuring of the shareholders and related companies of GMK Finance.

During the six months ended 30 June 2024, the Group received RMB8,796,000 (year ended 31 December 2023 (audited): RMB7,573,000) as partial of the amount due.

As at 30 June 2024, the provision of expected credit loss on placements with a financial institution was RMB259,538,000 (31 December 2023 (audited): RMB259,538,000).

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

21. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Analysis by collateral type:		
– Equity securities	496,889	497,003
– Debt securities	288,620	320,140
Less: Accumulated impairment losses	(370,132)	(335,242)
	415,377	481,901
Analysis by market:		
– Shenzhen Stock Exchange	601,967	714,850
– Shanghai Stock Exchange	183,542	102,293
Less: Accumulated impairment losses	(370,132)	(335,242)
	415,377	481,901

As at 30 June 2024, the fair values of the collaterals were amounted to RMB442,766,000 (31 December 2023 (audited): RMB573,614,000).

As at 30 June 2024, the financial assets held under resale agreements carried interests at 6.2% to 8.0% (31 December 2023 (audited): 4.1% to 8.0%) per annum.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Analysis by collateral type:		
– Debt securities	2,248,074	1,919,780
– Equity securities	408,635	205,692
	2,656,709	2,125,472
Analysis into:		
– Listed outside Hong Kong	735,780	805,554
– Unlisted	1,920,929	1,319,918
	2,656,709	2,125,472
Accumulated impairment losses	112,167	112,650

Financial assets at FVTOCI comprise debt securities and equity securities which are not held for trading.

As at 30 June 2024, the financial assets at FVTOCI carried interest at 2.28% to 7.5% (31 December 2023 (audited): 2.6% to 7.5%) per annum.

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Held for trading:		
– Debt securities	7,609,068	5,407,106
– Equity securities	921,484	1,296,555
– Investment funds	1,157,363	807,121
– Assets management schemes	12,792	87,956
– Collective trust schemes	44,065	55,750
	9,744,772	7,654,488
Analysis into:		
– Listed outside Hong Kong	4,060,584	3,852,600
– Unlisted	5,684,188	3,801,888
	9,744,772	7,654,488

24. CASH HELD ON BEHALF OF BROKERAGE CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the condensed consolidated statement of financial position, and recognised the corresponding account payables to the respective brokerage clients on the grounds that the Group is liable for any loss or misappropriation of their brokerage clients' monies. Cash held on behalf of brokerage clients for their transaction and settlement purposes is subject to regulatory oversight by third-party depository institutions in accordance with China Securities Regulatory Commission regulations.

Notes to the Condensed Consolidated Financial Statements

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25. CASH AND CASH EQUIVALENTS

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Cash in hand	3	3
Bank balances	1,968,220	1,833,685
Cash and bank balances per the condensed consolidated statement of financial position	1,968,223	1,833,688
Add: Clearing settlement funds	842,534	618,330
Add: Financial assets held under resale agreements with original maturities within three months	288,619	320,139
Less: Time deposits with original maturities exceeding three months	(450,000)	(300,000)
Less: Restricted bank deposits	(539,699)	(437,952)
Cash and cash equivalents per the condensed consolidated statement of cash flows	2,109,677	2,034,205

Restricted bank deposits represent future risk reserve and deposits restricted for the repayment to provision of compensation.

26. DEBT INSTRUMENTS

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Beneficiary certificates	1,701,000	950,000
Subordinated bonds	1,474,668	1,468,584
Long-term corporate bonds	1,903,754	1,894,053
	5,079,422	4,312,637
Analysis by remaining maturity:		
Current		
Within one year	1,701,000	950,000
Non-current		
Between two years and five years	3,378,422	3,362,637
	5,079,422	4,312,637

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

26. DEBT INSTRUMENTS (CONTINUED)

Beneficiary certificates:

