



# HOLLY FUTURES

(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 弘業期貨股份有限公司 and carrying on business in Hong Kong as Holly Futures)

Stock Code: 03678.HK;001236.SZ



# 2024

## Interim Report



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# Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

Articles of Association	the Articles of Association of Holly Futures Co., Ltd. currently in force, as amended, supplemented or otherwise modified from time to time
A Shares	domestic listed ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Shenzhen Stock Exchange (Stock Code: 001236)
A Share Offering	initial public offering of 100,777,778 A Shares of the Company which are listed on the Main Board of the Shenzhen Stock Exchange on 5 August 2022
A Shares Prospectus	the prospectus in relation to the A Share Offering published on 5 July 2022
AUM	the amount of assets under management
Board	the board of directors of the Company
Chairman	the chairman of the Company
Chief Risk Officer	the chief risk officer of the Company
Company, our Company or Holly Futures	Holly Futures Co., Ltd. (弘業期貨股份有限公司), a joint stock limited company established in Jiangsu, the PRC under the laws of the PRC on 29 November 2012 and carrying on business in Hong Kong as “Holly Futures”, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the Main Board of the Shenzhen Stock Exchange, respectively
Company Law or PRC Company Law	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
Controlling Shareholder	SOHO Holdings unless the context requires otherwise
Corporate Governance Code	Corporate Governance Code contained in Appendix C1 to the Listing Rules of Hong Kong Stock Exchange
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)

## Definitions

Director(s)	director(s) of the Company	
End of Reporting Period	30 June 2024	
FOF	a fund specially invested in other investment funds. It does not directly invest in stocks or bonds. With its investment scope limited to other funds only, it holds security assets such as stocks and bonds indirectly by holding other security investment funds, which is a new type of fund that combines fund product innovation with sales channel innovation	
Futures Exchanges	China Financial Futures Exchange (中國金融期貨交易所), Dalian Commodity Exchange (大連商品交易所), Shanghai Futures Exchange (上海期貨交易所), Zhengzhou Commodity Exchange (鄭州商品交易所), Shanghai International Energy Exchange (上海國際能源交易中心), Guangzhou Futures Exchange (廣州期貨交易所)	Operating Conditions
Futures and Derivatives Law	the Futures and Derivatives Law of the People's Republic of China, implemented on 1 August 2022	
Group, us or we	the Company and its subsidiaries	Corporate Governance
H Share(s)	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each listed on the Main Board of Hong Kong Stock Exchange	
H Share Offering	global offering of 227,000,000 H Shares offered by the Company and 22,700,000 H Shares offering by the selling shareholders which are listed on the Hong Kong Stock Exchange on 30 December 2015	Interim Financial Information
H Shares Prospectus	the prospectus in relation to the H Share Offering published on 16 December 2015	
High Hope Corporation	Jiangsu High Hope International Group Corporation (江蘇匯鴻國際集團股份有限公司) (formerly known as Jiangsu High Hope Corporation (江蘇匯鴻股份有限公司)), a limited liability company established in the PRC on 13 October 1992 which was subsequently converted to a joint stock limited company in 1994	
HK\$ or Hong Kong dollars	the lawful currency of Hong Kong	

## Definitions

Holly Capital	Holly Capital Management Co., Ltd. (弘業資本管理有限公司), a limited liability company established under the laws of the PRC on 25 June 2013 and a wholly- owned subsidiary of the Company
Holly International Asset Management	Holly International Asset Management Company Limited (弘業國際資產管理有限公司) (formerly known as Holly Su Asset Management Company Limited (弘蘇資產管理有限公司)), a company incorporated under the laws of Hong Kong with limited liability on 7 July 2016 and a wholly owned subsidiary of our Company, which is licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, and changed its name in December 2019
Holly International Financial	Holly International Financial Holdings Limited (弘業國際金融控股有限公司) (formerly known as Holly Su Futures (Hongkong) Co., Limited (弘蘇期貨(香港)有限公司)), a company incorporated under the laws of Hong Kong with limited liability on 20 October 2011 and a wholly-owned subsidiary of our Company which is licensed to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO, and changed its name in December 2019
Holly Su Industrial	Jiangsu Holly Su Industrial Co., Ltd. (江蘇弘蘇實業有限公司), a limited liability company established under the laws of the PRC on 23 January 2011 and one of the promoters and a Shareholder of the Company
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Jiangsu SASAC	State-owned Assets Supervision and Administration Commission of the Jiangsu People's Government (江蘇省人民政府國有資產監督管理委員會)
Listing Rules of Hong Kong Stock Exchange	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules of Hong Kong Stock Exchange

## Definitions

Net Capital	equals net assets minus asset adjustment value plus liability adjustment value minus the deposits which the clients fail to fully replenish minus/plus other adjustment items recognised or approved by the CSRC
PRC or China	the People's Republic of China which, for the purpose of this report, excludes Hong Kong China, Macau Special Administrative Region and Taiwan Region
R&D	research and development
Report	the interim report for 2024 of the Company
Reporting Period	the six months ended 30 June 2024
RMB or Renminbi	the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
Share(s)	A Share(s) and H Share(s) of the Company
Shareholder(s)	holder(s) of the Shares
Shenzhen Stock Exchange	the Shenzhen Stock Exchange
Soho Assets Operation	Jiangsu SOHO Assets Operation Group Co., Ltd. (江蘇蘇豪資產運營集團有限公司), a limited liability company established under the laws of the PRC and a direct wholly-owned subsidiary of SOHO Holdings
SOHO Culture Group	SOHO Culture Group Company Limited (蘇豪文化集團有限公司) (formerly known as Artall Culture Group Company Limited (愛濤文化集團有限公司)), a limited liability company established under the laws of the PRC on 26 January 1999 and a wholly-owned subsidiary of the Company's Controlling Shareholder
SOHO Holdings	Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司) (formerly known as Jiangsu Silk Group Company Limited (江蘇省絲綢集團有限公司)), a wholly state-owned limited liability company established under the laws of the PRC on 29 April 1994, which is the Controlling Shareholder and one of the promoters of the Company

## Definitions

SOHO Holly	Soho Holly Corporation (蘇豪弘業股份有限公司) (formerly known as Jiangsu Holly Corporation (江蘇弘業股份有限公司)), a limited liability company established under the laws of the PRC on 30 June 1994 and one of the promoters and a Shareholder of the Company
Supervisor(s)	supervisor(s) of the Company
Straddling buy and sell positions	a behavior of two parties to the transaction acting as sellers and buyers respectively to issue a transaction entrustment order to securities or futures brokers and complete the transaction in accordance with the agreed types of transaction, price, quantity
Zhong Shan Company	Zhong Shan Company Limited, a company incorporated in Hong Kong in 1985, the shareholding of which is ultimately held by the People's Government of Jiangsu Province
QDLP	Qualified Domestic Limited Partner

# Company Profile

## I. Basic Information about the Company

### 1. Name of Company

Chinese name: 弘業期貨股份有限公司 (a joint stock limited company established in Jiangsu, the PRC on 29 November 2012 under the PRC laws, and carrying on business in Hong Kong as “HOLLY FUTURES”)

Chinese abbreviation (in the PRC): 弘業期貨

English name: Holly Futures Co., Ltd.

### 2. Legal Representative

Mr. Chu Kairong

### 3. Authorised Representatives of the Company

Mr. Chu Kairong and Mr. Huang Haiqing

### 4. Registered Capital

RMB1,007,777,778

### 5. Qualifications for Businesses in China

Commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management, sales of funds, trading participant for stock options, inter-bank bond transactions

### 6. Head Office in China

Registered address of the Company: Building 3, No. 399 Jiang Dong Zhong Road, Jianye District, Nanjing, Jiangsu Province, the PRC (Postal code: 210019)

Office address of the Company: Building 3, No. 399 Jiang Dong Zhong Road, Jianye District, Nanjing, Jiangsu Province, the PRC (Postal code: 210019)

Website of the Company: [www.ftol.com.cn](http://www.ftol.com.cn)

Email address: [zqb@ftol.com.cn](mailto:zqb@ftol.com.cn)

### 7. Principal Place of Business in Hong Kong

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



## Company Profile

## II. List of Board, Supervisory Committee and Special Committees

### 8. Board

Executive Director	Mr. Chu Kairong ( <i>Chairman</i> )
Non-executive Directors	Mr. Xue Binghai Mr. Jiang Lin Mr. Shan Bing (Resigned on 30 January 2024)
Independent Non-executive Directors	Mr. Huang Dechun Mr. Lo Wah Wai Mr. Zhang Hongfa

### 9. Special Committees of the Board

Audit Committee	Mr. Lo Wah Wai ( <i>Chairman</i> ) Mr. Xue Binghai Mr. Huang Dechun
Remuneration Committee	Mr. Huang Dechun ( <i>Chairman</i> ) Mr. Zhang Hongfa Mr. Shan Bing (Resigned on 30 January 2024)
Nomination Committee	Mr. Huang Dechun Mr. Zhang Hongfa
Risk Management Committee	Mr. Zhang Hongfa ( <i>Chairman</i> ) Mr. Chu Kairong Mr. Xue Binghai Mr. Jiang Lin
Strategic Committee	Mr. Xue Binghai Mr. Zhang Hongfa

## Company Profile

### 10. Supervisory Committee

Ms. Yu Hong (*Chairlady of the Supervisory Committee*) (tendered her resignation on 17 July 2024, which will become effective on the date on which the Company's extraordinary general meeting elects a new Supervisor to fill in such vacancy)

Mr. Chen Liang

Ms. Zhang Lei

## III. Contact Information

### 11. Secretary to the Board

Secretary to the Board: Mr. Huang Haiqing

Address: Building 3, No. 399 Jiang Dong Zhong Road, Jianye District, Nanjing, Jiangsu Province, the PRC  
(Postal code: 210019)

Tel: 025-52278884

Email: zqb@ftol.com.cn

### 12. Joint Company Secretaries

Mr. Huang Haiqing and Ms. Chan Yin Wah

## IV. Other Information

### 13. Statutory Audit Institutions of the Company

ShineWing Certified Public Accountants (信永中和會計師事務所(特殊普通合夥))

Public Interest Entity Auditor recognised under the Financial Reporting Council Ordinance

### 14. Legal Advisers of the Company

As to Hong Kong Law: DeHeng Law Offices (Hong Kong) LLP

As to PRC Law: Allbright Law Offices Nanjing

Jingtian & Gongcheng Law Firm in Beijing

## Company Profile

### 15. Principal Bankers

Bank of China Limited  
 China Construction Bank Corporation  
 Agricultural Bank of China Limited  
 Industrial and Commercial Bank of China Limited  
 Bank of Communications Co., Ltd.  
 Shanghai Pudong Development Bank Co., Ltd.  
 China Minsheng Banking Corp., Ltd.  
 Industrial Bank Co., Ltd  
 China CITIC Bank Corporation Limited  
 China Merchants Bank Co., Ltd.  
 Bank of Jiangsu Co., Ltd.  
 Bank of Nanjing Company Limited  
 China Everbright Bank Co., Ltd  
 Ping An Bank Co., Ltd.  
 Bank of Hangzhou Co., Ltd.  
 China Guangfa Bank Co., Ltd.  
 Wing Lung Bank Limited  
 Bank of China (Hong Kong) Limited  
 China Zheshang Bank Co., Ltd.  
 Bank of Ningbo Co., Ltd.  
 Evergrowing Bank Co., Ltd.  
 Nanyang Commercial Bank (China) Limited

### V. Summary of the Company Stocks

Type of stocks	Stock exchanges	Stock code	Share registrars
A Shares	Shenzhen Stock Exchange	001236	China Securities Depository and Clearing Corporation Limited Shenzhen Branch
H Shares	Hong Kong Stock Exchange	03678	Computershare Hong Kong Investor Services Limited

# Financial Summary

## I. Major accounting data and financial indicators

Unless otherwise specified, the accounting data and financial indicators contained in this report are prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, financial data are presented in whole figure. Difference exists in the mantissa between the total of some tables and the direct addition of various values which is due to rounding.

RMB 0'000	Jan-Jun		Change in current period as compared to the prior period	
	2024	2023	Change in amount	Change
Operating income	102,847	91,099	11,748	13%
Total profit	1,662	1,026	636	62%
Net profit-attributable to Shareholders of the Company	1,280	713	567	80%
Net cash inflow from operating activities	232,779	-145,341	378,120	260%
<b>Earnings per Share (RMB/Share)</b>				
Basic earnings per Share	0.0127	0.0071		
Diluted earnings per Share	0.0127	0.0071		
<b>Profitability indicators</b>				
Weighted average return on net assets (%)	0.69%	0.39%		

Scale indicators (RMB 0'000)	As of		Change in the end of the current period as compared to the end of the prior year	
	30 June 2024	31 December 2023	Change in amount	Change
Total assets	1,282,448	931,308	351,140	38%
Total liabilities	1,096,703	746,558	350,145	47%
Customers' equity payable	999,988	684,087	315,901	46%
Equity attributable to Shareholders of the Company	185,745	184,749	996	1%
<b>Total share capital (0'000)</b>	<b>100,778</b>	<b>100,778</b>		
<b>Net assets value per share attributable to Shareholders of the Company (RMB per share)</b>	<b>1.84</b>	<b>1.83</b>		
<b>Gearing ratio (%)<sup>Note 1</sup></b>	<b>34%</b>	<b>25%</b>		

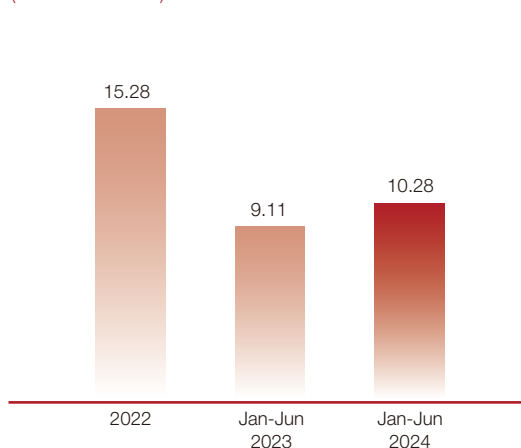
Note 1: Gearing ratio = (Total liabilities – Customers' equity payable)/(Total assets – Customers' equity payable)

# Financial Summary

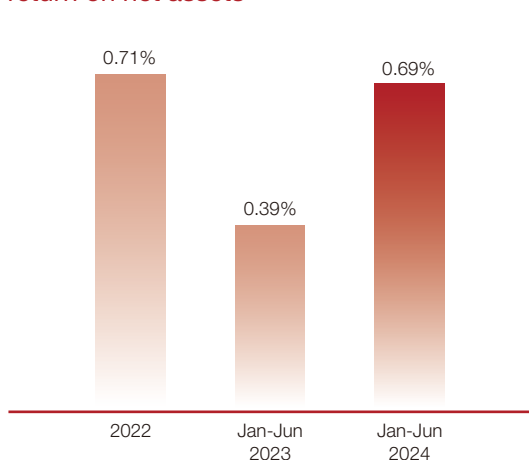
**Net profit-attributable to shareholders of the Company**  
(RMB10 million)



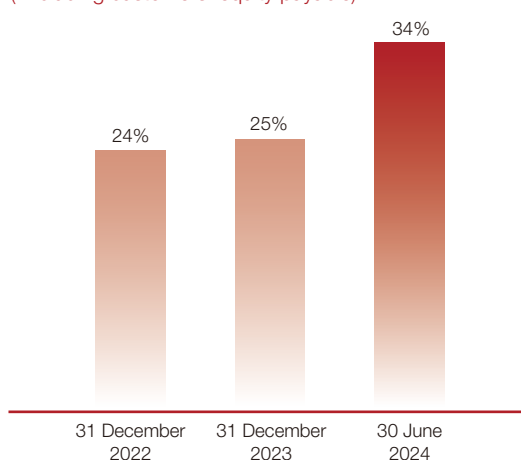
**Operating income**  
(RMB100 million)



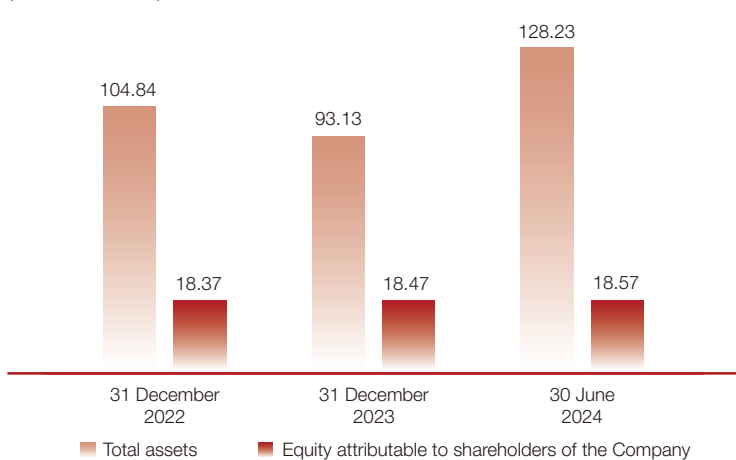
**Weighted average return on net assets**



**Gearing Ratio**  
(Excluding customers' equity payable)



**Scale indicators**  
(RMB100 million)



## Financial Summary

### II. Net capital and relevant risk control indicators of the Company

The net capital of the Company as at 30 June 2024 amounted to RMB723 million, representing a decrease of RMB118 million as compared with RMB841 million as at the end of 2023. During the Reporting Period, various risk control indicators of the Company including the net capital met the regulatory requirements. The following table sets out the net capital and the major risk control indicators prepared by the Company in accordance with the PRC Accounting Standards and the regulatory requirements of the PRC.

	As of 30 June 2024	As of 31 December 2023	Warning level	Minimum/ Supervision level
Net capital (RMB million)	<b>723</b>	841	36	30
Net capital/total risk capital reserves (%)	<b>159%</b>	266%	120%	100%
Net capital/net assets (%)	<b>38%</b>	45%	24%	20%
Current assets/current liabilities (%)	<b>432%</b>	439%	120%	100%
Total liabilities/net assets (%)	<b>17%</b>	18%	120%	150%
Proprietary settlement reserve funds (RMB million)	<b>534</b>	738	–	10

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# Management Discussion and Analysis

## I. Overall Operating Conditions

The Group engages in the futures industry. The operating results of futures companies are correlated with the market trends of the securities and futures market, and the operating income and profit levels of the futures industry are more cyclical due to the impact of the macro economy. The Company's futures business also relies on and benefits from China's economic growth and the development and performance of China's capital markets, which are affected by various factors such as the economic environment, regulatory policies, investors' risk appetite and the international markets.