30 June 2024 (unaudited)										
Par value										
Name	Par value RMB'000	Issuance date	Due date	Interest rate	As at 1 January 2024 RMB'000	Issuance RMB'000	Redemption RMB'000	As at 30 June 2024 RMB'000	Accrued Interest RMB'000	Book value as at 30 June 2024 RMB'000
恒富No.34	50,000	08.02.2023	05.02.2024	4.00%	50,000	-	(50,000)	-	-	-
恒創泰富No.43	100,000	28.02.2023	28.02.2024	4.20%	100,000	-	(100,000)	-	-	-
恒創泰富No.47	500,000	25.08.2023	23.08.2024	3.45%	500,000	-	-	500,000	14,698	500,000
恒創泰富No.48	300,000	28.08.2023	07.02.2024	3.30%	300,000	-	(300,000)	-	-	-
恒創泰富No.49	400,000	26.01.2024	23.01.2025	3.30%	-	400,000	-	400,000	5,678	400,000
恒創泰富No.50	400,000	26.01.2024	23.01.2025	3.25%	-	400,000	-	400,000	5,592	400,000
恒富No.35	40,000	08.02.2024	06.02.2025	3.30%	-	40,000	-	40,000	521	40,000
恒富No.36	61,000	24.05.2024	31.10.2024	2.47%	-	61,000	-	61,000	157	61,000
恒創泰富No.51	300,000	27.06.2024	08.10.2024	2.38%	-	300,000	-	300,000	78	300,000
					<u>950,000</u>	<u>1,201,000</u>	<u>(450,000)</u>	<u>1,701,000</u>	<u>26,724</u>	<u>1,701,000</u>

31 December 2023 (audited)										
Par value										
Name	Par value RMB'000	Issuance date	Due date	Interest rate	As at 1 January 2023 RMB'000	Issuance RMB'000	Redemption RMB'000	As at 31 December 2023 RMB'000	Accrued Interest RMB'000	Book value as at 31 December 2023 RMB'000
恒創泰富No.34	100,000	18.01.2022	18.01.2023	4.75%	100,000	-	(100,000)	-	-	-
恒創泰富No.37	500,000	21.06.2022	19.06.2023	4.40%	500,000	-	(500,000)	-	-	-
恒創泰富No.41	200,000	16.12.2022	16.03.2023	3.58%	200,000	-	(200,000)	-	-	-
恒創泰富No.42	200,000	20.12.2022	20.03.2023	3.58%	200,000	-	(200,000)	-	-	-
恒富No.34	50,000	08.02.2023	05.02.2024	4.00%	-	50,000	-	50,000	1,792	50,000
恒創泰富No.43	100,000	28.02.2023	28.02.2024	4.20%	-	100,000	-	100,000	3,533	100,000
恒創泰富No.44	400,000	29.03.2023	27.06.2023	3.58%	-	400,000	(400,000)	-	-	-
恒創泰富No.45	400,000	29.06.2023	27.09.2023	3.58%	-	400,000	(400,000)	-	-	-
恒創泰富No.46	200,000	25.08.2023	23.11.2023	3.30%	-	200,000	(200,000)	-	-	-
恒創泰富No.47	500,000	25.08.2023	23.08.2024	3.45%	-	500,000	-	500,000	6,097	500,000
恒創泰富No.48	300,000	28.08.2023	07.02.2024	3.30%	-	300,000	-	300,000	3,418	300,000
					<u>1,000,000</u>	<u>1,950,000</u>	<u>(2,000,000)</u>	<u>950,000</u>	<u>14,840</u>	<u>950,000</u>

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26. DEBT INSTRUMENTS (CONTINUED)

Subordinated bonds:

Name	Issuance date	Due date	Nominal interest rate	30 June 2024 (unaudited)			
				As at 1 January 2024	Issuance	Redemption	As at 30 June 2024
				RMB'000	RMB'000	RMB'000	RMB'000
23恒泰C1次級債**	08.06.2023	08.06.2026	5.30%	400,000	-	-	400,000
23恒泰C2次級債**	08.06.2023	08.06.2026	4.00%	1,100,000	-	-	1,100,000
Total				1,500,000	-	-	1,500,000
Amortised cost				1,468,584			1,474,668

Name	Issuance date	Due date	Nominal interest rate	31 December 2023 (audited)			
				As at 1 January 2023	Issuance	Redemption	As at 31 December 2023
				RMB'000	RMB'000	RMB'000	RMB'000
20恒泰C1次級債*	28.09.2020	28.09.2023	5.80%	1,495,999	-	(1,495,999)	-
23恒泰C1次級債**	08.06.2023	08.06.2026	5.30%	-	400,000	-	400,000
23恒泰C2次級債**	08.06.2023	08.06.2026	4.00%	-	1,100,000	-	1,100,000
Total				1,495,999	1,500,000	(1,495,999)	1,500,000
Amortised cost				1,493,597			1,468,584

* On 28 September 2020, the Company issued a 3-year subordinated bond with a par value of RMB1,500,000,000. The subordinated bond was listed at Shanghai Stock Exchange. The subordinated bond with par value of RMB17,000,000 were issued to the Group's consolidated asset management scheme and accordingly, the par value of the Group's subordinated bonds issued to external parties was amounted to RMB1,483,000,000.

** On 8 June 2023, the Company issued a 3-year subordinated bond with a par value of RMB1,500,000,000. The subordinated bond was listed at Shanghai Stock Exchange. The subordinated bond was divided into 2 classes. 23恒泰C1次級債 was unsecured and with par value of RMB400,000,000 and 23恒泰C2次級債 was guaranteed by Beijing Finance Street investment (Group) Co., Ltd. and with par value of RMB1,100,000,000.

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26. DEBT INSTRUMENTS (CONTINUED)

Long-term corporate bonds:

Name	Issuance date	Due date	Nominal interest rate	30 June 2024 (unaudited)			
				As at 1 June 2024	Issuance	Redemption	As at 30 June 2024
				RMB'000	RMB'000	RMB'000	RMB'000
23恒泰F1私募债 [#]	26.09.2023	26.09.2026	3.50%	1,950,000	-	-	1,950,000
Amortised cost				1,894,053			1,903,754

Name	Issuance date	Due date	Nominal interest rate	31 December 2023 (audited)			
				As at 1 January 2023	Issuance	Redemption	As at 31 December 2023
				RMB'000	RMB'000	RMB'000	RMB'000
23恒泰F1私募债 [#]	26.09.2023	26.09.2026	3.50%	-	1,950,000	-	1,950,000
20恒泰G1公司债(175144) ^{##}	18.09.2020	18.09.2023	4.39%	944,932	-	(944,932)	-
20恒泰F1私募债(167957) ^{###}	27.10.2020	27.10.2023	5.40%	1,000,000	-	(1,000,000)	-
Total				1,944,932	1,950,000	(1,944,932)	1,950,000
Amortised cost				1,934,668			1,894,053

[#] On 26 September 2023, the Company issued 3-year long-term corporate bond with a par value of RMB1,950,000,000. The long-term corporate bond was listed at Shanghai Stock Exchange and guaranteed by Beijing Finance Street Investment (Group) Co., Ltd.

^{##} On 18 September 2020, the Company issued 3-year long-term corporate bond with a par value of RMB950,000,000. The long-term corporate bond was listed at Shanghai Stock Exchange and guaranteed by China Securities Credit Investment Co., Ltd.

^{###} On 27 October 2020, the Company issued 3-year long-term corporate bond with a par value of RMB1,000,000,000. The long-term corporate bond was listed at Shanghai Stock Exchange.

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27. ACCOUNT PAYABLES TO BROKERAGE CLIENTS

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Clients' deposits for:		
– margin financing business	637,917	487,752
– other brokerage business	11,505,594	10,022,373
	12,143,511	10,510,125

Account payables to brokerage clients represent the monies received from and repayable to brokerage clients. Account payables to brokerage clients are interest bearing at the prevailing interest rate.

The majority of the account payables balances are repayable on demand except where certain account payables to brokerage clients represent monies received from clients for the margin financing activities under normal course of business. Only the amounts in excess of the required amount of margin deposits and cash collateral are repayable on demand.