Facing the complicated external environment since the beginning of 2024, the Company, under the strong leadership of the management, firmly grasped the primary task of high-quality development, adhered to the overall theme of seeking progress while maintaining stability, and further controlled costs, stabilized revenue, prevented risks and strengthened assessment with the spirit of striving for improvement and the style of working in a pragmatic manner, and the development of the Company was in a positive and steady upward trend. From January to June 2024, it achieved an operating income of RMB1,028 million, a total profit of RMB16.6167 million, a net profit of RMB12.8007 million and an average daily customer equity of RMB8,988 million, representing year-on-year increases of 12.90%, 61.92%, 79.61% and 18.63%, respectively. Its turnover from brokerage increased by 63.97% compared with the same period last year. The margin size of the parent company remains stable at above RMB10 billion since June 2024.

## II. Analysis of Principal Businesses

### (I) Principal business that the Company engaged in during the Reporting Period

As approved by the CSRC and other relevant regulatory authorities, the principal business that the Company engages in includes: commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management and fund sales. In addition, the Company is also engaged in financial asset investment business. Holly Capital, a wholly-owned subsidiary of the Company, is principally engaged in commodity trading and risk management business. Holly International Financial, a wholly-owned subsidiary of the Company, is principally engaged in offshore securities and futures trading services. The details of the business activities are as follows:

1. Futures brokerage business: The futures brokerage business of the Company includes providing brokerage service in respect of the commodity futures and financial futures available at futures exchanges and receiving certain percentage of handling fees from clients. The Company is a member of SHFE, DCE, ZCE, Energy Exchange and GFE and a full clearing member of CFFE. It is able to provide brokering services for all futures and options varieties trading at the six domestic futures exchanges. Meanwhile, the Company is also a stock option trading participant of Shanghai Stock Exchange and Shenzhen Stock Exchange and could provide clients with stock option brokerage services.

## Management Discussion and Analysis

2. Asset management business: It represents the business activities of accepting written instructions from a single client or several clients, making investments with assets entrusted by such clients in accordance with relevant regulations and contracts and receiving fees or rewards specified in contracts. The Company, as an asset manager, issues asset management plans which invest mainly in securities, futures and other financial products.
3. Fund sales business: The Company cooperates with major fund companies, signs agency agreements to become a channel partner of fund companies and sells funds to customers through official website and APP of Holly Futures and other platforms. The customers can purchase all the fund products distributed by Holly Futures by simply opening a centralized account with Holly Futures when subscribing.
4. Futures investment advisory business: The Company earns advisory fees and related income by providing advisory services such as risk management advisory services, special training, research and analysis reports, design of investment plans, and futures trading strategies to its customers.
5. Risk management business: The risk management business of the Company is mainly carried out by Holly Capital, a subsidiary of the Company. Holly Capital is a risk management company established by registration with the China Futures Association. Its business scope mainly includes basis trading, market making business, OTC derivatives business, cooperative hedging and warehouse receipt services.
6. Overseas financial services business: The Company carries out overseas business through Holly International Financial and its subsidiaries. Holly International Financial has been issued a Type 2 (dealing in futures contracts) license by the SFC on 29 June 2012. The permitted business scope includes: provision of index or commodity futures trading and brokerage services; buying/selling futures contracts on behalf of customers. Holly International Financial has been issued a Type 1 (dealing in securities) license by the SFC on 10 January 2017. The permitted business scope includes: provision of trading and brokerage services of shares and stock options; bond trading on behalf of customers; buying/selling mutual funds and unit trusts on behalf of customers. Holly International Asset Management, a subsidiary of Holly International Financial, has been issued a Type 4 (advising on securities) and a Type 9 (asset management) license by the SFC on 28 August 2018.
7. Financial assets investment business: Financial asset investment business is the business activity where the Company invests with its own funds to generate income. During the Reporting Period, the Company made financial investments with self-owned funds in products including shares, funds, bonds, asset management plans and trust plans to seek investment returns.



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## Management Discussion and Analysis

### (II) Business operations

1. Strengthening the fundamental role of brokerage business. In the face of tremendous pressure brought about by changes in the market environment and exchange policies, the Company took various measures to realize the growth of its brokerage business against the trend. The Company further optimized the distribution of branch offices, which were abolished after a comprehensive assessment. The Company refined the management of business development by business staff, strengthened process control in the business department. It increased the number of customer visits, created value through services, and expanded the development of customers internally and externally. The Company enhanced internet marketing to increase customer traffic through external attraction and live broadcasting. The Company launched the first “Holly Futures Cup (弘期杯)” firm bargain competition to develop the market for small and medium-sized investors. From January to June, the Company’s monthly average number of accounts opening increased by 41% year-on-year, and the average daily interest of institutional clients accounted for 58.69% of the total.
2. Promoting the improvement of quality and efficiency of asset management business. As of 30 June 2024, the Company’s AUM amounted to RMB24.602 billion, representing an increase of 33.55% compared to RMB18.422 billion as at the end of 2023, and the Company is expected to rank among the top five in the futures industry in terms of AUM. The asset management business recorded a handling fee income of RMB3.3102 million, representing an increase of 14.93% as compared to RMB2.8802 million for the same period of last year. The Company has 22 trading asset management accounts in aggregate and 2 newly filed asset management schemes, including 1 collective product and 1 individual product, which demonstrated our stable development.

Against the complex backdrop of increased market volatility and uncertainties in 2024, the Company has taken a number of proactive measures to address the complex challenges of the asset management industry. Through in-depth analysis of market trends and precise insights into investor demand, the Company has enhanced the strategy optimization of products under the Grand Stability cash management to improve their risk resistance and return stability. Meanwhile, in order to optimize the product structure, the Company, relying on the unique advantage of futures asset management in the futures and derivatives markets, has stepped up its efforts in the research and development of stable medium- to low-volatility investment strategies to meet the needs of investors with different risk preferences, thereby promoting the improvement of the quality and efficiency of its asset management business.

3. Steady growth of fund sales business. We have continuously optimized our fund sales platform, upgraded our trading system and customer experience, and continued to increase the number of products we distribute, newly added 110 agency fund products, with a total of more than 2,200 agency products, and built a fund supermarket and high-end wealth management, making our services more efficient and convenient.

## Management Discussion and Analysis

4. Stimulating the vitality of risk management business. Holly Capital endeavored to overcome the adverse impacts brought by the market environment, actively sought opportunities and expanded its business, and achieved an operating income of RMB878 million, up by 10.74% year-on-year, of which over RMB200 million in revenue was realized from a single species of metallic nickel, which became the Company's dominant species. The new notional principal amount of over-the-counter options was RMB18.6 billion, representing a year-on-year growth of 75.5%, and the Company has cumulatively served 76 small and medium-sized enterprises. The market-making team continued to optimize its market-making methodology and thinking, made timely adjustments to the direction of quote hedging and the parameters of its strategy, and strategically adjusted the focus of its market-making products to further enhance returns while ensuring the stable operation of its market-making business.

Based on its own advantages and functional positioning, the Company comprehensively promoted the revitalization of rural areas. In the first half of the year, the Company carried out 32 "Insurance + Futures" projects in total. Among them, the Company continued to help Jiangsu Province's policy-based hog "Insurance + Futures" pilot, and carried out the hog "Insurance + Futures" project in Huai'an, Jiangsu supported by Dalian Commodity Exchange. The Company carried out the province's first rapeseed "Insurance + Futures" project in Nanjing and Taizhou. The Company explored the new mode of "Insurance + Futures + Banking" with Jiangsu Federation of Societies and insurance companies to promote financial integration and better serve entities. The Company successfully implemented four on-market option projects of "Stabilizing Enterprises, Securing Agriculture and Protecting Entities" of Zhengzhou Commodity Exchange. The Company was awarded the second prize for the "Insurance + Futures" project for natural rubber by the Shanghai Futures Exchange and Shanghai International Energy Exchange, and the third prize for "Strengthening the Source and Helping Enterprises"—"Enhancing the Operation Quality of the Options Market".

5. Realizing the upgrades of international business structure and functions. Holly International Financial actively adjusted its business strategy, made every effort to stabilize its futures and securities brokerage business, made forward-looking arrangements for the transformation and expansion of asset management, and took various measures to promote cost reduction and efficiency enhancement, thus realizing a significant increase in its operating results. It accelerated the transformation and upgrading of our futures and securities brokerage business, continuously optimized client structure and vigorously explored industrial clients. Focusing on continuous effort on asset management, it continued to deepen cooperation with renowned fund companies in Hong Kong and accelerated the implementation of QDLP business. We will further improve the system and mechanism and strengthen the implementation of the system, so as to provide solid institutional safeguard for the Company's high-quality development. In the first half of 2024, the fund management scale of Holly International Financial reached US\$1.53 billion, representing a turnaround from loss to profit.



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## Management Discussion and Analysis

- Promoting the sound development of financial asset investment business. In the first half of 2024, the investment environment was complex and volatile. In order to promote the steady development of the Company's financial asset investments, the Company established standardized investment management regulations in advance and continued to strengthen its investment research and post-investment management, so as to further promote the optimization of its asset layout and realize value preservation and appreciation. From January to June, the Group achieved disposition and dividend gains of RMB2.19 million from financial assets investment business and gains on change in fair value amounting to RMB-1.14 million.

### III. Outlook and Future Plans

The overall development strategy of the Company is: with a customer-centered and struggler-centric approach, striving to become an integrated derivatives service provider with “stronger ability to serve the real economy, more flexible organisations and mechanisms, more effective risk management and control and more prominent advantages of as a listed platform”.

On the premise of well-managed and well-controlled of risks, the Company will closely grasp the major opportunities it faced. Facing the stabilization of the economy, accelerated growth and expansion of new energies, continued manifestation of policy effects, and increase and the concentration of positive factors in the market, the Company will focus on the development of its main business to enhance its quality and efficiency, and fully utilize its licensing strengths. The Company will appropriately cope with the pressure and challenges, fully grasp the opportunities and advantages, act in time, take advantage of the situation, stabilize the development trend, stabilize the scale and efficiency, stabilize the bottom line of risk, further improve the industry ranking, promote the enhancement of the scale of the Company's various businesses, and continuously improve the ability to serve the needs of investment and financing in the real economy, the needs of risk management, and the needs of the residents in wealth management.

The Company will focus on the following tasks.

#### (1) Strengthening the role of strategic guidance, shaping the core competitiveness of enterprises

Each business segment will focus on the full-year operation objectives, seize the opportunities of market recovery, exert more than usual efforts to grab benefits, so as to “have thoughts in mind, strategies in hands, and strong determination in action”, strengthen the sense of urgency of not waiting, not slowing down, and not relaxing, and endeavor to make positive contributions to stable growth.

In terms of brokerage business, the Company will make good use of exchange policies, jointly organize meetings with associations, and launch activities such as the “one-to-one” navigation program and brand forums to deepen and solidify corporate services. In line with the leading companies in the industry, the Company will optimize the appraisal system, strengthen positive incentives for appraisal distribution, and stimulate the motivation of core and backbone talents. The Company will strengthen the market-oriented management of our branches and optimize those departments of “no business, no contribution and no function”.

## Management Discussion and Analysis

In terms of over-the-counter business, the Company will further utilize its strengths in quotation and services, increase interaction with business departments, and actively liaise with key customers. Utilizing the “Insurance + Futures” policy of Jiangsu Province, the Company will join hands with municipal and county governments, strengthen cooperation with insurance companies to strive for a larger share of the market. The Company will improve the market-based incentive mechanism for over-the-counter business to form a virtuous cycle and mutual promotion between over-the-counter business and brokerage business.

In terms of futures and spot business, futures and spot business is the basic and core business of the subsidiary, Holly Capital. It should form a clear business logic, including value creation, profit model, competitive advantage, decision analysis, etc., and make high quality revenue around serving the real economy. The futures and spot team should practice “inner strength” and strive to form advantages in futures investment and research, spot channels, warehousing and logistics, and build the three core competencies of “investment and research, channels and sales”, so as to achieve strong research capabilities, upstream and downstream channels, and stringent risk management and control.

In terms of investment in financial assets, the Company will strictly follow the annual investment plan and build an investment structure based on low volatility and medium volatility assets with the tenet of “professionalism and stability”. The Company will strengthen cooperation with asset management department of brokerage firms and high-quality private equity firms to expand its reserve of high-quality assets, enhance its research and development capabilities, and pursue absolute returns.

In terms of asset management business, the Company will further adjust the structure of existing products with compliance as the main line of business, carry out team integration, optimize staffing and restructure assessment methods. The Company will practice the concept of “investor-oriented”, fully utilize the advantages of futures research and development, enhance its active management capability, and create an asset management product line with futures characteristics.

In respect of market-making business, the Company will actively adapt to the new market-making policy, optimize its market-making strategy and maintain its qualification as a market maker for current futures products. The Company will learn from the experience of outstanding peers, try to develop futures near- and far-month spreads, spreads of different products and intra-market options volatility trading, in order to seek new profit growth points.

In terms of international business, the Company will continue to improve the governance system of its subsidiary, Holly International Finance, with the guiding principle of “excellent governance” to ensure “stable operation”, further focusing on its main duties and responsibilities, and taking services to customers along the industry chain as the key, focusing on building up the business team and strengthening the capability of its main business.



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## Management Discussion and Analysis

### (2) Accumulating reform and innovation energy, enriching transformation and development driving force

Completing important reform tasks without compromise. The Company will solidly promote the deepening and upgrading of the reform of state-owned enterprises, and in accordance with the requirements of various deployments, coordinate the progress of arrangements around the further enhancement of scientific and technological innovation and the role of basic support, so as to ensure that every task and initiative will be vigorously pursued, and that every key and difficult task will have a breakthrough.

The Company will establish a sound long-term incentive and binding mechanism. Guided by cost optimization and best efficiency, the Company will accelerate the remediation of shortcomings in key operational indicators, make adjustments to the assessment of each segment, and give better play to the role of assessment as an incentive. The Company will continue to improve the market-oriented operation mechanism, promote the quality of and expand the tenure system and contractual management. We will further improve the remuneration and benefits of our employees when conditions are favorable, so that they can have a platform for growth and career development.

The Company will adjust and optimize the development layout of its branches. We will change the current situation of homogenization and disorderly competition among our branches, and make organizational adjustments in the form of matrices in accordance with functionalization, industrial chains and regional synergies, so as to provide synergistic group services to our target markets and customers. While improving the quality of services, we will minimize unhealthy competition and waste of resources, and focus on the target industry chain and customer groups to enhance our competitiveness and bargaining power.

### (3) Improving the team building mechanism, gathering the entrepreneurial centripetal force of cadres

The Company will further improve the full chain of “attracting, nurturing, retaining and utilizing” talents, and attract, nurture and utilize talents in an all-round way. Firstly, the Company will create an inviting environment to attract talents with a focus on “attracting talents”. We will increase recruitment efforts, build talent teams in various professional fields, and carry out multi-level talent allocation and training based on the requirements of industrial chain grouping and functional configuration, such as leadership, interdisciplinary, professionalism, etc. We will focus on cultivating young talents and stimulating innovation and creativity; grasp the reserve of cadres to solve the problem of branch losses; grasp the recruitment of high-skilled and cutting-edge talents and enhance efficiency of the innovative business development. Secondly, we will cultivate talents with a focus on “introducing talents”. Implementing the “three-system” training model to shorten the adaptation period of new employees through the implementation of the “mentorship system”. We will enhance the all-round skills and capabilities of the core staff by implementing the “project management system”, so that they could gain experience and make advancements through the project practice; continuing to advance the “job rotation system”, implementing cross-rotation based on position categories and business processes, to enhance the comprehensive qualities and professional service capabilities of employees. The Company will continue to carry out multi-dimensional employee training, and continue to improve employees’ professional ability and professional quality through such featured projects as new employee training projects, marketing special talent plan, business hot discussion, etc. Thirdly, We will give full play to one’s talents with a focus on “utilizing talents”. The Company will further optimize the organization structure, take inventory of talents in the key positions, make talents configuration scientifically and reasonably, improve work efficiency of talents and realize the maximum value of talents.

## Management Discussion and Analysis

### (4) Focusing on grasping the key point, seeking breakthrough, and improving the ability to develop services

The Company will speed up the optimization of its investment and research system. Focusing on fundamental research, the Company establishes an investment and research system integrating macro, industry and market, and offers a series of service with features including market trend analysis, basis prediction, price determination according to stage, dynamic hedge, inventory quantification and strategy customization around the industrial enterprises in the core steps of basis, spot price, hedging and inventory management. The research is required to establish a sound communication mechanism with all business units, strengthen internal communication, clarify research requirements and establish feedback mechanisms. The Company will improve assessment and incentive mechanism to enhance the enthusiasm of researchers. It will accelerate the supply of scientific research talents for national postdoctoral workstations, strengthening the cooperation with universities, relying on the advantages of universities such as talents, technologies and research and development to promote transformation and upgrading of the Company.

The Company will devote efforts to innovation, grab opportunities from the new cycle of technological revolution and industrial changes, accelerate the cultivation of new productivity and drive the high-quality development of the Company. Keeping track of industry policy direction, it will explore and research the innovation application of information technology. Building three central platforms for technology, business and data to support the Company's overall digital transformation. The Company will reorganize management system and carry out digital reconstruction of business and process. We will launch intelligent scenarios to achieve the integration of investment and research, the networking of marketing and smart compliance. The Company will implement the integration of internal and external big data and orderly resourcing, strengthen cooperation with external institutions to form strategic cooperation alliances and leverage strengths and trend for development. We will focus on building a professional new media team, increase live streaming investment, expand the scope of cooperation platforms, and broaden new channels for increasing revenue. We will increase investment in technology research and development, enhance the Company's independent innovation capability and core technology level.

### (5) Improving basic management level and strengthening lean operation control

The Company will deepen cost reduction and efficiency measures. Enriching the "toolbox" for quality and efficiency improvement, and looking for new revenue-generating points in the areas of inventory revitalization and asset disposal. The Company will get accustomed to tight living, make great efforts to reduce costs, continuously optimize cost classification and expense standards, continue to explore the room for cost reduction in canteen management, office facilities, business trips, etc., and pay attention to the calculation of per capita income and costs.



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## Management Discussion and Analysis

The Company will continue to adhere to the bottom line of compliance. The introduction of the new “Nine Policies of State Department (國九條)” has put forward higher requirements for risk management and control of futures companies, and only through persistent risk prevention and control, and strengthening the ability to prevent and resolve risks, can the Company realize high-quality development. The Company has vigorously promoted the concept of “strong and strict supervision”, and has always taken risk prevention and control as the lifeline of enterprise development, prudently and steadily implemented its own risk prevention and control, insisted that wherever the business layout is, the risk control position will be extended synchronously, always maintained a high degree of vigilance against risks, and insisted that “not carry out the business if cannot see clearly and manage it”. The Company will sort out and formulate three lists of “risk identification”, “position compliance duties” and “process control” to improve the level of operation and management, and strive to prevent and resolve operational risks. It should achieve scale growth with quality and strictly control market risks and integrity risks. The Company will further optimize the system, revise and improve the internal control system, enhance system implementation, and create an atmosphere of “system manages people, process manages matters “. It will strengthen compliance training and legal popularization education to enhance the compliance awareness of cadres and staffs.