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

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28. OTHER LIABILITIES

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	(unaudited)	(audited)
Third-party interests in consolidated asset management schemes (<i>note (a)</i>)	81,118	377,526
Future risk reserve	46,987	45,202
Other payables (<i>note (b)</i>)	190,238	226,379
Interest payables	103,493	90,794
Taxes and surcharges payables	7,303	13,788
Provision of compensation	1,026,881	1,059,120
	1,456,020	1,812,809
Less: Portion due within one year included under current liabilities	(520,020)	(876,809)
	936,000	936,000

Notes:

- a) Third-party interests in consolidated asset management schemes consist of third-party unit holders' interests in these consolidated structured entities which are recognised as a liability since they can be put back to the Group for cash.
- b) Other payables mainly consist of accrued professional fees, securities investor protection funds and other daily operating expenses and deposits received.

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29. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Analysis by collateral type:		
– Debt securities	5,426,263	3,607,030
Analysis by market:		
– Inter-bank market	5,055,503	2,856,210
– Shanghai Stock Exchange	370,760	607,820
– Shenzhen Stock Exchange	–	143,000
	5,426,263	3,607,030
Analysis by transaction type:		
– Pledged	5,426,263	3,607,030

As at 30 June 2024, the financial assets sold under repurchase agreements carried interests at 2.07% to 2.7% (31 December 2023 (audited): 2.6% to 7.5% per annum).

As at 30 June 2024 and 31 December 2023, the carrying amount of the financial assets that had been placed as financial assets sold under repurchase agreements are noted as below:

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Financial assets at FVTPL	4,157,122	2,711,721
Financial assets at FVTOCI	1,887,368	1,667,975
	6,044,490	4,379,696

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30. SHARE CAPITAL

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

	Number of shares (in thousands)	RMB'000
As at 1 January 2023, 31 December 2023 (audited), 1 January 2024 and 30 June 2024 (unaudited)	<u>2,604,567</u>	<u>2,604,567</u>

31. COMMITMENTS

(a) Capital commitments

At the reporting date, the capital commitments outstanding not provided for in the Interim Financial Information are as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Acquisition of property and equipment, intangible assets and other non-current assets	<u>10,331</u>	<u>29,165</u>

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31. COMMITMENTS (CONTINUED)

(b) Lease commitments

The Group as lessee

At the reporting date, the lease commitments for short-term leases are as follows:

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Properties	765	1,743

The Group as lessor

At the reporting date, the total future minimum lease receivables under non-cancellable operating leases falling due as follows:

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Within 1 year (inclusive)	5,109	4,397
Later than 1 year and not later than 2 years	3,417	4,194
Later than 2 years and not later than 3 years	2,849	3,618
Later than 3 years and not later than 4 years	2,862	2,852
Later than 4 years and not later than 5 years	2,710	2,869
After 5 years	1,107	2,360
	18,054	20,290

(c) Underwriting commitments

As at 30 June 2024, according to the relevant underwriting agreements, underwriting commitments taken but not provided for by the Group are amounted to RMB37,667,000,000 (31 December 2023 (audited): RMB64,004,000,000).

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32. PROVISION OF COMPENSATION AND COMPENSATION EXPENSES ON LITIGATIONS

Arbitration case with regard to Dongxu-series special account product managed by New China Fund

From April 2018 to October 2018, New China Fund Management Co., Ltd. (“New China Fund”), which is an indirect subsidiary of the Company, Industrial and Commercial Bank of China Beijing Branch (the “ICBC Beijing branch”) which acted as the custodian bank and four third parties investors entered into certain Dongxu-series bonds (the “Bonds”) financial product managed by New China Fund. Subsequently in 2019, the four investors failed to provide fund to the account to cover the short position of the margin accounts following the drops in market price of the Bonds. ICBC Beijing branch, as a clearing participant, advanced the funds of approximately RMB1,169 million (the “Advance Settlement”) to China Securities Depository and Clearing Corporation Limited to settle this margin accounts.