The Company will continue to emphasize the building of discipline. The Company’s high-quality development must be strongly guaranteed by discipline, maintaining a scientific, strict and pragmatic style of work, strengthening the construction of a clean culture, and working together to promote the Company to a new stage.

The Company will consolidate the foundation of safe development, firmly establish the concept of safe development, push forward the “three-year action to address the root cause of the problem”, build around the “six systems”, and persistently grasp the work of safety production. The Company will steadily promote the special rectification of safety production, and carry out in-depth safety production inspections, rectification of problems, safety education and training, etc., so as to build up a safety line of defense for the Company’s high-quality development.

The Company will strengthen the establishment of its corporate culture. The Company will continue to promote “Insurance + Futures”, actively fulfill our social responsibilities, better serve local economic development, and vigorously support the revitalization of rural areas. We will launch the “I do practical things for the public” campaign, try our best to solve the urgent, difficult, worrying and desired problems of employees, and do good things and practical things, so that everyone can truly feel that they are a member of the Holly Futures family. We attach great importance to the management of employee welfare which is of immediate interest to employees, we will further strengthen the cohesion of employees, increase the strength of ideological and political construction and publicity work to create a good atmosphere of unity, solidarity and hard work.

## Management Discussion and Analysis

### IV. Working Capital, Financial Resources and Capital Structure

#### (1) Profitability analysis

During the Reporting Period, the Company has strengthened its main business of futures brokerage business and promoted cost reduction and efficiency enhancement of overall operation. The Company's handling fees and net commission income and net interest income from its brokerage business increased year-on-year, which contributed to a significant improvement in the Company's operating performance. For the six months ended 30 June 2024, the Group achieved total operating income of RMB1,028 million, representing an increase of 13% as compared with the same period of 2023. The net profit attributable to shareholders of the Company amounted to RMB12.80 million, representing an increase of 80% as compared with the same period of 2023. The earnings per Share amounted to RMB0.0127 and the weighted average return on net assets was 0.69%, representing a year-on-year increase of 0.3 percentage points.

#### (2) Asset structure and asset quality

As of 30 June 2024, the total assets of the Group amounted to RMB12,824 million, representing an increase of 38% as compared with RMB9.313 billion at the end of 2023; the total liabilities amounted to RMB10,967 million, representing an increase of 47% as compared with RMB7,466 million at the end of 2023. Net assets attributable to shareholders of the Company amounted to RMB1,857 million, representing an increase of 1% as compared with RMB1,847 million at the end of 2023.

The asset structure remained stable while the quality and liquidity of assets were well maintained. The Group's total assets recorded an increase as compared to the beginning of the Reporting Period, mainly due to the increase in customers' equity. As of 30 June 2024, the total assets of the Group comprises current assets of RMB12,374 million (accounting for 96.50%) and non-current assets of RMB450 million (accounting for 3.50%). Total assets mainly included cash assets of RMB11,391 million (accounting for 88.83%), assets for investment of RMB692 million (accounting for 5.40%), and other assets of RMB741 million (accounting for 5.77%).

As of 30 June 2024, the liabilities deducting customers' equity amounted to RMB967 million, representing an increase of 55% as compared with RMB625 million at the end of 2023, mainly due to the increase in the amount of bills payable of the subsidiary, Holly Capital. The gearing ratio of the Group was 34% which is within a reasonable range. The operating leverage was 1.52 times, representing an increase of 14% as compared with 1.34 times at the end of 2023.





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As of 30 June 2024, the Group's total borrowings amounted to RMB39.1136 million (end of 2023: RMB110.9256 million), of which RMB23.5085 million was payable within one year, RMB15.6050 million was repayable within one to two years and nil was repayable within two to five years. The interest rate for all the above borrowings is 4.50%. The currency of all borrowings is RMB. Details of the Group's borrowings are set out in Note V, 31 to the unaudited interim financial statements and the liquidity risk profile is set out in Note IX, (III) to the unaudited interim financial statements.

Note: (gearing ratio = (total liabilities – customers' equity payable)/(total assets – customers' equity payable)).

Note: (operating leverage = (total assets – customers' equity payable)/equity attributable to the Shareholders).

### (3) Liquidity level management

The Company places great emphasis on liquidity management based on the principle of “being comprehensive, prudent and predictable” while focusing on the organic combination of the security, liquidity and profitability of capital.

The liquidity monitoring index of the Company in each month throughout the first half of 2024 complied with the regulatory requirements of the CSRC.

### (4) Currency risk

As the Group's business is mainly concentrated in Mainland China and settled in Renminbi, the Group is not subject to any material foreign currency risk save for the bank deposits denominated in Hong Kong dollars. The currencies giving rise to foreign currency risk are primarily Hong Kong dollars and United States dollars. As the majority of the proceeds from issue of shares had been converted into Renminbi during the Reporting Period and not much business of the Group is denominated in United States dollars, the Group's exposure to foreign currency risk is low. The currency risk is set out in Note IX, (I), 1 to the unaudited interim financial statements.

During the Reporting Period, no financial instruments were used for currency risk hedging purpose by the Group.

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### (5) Cash flows

The net increase in cash and cash equivalents of the Group amounted to RMB2,019 million in the first half of 2024.

Net cash generated from operating activities of the Group amounted to RMB2,328 million in the first half of 2024, representing a period-to-period increase of RMB3,781 million as compared with RMB-1,453 million for the same period in 2023; net cash generated from investing activities amounted to RMB-191 million in the first half of 2024, representing a period-to-period decrease of RMB24 million as compared with the net cash generated from investing activities amounting to RMB-167 million for the same period in 2023; net cash flow generated from financing activities amounted to RMB-118 million in the first half of 2024, representing a period-to-period decrease of RMB144 million as compared with the net cash generated from financing activities amounting to RMB26 million for the same period in 2023; net increase in cash and cash equivalents amounted to RMB2,019 million in the first half of 2024, representing a period-to-period increase of RMB3,608 million as compared with RMB-1,589 million for the same period in 2023.

### (6) Significant investment

There is no significant investment during the Reporting Period.

### (7) Contingent liabilities

For details, please refer to VIII of the Management Discussion and Analysis section of this report and Note XII of the unaudited interim financial statements.

### (8) Charges on assets

For details, please refer to VIII of the Management Discussion and Analysis section of this report.



## Management Discussion and Analysis

### V. Material Financing of the Company

#### (1) Equity financing

The Company did not conduct any equity financing during the Reporting Period.

#### (2) Debt financing

The Company did not conduct any debt financing during the Reporting Period.

### VI. Investments during the Reporting Period

#### (1) Use of proceeds

##### *H Shares*

As approved by CSRC Zheng Jian Xu Ke [2015] No. 1963, the Company was listed on the Main Board of the Hong Kong Stock Exchange on 30 December 2015 and it issued 249,700,000 H Shares (comprising 227,000,000 H Shares offered by the Company and 22,700,000 H Shares offered by the selling Shareholders) under the global offering. The number of Shares offered to the public in Hong Kong was 24,970,000 H Shares, representing 10% of the total number of offer shares offered under the Global Offering. The number of offer shares under the International Placing was 224,730,000 H Shares, representing 90% of the total number of offer shares offered under Global Offering, with an issue price of HKD2.43 per Share, raising total proceeds of approximately HKD607 million. The net proceeds raised by the Company amounted to approximately HKD536 million (after deducting the Group's underwriting fees and all related expenses).

According to the use of proceeds from H Share Offering as set out in the H Shares Prospectus, the Group intended to use the proceeds to: develop the Hong Kong and global futures business of the Group; develop the asset management business; develop the commodity trading and risk management business; develop and strengthen the existing futures brokerage business; purchase information technology equipment and software; and serve as general working capital of the Group.

After deducting all listing expenses, transferred payments of the social insurance and the part used in developing Hong Kong and global futures business, the total proceeds of the Company were remitted to the PRC and converted to RMB.

## Management Discussion and Analysis

The Company held the 2018 annual general meeting on 6 June 2019 and passed to transfer the remaining fund of HKD50 million which were originally intended to be used for “developing and strengthening the existing futures brokerage business” to “developing the Hong Kong and global futures business”. The change must be approved by the State Administration of Foreign Exchange and the National Development and Reform Commission and other relevant regulatory authorities before implementation. The Company obtained approval from the relevant regulatory authorities for the above application for changing the use of proceeds, and completed the implementation.

The Company held the first extraordinary general meeting of 2022 on 22 November 2022 and transferred the remaining fund of HKD19.05 million which were originally intended to be used for “developing and strengthening the existing futures brokerage business”, “developing the Hong Kong and global futures business” and “developing the commodity trading and risk management business” to “purchasing information technology equipment and software”.

### A Shares

According to the “Approval of the Initial Public Offering of Shares by Holly Futures Co., Ltd.” (Zheng Jian Xu Ke [2022] No. 1135) approved by the CSRC, the Company was permitted to make a public offering of 100,777,778 RMB ordinary shares with par value RMB1 each to the public at an effective issue price of RMB1.86 per Share. As of 2 August 2022, the Company had raised gross proceeds of RMB187,446,667.08 through the public offering of 100,777,778 RMB ordinary shares to the public, and the actual net proceeds raised after deduction of issue expenses amounted to RMB161,354,358.20, translating to net proceeds of approximately RMB1.60 per Share. According to the description of the use of proceeds in the A Shares Prospectus, all proceeds raised from the A Share Offering of the Company, after deducting the issue expenses, will be used for capital replenishment of the Company, which is necessary for the Company’s development and achievement of its strategic objectives, enhancement of its core competitiveness, integration of resources and promotion of the rapid development of various businesses. The above proceeds were transferred to the designated account of the Company on 2 August 2022 and the availability of funds has been verified by ShineWing Certified Public Accountants, which has issued the relevant Capital Verification Report.

The Company’s proceeds of RMB161,354,358.20 have been fully utilized for capital replenishment. As of 30 June 2024, the proceeds have been fully utilized and the designated accounts for the proceeds have been cancelled.



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### (2) Use of proceeds for committed items

#### H Shares

As of 30 June 2024, the abovementioned proceeds raised from H Share Offering, for the purposes as set out in the H Shares Prospectus, were used as follows:

Description	Proceeds raised Usable amount as of End of Reporting Period HKD'0,000	Proceeds raised Accumulated amount used HKD'0,000	Balance HKD'0,000
Development of the future business in Hong Kong and throughout world <sup>1,2</sup>	21,500	21,500	–
Development of the asset management business	13,404	13,404	–
Development of the commodity trading and risk management business <sup>2</sup>	9,784	9,784	–
Development and enhancement of the existing futures brokerage business <sup>2</sup>	52	52	–
Purchasing IT equipment and software <sup>2</sup>	4,586	4,055	531
General working capital	4,289	4,289	–
<b>Total</b>	<b>53,615</b>	<b>53,084</b>	<b>531</b>

Note 1: The Company held the 2018 annual general meeting on 6 June 2019 and transferred the remaining fund of HKD50 million which were originally intended to be used for “developing and strengthening the existing futures brokerage business” to “developing the Hong Kong and global futures business”. It was approved by the regulatory authorities and implementation was completed.

Note 2: The Company held the first extraordinary general meeting of 2022 on 22 November 2022 and transferred the remaining fund of HKD19.0539 million which were originally intended to be used for “developing and strengthening the existing futures brokerage business”, “developing the Hong Kong and global futures business” and “developing the commodity trading and risk management business” to “purchasing IT equipment and software”.

In order to enhance the efficiency of the utilisation of the proceeds, as of 30 June 2024, the Company's remaining proceeds were deposited into large commercial banks as bank deposits. The Company intends to utilise the remaining proceeds in the amount and usages of net proceeds as prescribed in the H Shares Prospectus and as amended in the 2022 first extraordinary general meeting of the Company.

## Management Discussion and Analysis

### A Shares

As of 30 June 2024, the above proceeds from the A Shares Offering have been fully utilized for capital replenishment and the designated accounts for the proceeds have been cancelled.

### (3) Progress of investments in subsidiaries and joint stock companies

None.

### (4) Future plans for significant investment and fixed assets

None.

## VII. Share Option Scheme

No share option scheme has been adopted by the Company and its subsidiaries.

## VIII. Acquisition or Disposal of Material Assets, External Guarantee, Mortgage, Pledge and Material Contingent Liabilities of the Group

As of 30 June 2024, the Company had no material acquisition or disposal of subsidiaries, associates and joint ventures.

During the Reporting Period, there was neither acquisition, sale or replacement of the Group's material assets or business merger, nor any major off-balance-sheet items or contingent liabilities matters such as major external guarantee, mortgage, pledge that may affect the Group's financial position and operating results. The Group did not grant loans to any entities.

## IX. Employees, Remuneration Policies and Training

As of the end of the Reporting Period, the Group had a total of 659 employees.

The remuneration of the Company's employees is composed of basic salaries, allowances, performance bonuses and welfare. Basic salaries are a relatively fixed part of the remuneration and are the basic income of employees. As a supplement to basic salaries, employees taking special posts and professionals are entitled to allowances. Performance bonuses are distributed according to the results of performance evaluation in favour of the front-line employees with outstanding performance. For the six months ended 30 June 2024, the total remuneration of employees, including remuneration of Directors, amounted to approximately RMB97.021 million. Details of which are set out in Note V, 26 of the unaudited interim financial statements of this report.



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The Company provided employees with statutory welfare such as social insurance and housing provident fund according to relevant national provisions. Moreover, it offered employees enterprise annuity, supplementary medical insurance and other benefits to enhance their welfare.

In order to constantly improve the professional ability and quality of the Company's executives, the Company formulated corresponding training programs for all business lines and made various training plans for employees at all levels. The Company provided operation and management personnel with training programs centring on enhancing their understanding of the development of the futures industry, management theories and skills, strategic thinking ability, operation management ability, etc.; and offered training programs focusing on improving business knowledge, product development and marketing skills and service abilities to employees of various business lines and departments. Moreover, it encourages employees to self-study, take professional qualification examinations, etc. in order to educate themselves and update their professional knowledge. Especially, it rewarded employees who had obtained qualifications for futures investment analysis, fund practitioner and futures practitioner in Hong Kong.

### X. Risk Management

The risks which the Company faces in its business activities mainly include policy risks, risk management and internal control risks, professional conduct risks, market risks, credit risks, information technology risks and ESG (Environmental, Social and Governance) risks.

In the first half of 2024, the Company adopted effective measures to deal with the risks proactively, thereby safeguarding the safety and high efficiency of the business activities.

#### (1) Policy risks

The futures industry and the regulatory environment are evolving. If regulatory authorities strengthen regulation on futures, it may result in restrictions on the scope of the Company's permissible operations, changes to its operating models, or increased costs. There is no guarantee that the Company will fully comply with new rules and regulations, or will be able to compete effectively with new market participants or efficiently adjust its business according to new policies, failing of which may have a material adverse effect on the business, financial condition, and results of operations of the Company.

At present, to promote industry development, domestic futures exchanges implement reductions in handling fees charged to futures companies regularly or from time to time. If there are significant changes in the future regarding these handling fee reduction policies of the exchanges, such as a decrease in the amount of fee reductions or suspension of such reductions, it would have a material impact on the Company's level of operating income, which in turn may result in a risk of significant fluctuations in profitability.

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### (2) Risk management and internal control risks

The Company relies on consistent application of risk management and internal control systems by relevant personnel to manage risks. The said systems are used to identify, monitor and control a wide range of risks, including those pertaining to the market, operations, credit and compliance. Some risk management methods used are based on internally established control systems, observation and summary of past market behaviors, and standard industry practices. These may not predict future risk exposure or identify unexpected or unforeseen risks occurring in the process of business innovation and diversification development of the Company. Other risk management methods rely on the assessment and analysis of information associated with market and operating conditions, but their assessment and analysis may not be accurate. Taking factors such as changes in market conditions and regulatory policies into consideration, if the Company cannot make timely adjustments and improvements to its risk management and internal control policies and procedures in light of future futures market development and business expansion, its business, financial condition and operating performance may be materially and adversely affected.

The Company's risk management approach also relies on the control and supervision of the executive staff. As errors and mistakes may occur in actual operation, despite the fact that the Company can identify potential risks, its assessment of the risks involved and the corresponding measures to deal with them may not be fully effective. Due to the Company's large number of branches, it cannot guarantee that every employee will comply fully with its risk management and internal control policies. The Company's risk management and internal control policies do not necessarily protect the Company from all risks, and in certain circumstance, this could potentially have a material adverse impact on the business, financial condition and operating results of the Company.

### (3) Professional conduct risks

Professional conduct risks refer to any legal sanctions, prosecutions, litigation claims, penalties, financial loss as well as damage to the reputation of the Company as a result of the failure to comply with the regulations, the requirements of supervisory authorities or agencies, the self-discipline code of conduct, or any guidelines concerning the futures brokerage business of the Company. The professional conduct risks mainly concern the employees of the Company.

The professional conduct risks posed by employees includes managing customers' assets, opening accounts and trading on behalf of customers without their consent or authorization. The risks largely stem from the low integrity level of individual staff members who cannot resist the temptation of the market, resulting in those staff members managing customers' finance in violation of rules and regulations, or opening accounts on their own accord to trade. Currently, the Company is screening and shielding the trading terminals of the personnel's computers through technical measures to prevent staff members from accepting customers' entrustment in the business premises to manage their assets on their behalf improperly and from opening accounts on their own accord to trade. Against the professional conduct risks posed by staff members, the Company has begun the strengthening of the internal system and established the mechanism of accountability. Through joint screening by related departments, the risks of staff members opening accounts to trade will be eliminated at source and at the same time, through strengthening the training and education of staff members, their professional conduct awareness will become stronger, which will avoid the occurrence of such risks.



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### (4) Market Risks

Market risks refer to the risks of decrease in revenue or asset loss of the Company resulting from macroeconomic conditions, such as fluctuations in risk factors, including stock prices, interest rates, exchange rates and commodities.

During the Reporting Period, China faces more adverse impacts from changes in external environment, and effective domestic demand remains insufficient. There are still various major risks and potential dangers, as well as challenges resulting from the replacement of traditional growth drivers with new ones. In response, the Company continued to study the market situation, track the valuation of financial assets, control the risk exposure of financial assets and proactively reduce the volatility of holding assets. Meanwhile, the Company has diversified its allocation to low and medium volatility financial assets to enhance the stability of financial asset. On the premise of controlling investment risks, the Company actively seeks to achieve stable investment returns.

In terms of the traditional brokerage business, since there is a large number of futures companies, the price war of handling charges intensifies year after year for traditional brokerage business whose development prospect is not optimistic. Meanwhile, investors enter the futures market without adequate investment experience and skills nor good risk control capability but simply emphasise speculative trading and neglect risk control, or have to be forced to terminate trading as a result of their own factors being influenced by the economic environment. The combined effect of various factors has resulted in futures companies facing the risk of customers incurring losses in trading.