On 11 October 2021, New China Fund received the disputes brought by the ICBC Beijing Branch which submitted four arbitration applications to the Beijing Arbitration Commission (the “Arbitration Commission”) for compensating the Advance Settlement and interest losses. On 6 December 2022, the Arbitration Commission ruled that New China Fund has to compensate the ICBC Beijing branch the Advance Settlement and the interest payable. On 10 March 2023, New China Fund and ICBC Beijing branch reached a settlement agreement and New China Fund agreed to settle the amount of approximately RMB1,169 million plus the related interest payable amounts, as well as to seek the financial guarantee by the major shareholder of the Company on the repayment of this.

Therefore, on 21 September 2023, New China Fund, the Company and Beijing Finance Street Investment (Group) Co., Ltd. (“Finance Street Investment”), being the major shareholder of the Company entered into a guarantee and counter-guarantee agreements and that Finance Street Investment agreed to provide joint liability guarantee in favour of the ICBC Beijing branch in respect of the amount approximately to RMB613.4 million. The Company pledged certain assets and 50% equity and ancillary interest of Hengtai Changcai to Finance Street Investment (as guarantor) as security for the counter-guarantee provided to the Group.

On 27 September 2023, New China Fund and ICBC Beijing branch entered into the final implementation settlement agreement (the “Final Implementation Settlement Agreement”). According to the Final Implementation Settlement Agreement, ICBC Beijing branch agreed to transfer the rights of the Dongxu-series special account product to New China Fund and New China Fund shall repay the remaining payable to the ICBC Beijing branch from 1 January 2024 to 31 August 2030 in seven instalments. The first instalments is expected to be paid on 31 August 2024.

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32. PROVISION OF COMPENSATION AND COMPENSATION EXPENSES ON LITIGATIONS (CONTINUED)

Arbitration case with regard to Dongxu-series special account product managed by New China Fund (Continued)

Upon the effective of the Final Implementation Settlement Agreement, the Group recognised the payable to ICBC Beijing branch of RMB996,000,000 and the Dongxu-series special account product as assets. During the six months ended 30 June 2024, the Group has provided and settled an interest of RMB5,671,000 to the ICBC Beijing branch (six months ended 30 June 2023: nil).

Lawsuits with regard to certain assets management plans managed by New China Fushi

During the years ended 31 December 2021, 2022 and 2023, Beijing New China Fushi Asset Management Co., Ltd. ("New China Fushi"), a subsidiary of the Company, received certain civil claims brought by certain individuals which refiled lawsuits to the Beijing Arbitration Commission regarding certain investment losses and the interest payable from certain asset management plans managed by New China Fushi. The Beijing Arbitration Commission ruled that New China Fushi to compensate partial of the investment losses.

During the six months ended 30 June 2024, the Group has reversed of a provision in relation to these lawsuits amounted to RMB4,739,000 (six months ended 30 June 2023: provided a provision RMB74,698,000), considers the expected loss on the settlement of these lawsuits and has settled the compensation amounted to RMB12,906,000 (six months ended 30 June 2023: RMB3,842,000). As at 30 June 2024, the provision of compensation to these lawsuits amounted to RMB6,693,000 (31 December 2023 (audited): RMB24,338,000).

Notes to the Condensed Consolidated Financial Statements

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33. RELATED PARTY TRANSACTIONS AND BALANCES

(i) The Group has following transactions/balances with the related parties:

	30 June 2024 <i>RMB'000</i> (unaudited)	31 December 2023 <i>RMB'000</i> (audited)
Balances as at the end of the period/year:		
– Account payables to brokerage clients	86	75
– Guarantee fee payables to the ultimate holding company	50,000	61,000
– Security deposit to a related party	394	390
– Lease liabilities to a related party	1,323	2,018
– Right-of-use assets from to a related party	1,411	1,940
– Security deposit to an immediate holding company	413	413
– Lease liabilities to an immediate holding company	6,460	6,710
– Right-of-use assets from an immediate holding company	6,252	6,959
– Client maintenance fees payable to mutual funds	675	558
– Other receivables	271	59
Transactions during the period:		
– Fees and commission income from a related party	–	1,028
– Interest expenses to a related party	34	–
– Interest expenses to an immediate holding company	143	–
– Utility charges and other miscellaneous expenses to a related party	529	–
– Benefit payment to a related party	61	–
– Property fees to a related party	156	–
– Utility charges and other miscellaneous expenses to an immediate holding company	708	–
– Lease expenses to a related party	–	837
– Fees and commission expenses to a related party	–	3,134
– Consulting fees to a related party	–	1,192
– Conference fee to a related party	25	–
– Client maintenance fees to a related party	111	–

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

33. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(ii) Key management personnel remuneration

Key management personnel are those persons who have the power to, directly or indirectly, plan, direct and control the activities of the Group, including members of the Board of Directors, board of supervisors and other members of the senior management. The total remuneration includes fees, salaries, bonus, allowances, benefits in kind, discretionary bonuses (including deferred bonuses paid) and contribution to social pension schemes.

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Fees, salaries, allowance and bonus	5,942	7,912
Contribution to pension schemes	314	259
	6,256	8,171

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

34. SEGMENT REPORTING

	Brokerage and wealth management RMB'000	Investment banking RMB'000	Proprietary trading RMB'000	Investment management RMB'000	Others RMB'000	Total RMB'000
Six months ended						
30 June 2024 (unaudited)						
Revenue						
– External	695,998	65,339	234,036	101,844	16,964	1,114,181
– Inter-segment	(12)	–	12	–	–	–
Other income and gains	2,148	142	14	49,713	3,086	55,103
Segment revenue and other income	698,134	65,481	234,062	151,557	20,050	1,169,284
Segment expenses	(581,980)	(49,405)	(147,797)	(251,906)	(63,098)	(1,094,186)
Profit/(Loss) before tax	116,154	16,076	86,265	(100,349)	(43,048)	75,098
Other segment information:						
– Interest income	290,451	7,674	34,138	4,897	16,187	353,347
– Interest expenses	(87,739)	(213)	(101,077)	(8,669)	(787)	(198,485)
– Depreciation and amortisation	(59,241)	(4,651)	(3,222)	(19,145)	(17,470)	(103,729)
– Impairment losses/(Reversal of impairment losses), net	(45,382)	338	1,156	1,112	367	(42,409)
– Capital expenditure	8,138	284	599	467	24,198	33,686
– Right-of-use assets additions	10,041	–	–	1,148	–	11,189

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

34. SEGMENT REPORTING (CONTINUED)

	Brokerage and wealth management <i>RMB'000</i>	Investment banking <i>RMB'000</i>	Proprietary trading <i>RMB'000</i>	Investment management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended						
30 June 2023 (unaudited)						
Revenue						
– External	778,173	95,652	135,965	170,700	16,767	1,197,257
– Inter-segment	(4)	–	–	4	–	–
Other income and gains	6,839	198	7,834	233,820	2,520	251,211
Segment revenue and other income						
	785,008	95,850	143,799	404,524	19,287	1,448,468
Segment expenses	(697,151)	(82,760)	(109,086)	(274,627)	(73,789)	(1,237,413)
Profit/(Loss) before tax	<u>87,857</u>	<u>13,090</u>	<u>34,713</u>	<u>129,897</u>	<u>(54,502)</u>	<u>211,055</u>
Other segment information:						
– Interest income	308,403	6,931	59,484	6,236	13,769	394,823
– Interest expenses	(108,746)	(387)	(87,942)	(12,529)	(582)	(210,186)
– Depreciation and amortisation	(65,121)	(4,338)	(3,112)	(25,393)	(13,599)	(111,563)
– Impairment losses/(Reversal of impairment losses), net	(31,821)	–	(2,870)	460	–	(34,231)
– Capital expenditure	20,914	342	788	1,350	5,040	28,434
– Right-of-use assets additions	9,192	–	–	324	11,168	20,684