To address this kind of risks, the risk control department of the Company, through close tracking of the market trend, has monitored market fluctuations, reasonably adjusted investors' margin standards, strengthened the monitoring of risk indicators such as the change to position holding and the level of margin, adopted actions to liquidate the customers' position through raising the amount of margin timely and regulated investors' trading behavior according to relevant rules and regulations. The Company has also exerted greater force on monitoring the daily trading, especially the unusual trading behavior of less favoured commodities and contracts, discovered, reported and dealt with straddling buy and sell positions in time and strengthened the education of customers to remind investors to take risk management well so as to prevent the inherent risks to them as a result of their failure to understand the related rules and weak risk prevention consciousness.

In addition, as the Company has registered overseas subsidiaries whose capital is contributed in foreign currency, the Company holds foreign currency funds and assets, the changes of exchange rate will have certain impact on the Company's financial position. The Company does not currently hedge its exchange rate risk with derivative financial instruments. For details of the analysis of foreign currency risks, please refer to Note IX, (I), 1 to the financial statement of this report.

## Management Discussion and Analysis

### (5) Credit Risks

Credit risks refer to the risk of loss of the Company's assets due to default by the financing customer, the issuer of the product or bond, or default by the counterparty.

When a futures broker accepts an order from clients to trade futures for them in accordance with their trading instructions, they would incur losses if their customers are unable or refuse to fulfill their contractual obligations. There are two kinds of credit risks from customers. The first one is the inability of corporate customers to fulfill their contractual obligations due to change of legal persons, change in ownership, poor business performance and other force majeure events. The second kind of credit risk comes from the turbulence in the futures market, resulting in great price fluctuations and also in some customers not being able to fulfill their contractual obligations.

In order to control credit risks, the Company will strictly control the account opening process. The Company has established a strict investor suitability management system to take investor suitability seriously and fully assess the identity and creditworthiness of each new customer, and the adequacy of the funds that they will be using in the futures trading. The Company will also conduct investor education and training to ensure that the customers understand the risks involved in futures trading adequately and continually improve clients' risk resilience.

### (6) Information Technology Risks

Information technology risks mainly refer to exposure to losses caused by the failure of the information system to continuously ensure the stable, efficient and safe operation of transaction and business management in terms of business realization, timely response, solving capacity and data security, resulting from abnormal operation of the Company's information system or data corruption or leakage caused by various internal or external reasons.

The business lines and the middle and back office management of the Company are highly depended on the information technology system, which has become the key support to the operation of businesses of the Company. During the Reporting Period, the Company continued to increase investment in information technology to improve the management system and process of information technology risks, strengthened quality control for information technology, strengthened the investigation and governance for information technology risks and improved the monitoring system, further improving the effectiveness of risk management. The Company continues to improve its information technology risk contingency plans and conducts regular contingency drills. During the Reporting Period, the Company's information system was operated safely and stably. No major information technology risk events occurred.



## Management Discussion and Analysis

### (7) ESG (Environmental, Social and Governance) Risks

#### *Compliance risks*

In the new development environment, ESG information disclosure rules and guidelines for companies listed on the “A+H” stock exchange have been continuously improved and are gradually becoming more stringent. In terms of ESG development, in June 2023, the International Sustainability Standards Board (ISSB) issued the General Requirements for Sustainability-related Financial Disclosures (IFRS S1) and the Climate-related Disclosure Standard (IFRS S2), which have become the foundational frameworks for consistency in disclosure practices globally. Keeping pace with international ESG development, the Hong Kong Stock Exchange has now confirmed the adoption of the ISSB as the benchmark for future ESG disclosure, and has made some adjustments to the international standards in light of the actual application. Consequently, listed companies in Hong Kong will be required to make disclosures in accordance with the relevant requirements in the future. In April 2024, under the unified deployment of the CSRC, the Shenzhen Stock Exchanges issued the “Guidelines No. 17 for Self-Regulation of Listed Companies of Shenzhen Stock Exchanges – Sustainability Reporting (Trial)” (《深圳證券交易所上市公司自律監管指引第17號—可持續發展報告(試行)》), which was implemented since 1 May 2024, guides various elements towards sustainable development sectors, further strengthens the disclosure of information on sustainability, facilitate the realization of the dual-carbon goal and the sustainable development of economy, society and environment, and also marks a milestone in the disclosure of A-share ESG information. The Company will continue to optimize the disclosure of its ESG reporting to meet the regulatory challenges in all aspects, and demonstrate the initiatives taken by the Company to meet environmental commitments, social responsibility and strengthen internal governance.

#### *Environmental pollution risks*

The environmental impact of financial institutions is not only reflected in the use of resources and emissions, but also in the integration of ESG factors into asset management and decision-making processes, directing funds to more environmentally friendly and socially responsible areas, and enhancing the beneficial impact of financial institutions on the environment. International mainstream ESG ratings consider environmental impact financing and responsible investment as key issues in evaluating companies. The United Nations Principles for Responsible Investment (UNPRI) encourages all investing companies to adhere to and practice ESG requirements and incorporate ESG issues into their investment analysis and decision-making processes.

The Company discloses climate-related information in accordance with the framework of the Task Force on Climate-Related Financial Disclosures (TCFD), identifies climate risks and integrates them into the overall risk management, adheres to the 3R principle of “Reducing, Recycling and Reusing”, and proactively implements and promotes various measures such as energy saving, pollutant reduction and emission reduction, and disposal and utilization of wastes within the Company, so as to put the concept of sustainable development into practice. At the same time, the Company has strengthened the promotion of green financial construction and established the first carbon futures research center in China in cooperation with the Sino Research Institute of Green Finance to promote the development of green and low-carbon derivatives.

## Management Discussion and Analysis

### **Data security risks**

Privacy and data security issues are key issues in the financial sector that the Hong Kong Stock Exchange ESG disclosure requirements, domestic and international ESG standards and rating agencies focus on. For example, the performance of privacy and data security issues in the financial sector as a key issue in the MSCI ratings will affect the overall corporate grading and the rating results.

The Company has consistently adhered to the service concept of compliance, integrity, professionalism, and stability, and with the aim of maximizing the interests of customers and delivering high-quality services, formulated various management systems and contingency plans. The Company has launched information protection and network security training for all staff, strictly managed staff access to server rooms, operating systems and authorizations, and the Chief Risk Officer has implemented the authorization approval process to safeguard customers' information security and their legitimate rights and interests.

## **XI. Constructing the Risk Management System of the Company**

The objective of risk management of the Company is to implement a comprehensive risk management system to ensure the business operation complies with the relevant rules and regulations, and limit the risk related to the business operation to a tolerable level, thereby maximizing the corporate value of the Company. The CSRC has rated the Company "Class A of the A Category" for regulatory purpose for the past fifteen consecutive years since 2009 when the rating of futures companies was first introduced.

### **(1) Risk Management Principles**

The Company values the importance of the risk management system, which is established to achieve the following business goals:

1. Preventing professional conduct, market and credit risks;
2. Ensuring the safety and integrity of the assets of the Company's customers and the Company's own assets;
3. Ensuring the reliability, completeness and timeliness of the business records, financial records and other information of the Company; and
4. Enhancing the operation efficiency and the efficiency in future business development of the Company. The risk management and internal control system of the Company has been designed based on the following principles:
  - (1) **Comprehensiveness:** The Company has developed a comprehensive and unified risk management system which covers the entire process of the Company's business and the various processes of different departments and individual employees permeating through decision-making, execution, supervision and evaluation. Each department and individual employee must have a clearly defined role and responsibility in the risk management process;



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- (2) Sustainability: The Company takes the initiative in actively setting risk management objectives and implementing risk management measures with proper supervision and evaluation on a sustainable basis;
- (3) Independency: The Compliance and Risk Control Department, the Discipline Inspection Department, Audit and Legal Department operate independently from other departments in inspecting, assessing and monitoring various risks applicable to the Company on a regular basis;
- (4) Effectiveness: Risk management should be in proportion to the scale of the Company's business, scope of business as well as actual circumstances and unite with the efficacy of actual delivered results, so as to realize the risk management objectives of the Company.

The Company has established an internal structure and designed the business process for the purpose of segregating the powers of the decision-making department, the execution department and the inspection and evaluation department and implemented check and balance among these departments.

### (2) Risk Management System

The organisation structure of risk management of the Company is illustrated below:



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There are four management levels in risk management of the Company, namely, the Board, the risk management committee, the Chief Risk Officer and the specialists for risk management of each business department.

The Board is responsible for setting the strategic objectives of risk management, fulfilling the values of risk management, appointing and removing the Chief Risk Officer, evaluating and approving risk management policies, ensuring the implementation of risk management systems and providing feedback on the effectiveness of risk management systems.

The risk management committee of the Company is responsible for: (i) reviewing the risk management strategies of the Company, including the goals, risk tolerance and plans for managing and resolving material risks; (ii) analyzing and evaluating the risk profiles and the overall risk management of the Company; (iii) making suggestions and proposals in enhancing risk management of the Company; and (iv) supervising the implementation of the risk control system in the aspects of application of fund, marketing, operation and compliance. As at the end of the Reporting Period, the risk management committee of the Company has four members, all with bachelor or higher degrees and one of them is a senior accountant. The risk management committee of the Company is led by Mr. Zhang Hongfa, one of the independent non-executive Directors.

The Chief Risk Officer of the Company is responsible for ensuring the effective implementation of the internal policies of the Company and complying with the business policy of the Company; evaluating and advising on the risks and compliance by the management of the Company in and as regards to the major decisions making and main business activities of the Company; inspecting and investigating possible regulatory violations and risk concerns in the operation of the Company, reporting to the Board, the Shareholders and the regulatory authority independently on any non-compliance and enhancing the risk management of the Company through training, inspection and supervision. Ms. Zhan Jieying is the Chief Risk Officer and has approximately ten years of experience in the financial industry.

Specialists in each business department responsible for risk management shall be responsible for implementing the risk management policies.



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# Corporate Governance

## I. Description of Corporate Governance

As a public company listed on both the domestic and overseas markets, the Company has been operating business in a standard manner and in strict compliance with the requirements set forth in the laws, regulations and regulatory documents of the PRC and the overseas jurisdiction where the shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market. During the Reporting Period, the Company kept improving its corporate governance structure, compliance risk control and internal control system according to the requirements under the Company Law, the Securities Law, the Futures and Derivatives Law, the Measures for the Supervision and Administration of Futures Companies, the Rules for Corporate Governance of Listed Companies, the Corporate Governance Code and other relevant laws and regulations as well as the Articles of Association, in order to establish a modern corporate system, and shape a corporate governance structure where checks and balances, the Board, the Supervisory Committee and the operation and management are maintained, with each of them being separated from the other and performing its own functions and responsibilities corresponding to its position within the specified terms of reference, thereby ensuring all the operational activities of the Company are carried out smoothly and in accordance with relevant laws and regulations. The convening and voting procedures for general meetings and meetings of the Board and Supervisory Committee are legal and valid; the information disclosed by the Company is true, accurate and complete and is disclosed in time; management of investor relations is efficient and practical; and corporate governance is based on scientific, rigorous and normative procedures.

### (1) Compliance with the Corporate Governance Code

During the Reporting Period, the Company has complied with the code provisions set out in part 2 of Corporate Governance Code and has adopted the majority of the recommended practices, save for the deviation from code provision C.2.1 as disclosed below.

Code provision C.2.1 of the Corporate Governance Code requires the roles of the chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Chu Kairong, an executive Director and general manager of the Company, serves as the acting Chairman and the acting legal representative. Mr. Chu has been appointed as the Chairman and the legal representative of the Company since 4 July 2024. The Board considers that the current role of Mr. Chu Kairong as the general manager and the Chairman has the benefit of ensuring the continuity of leadership within the Group, which is conducive to the efficiency of the Group's overall strategic planning and business decision-making and implementation. As all major decisions are made after deliberation by members of the Board and relevant special committees and with independent advice from the independent non-executive Directors of the Board, the Board considers that there are sufficient safeguards to ensure that there is an adequate balance of power on the Board. The Board will keep the Group as a whole under review with a view to maintaining a higher standard of corporate governance practices.

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### (2) Compliance with the Model Code

The Company has adopted the Model Code concerning the securities transactions by Directors and Supervisors. The Company has also made specific inquiries to all the Directors and Supervisors for the compliance with Model Code. All Directors and Supervisors confirmed that they completely complied with the Model Code during the Reporting Period.

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

The Board will examine the Company's corporate governance and its implementation from time to time so as to meet the requirements of the Listing Rules of Hong Kong Stock Exchange and to protect the interest of the Shareholders.

### (3) Independent Non-executive Directors

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, or appropriate accounting or relevant financial management expertise in accordance with the requirements of the Listing Rules of Hong Kong Stock Exchange. The Company has appointed a total of three independent non-executive Directors, namely Mr. Huang Dechun and Mr. Lo Wah Wai and Mr. Zhang Hongfa.

### (4) Audit Committee

Pursuant to the Board resolution passed on 19 May 2015, the Company has established the audit committee (the "Audit Committee") in accordance with Rules 3.21 and 3.22 of the Listing Rules of Hong Kong Stock Exchange, with written terms of reference. The written terms of reference of the Audit Committee were adopted in compliance with Code Provisions D.3.3 and D.3.7 of the Corporate Governance Code and are available on the websites of the Company and the Hong Kong Stock Exchange.

The main duties of the Audit Committee are: proposing to the Board for the appointment and replacement of external audit firms, approving the remuneration and terms of appointment of external auditors, supervising the internal audit system and its implementation, liaising between the internal audit department and external auditors, reviewing financial information and related disclosures, reviewing and supervising the financial monitoring, internal control and risk management systems of the Company; assessing the mechanism for reporting internal control or other improprieties by the Company's employees, and the mechanism for conducting independent and impartial investigations into reported matters and taking appropriate action; and other duties conferred by the Board. As of the end of the Reporting Period, the Audit Committee comprises three members, including two independent non-executive Directors, namely Mr. Lo Wah Wai (chairman) and Mr. Huang Dechun, as well as a non-executive Director, namely Mr. Xue Binghai.

On 15 August 2024, the Audit Committee reviewed and confirmed the interim results of the Group for the six months ended 30 June 2024, the 2024 Interim Report and the unaudited interim financial statements for the six months ended 30 June 2024 prepared in accordance with the PRC GAAP.

### (5) Directors' Responsibility for the Financial Statements

The Directors have confirmed their responsibility for preparing financial statements of the Company. The financial information set out in this interim report is unaudited.



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# Other Information

## I. Share capital

As of the end of the Reporting Period, the total share capital of the Company amounted to RMB1,007,777,778, divided into 1,007,777,778 ordinary shares, (758,077,778 A Shares and 249,700,000 H Shares respectively) with par value of RMB1.00.

## II. Amendments to the Articles of Association

On 28 December 2023, the Board proposed to amend the Articles of Association in accordance with (i) the Listing Rules of the Shenzhen Stock Exchange (August 2023 Revision) (《深圳證券交易所上市規則(2023年8月修訂)》), the Guidelines on the Articles of Association of Listed Companies (Revised in 2023) (《上市公司章程指引(2023年修訂)》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Listing Rules of Hong Kong Stock Exchange and other laws, regulations and normative documents; and (ii) as required by the actual situation of the Company; On 28 March 2024, in accordance with the proposed change of company name, the Board proposed to amend the Articles of Association. Amendments to the Articles of Association were approved by the Shareholders at the annual general meeting of 2023 held on 28 June 2024 and has become effective on the same day. For details, please refer to the announcements of the Company dated 28 December 2023, 28 March 2024 and 28 June 2024 and the circular dated 29 May 2024. The change of company name is subject to the approval of the market regulation and administration bureau, and there is uncertainty as to whether the relevant approvals can be obtained, and there is the possibility of modifications and adjustments.

## III. Sufficiency of public float

Based on the information obtained by the Company and to the knowledge of the Directors, during the Reporting Period, the public float of the H Shares of the Company was approximately 22.37% and the public float of the A Shares of the Company was 32.39%, which were in compliance with the relevant regulations of Rule 8.08 and Rule 13.32 of the Listing Rules of Hong Kong Stock Exchange.

## IV. Interim results

The interim results of the Group for the six months ended 30 June 2024 were published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.ftol.com.cn>) on 16 August 2024.

## V. Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (Six months ended 30 June 2023: nil).

## Other Information

### VI. Purchase, sale and redemption of listed securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares). As of 30 June 2024, the Company did not hold any treasury shares.

### VII. Matters in relation to connected transactions

During the Reporting Period, the Group conducted its connected transactions in strict compliance with the Listing Rules and the Administrative Measures on Connected Transactions. The connected transactions of the Group were mainly entered into with SOHO Holdings, the Controlling Shareholder of the Company. See Note XI to the financial statements of this report for information about other related party transactions. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules of Hong Kong Stock Exchange in respect of its connected transactions or continuing connected transactions.

#### (I) Connected persons

During the Reporting Period, the Company has entered into certain transactions in the ordinary and usual course of business with the following connected persons:

##### **SOHO Holdings**

SOHO Holdings, a state-owned enterprise wholly controlled by Jiangsu SASAC, was established as a limited liability company under the laws of the PRC in April 1994 and is one of the promoters of the Company. As at 30 June 2024, SOHO Holdings directly and indirectly holds approximately 51.58% of equity interest in the Company, and hence is the Controlling Shareholder of the Company.

SOHO Holdings is an investment holding company, principally engaged in (i) financial and industrial investment, authorized operation and management of state-owned assets; (ii) international trade; (iii) property leasing; and (iv) production, R&D and sales of mulberry silk, textile and garments.



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### (II) Continuing connected transactions

#### ***Trading Framework Agreement, Financial Investment Framework Agreement and Financial Services Framework Agreement between the Group and SOHO Holdings***

Following the Company's annual general meeting held on 28 June 2024, where the Trading Framework Agreement and the continuing connected transactions contemplated thereunder with respect to the purchase and sale of the relevant products between the Company and its subsidiaries and SOHO Holdings and its subsidiaries, the Financial Investment Framework Agreement and the continuing connected transactions contemplated thereunder with respect to the subscription of wealth management products from SOHO Holdings and its subsidiaries, and the Financial Services Framework Agreement and the continuing connected transactions contemplated thereunder with respect to the provision of financial services to SOHO Holdings and its subsidiaries have been considered and approved, the Company and SOHO Holdings entered into the Trading Framework Agreement, the Financial Investment Framework Agreement and the Financial Services Framework Agreement on 22 July 2024 respectively. Pursuant to the Trading Framework Agreement, the Group will engage in the trading of commodities with the SOHO Holdings Group and the annual cap of the amount payable by the Group to the SOHO Holdings Group in relation to the purchase of the relevant products from the SOHO Holdings Group as contemplated under the Trading Framework Agreement for 2024 will be RMB500 million, the annual cap of the amount payable by the SOHO Holdings Group to the Group in relation to the sale of the relevant products to the SOHO Holdings Group as contemplated under the Trading Framework Agreement will be RMB50 million. Pursuant to the Financial Investment Framework Agreement, the Group will subscribe for financial products, including funds, trusts and asset management products, from the SOHO Holding Group in the ordinary and usual course of business on normal commercial terms, subject to an annual cap of RMB50 million for 2024. Pursuant to the Financial Services Framework Agreement, the Company provides various financial services to SOHO Holdings and its subsidiaries, including futures brokerage services, asset management services, etc., subject to an annual cap of RMB2.6 million for 2024.