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

34. SEGMENT REPORTING (CONTINUED)

	Brokerage and wealth management <i>RMB'000</i>	Investment banking <i>RMB'000</i>	Proprietary trading <i>RMB'000</i>	Investment management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2024						
(unaudited):						
Segment assets	19,079,413	745,013	10,926,130	2,785,646	953,784	34,489,986
Deferred tax assets						<u>732,628</u>
Total assets						<u><u>35,222,614</u></u>
Segment liabilities	17,100,148	161,429	8,166,121	1,314,303	256,922	26,998,923
Deferred tax liabilities						<u>11</u>
Total liabilities						<u><u>26,998,934</u></u>
As at 31 December 2023						
(audited):						
Segment assets	17,630,386	773,731	7,736,108	3,376,591	893,789	30,410,605
Deferred tax assets						<u>792,045</u>
Total assets						<u><u>31,202,650</u></u>
Segment liabilities	15,365,937	207,691	5,357,909	1,743,910	337,125	23,012,572
Deferred tax liabilities						<u>14</u>
Total liabilities						<u><u>23,012,586</u></u>

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

35. FAIR VALUE MEASUREMENTS

(a) Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three level inputs to valuation techniques used to measure fair value:

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

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3 inputs: significant unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

35. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Fair value hierarchy (Continued)

Disclosures of level in fair value hierarchy:

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Recurring fair value measurements:				
As at 30 June 2024 (unaudited)				
Financial assets at FVTPL:				
– Debt securities	725,704	6,883,364	–	7,609,068
– Equity securities	641,792	188,733	90,959	921,484
– Investment funds	1,032,273	121,141	3,949	1,157,363
– Assets management schemes	–	12,792	–	12,792
– Collective trust schemes	–	44,065	–	44,065
	<u>2,399,769</u>	<u>7,250,095</u>	<u>94,908</u>	<u>9,744,772</u>
Financial assets at FVTOCI:				
– Debt securities	40,120	2,207,954	–	2,248,074
– Equity securities	399,124	–	9,511	408,635
	<u>439,244</u>	<u>2,207,954</u>	<u>9,511</u>	<u>2,656,709</u>
	<u>2,839,013</u>	<u>9,458,049</u>	<u>104,419</u>	<u>12,401,481</u>

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

35. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Fair value hierarchy (Continued)

Disclosures of level in fair value hierarchy:(Continued)

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Recurring fair value measurements:				
As at 31 December 2023 (audited)				
Financial assets at FVTPL:				
– Debt securities	629,381	4,777,725	–	5,407,106
– Equity securities	746,378	454,422	95,755	1,296,555
– Investment funds	671,627	131,545	3,949	807,121
– Assets management schemes	–	87,956	–	87,956
– Collective trust schemes	–	55,750	–	55,750
	<u>2,047,386</u>	<u>5,507,398</u>	<u>99,704</u>	<u>7,654,488</u>
Financial assets at FVTOCI:				
– Debt securities	90,680	1,829,100	–	1,919,780
– Equity securities	–	196,323	9,369	205,692
	<u>90,680</u>	<u>2,025,423</u>	<u>9,369</u>	<u>2,125,472</u>
	<u>2,138,066</u>	<u>7,532,821</u>	<u>109,073</u>	<u>9,779,960</u>

There were no significant transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the six months ended 30 June 2024 and the year ended 31 December 2023.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

35. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Fair value of the financial instruments that are not presented at fair value

The carrying amount and fair value of debt instruments which are not presented at fair value are as below:

	30 June 2024		31 December 2023	
	Carrying amount <i>RMB'000</i> (unaudited)	Fair value <i>RMB'000</i> (unaudited)	Carrying amount <i>RMB'000</i> (audited)	Fair value <i>RMB'000</i> (audited)
Financial assets:				
– Debt investments measured at amortised cost	–	–	219,326	218,633
Financial liabilities:				
– Subordinated bonds	1,474,668	1,545,872	1,468,584	1,519,625
– Long-term corporate bonds	1,903,754	1,994,780	1,894,053	1,958,091
	3,378,422	3,540,652	3,362,637	3,477,716

Except as disclosed above, the directors of the Company considers that the carrying amount of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

35. FAIR VALUE MEASUREMENTS (CONTINUED)

- (c) Valuation process used by the Group and valuation techniques and inputs used in fair value measurements

Level 1 fair value measurements

Fair value of financial instruments under Level 1 fair value measurement is based on quoted prices (unadjusted) reflected in active markets.