## Other Information

## VIII. Interests and short positions of Directors, Supervisors and chief executive in Shares, underlying Shares and debentures of the Company and any of its associated corporations

As at 30 June 2024, based on the information available to the Company and to the knowledge of the Directors, the Directors, Supervisors and chief executive of the Company do not have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (as defined under Part XV of the SFO) (i) which are required to be notified to the Company or the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions that are deemed to be interested in pursuant to relevant provisions under the SFO), or (ii) which are required to be entered into the register of the Company pursuant to Section 352 of the SFO, or (iii) which are required to be notified to the Company or the Hong Kong Stock Exchange under the Model Code.

## IX. Interests and short positions of substantial shareholders in Shares and underlying Shares of the Company

As at 30 June 2024, to the knowledge of the Directors, Supervisors and the chief executive of the Company, the interests or short positions of substantial shareholders (except the Directors, Supervisors and chief executive of the Company) in Shares or underlying Shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which are required to be entered into the register pursuant to section 336 of the SFO are as follows:

Name of Shareholders	Class of Shares	Capacity	Number of Shares held	Approximate percentage to total issued Shares <sup>(1)</sup>	Approximate percentage to relevant Share class <sup>(2)</sup>
SOHO Holdings (蘇豪控股) <sup>(3)</sup>	A Shares/ H Shares	Beneficial owner and interest in controlled corporation	519,827,256 (long position) (495,572,256 A Shares and 24,255,000 H Shares)	51.58%	A Shares 65.37% H Shares 9.71%
Zhong Shan Company (鍾山公司)	H Shares	Beneficial owner	24,255,000 (long position)	2.41%	9.71%
SOHO Holly (蘇豪弘業)	A Shares	Beneficial owner	147,900,000 (long position)	14.68%	19.51%
Holly Su Industrial (弘蘇實業)	A Shares	Beneficial owner	102,985,523 (long position)	10.22%	13.59%
Shenzhen Changhong Investment Partnership (Limited Partnership) (深圳昌鴻投資合夥企業(有限合夥)) <sup>(4)</sup>	A Shares	Interest in controlled corporation	102,985,523 (long position)	10.22%	13.59%
Shanghai Taihe Yitian Investment Partnership (Limited Partnership) (上海泰合翌天投資合夥企業(有限合夥)) <sup>(4)</sup>	A Shares	Interest in controlled corporation	102,985,523 (long position)	10.22%	13.59%
Zhongshan Yigao Investment Development Co., Ltd. (中山易高投資發展有限公司) <sup>(4)</sup>	A Shares	Interest in controlled corporation	102,985,523 (long position)	10.22%	13.59%
Huang Jieping (黃捷萍) <sup>(4)</sup>	A Shares	Interest in controlled corporation	102,985,523 (long position)	10.22%	13.59%
High Hope Corporation (匯鴻集團)	A Shares	Beneficial owner	63,930,134 (long position)	6.34%	8.43%

## Other Information

Notes:

- (1) The calculation is based on the total number of 1,007,777,778 Shares in issue of the Company as at 30 June 2024.
- (2) The calculation is based on the 758,077,778 A Shares in issue and 249,700,000 H Shares in issue of the Company as at 30 June 2024.
- (3) On 30 June 2024, SOHO Holdings (i) directly held 275,456,777 A Shares; (ii) was the beneficial owner of 22.46% equity interest in SOHO Holly (directly holding 147,900,000 A Shares of the Company); (iii) was the beneficial owner of 67.41% equity interest in High Hope Corporation (directly holding 63,930,134 A Shares of the Company); (iv) was the beneficial owner of the entire equity interests of SOHO Culture Group (deemed to be interested in the 8,285,345 A Shares directly held by Holly Logistics); and (v) was the beneficial owner of 100% equity interest in Zhong Shan Company (directly holding 24,255,000 H Shares of the Company). As disclosed in the 2023 annual report of SOHO Holly, according to relevant PRC laws, SOHO Holdings is deemed to be the controlling shareholder of SOHO Holly. Accordingly, SOHO Holdings is deemed to be interested in the 147,900,000 A Shares of the Company directly held by SOHO Holly, 63,930,134 A Shares of the Company directly held by High Hope Corporation, 8,285,345 A Shares of the Company directly held by SOHO Culture Group and 24,255,000 H Shares of the Company directly held by Zhong Shan Company, and hence was directly and indirectly interested in 519,827,256 Shares.
- (4) According to the current information available to the Company, on 30 June 2024, (i) Shenzhen Changhong Investment Partnership (Limited Partnership) (深圳昌鴻投資合夥企業(有限合夥)) held 99% equity interests in Holly Su Industrial.; (ii) Shanghai Taihe Yitian Investment Partnership (Limited Partnership) (上海泰合翌天投資合夥企業(有限合夥)) held 99.71% equity interests in Shenzhen Changhong Investment Partnership (Limited Partnership) (深圳昌鴻投資合夥企業(有限合夥)); (iii) Zhongshan Yigao Investment Development Co., Ltd. (中山易高投資發展有限公司) held 79.5% equity interests in Shanghai Taihe Yitian Investment Partnership (Limited Partnership) (上海泰合翌天投資合夥企業(有限合夥)); (iv) Ms. Huang Jieping was the beneficial owner of 100% equity interests in Zhongshan Yigao Investment Development Co., Ltd. (中山易高投資發展有限公司). Accordingly, under the SFO, each of Shenzhen Changhong Investment Partnership (Limited Partnership) (深圳昌鴻投資合夥企業(有限合夥)), Shanghai Taihe Yitian Investment Partnership (Limited Partnership) (上海泰合翌天投資合夥企業(有限合夥)), Zhongshan Yigao Investment Development Co., Ltd. (中山易高投資發展有限公司) and Ms. Huang Jieping is deemed to be interested in the 102,985,523 A Shares directly held by Holly Su Industrial.
- (5) As far as the Company is aware, the above number of Shares represents the respective Shareholders' interests and short positions as at the end of the Reporting Period, but the relevant number of Shares and information may be different from the summary of DI Forms submitted to the Hong Kong Stock Exchange by relevant Shareholders. This is mainly because the Company made the calculation based on public information disclosed such as summary of DI Forms and the register of members of the Company.

Save as disclosed above, the Directors, Supervisors and chief executive of the Company are not aware that, as at 30 June 2024, any other person (other than the Directors, Supervisors or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are required to be entered into the register of the Company pursuant to Section 336 of the SFO.

As at 30 June 2024, SOHO Holdings, the Controlling Shareholder of the Company, held approximately 51.58% of the total issued Shares of the Company. SOHO Holdings was established in April 1994 with a registered capital of RMB2,000 million. It is a state-owned enterprise wholly controlled by Jiangsu SASAC. SOHO Holdings is an investment holding company and its business scope includes finance, industrial investment, operation and management of state-owned assets as authorised, international trading, rental housing, and manufacturing, R&D and sales of mulberry silk, textile and garments.

## Other Information

### X. Material litigations and arbitrations

#### (I) Punishment and public censure against the Company during the Reporting Period

On 25 June 2024, Jiangsu Securities Bureau issued a Decision Letter on Administrative Supervisory Measures of Decision of Jiangsu Securities Bureau on the Imposition of Correcting Administrative Regulatory Measures on Holly Futures Co., Ltd. ([2024] No. 116). According to the relevant content of the administrative regulatory measures, the Company has conducted an investigation of the relevant issues, further improved and strengthened its internal control and risk management, a report on the rectification plan has been submitted on time in July 2024, and the rectification work has been actively promoted, so as to ensure that the subsequent development of the business will continue to be standardized and compliant.

#### (II) Material litigations and arbitrations

##### (i) *Material litigations and arbitrations occurring during the Reporting Period*

None.

##### (ii) *Material litigations and arbitrations concluded during the Reporting Period*

None.

##### (iii) *Outstanding material litigations and arbitrations during the Reporting Period*

None.

##### (iv) *Material litigations and arbitrations occurring after the Reporting Period*

None.

### XI. Change of Directors, Supervisors and Senior Management during the Reporting Period

Pursuant to Rule 13.51B of the Listing Rules of Hong Kong Stock Exchange, as of the date of the report, save for the below, there is no change in the biographical information of the Directors, Supervisors and senior management of the Company as disclosed in the 2023 annual report of the Company.

#### 1. The Company

On 8 January 2024, Mr. Chu Kairong was elected to perform the duties of the acting chairman of the Board and the authorised representative during the interim period of the vacancy of the position of chairman of the Board and the authorised representative, until the date on which the Company elects the corresponding candidate to perform such duties.

On 30 January 2024, Mr. Shan Bing resigned as a non-executive Director of the Company and the member of the Remuneration Committee of the Company;

On 9 May 2024, Ms. Chen Rongping ceased to be the supervisor of finance of the Company and Mr. Jia Fuhua was appointed as the supervisor of finance of the Company;

On 4 July 2024, Mr. Chu Kairong was appointed as the chairman of the Company; Mr. Zhao Weixiong was nominated as an executive Director, which will become effective upon approval by Shareholders at the extraordinary general meeting of the Company;



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On 17 July 2024, Ms. Yu Hong tendered her resignation as the shareholder representative Supervisor of the Company and the chairlady of the supervisory committee of the Company, which will become effective on the date on which the Company's extraordinary general meeting elects a new Supervisor to fill in such vacancy; Mr. Huang Dongyan was nominated as the shareholder representative Supervisor of the Company which will take effect upon the approval by the shareholders at the Company's extraordinary general meeting.

### 2. Holly Capital

None.

### 3. Holly International Financial

On 9 May 2024, Ms. Chen Rongping ceased to be a director of Holly International Financial;

On 1 June 2024, Mr. Yao Hui ceased to be the deputy general manager of Holly International Financial.

### 4. Holly International Asset Management

On 30 January 2024, Mr. Guo Hanbin (郭漢彬) was appointed as a director of Holly International Asset Management;

On 27 February 2024, Mr. Kong Xiangwei ceased to be a director and the general manager of Holly International Asset Management;

On 3 April 2024, Mr. Guo Hanbin was appointed as the general manager of Holly International Asset Management.

## XII. Changes in Controlling Shareholders' interests

On 25 April 2024, the Company received a notification from SOHO Holdings, the Controlling Shareholder, that the reorganization and integration of SOHO Holdings and Zhong Shan Company Limited (鍾山有限公司) was approved by Jiangsu SASAC. The entire issued share capital of Zhong Shan Company will be transferred to SOHO Holdings for no consideration. On 30 May 2024, the Company was informed by the Controlling Shareholder of the Company, SOHO Holdings, that the relevant share transfer procedures in relation to the transfer of Zhong Shan Company to SOHO Holdings for no consideration in accordance with the relevant laws of Hong Kong had been completed. SOHO Holdings directly and indirectly controlled 519,827,256 Shares of the Company, representing 51.58% of the total share capital of the Company, and there was no change in the Controlling Shareholder and de facto controller of the Company. For details, please refer to the announcements dated 29 April 2024, 21 May 2024, 30 May 2024 in relation to the potential reorganisation of the Company at the Controlling Shareholder level.

## XIII. Event subsequent to the Reporting Period

Save as disclosed in this interim report, as of the date of this report, there were no important events affecting the Group occurred.

# Review Report

XYZH/2024NJAA2B0135

Holly Futures Co., Ltd.

## To all shareholders of Holly Futures Co., Ltd.,

We have reviewed the accompanying interim financial statements of Holly Futures Co., Ltd., (“Holly Futures” or the “Company”) which comprises the consolidated and the parent company’s balance sheet as at 30 June 2024, the consolidated and parent company’s income statement, cash flow statements and statement of changes in shareholders’ equity and notes to the financial report from January to June 2024. The management of Holly Futures is responsible for fair presentation of the interim financial report. Our responsibility is to issue a report on the interim financial statements based on our review

We conducted our review in accordance with “China Standard on Review No. 2101 – Engagements to Review Financial Statements”. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of personnel of the Company and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not presented fairly in accordance with “Accounting Standard for Business Enterprises” in all material respects, or incapable of fairly reflecting consolidated and parent company’s financial position of Holly Futures as at 30 June 2024, and the consolidated and parent company’s financial performance and cash flows from January to June 2024.

Shine Wing Certified Public Accountants  
LLP

Certified Public Accountants registered in the People’s Republic of China:  
Shi Zhu (the engaging partner)

Certified Public Accountants registered in the People’s Republic of China:  
Liu Yaxuan

Beijing, China

16 August 2024



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# Consolidated Balance Sheet

30 June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	30-Jun-24	1-Jan-24
<b>Assets:</b>			
Monetary funds	V, 1	<b>7,025,776,909.94</b>	4,840,823,714.33
Including: Futures margin deposits		<b>6,490,401,453.24</b>	4,426,745,702.71
Currency deposits receivable	V, 2	<b>4,138,811,913.48</b>	3,354,606,892.26
Pledged deposits receivable	V, 3	<b>226,567,948.00</b>	79,613,312.00
Financing capital	V, 4	<b>22,610,260.33</b>	26,718,486.91
Derivative financial assets	V, 5	<b>60,927,463.42</b>	5,212,428.02
Settlement deposits receivable	V, 6	<b>20,000,000.00</b>	20,000,000.00
Trade receivables			
Other receivables	V, 7	<b>36,650,101.33</b>	32,744,189.68
Financial assets held under resale agreements	V, 8	<b>106,625,025.35</b>	1,948,419.75
Financial investment:			
Financial assets held for trading	V, 9	<b>514,105,250.64</b>	434,686,764.24
Other equity instruments investment	V, 10	<b>1,856,340.00</b>	1,853,110.00
Inventories	V, 11	<b>219,848,802.97</b>	64,018,473.68
Long-term equity investments	V, 12	<b>8,279,506.04</b>	8,252,558.04
Investment properties	V, 13	<b>48,573,122.00</b>	48,573,122.00
Fixed assets	V, 14	<b>313,867,928.05</b>	317,738,489.85
Work in progress			
Right-of-use assets	V, 15	<b>17,592,253.12</b>	23,023,154.19
Intangible assets	V, 16	<b>1,148,814.38</b>	543,732.00
Goodwill			
Deferred tax assets	V, 17	<b>22,278,309.34</b>	21,001,079.72
Other assets	V, 18	<b>38,960,037.10</b>	31,719,217.22
<b>Total assets</b>		<b>12,824,479,985.49</b>	9,313,077,143.89

## Consolidated Balance Sheet

30 June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	30-Jun-24	1-Jan-24
<b>Liabilities:</b>			
Short-term borrowings	V, 19	-	49,782,862.90
Currency deposits payable	V, 20	9,941,609,551.12	6,779,281,113.85
Pledged deposits payable	V, 21	58,266,320.00	61,590,912.00
Financial liabilities held for trading	V, 22	24,917,467.27	61,534,340.24
Derivative financial liabilities	V, 5	46,064,450.96	14,064,892.26
Financial assets sold under agreements to repurchase	V, 23	21,287,718.87	56,687,229.99
Futures risk reserve	V, 24	173,149,141.67	169,222,360.19
Futures investors protection funds payable	V, 25	245,591.80	310,592.85
Employee benefits payable	V, 26	2,007,902.71	2,303,860.56
Taxes payable	V, 27	4,954,608.73	2,054,597.25
Trade payables			
Contract liabilities	V, 28	1,878,823.84	446,185.04
Notes payable	V, 29	230,300,000.00	
Other payables	V, 30	403,309,118.99	183,508,959.48
Long-term borrowings	V, 31	39,113,565.12	61,142,766.81
Lease liabilities	V, 32	18,142,238.39	23,653,164.97
Estimated liabilities			
Deferred income tax liabilities		1,780,054.31	-
Other liabilities			
<b>Total liabilities</b>		<b>10,967,026,553.78</b>	7,465,583,838.39
<b>Shareholders' equity:</b>			
Share capital	V, 33	1,007,777,778.00	1,007,777,778.00
Other equity instruments			
Incl.: Preference shares			
Perpetual bond			
Capital reserve	V, 34	598,402,999.72	598,402,999.72
Less: Treasury shares			
Other comprehensive income	V, 35	7,837,257.43	6,646,700.10
Surplus reserve	V, 36	71,425,437.16	71,425,437.16
General risk reserve	V, 37	97,305,014.53	97,305,014.53
Retained earnings	V, 38	74,704,944.87	65,935,375.99
<b>Total equity attributable to owners of the parent company</b>		<b>1,857,453,431.71</b>	1,847,493,305.50
Minority interests			
<b>Total shareholders' equity</b>		<b>1,857,453,431.71</b>	1,847,493,305.50
<b>Total liabilities and shareholders' equity</b>		<b>12,824,479,985.49</b>	9,313,077,143.89

**Legal representative:**  
Chu Kairong

**Person in charge of accounting:**  
Chu Kairong

**Person in charge of the accounting firm:**  
Jia Fuhua

# Balance Sheet of the Parent Company

30 June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	30-Jun-24	1-Jan-24
<b>Assets:</b>			
Monetary funds		<b>6,412,636,851.75</b>	4,245,495,946.24
Including: Futures margin deposits		<b>6,357,321,041.93</b>	4,200,559,202.31
Currency deposits receivable		<b>3,961,880,279.66</b>	3,070,565,462.38
Pledged deposits receivable		<b>226,567,948.00</b>	79,613,312.00
Financing capital			
Derivative financial assets			
Settlement deposits receivable		<b>20,000,000.00</b>	20,000,000.00
Trade receivables			
Other receivables		<b>8,502,563.17</b>	12,361,486.75
Financial assets held under resale agreements		<b>104,090,000.00</b>	
Financial investment:			
Financial assets held for trading		<b>404,701,078.57</b>	315,078,096.14
Other equity instruments investment		<b>1,400,000.00</b>	1,400,000.00
Inventories			
Long-term equity investments	XV, 1	<b>708,728,085.85</b>	708,701,137.85
Investment properties		<b>48,573,122.00</b>	48,573,122.00
Fixed assets		<b>265,282,104.26</b>	273,989,280.65
Work in progress			
Right-of-use assets		<b>15,433,083.15</b>	20,077,051.70
Intangible assets		<b>601,206.38</b>	
Goodwill			
Deferred tax assets			–
Other assets		<b>9,289,614.23</b>	22,930,022.11
<b>Total assets</b>		<b>12,187,685,937.02</b>	8,818,784,917.82

## Balance Sheet of the Parent Company

30 June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	30-Jun-24	1-Jan-24
<b>Liabilities:</b>			
Short-term borrowings			
Currency deposits payable		<b>9,746,198,348.93</b>	6,535,431,368.09
Pledged deposits payable		<b>226,567,948.00</b>	79,613,312.00
Financial liabilities held for trading			
Derivative financial liabilities			
Financial assets sold under agreements to repurchase		<b>21,287,718.87</b>	52,106,000.53
Futures risk reserve		<b>173,149,141.67</b>	169,222,360.19
Futures investors protection funds payable		<b>245,591.80</b>	310,592.85
Employee benefits payable		<b>1,120,425.94</b>	1,715,882.76
Taxes payable		<b>1,683,056.92</b>	2,045,400.18
Trade payables			
Contract liabilities			
Other payables		<b>72,121,955.54</b>	31,368,865.88
Long-term borrowings		<b>39,113,565.12</b>	50,860,140.05
Lease liabilities		<b>15,954,795.85</b>	20,667,289.56
Estimated liabilities			
Deferred income tax liabilities		<b>1,780,054.31</b>	1,651,630.41
Other liabilities			
<b>Total liabilities</b>		<b>10,299,222,602.95</b>	6,944,992,842.50
<b>Shareholders' equity:</b>			
Share capital		<b>1,007,777,778.00</b>	1,007,777,778.00
Other equity instruments			
Incl.: Preference shares			
Perpetual bond			
Capital reserve		<b>592,000,959.53</b>	592,000,959.53
Less: Treasury shares			
Other comprehensive income			—
Surplus reserve		<b>71,425,437.16</b>	71,425,437.16
General risk reserve		<b>97,305,014.53</b>	97,305,014.53
Retained earnings		<b>119,954,144.85</b>	105,282,886.10
<b>Total equity attributable to shareholders</b>		<b>1,888,463,334.07</b>	1,873,792,075.32
<b>Total liabilities and shareholders' equity</b>		<b>12,187,685,937.02</b>	8,818,784,917.82

Legal representative:

Chu Kairong

Person in charge of accounting:

Chu Kairong

Person in charge of the accounting firm:

Jia Fuhua

# Consolidated Income Statement

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	January-June 2024	January-June 2023
<b>I. Total income from operations</b>		<b>1,028,472,688.28</b>	910,986,747.06
Net fee and commission income	V, 39	<b>91,820,499.70</b>	88,445,261.10
Including: Net fee income from brokerage operations		<b>88,510,285.57</b>	85,565,055.16
Net fee income from asset management operations		<b>3,310,214.13</b>	2,880,205.94
Net interest income	V, 40	<b>57,626,389.63</b>	42,261,745.52
Including: Interest income		<b>58,092,706.95</b>	42,859,957.74
Interest expense		<b>466,317.32</b>	598,212.22
Investment gain (loss denoted by "-")	V, 41	<b>22,861,026.33</b>	-1,535,871.97
Including: Investment gain of associates and joint ventures		<b>26,948.00</b>	61,593.26
"Derecognised income of financial assets measured at amortised cost (loss denoted by "-")"			
Other income	V, 42	<b>797,474.91</b>	58,240.77
Gains on change in fair value (loss denoted by "-")	V, 43	<b>8,387,724.36</b>	16,993,096.91
Exchange gains (loss denoted by "-")	V, 44	<b>-41,018.35</b>	427,770.91
Income from other business activities	V, 45	<b>847,054,578.66</b>	764,358,339.66
Asset disposal gain (loss denoted by "-")	V, 46	<b>-33,986.96</b>	-21,835.84
<b>II. Total operating expense</b>		<b>1,013,836,457.25</b>	900,824,040.71
Futures risk reserve expenses	V, 47	<b>3,926,781.48</b>	3,345,047.75
Taxes and surcharges	V, 48	<b>1,716,151.03</b>	1,778,842.99
General and administrative expenses	V, 49	<b>155,613,575.69</b>	132,760,398.35
Credit impairment loss	V, 50	<b>-514,320.72</b>	591,595.53
Other asset impairment loss	V, 51	<b>7,807,152.46</b>	
Other general expenses	V, 52	<b>845,287,117.31</b>	762,348,156.09
<b>III. Profit from operations (loss denoted by "-")</b>		<b>14,636,231.03</b>	10,162,706.35
Add: Non-operating income	V, 53	<b>2,108,009.46</b>	279,170.09
Less: Non-operating expenses	V, 54	<b>127,537.24</b>	179,328.15
<b>IV. Total profit (loss denoted by "-")</b>		<b>16,616,703.25</b>	10,262,548.29
Less: Income tax expense	V, 55	<b>3,816,023.26</b>	3,135,579.68
<b>V. Net profit (loss denoted by "-")</b>		<b>12,800,679.99</b>	7,126,968.61
(I) Classification by continuity of operations			
1. Net profit of operation on a going concern basis (Net loss denoted by "-")		<b>12,800,679.99</b>	7,126,968.61
2. Net profit of operation on a discontinued operation (Net loss denoted by "-")			
(II) Classification by ownership			
1. Net income attributable to owners of the parent company (Net loss denoted by "-")		<b>12,800,679.99</b>	7,126,968.61
2. Profit and loss of minority shareholders (Net loss denoted by "-")			

## Consolidated Income Statement

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	January-June 2024	January-June 2023
<b>VI. Other comprehensive income, net of tax</b>		<b>1,190,557.33</b>	5,213,107.73
Net other comprehensive income after tax attributable to owners of the parent company		<b>1,190,557.33</b>	5,213,107.73
(I) Other comprehensive income that cannot be reclassified into profits/losses			
1. Changes arising from re-measurement of defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profits/losses under the equity method			
3. Changes in fair value of other equity instruments investment			
4. Change in fair value of the Enterprise's own credit risk			
5. Others			
(II) Other comprehensive income that will be reclassified into profit or loss		<b>1,190,557.33</b>	5,213,107.73
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			28.00
2. Change in fair value of other debt investments			
3. Financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Reserve for cash flow hedging			
6. Exchange rate differences of financial statements denominated in foreign currency		<b>1,190,557.33</b>	5,213,079.73
7. Others			
Net other comprehensive income after tax attributable to minority shareholders			
<b>VII. Total comprehensive income</b>		<b>13,991,237.32</b>	12,340,076.34
Total comprehensive income attributable to owners of the parent company		<b>13,991,237.32</b>	12,340,076.34
Total comprehensive income attributable to minority shareholders			
<b>VIII. Earnings per share</b>			
(1) Basic earnings per share		<b>0.0127</b>	0.0071
(2) Diluted earnings per share		<b>0.0127</b>	0.0071

Legal representative:

Chu Kairong

Person in charge of accounting:

Chu Kairong

Person in charge of the accounting firm:

Jia Fuhua

# Income Statement of the Parent Company

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	January-June 2024	January-June 2023
<b>I. Total income from operations</b>		<b>159,066,325.80</b>	121,615,058.02
Net fee and commission income	XV, 2	<b>82,353,855.86</b>	69,261,175.71
Including: Net fee income from brokerage operations		<b>78,539,392.68</b>	65,212,439.71
Net fee income from asset management operations		<b>3,025,076.71</b>	3,125,755.35
Net interest income	XV, 3	<b>47,219,787.15</b>	37,955,663.93
Including: Interest income		<b>47,686,104.47</b>	38,553,876.15
Interest expense		<b>466,317.32</b>	598,212.22
Investment gain (loss denoted by "-")	XV, 4	<b>22,488,964.49</b>	-3,349,220.44
Including: Investment gain of associates and joint ventures		<b>26,948.00</b>	61,593.26
"Derecognised income of financial assets measured at amortised cost (loss denoted by "-")"			
Other income		<b>134,599.20</b>	54,294.31
Gains on change in fair value (loss denoted by "-")	XV, 5	<b>-61,366.20</b>	14,421,870.89
Exchange gains (loss denoted by "-")		<b>43,278.05</b>	426,744.54
Income from other business activities		<b>6,921,194.21</b>	2,866,364.92
Asset disposal gain (loss denoted by "-")		<b>-33,986.96</b>	-21,835.84
<b>II. Total operating expense</b>		<b>142,211,871.64</b>	120,241,087.96
Futures risk reserve expenses		<b>3,926,781.48</b>	3,345,047.75
Taxes and surcharges		<b>1,010,799.17</b>	1,213,933.48
General and administrative expenses		<b>131,263,920.06</b>	115,316,843.18
Credit impairment loss		<b>-81,125.24</b>	365,263.55
Other asset impairment loss			
Other general expenses		<b>6,091,496.17</b>	
<b>III. Profit from operations (loss denoted by "-")</b>		<b>16,854,454.16</b>	1,373,970.06
Add: Non-operating income		<b>2,103,876.84</b>	129,169.33
Less: Non-operating expenses		<b>127,537.24</b>	171,286.80
<b>IV. Total profit (loss denoted by "-")</b>		<b>18,830,793.76</b>	1,331,852.59
Less: Income tax expense		<b>128,423.90</b>	675,661.36
<b>V. Net profit (loss denoted by "-")</b>		<b>18,702,369.86</b>	656,191.23
(I) Net profit of operation on a going concern basis (Net loss denoted by "-")		<b>18,702,369.86</b>	656,191.23
(II) Net profit of operation on discontinued operation (Net loss denoted by "-")			

# Income Statement of the Parent Company

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	January-June 2024	January-June 2023
<b>VI. Other comprehensive income, net of tax</b>		-	28.00
(I) Other comprehensive income that cannot be reclassified into profits/losses			
1. Changes arising from re-measurement of defined benefit plan			
2. Other comprehensive income that cannot be reclassified into profits/losses under the equity method			
3. Changes in fair value of other equity instruments investment			
4. Change in fair value of the Enterprise's own credit risk			
5. Others			
(II) Other comprehensive income that will be reclassified into profit or loss		-	28.00
1. Other comprehensive income that can be reclassified into profit or loss under the equity method			28.00
2. Change in fair value of other debt investments			
3. Financial assets reclassified into other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Reserve for cash flow hedging			
6. Exchange rate differences of financial statements denominated in foreign currency			
7. Others			
<b>VII. Total comprehensive income</b>		<b>18,702,369.86</b>	656,219.23
<b>VIII. Earnings per share</b>			
(1) Basic earnings per share		<b>0.0185</b>	0.0007
(2) Diluted earnings per share		<b>0.0185</b>	0.0007

**Legal representative:**

Chu Kairong

**Person in charge of accounting:**

Chu Kairong

**Person in charge of the accounting firm:**

Jia Fuhua



# Consolidated Statement of Cash Flows

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	January-June 2024	January-June 2023
<b>I. Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		<b>954,124,389.37</b>	853,964,108.30
Cash received from interest, fees and commissions		<b>166,712,822.06</b>	142,435,437.33
Net decrease in currency deposits receivable and pledged deposits receivable			8,155,714.74
Net increase in currency deposits payable and pledged deposits payable		<b>3,159,003,845.27</b>	
Net increase from disposal of financial assets relating to risk management business		<b>4,729,079.76</b>	
Net decrease in restricted monetary funds			355,611.47
Net decrease in term deposits with original maturity over three months			
Cash received from other operating activities	V, 56	<b>333,837,384.17</b>	58,557,135.01
<b>Subtotal of cash inflows from operating activities</b>		<b>4,618,407,520.63</b>	1,063,468,006.85
Cash paid for goods and services		<b>899,434,993.32</b>	867,329,065.83
Cash paid for interest, fees and commissions		<b>995,026.84</b>	262,661.90
Net increase in currency deposits receivable and pledged deposits receivable		<b>930,622,336.19</b>	548,347,898.69
Net decrease in currency deposits payable and pledged deposit payable			904,613,794.26
Net decrease from disposal of financial assets relating to risk management business			
Net increase in restricted monetary funds		<b>168,529,669.33</b>	
Cash paid to and for employees		<b>97,399,106.24</b>	85,679,967.25
Cash paid for general and administrative expenses		<b>24,894,775.29</b>	25,218,036.86
Payments of various taxes		<b>14,768,202.80</b>	15,471,131.26
Cash paid for other operating activities	V.56	<b>153,968,639.76</b>	69,953,989.21
<b>Subtotal of cash outflows from operating activities</b>		<b>2,290,612,749.77</b>	2,516,876,545.26
<b>Net cash flow from operating activities</b>		<b>2,327,794,770.86</b>	-1,453,408,538.41

# Consolidated Statement of Cash Flows

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	January-June 2024	January-June 2023
<b>II. Cash flow from investing activities:</b>			
Cash received from disposal of investments		7,285,608,631.71	7,074,865,534.15
Cash received from investment income		8,426,906.58	7,167,258.80
Cash received from disposal of associates			
Cash received from dividend distribution from associates			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		9,211.41	22,402.39
Other cash received relating to investing activities			
<b>Subtotal of cash inflows from investing activities</b>		<b>7,294,044,749.70</b>	7,082,055,195.34
Cash paid for investment		7,476,534,577.78	7,229,071,142.21
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		8,770,355.53	20,220,586.90
Cash paid for investment on associates			
Other cash paid relating to investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<b>7,485,304,933.31</b>	7,249,291,729.11
<b>Net cash flow from investing activities</b>		<b>-191,260,183.61</b>	-167,236,533.77
<b>III. Cash flow from financing activities:</b>			
Cash received from introducing investment			
Cash received from borrowings		5,000,000.00	49,735,200.00
Net cash received from sales of repurchase business			30,839,645.85
Other cash received relating to financing activities			
<b>Subtotal of cash inflows from financing activities</b>		<b>5,000,000.00</b>	80,574,845.85
Cash paid for repayment of debts		76,706,690.00	13,985,484.00
Cash paid for distribution of dividend and profit or repayment of interest		2,024,119.21	31,458,412.25
Cash paid for repayment of principal and interest of lease liabilities		8,677,311.32	7,877,295.36
Net cash paid for sales of repurchase business		35,910,110.10	
Other cash paid relating to financial activities	V, 56		1,094,339.62
<b>Subtotal of cash outflows from financing activities</b>		<b>123,318,230.63</b>	54,415,531.23
<b>Net cash flow from financing activities</b>		<b>-118,318,230.63</b>	26,159,314.62
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalent</b>			
		942,987.10	5,099,097.59
<b>V. Net increase in cash and cash equivalents</b>			
		2,019,159,343.72	-1,589,386,659.97
Add: Opening balance of cash and cash equivalents		4,812,444,833.69	6,316,445,892.54
<b>VI. Closing balance of cash and cash equivalents</b>	V, 57	<b>6,831,604,177.41</b>	4,727,059,232.57

Legal representative:

Chu Kairong

Person in charge of accounting:

Chu Kairong

Person in charge of the accounting firm:

Jia Fuhua

# Statement of Cash Flows of the Parent Company

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	January-June 2024	January-June 2023
<b>I. Cash flow from operating activities:</b>			
Cash received from sale of goods and rendering of services			
Cash received from interest, fees and commissions		<b>153,334,245.99</b>	120,640,662.53
Net decrease in currency deposits receivable and pledged deposits receivable			
Net increase in currency deposits payable and pledged deposits payable		<b>3,357,721,616.84</b>	
Net decrease in restricted monetary funds		<b>3,170,330.67</b>	
Net decrease in term deposits with original maturity over three months			
Cash received from other operating activities		<b>56,094,505.96</b>	42,887,851.54
<b>Subtotal of cash inflows from operating activities</b>		<b>3,570,320,699.46</b>	163,528,514.07
Cash paid for goods and services			
Cash paid for interest, fees and commissions		<b>200,229.04</b>	262,661.90
Net increase in currency deposits receivable and pledged deposits receivable		<b>1,038,269,453.28</b>	559,094,508.42
Net decrease in currency deposits payable and pledged deposit payable			795,685,622.76
Net decrease from disposal of financial assets relating to risk management business			
Net increase in restricted monetary funds			470,210.98
Cash paid to and for employees		<b>82,871,399.54</b>	74,968,111.57
Cash paid for general and administrative expenses		<b>19,074,287.81</b>	20,147,872.72
Payments of various taxes		<b>14,321,139.27</b>	10,755,976.77
Cash paid for other operating activities		<b>16,367,130.90</b>	13,216,607.39
<b>Subtotal of cash outflows from operating activities</b>		<b>1,171,103,639.84</b>	1,474,601,572.51
<b>Net cash flow from operating activities</b>		<b>2,399,217,059.62</b>	-1,311,073,058.44

## Statement of Cash Flows of the Parent Company

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	Note	January-June 2024	January-June 2023
<b>II. Cash flow from investing activities:</b>			
Cash received from disposal of investments		7,290,592,624.72	7,066,843,115.84
Cash received from investment income		21,760,926.36	5,462,131.16
Cash received from disposal of associates			
Cash received from dividend distribution from associates			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,592.93	22,402.39
Other cash received relating to investing activities			
<b>Subtotal of cash inflows from investing activities</b>		<b>7,312,356,144.01</b>	7,072,327,649.39
Cash paid for investment		7,483,124,369.13	7,266,898,078.72
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,911,490.38	18,880,400.04
Net cash paid for acquisition of subsidiaries and other business units			100,000,000.00
Other cash paid relating to investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<b>7,486,035,859.51</b>	7,385,778,478.76
<b>Net cash flow from investing activities</b>		<b>-173,679,715.50</b>	-313,450,829.37
<b>III. Cash flow from financing activities:</b>			
Cash received from introducing investment			
Cash received from borrowings			
Net cash received from sales of repurchase business			29,774,347.70
Other cash received relating to financing activities			
<b>Subtotal of cash inflows from financing activities</b>		<b>-</b>	29,774,347.70
Cash paid for repayment of debts		11,703,768.00	11,703,768.00
Cash paid for distribution of dividend and profit or repayment of interest		1,448,774.20	30,891,393.64
Cash paid for repayment of principal and interest of lease liabilities		7,768,653.31	7,085,503.43
Net cash paid for sales of repurchase business		30,865,282.19	
Other cash paid relating to financial activities			1,094,339.62
<b>Subtotal of cash outflows from financing activities</b>		<b>51,786,477.70</b>	50,775,004.69
<b>Net cash flow from financing activities</b>		<b>-51,786,477.70</b>	-21,000,656.99
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>			
		<b>43,278.05</b>	426,744.54
<b>V. Net increase in cash and cash equivalents</b>			
		<b>2,173,794,144.47</b>	-1,645,097,800.26
Add: Opening balance of cash and cash equivalents		4,217,117,065.60	6,040,458,833.26
<b>VI. Closing balance of cash and cash equivalents</b>			
		<b>6,390,911,210.07</b>	4,395,361,033.00