Level 2 fair value measurements

As at 30 June 2024 and 31 December 2023, the Group's financial assets at FVTPL and FVTOCI under Level 2 fair value measurements consist of debt securities, equity securities, investment funds, assets management schemes and collective trust schemes and their fair value measurements were determined as follows:

Debt securities of RMB9,091,318,000 (31 December 2023 (audited): RMB6,606,825,000), of which value are available on China bond pricing system on the valuation date, fair values are determined by using the latest valuation results published by China bond pricing system.

For equity securities of RMB188,733,000 (31 December 2023 (audited): RMB650,745,000), fair values are determined by using the latest quoted price adjusted by certain observable inputs.

For investment funds, assets management schemes and collective trust schemes of RMB121,141,000 (31 December 2023 (audited): RMB131,545,000), RMB12,792,000 (31 December 2023 (audited): RMB87,956,000) and RMB44,065,000 (31 December 2023 (audited): RMB55,750,000), respectively, fair values are determined based on the quoted prices or recent market transaction price of the underlying investments in each portfolio or the net asset values as published by the fund managers.

During the six months ended 30 June 2024 and the year ended 31 December 2023, there were no significant changes of valuation techniques for Level 2 fair value measurements.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

35. FAIR VALUE MEASUREMENTS (CONTINUED)

- (c) Valuation process used by the Group and valuation techniques and inputs used in fair value measurements (Continued)

Level 3 fair value measurements

For financial instruments under Level 3 fair value measurements, prices are determined using valuation methodologies such as market comparable method, discounted cash flow models or other similar techniques. The fair value measurements of these financial instruments may involve unobservable inputs such as Price-to-Book ratio, price to earnings ratio, liquidity discount, etc. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3 fair value measurements.

The quantitative information of fair value measurements for Level 3 is as follows:

Description	Fair value as at		Valuation technique	Unobservable inputs	Relationship of unobservable input(s) to fair value
	30 June 2024 (unaudited) RMB'000	31 December 2023 (audited) RMB'000			
Unlisted equity investments	90,959	95,755	Market comparable companies	Discount rate for lack of marketability – 40% (31 December 2023 (audited): 40%)	The higher the discount rate, the lower the fair value
Unlisted equity investments	9,511	9,369	Market comparable companies	Price-to-Book ratio – 1:1 (31 December 2023: 1:1)	The higher the ratio, the higher the fair value
Unlisted investment funds	3,949	3,949	Market comparable companies	Discount rate for lack of marketability – 40% (31 December 2023 (audited): 40%)	The higher the discount rate, the lower the fair value
	104,419	109,073			

During the six months ended 30 June 2024 and the year ended 31 December 2023, there were no significant changes of valuation techniques for Level 3 fair value measurements.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

35. FAIR VALUE MEASUREMENTS (CONTINUED)

- (d) Reconciliation of financial assets measured at fair value under Level 3 fair value measurements:

	Financial assets at FVTPL RMB'000	Financial assets at FVTOCI RMB'000	Total RMB'000
As at 1 January 2024 (audited)	99,704	9,369	109,073
Changes in fair value recognised in profit or loss or other comprehensive income	<u>(4,796)</u>	<u>142</u>	<u>(4,654)</u>
As at 30 June 2024 (unaudited)	<u>94,908</u>	<u>9,511</u>	<u>104,419</u>
Total loss/(profit) included in profit or loss for financial assets during the period	<u>4,796</u>	<u>(142)</u>	<u>4,654</u>
As at 1 January 2023 (audited)	98,780	21,383	120,163
Changes in fair value recognised in profit or loss or other comprehensive income	(1,114)	(12,014)	(13,128)
Additions	<u>2,038</u>	<u>–</u>	<u>2,038</u>
As at 31 December 2023 (audited)	<u>99,704</u>	<u>9,369</u>	<u>109,073</u>
Total loss included in profit or loss or other comprehensive income for financial assets during the year	<u>1,114</u>	<u>12,014</u>	<u>13,128</u>

36. APPROVAL OF FINANCIAL STATEMENTS

The Interim Financial Information were approved and authorised for issue by the Board of Directors on 23 August 2024.