**Legal representative:**

Chu Kairong

**Person in charge of accounting:**

Chu Kairong

**Person in charge of the accounting firm:**

Jia Fuhua

# Consolidated Statement of Changes in Owners' Equity

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	January-June 2024									
	Equity attributable to owners of the parent company								Minority shareholders' equity	Total owners' equity
	Capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings			
<b>I. Closing balance of last year</b>	1,007,777,778.00	598,402,999.72	-	6,646,700.10	71,425,437.16	97,305,014.53	65,935,375.99		1,847,493,305.50	
Add: Changes in accounting policies							-		-	
Correction of previous error									-	
Business combination under common control										
Other										
<b>II. Opening balance of the current period</b>	1,007,777,778.00	598,402,999.72	-	6,646,700.10	71,425,437.16	97,305,014.53	65,935,375.99		1,847,493,305.50	
<b>III. Increase/decrease of the current period (loss denoted by "-")</b>										
(I) Total comprehensive income				1,190,557.33			8,769,568.88		9,960,126.21	
(II) Owners' capital injected and reduced										
1. Ordinary shares invested by owners										
2. Capital invested by holders of other equity instruments										
3. Amounts of share-based payments included in owners' equity										
4. Others										
(III) Profit distribution										
1. Withdrawal of surplus reserve										
2. Withdrawal of general risk provisions										
3. Distribution to owners							-4,031,111.11		-4,031,111.11	
4. Others										
(IV) Internal carryover of owners' equity										
1. Transfer of capital reserves into paid-in capital (or share capital)										
2. Transfer of surplus reserves into paid-in capital (or share capital)										
3. Surplus reserves for making up losses										
4. Carry-forward of retained earnings by changes in Defined Benefit Plan										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Others										
<b>IV. Closing balance of the current period</b>	1,007,777,778.00	598,402,999.72	-	7,837,257.43	71,425,437.16	97,305,014.53	74,704,944.87		1,857,453,431.71	

# Consolidated Statement of Changes in Owners' Equity

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	January-June 2023									
	Equity attributable to owners of the parent company								Minority shareholders' equity	Total owners' equity
	Capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings			
<b>I. Closing balance of last year</b>	1,007,777,778.00	598,402,999.72	-	4,268,800.09	70,228,670.53	96,108,247.90	60,537,412.94		1,837,323,909.18	
Add: Changes in accounting policies									-	
Correction of previous error									-	
Business combination under common control									-	
Other									-	
<b>II. Opening balance of the current period</b>	1,007,777,778.00	598,402,999.72	-	4,268,800.09	70,228,670.53	96,108,247.90	60,537,412.94		1,837,323,909.18	
<b>III. Increase/decrease of the current period (loss denoted by "-")</b>										
(I) Total comprehensive income				5,213,107.73			7,126,968.61		12,340,076.34	
(II) Owners' capital injected and reduced									-	
1. Ordinary shares invested by owners									-	
2. Capital invested by holders of other equity instruments									-	
3. Amounts of share-based payments included in owners' equity									-	
4. Others									-	
(III) Profit distribution									-	
1. Withdrawal of surplus reserve									-	
2. Withdrawal of general risk provisions									-	
3. Distribution to owners									-	
4. Others									-	
(IV) Internal carryover of owners' equity									-	
1. Transfer of capital reserves into paid-in capital (or share capital)									-	
2. Transfer of surplus reserves into paid-in capital (or share capital)									-	
3. Surplus reserves for making up losses									-	
4. Carry-forward of retained earnings by changes in Defined Benefit Plan									-	
5. Other comprehensive income transferred to retained earnings									-	
6. Others									-	
(V) Others									-	
<b>IV. Closing balance of the current period</b>	1,007,777,778.00	598,402,999.72	-	9,481,907.82	70,228,670.53	96,108,247.90	67,664,381.55		1,849,663,985.52	

**Legal representative:**  
Chu Kairong

**Person in charge of accounting:**  
Chu Kairong

**Person in charge of the accounting firm:**  
Jia Fuhua

# Statement of Changes in Owners' Equity of the Parent Company

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	January-June 2024							
	Capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Total owners' equity
<b>I. Closing balance of last year</b>	1,007,777,778.00	592,000,959.53	-	-	71,425,437.16	97,305,014.53	105,282,886.10	1,873,792,075.32
Add: Changes in accounting policies							-	-
Correction of previous error								-
Others								
<b>II. Opening balance of the current period</b>	1,007,777,778.00	592,000,959.53	-	-	71,425,437.16	97,305,014.53	105,282,886.10	1,873,792,075.32
<b>III. Increase/decrease of the current period (loss denoted by "-")</b>	-	-	-	-	-	-	14,671,258.75	14,671,258.75
(I) Total comprehensive income							18,702,369.86	18,702,369.86
(II) Owners' capital injected and reduced	-	-						-
1. Ordinary shares invested by owners								-
2. Capital invested by holders of other equity instruments								-
3. Amounts of share-based payments included in owners' equity		-						-
4. Others								-
(III) Profit distribution	-	-			-	-	-4,031,111.11	-4,031,111.11
1. Withdrawal of surplus reserve							-	-
2. Withdrawal of general risk provisions							-	-
3. Distribution to owners							-4,031,111.11	-4,031,111.11
4. Others								-
(IV) Internal carryover of owners' equity	-	-			-		-	-
1. Transfer of capital reserves into paid-in capital (or share capital)								-
2. Transfer of surplus reserves into paid-in capital (or share capital)								-
3. Surplus reserves for making up losses								-
4. Carry-forward of retained earnings by changes in Defined Benefit Plan								-
5. Other comprehensive income transferred to retained earnings								-
6. Others								-
(V) Others								-
<b>IV. Closing balance of the current period</b>	1,007,777,778.00	592,000,959.53	-	-	71,425,437.16	97,305,014.53	119,954,144.85	1,888,463,334.07

# Statement of Changes in Owners' Equity of the Parent Company

January-June 2024

Prepared by: Holly Futures Co., Ltd. Unit: RMB

Item	January-June 2023							
	Capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Total owners' equity
<b>I. Closing balance of last year</b>	1,007,777,778.00	592,000,959.53	-	41.21	70,228,670.53	96,108,247.90	95,708,753.05	1,861,824,450.22
Add: Changes in accounting policies								-
Correction of previous error								-
Others								-
<b>II. Opening balance of the current period</b>	1,007,777,778.00	592,000,959.53	-	41.21	70,228,670.53	96,108,247.90	95,708,753.05	1,861,824,450.22
<b>III. Increase/decrease of the current period (loss denoted by "-")</b>								
(I) Total comprehensive income				28.00	-	-	656,191.23	656,219.23
(II) Owners' capital injected and reduced								
1. Ordinary shares invested by owners								-
2. Capital invested by holders of other equity instruments								-
3. Amounts of share-based payments included in owners' equity								-
4. Others								-
(III) Profit distribution								
1. Withdrawal of surplus reserve								-
2. Withdrawal of general risk provisions								-
3. Distribution to owners								-
4. Others								-
(IV) Internal carryover of owners' equity								
1. Transfer of capital reserves into paid-in capital (or share capital)								-
2. Transfer of surplus reserves into paid-in capital (or share capital)								-
3. Surplus reserves for making up losses								-
4. Carry-forward of retained earnings by changes in Defined Benefit Plan								-
5. Other comprehensive income transferred to retained earnings								-
6. Others								-
(V) Others								-
<b>IV. Closing balance of the current period</b>	1,007,777,778.00	592,000,959.53	-	69.21	70,228,670.53	96,108,247.90	96,364,944.28	1,862,480,669.45

Legal representative:

Chu Kairong

Person in charge of accounting:

Chu Kairong

Person in charge of the accounting firm:

Jia Fuhua



# Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

## I. General information of the Company

Holly Futures Co., Ltd. (the “Company”, together with its subsidiaries, the “Group”) is a joint stock company with limited liability with registered address at Building 3, No. 399 Jiang Dong Zhong Road, Jianye District, Nanjing City. The Company has a registered capital of RMB1,008 million and a legal representative of Chu Kairong. The Company’s unified social credit code is 91320000100022362N, and its futures business permit number is 30870000. The Company’s predecessor was Jiangsu Jinling Futures Brokerage Company Limited (江蘇金陵期貨經紀有限公司), a company established in July 1995.

On 31 December 2015, the overseas issued shares of the Company became listed on the Main Board of the Hong Kong Stock Exchange. On 5 August 2022, the Company issued RMB ordinary A shares, which have been listed on the Shenzhen Stock Exchange.

The Company is headquartered in Nanjing. As of 30 June 2024, it had a total of 6 sub-branches and 35 branches in the PRC.

The parent and ultimate holding company of the Company is Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司), a company established in the PRC.

The Company operates in the futures industry and is principally engaged in commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management and fund sales.

The financial statements were approved by the Board of Directors of the Company on 16 August 2024. Pursuant to the Articles of Association, the financial statements will be submitted to the general meeting for consideration.

## II. Basis for preparation of financial statements

### 1. Basis of preparation

The financial statements of the Group have been prepared on the transactions and events actually occurred in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidance, interpretations and other relevant provisions (collectively, the “Accounting Standards for Business Enterprises”), as well as the Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (2023 Revision) issued by the China Securities Regulatory Commission (“CSRC”) and the relevant disclosures required by the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

### 2. Going concern

The Group has performed an assessment on the going concern ability within the 12 months since 30 June 2024 and has not identified any event and condition causing material doubt about the going concern ability. These financial statements have been prepared on a going concern basis.

## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### III. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates indication: accounting policies and accounting estimates determined by the Group according to characteristics of actual operation including business combination (Notes III. 6 and 7), financial instruments (Note III. 15), depreciation of fixed assets, amortization of intangible assets (Note III.19, 20), revenue recognition and measurement (Note III. 25), fair value measurement (Note III. 30) etc.

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

These financial statements comply with the Accounting Standards for Business Enterprises, which reflect the financial position as at 30 June 2024, results of operation and cash flow for the period from January to June 2024 of the Company and the Group truly, accurately and completely.

#### 2. Accounting year

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

#### 3. Operating cycle

The Group adopts 12 months as an operating cycle, which commences on 1 January and ends on 31 December.

#### 4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and the subsidiaries of the Group on the basis of the currency in which major income and costs are denominated and settled. Some of the Group's subsidiaries have functional currencies that are different from the Company's functional currency. In the preparation of these financial statements, their financial statements in foreign currency have been translated based on the accounting policy set out in Note III.10.



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## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### III. Significant accounting policies and accounting estimates

(Continued)

#### 5. The determination methods and selection basis of materiality standards

The Group adheres to the principle of materiality in the preparation and disclosure of its financial statements. The matters disclosed in the notes to these financial statements that involve the judgment of materiality standards and their determination methods and selection basis are as follows:

Matters disclosed that involve judgements of materiality standards	Location of the disclosure of such matter in the notes to these financial statements	Determination methods and selection basis of materiality standards
Significant receivables after a single bad debt provision	V.7	Amounts exceeding RMB10 million
Significant investment activities	V.56	The Company determines cash flows from investing activities where the individual amount exceeds 5% of the total assets as material cash flows from investing activities
Material contingent matters/subsequent matters/other material matters	XII, XIII, XIV	Amounts exceeding RMB10 million or accounting for more than 10% of the absolute value of the most recent audited net assets of the listed company

#### 6. Accounting methods for business combination under common control and not under common control

##### (1) Business combination under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

The assets and liabilities acquired by the Group, as the combining party, from the business combination under common control should be measured based on the book value in the ultimate controller's consolidated statements of the combined party on the combination date. The difference between the book value of the net assets acquired and that of the paid combination consideration shall be used to adjust the capital surplus. Where the capital surplus is insufficient for offset, retained earnings shall be adjusted.

## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### III. Significant accounting policies and accounting estimates

(Continued)

#### 6. Accounting methods for business combination under common control and not under common control (Continued)

##### (2) Business combination not under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the combination.

The identifiable assets, liabilities and contingent liabilities acquired by the Group as the purchaser from the acquiree in the business combination not under common control are measured at fair value on the acquisition date. Positive balance between the combination cost and the fair value of the identifiable net assets of the acquiree obtained by the Group on the acquisition date shall be recognized as goodwill; if the combination cost is less than the fair value of the identifiable net assets of the acquiree obtained, the fair value of various identifiable assets, liabilities and contingent liabilities obtained in the business combination and the combination cost shall be re-checked first. If the rechecked combination cost is still less than the fair value of identifiable net assets of the acquiree obtained, the balance shall be included in current non-operating revenue.

#### 7. Judgmental criteria for control and preparation method of consolidated financial statements

The scope of the Group's consolidated financial statements is based on control and the consolidated financial statements cover the Company and all of its subsidiaries (including structured entities controlled by the business, etc.). The criterion for the Group to judge a control exists is that the Group has power over the investee; and has exposure or rights to variable returns from its involvement with the investee's activities and has the ability to affect those returns through its power over the investee.

When the accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's accounting policies in preparing the consolidated financial statements.

The impact of internal transactions between the Company and its subsidiaries and among the subsidiaries on the consolidate financial statements is eliminated on consolidation. The share of the owner's equity of a subsidiary not attributable to the parent company and the current net profit or loss, other comprehensive income and the share of the total comprehensive income attributable to the non-controlling interests shall be listed as "non-controlling interests", "profit and loss of minority shareholders" and "other comprehensive income attributable to minority shareholders" and "total comprehensive Income attributable to minority shareholders" in the consolidated financial statements.



## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### III. Significant accounting policies and accounting estimates

(Continued)

#### 8. Classification of joint arrangements and accounting treatment method for joint operations

The Group's joint arrangements include joint operations and joint ventures entities. Joint operations refers to the arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint venture arrangement whereby the parties that have joint control have rights to the net assets of the joint arrangement.

For joint operations, the Group, as the joint operator of the joint operations, recognises assets and liabilities solely held and liabilities assumed by the Group, recognises assets and liabilities jointly owned proportionally, and recognises income and expenses solely or proportionally based on the related agreements. When the Company incurs asset transactions of purchase and sales not constituting to business transactions, the Company only recognises the portion of profit or loss generated due to the transaction attributable to other parties of the joint operations.

#### 9. Cash and cash equivalents

Cash shown in the cash flow statement of the Group refers to both cash on hand and the deposit held in bank available for payment at any time. Cash equivalent in the cash flow statement are held less than 3 months, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of value change.

#### 10. Foreign currency transactions and foreign currency translation

##### (1) Foreign currency transactions

Foreign currency transactions are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are translated into functional currencies at the rates of exchange prevailing at the balance sheet date. All differences are taken to profit or loss, except when they are attributable to the foreign currency borrowings that are specifically for the purpose of acquisition, construction or production of qualifying assets and are accordingly capitalized.

## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### III. Significant accounting policies and accounting estimates

(Continued)

#### 10. Foreign currency transactions and foreign currency translation (Continued)

##### (2) Translation of financial statements denominated in foreign currency

Financial statements of foreign operations are translated into RMB for the preparation of consolidated financial statements. Assets and liabilities items in the balance sheet denominated in foreign currency are translated at the spot exchange rate prevailing at the balance sheet date. The owners' equity items, except for the "undistributed profits", are translated at the spot exchange rate when business occurs. Income and expenses items in the income statement are translated at the spot exchange rates or an exchange rate that approximates the spot exchange rates on the transaction dates. The translation differences arising from the above translation in statements denominated in foreign currency are presented in other comprehensive income item. Cash flows dominated in foreign currency are translated using the weighted average exchange rate at the date when the cash flow occurs. Effects on cash arising from the change of exchange rate are presented separately in the cash flow statement.

#### 11. Branch capital management and transaction clearing principles

The capital of branches of the Company is allocated by the headquarters, and the transactions with branch customers are settled at the headquarters. The branches shall carry out confirmation of transaction settlement orders with customers as required.

#### 12. Customer futures deposits

##### (1) Classification of customer futures deposits

The Company's customer futures deposits include currency deposits and pledged deposits. Currency deposits are the future deposits in the form of currency received by the Company for execution of transactions on behalf of customers. Pledged deposits are the negotiable securities received by the Company for execution of transactions on behalf of customers, which are used to offset the futures deposits.

##### (2) Customer futures deposits management

The Company's customer futures deposits are managed in a way that they are deposited in and transferred to designated accounts, operate independently, and are strictly separated from the self-owned funds of the Company.

The Company establishes separate records for customer futures deposits and conducts daily settlement without liabilities. It settles the gains or losses on customers' futures transactions according to the daily mark-to-market system and calculates transaction fees based on the fee rate agreed with customers and daily trading volume (or trading value) of customers.



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## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 12. Customer futures deposits *(Continued)*

##### (3) Accounting for customer futures deposits

###### 1) Customer currency deposits

When the Company accepts customer orders, receives and deposits currency deposits into designated bank accounts, the Company recognises them as monetary funds and currency deposits payable. When the Company accepts customer orders and carries out futures transactions, the Company recognises currency deposits receivable determined by futures exchanges and reduces monetary funds accordingly. In clearing with customers, if customers' futures contracts on that day are profitable, the Company increases currency deposits receivable and currency deposits payable after deducting the commissions to be charged to customers based on the amount of profit stated in the settlement documents issued by futures settlement institutions. If customers' futures contracts on that day are making loss, the Company reduces currency deposits receivable and currency deposits payable after adding the commissions to be charged to customers based on the amount of loss stated in the settlement documents issued by futures settlement institutions.

###### 2) Pledged deposits of customers

When the Company submits negotiable securities on behalf of customers to futures exchanges as deposits, it recognises pledged deposits receivable and pledged deposits payable based on the amount of deposits confirmed by futures exchanges. When the Company carries out transactions on behalf of customers through futures exchanges, the accounting treatment is the same as that for customer currency deposits. In case of changes in the value of negotiable securities, futures exchanges will adjust the confirmed deposits amount, and the Company will increase or reduce pledged deposits receivable and pledged deposits payable accordingly. When futures exchanges return negotiable securities to customers, the Company reduces pledged deposits receivable and pledged deposits payable based on the deposits amount confirmed by the futures exchanges.

#### 13. Collateral management

The Company accepts standard warehouse receipts registered with exchanges as collaterals. The Company timely completes pledge procedures for collaterals provided by customers in accordance with the requirements of futures exchanges. If a customer incurs loss and fails to meet margin call in a timely manner, the Company will compulsorily liquidate its position as agreed and dispose of the collateral in accordance with the law. The proceeds from collateral disposal will be utilised to compensate for the loss, and any remaining amount will be returned to customers.

#### 14. Accounting for physical settlement

Upon expiry of futures contracts, the Company carries out physical settlement in accordance with the rules and procedures set by each futures exchange and conducts accounting based on the incurred amount of purchase settlement and sale settlement.

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(Continued)

#### 15. Financial instruments

##### (1) Recognition and derecognition of financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to a financial instrument contract.

A financial asset (or part of a financial asset, or part of a group of similar financial assets) is derecognized, that is to be written off from its accounts and balance sheet, when the following conditions are met: 1) the rights to receive the cash flows from the financial asset have expired; 2) the rights to receive the cash flows from the financial asset have been transferred or an obligation to pay the collected cash flows in full and on a timely basis to third parties has been assumed under a “pass-through agreement”; and either substantially all of the risks and rewards of ownership of the financial asset have been transferred or, although neither transferred nor retained substantially all of the risks and rewards of ownership of the financial asset, control over the financial asset has been waived.

A financial liability is derecognized if the obligation under the financial liability has been fulfilled, cancelled or expired. If an existing financial liability is replaced by another from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified in its entirety, such replacement or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference being recognized in profit or loss.

Regular way purchases and sales of financial assets are recognized and derecognized using the trade date accounting.

##### (2) Classification and measurement of financial assets

The Group’s financial assets are classified at initial recognition as financial assets measured at amortized cost, financial assets at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVTPL”) based on the business model in which the financial assets are managed and their contractual cash flow characteristics. All affected financial assets are reclassified when, and only if, the Group changes its business model for managing financial assets.

Financial assets are measured at fair value on initial recognition, except for accounts receivable or notes receivable arising from the sale of goods or provision of services, etc., which do not contain significant financing components or do not take into account financing components that have been in existence for not more than one year, which are initially measured at the transaction price.



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### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 15. Financial instruments *(Continued)*

##### (2) *Classification and measurement of financial assets (Continued)*

For financial assets at fair value through profit or loss, any related directly attributable transaction costs are charged profit or loss; for other categories of financial assets, any related directly attributable transaction costs are included in their initial costs.

The subsequent measurement of financial assets is determined by their classification:

##### 1) *Financial assets measured at amortized cost*

Financial assets that meet both of the following conditions are classified as financial assets at amortized cost:

① the purpose of the business model for managing the financial assets is to receive contractual cash flows;  
② the contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding. The Group's financial assets in this category mainly include: monetary funds, currency deposits receivable, trade receivables and other receivables.

##### 2) *Investments in debt instruments at fair value through other comprehensive income*

Financial assets that meet the following conditions are classified as financial assets at FVOCI: 1 the purpose of the business model for managing the financial assets is to receive contractual cash flows and to sell the financial assets; 2 the contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding. Interest income is recognized using the effective interest method for such financial assets. Except for interest income, impairment losses and exchange difference which are recognized in profit or loss for the current period, the remaining changes in fair value are included in other comprehensive income. When a financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred out of other comprehensive income and recognized in profit or loss for the current period. The Group's financial assets in this category mainly include: trade receivables financing.

##### 3) *Investments in equity instruments at fair value through other comprehensive income*

The Group has irrevocably elected to designate certain investments in equity instruments not held for trading as financial assets at fair value through other comprehensive income, and the designation, once made, cannot be revoked. The Group recognizes only the related dividend income (except for dividend income that is explicitly recognized as part of the cost of the investment being recovered) in profit or loss for the current period. Subsequent changes in fair value are recognized in other comprehensive income and no provision for impairment is required. When a financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred out of other comprehensive income and recognized in retained earnings. The Group's financial assets in this category mainly include: other equity instruments investment.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 15. Financial instruments (Continued)

##### (2) Classification and measurement of financial assets (Continued)

##### 4) Financial assets at fair value through profit or loss

Financial assets other than those classified as financial assets at amortized cost and those classified or designated as financial assets at fair value through other comprehensive income as described above are classified by the Group as financial assets at fair value through profit or loss. Financial assets in this category are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss for the current period. The Group's financial assets in this category mainly include: financial assets held for trading.

##### (3) Classification, recognition basis and measurement of financial liabilities

The Group's financial liabilities are classified at initial recognition as: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. For financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss, and for financial liabilities at amortized cost, any related directly attributable transaction costs are included in their initial costs.

The subsequent measurement of financial liabilities is determined by their classification:

##### 1) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

##### 2) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss (including derivatives which fall under financial liabilities) include financial liabilities held for trading and those designated on initial recognition as at fair value through profit or loss. Financial liabilities held for trading (including derivatives which fall under financial liabilities) are subsequently measured at fair value, with all changes in fair value recognized in profit or loss. Financial liabilities designated as at fair value through profit or loss are subsequently measured at fair value, with all changes in fair value recognized in profit or loss, except for changes in fair value attributable to changes in the Group's own credit risk, which are recognized in other comprehensive income; if recognition of changes in fair value attributable to changes in the Group's own credit risk in other comprehensive income would cause or enlarge an accounting mismatch in profit or loss, the Group recognizes all changes in fair value, including the amount of the effect of changes in its own credit risk, in profit or loss.



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### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 15. Financial instruments *(Continued)*

##### (4) *Impairment of financial instruments*

On the basis of expected credit losses, the Group performs the impairment treatment and recognizes the provision for impairment losses on financial assets.

Expected credit loss is a weighted average of credit losses on financial instruments weighted at the risk of default. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The following elements are reflected in the Group's consideration of method of measuring expected credit loss: (i) an unbiased probability-weighted average amount determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and reliable information about past events, current conditions and projected future economic conditions that can be obtained at the balance sheet date without unnecessary additional costs.

The Group assesses the expected credit losses of financial instruments on an individual basis and a collective basis. When the assessment is performed on a collective basis, the Group categorizes financial instruments into different groups based on shared credit risk characteristics. The shared credit risk characteristics adopted by the Group include: type of financial instruments, credit risk ratings, past due status, ageing of receivables, etc.

The Group's assessment of the impairment of financial instruments using the expected credit loss model requires making significant judgments and estimates, taking into account all reasonable and reliable information, including forward-looking information. In making these judgments and estimates, the Group extrapolates expected changes in the debtor's credit risk based on historical repayment data combined with industry risk and other factors. The different estimates may impact the impairment assessment, and the provision for impairment may also not be representative of the actual impairment loss in the future.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 15. Financial instruments (Continued)

##### (4) Impairment of financial instruments (Continued)

##### 1) Impairment of financial assets

The Group recognises provisions based on expected credit losses for financial assets measured at amortised cost and investments in debt instruments at fair value through other comprehensive income.

The Group recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under a contract and the cash flows expected to be received, taking into account reasonable and reliable information about past events, current conditions, projected future economic conditions and others, weighted by the risk of default.

At each balance sheet date, the Group measures expected credit losses separately for financial instruments in different stages. For financial instruments with no significant increase in credit risk since initial recognition, which are at stage 1, the Group measures the loss allowances on the basis of expected credit loss in the next 12 months; for financial instruments with a significant increase in credit risk since initial recognition, but not yet impaired, which are at stage 2, the Group measures the loss allowances on the basis of expected credit loss for lifetime of the instrument; for financial instruments that have been impaired since initial recognition, which are at stage 3, the Group measures the loss allowances on the basis of expected credit loss for lifetime of the instrument.

For financial instruments with lower credit risk at the balance sheet date, the Group measures the loss allowances on the basis of expected credit losses in the next 12 months, assuming that there has been no significant increase in credit risk since initial recognition.

The Group calculates interest income on financial instruments at stages 1 and stage 2 and with lower credit risk, based on their carrying amounts before provision for impairment and effective interest rates. For financial instruments at stage 3, interest income is calculated on the basis of the amortized cost with provision for impairment deducted from their carrying amount and effective interest rate.

Expected credit losses are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition, and the increase or reversal of the loss provision resulting therefrom is recognised as an impairment gain or loss in profit or loss.



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### III. Significant accounting policies and accounting estimates

(Continued)

#### 15. Financial instruments (Continued)

##### (4) Impairment of financial instruments (Continued)

##### 2) Impairment of accounts receivable

For account receivables from basis trading business, whether it contains significant financing components, the Group always adopts the simplified approach and measures its loss provisions in accordance with the amount of expected credit losses for the full lifetime period, and the increase or reversal of the loss provision resulting therefrom is recognised as an impairment gain or loss in profit or loss.

For expected credit losses measured on portfolio basis, the proportion of loss provision for the expected credit losses is estimated based on the portfolio of ageing credit risk characteristics.

#### The basis to determine the portfolio

The portfolio of risk

Grouped by ageing of accounts receivable of various natures as a credit risk

#### Accrual method for provision for bad debts by portfolio

The portfolio of risk

Taking into account various natures of amounts and with reference to historical credit loss experience, current situation and forecasts of economic conditions, compiling the comparison table between ageing and lifetime expected credit loss rates of accounts receivable, to calculate the expected credit loss.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 15. Financial instruments (Continued)

##### (4) Impairment of financial instruments (Continued)

##### 3) Grouping of other receivables and basis of determination

For other receivables, the Group is unable to obtain sufficient evidence of significant increase in credit risk at a reasonable cost at the level of individual instruments, and it is feasible to assess whether there is a significant increase in credit risk on a portfolio basis. Therefore, the Group groups other receivables according to the type of financial instruments, credit risk ratings, dates of initial recognition, and remaining contractual maturity as the shared risk characteristics and considers and assesses whether there is a significant increase in credit risk on a portfolio basis.

To measure expected credit losses on a portfolio basis, the Group estimates the provision ratio of credit losses in accordance with the corresponding ageing credit risk characteristics portfolio.

#### Basis for determining the portfolio

Risk Portfolio	Grouped by ageing of other receivables of various natures as a credit risk characteristic
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#### Provision for bad debts by portfolio

Risk Portfolio	Taking into account various natures of amounts and with reference to historical credit loss experience, current situation and forecasts of economic conditions, compiling the comparison table between aging and lifetime expected credit loss rates of other receivables, to calculate the expected credit loss.
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The Group groups other receivables categorized into risk portfolios based on similar credit risk characteristics (aging) and on all reasonable and reliable information, including forward-looking information.

Other receivables arising from non-operating, low-risk businesses are individually impaired based on the nature of the business.

For other receivables with collateralized pledges, the original value less the recoverable value of the collateral is used as a risk exposure to estimate credit losses.



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### III. Significant accounting policies and accounting estimates

(Continued)

#### 15. Financial instruments (Continued)

##### (5) Basis of Recognition and Measurement of Transfers of Financial Assets

For a transaction involving the transfer of a financial asset, if substantially all of the risks and rewards of ownership of the financial asset has been transferred, the Group derecognizes the financial asset; if it has retained substantially all of the risks and rewards of ownership of the financial asset, the financial asset will not be derecognized; if it has neither transferred nor retained substantially all of the risks and rewards of ownership of the financial asset, but control over the financial asset has been waived, the Group would derecognize the financial asset and recognize the resulting assets and liabilities; where control over the financial asset has not been waived, the Group would recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognize the related liability accordingly.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the carrying amount of the financial asset transferred at the date of derecognition and the sum of the consideration received from the transfer and, any cumulative changes of fair value that have been recognized directly in other comprehensive income for the part derecognized is recognized in profit or loss for the current period (the financial asset transferred meets the following conditions: ① the purpose of the Group's business model for managing the financial assets is to receive contractual cash flows and to sell the financial assets; ② the contractual terms of the financial assets stipulate that the cash flows generated on specific dates are only for payment of the principal and the interest based on the amount of principal outstanding; Similarly hereinafter).

Where a partial transfer of a financial asset meets the criteria for derecognition, the overall carrying amount of the financial asset transferred is allocated between the derecognized portion and the non-derecognized portion in accordance with their respective relative fair values, and the difference between the sum of the consideration received from the transfer and, any cumulative changes of fair value that have been recognized directly in other comprehensive income for the part derecognized which shall be allocated to the derecognized portion and the apportioned overall carrying amount of the aforementioned financial assets is recognized in profit or loss for the current period.

When a continuing involvement is recognized by means of a financial guarantee over the transferred financial assets, assets resulting from the continuing involvement are recognized at the lower of the carrying amount of the financial assets and the amount of the financial guarantee. The amount of the financial guarantee is the maximum amount of consideration received that will be required to be repaid.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 15. Financial instruments (Continued)

##### (6) Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the date the derivative contract is entered into and are subsequently measured at their fair value. Derivative financial instruments with a positive fair value are recognized as an asset and those with a negative fair value are recognized as a liability.

Gains or losses arising from changes in the fair value of derivatives are recognized directly in profit or loss for the period.

##### (7) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately by the Group in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset, and the net amount is presented in the balance sheet when both of the following conditions are satisfied: ① the Group currently has a legally enforceable right to set off the recognized amounts; ② the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

#### 16. Inventory

The Group's inventories mainly include spot commodities.

Inventories are initially measured at cost. Cost of inventories comprises costs of purchase, processing cost and other costs. Inventories are maintained on a perpetual basis. The actual cost of inventories is determined using the first-in first-out method when the inventories are claimed or issued.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale and relevant taxes. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices. Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss for the current period.





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### III. Significant accounting policies and accounting estimates

(Continued)

#### 17. Long-term equity investments

The Group's long-term equity investments include investments in subsidiaries, investments in associates and equity investments in joint ventures.

##### (1) *Judgement on significant influence, common control*

The Group's judgment on common control is based on the fact that all participants or groups of participants collectively control the arrangement and the policies for the activities related to the arrangement must be agreed upon by those participants who collectively control the arrangement.

The Group is generally considered to have significant influence over an investee when it owns, directly or indirectly through subsidiaries, more than 20% but less than 50% of the investee's voting rights. If the Group owns less than 20% of the investee's voting rights, the Group's significant influence over the investee should be determined by taking into account the facts and circumstances, such as representation on the investee's board of directors or similarly empowered body, participation in the investee's financial and operating policy making process, significant transactions with the investee, dispatch of management personnel to the investee, or provision of critical technical information to the investee.

##### (2) *Accounting method*

The Group initially measures long-term equity investments acquired at initial investment cost.

The initial investment cost of long-term equity investment acquired through business combination involving entities under common control is the share of the carrying amount of the net assets of the party to be combined at the combination date in the consolidated statements of the ultimate controlling party; where the carrying amount of the net assets of the party to be combined at the combination date is negative, the initial investment cost is determined as nil.

The initial investment cost of long-term equity investment acquired through business combination involving entities not under common control is the combination cost, which includes the sum of the fair value of assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 17. Long-term equity investments (Continued)

##### (2) Accounting method (Continued)

The initial investment cost of long-term equity investments acquired other than through business combination is the purchase price actually paid and the fees, taxes and other necessary expenditures directly related to the acquisition of the long-term equity investments. For long-term equity investments acquired through issue of equity securities, the fair value of the equity securities issued is treated as their investment cost.

The Company's investments in subsidiaries are accounted for under the cost method in the separate financial statements. Under the cost method, long-term equity investments are carried at initial investment cost. When additional investments are made, the carrying value of the cost of long-term equity investments is increased by the fair value of costs paid for the additional investment and related transaction costs incurred. Cash dividends or profits declared by the investee are recognized as investment income in the amount to which they are attributable.

The Group's investments in joint ventures and associates are accounted for using the equity method. Under the equity method, if the initial investment cost of a long-term equity investment is greater than the share of fair value of the investee's identifiable net assets at the time of investment, no adjustment is made to the carrying amount of the long-term equity investment; if the initial investment cost of a long-term equity investment is less than the share of fair value of the investee's identifiable net assets at the time of investment, the difference is adjusted to the carrying amount of the long-term equity investment and included in profit or loss for the period in which the investment is acquired.

For long-term equity investments accounted for using the equity method for subsequent measurement, the carrying amount of the long-term equity investment is increased or decreased in accordance with the owners' equity changes of the investee during the period in which the investment is held. In recognizing the share of net profit or loss of the investee, the fair value of each identifiable asset of the investee at the time of investment acquisition is used as the basis for calculating the portion attributable to the Group in proportion with unrealized internal transaction gains and losses arising from transactions with associates and joint ventures that do not constitute a business being offset, in accordance with the Group's accounting policies and accounting period (recognize in full if the internal transaction losses falls into impaired losses of assets), adjustment to net profit of the investee is made before recognition. The Group recognizes net losses incurred by the investee to the extent that the carrying amount of the long-term equity investment and other long-term interests that in substance form part of the Group's net investment in the investee are written down to zero, except to the extent that the Group has an obligation to assume additional losses.



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### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 17. Long-term equity investments *(Continued)*

##### (2) *Accounting method (Continued)*

The difference between the carrying value and the actual acquisition price of the long-term equity investments disposed of is recognized as investment income for the current period.

If a long-term equity investment accounted for by the equity method is included in the owners' equity due to changes in owners' equity of the investee other than net profit or loss, the portion of the investment that was previously included in owners' equity is transferred to the investment income or loss for the current period in proportion on disposal of the investment.

If joint control or significant influence over the investee is lost due to the disposal of a portion of equity investment, the remaining equity after the disposal is accounted for in accordance with the relevant provisions of financial instrument recognition and measurement standards, with the difference between the fair value and the carrying amount of the remaining equity at the date of the loss of joint control or significant influence recognized in profit or loss for the current period. Other comprehensive income recognized originally as a result of the accounting of an equity investment using equity method is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee when the accounting using equity method is discontinued.

If control over the investee is lost due to the disposal of a portion of long-term equity investment, and the remaining equity after the disposal can exercise joint control or significant influence over the investee, the investment shall be accounted for under equity method, with the difference between the carrying amount of the equity disposed of and the consideration for the disposal recognized in investment income, and the remaining equity shall be adjusted as if it were accounted for using equity-method since its acquisition; if the remaining equity after the disposal cannot exercise joint control or significant influence over the investee, it is accounted for in accordance with the relevant provisions of financial instrument recognition and measurement standards, with the difference between the carrying amount of the equity disposed of and the consideration for the disposal recognized in investment income, and the difference between the fair value and the carrying amount of the remaining equity at the date of the loss of control recognized in investment income or loss for the current period.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 18. Investment properties

The Group's investment properties are properties held for earning rentals or for capital appreciation, or both, and are measured by fair value model.

There is an active real estate trading market for the Group's investment properties, and the Group is able to obtain market prices and related information for similar properties from the market and is able to make reasonable estimates of the fair value of investment properties on an ongoing basis; therefore, the Group has elected to subsequently measure investment properties at fair value.

#### 19. Fixed assets

Fixed assets represent the tangible assets held by the Group for use in production, provision of services, rental or for administrative purposes with a useful life of over one year and their unit value is over RMB2,000.

Fixed assets are recognised when it is probable that the economic benefits associated with them will flow to the Group and their cost can be measured reliably. The Group's fixed assets include plants and buildings, electronic equipment, transportation equipment and office equipment, etc.

The Group depreciates all fixed assets, except for fully depreciated fixed assets that continue to be used and land that is separately recorded in the accounts. Depreciation is provided using the average life method. The categorized depreciable lives, estimated net residual values and depreciation rates of the Group's fixed assets are as follows:

Fixed assets	Useful life	Residual value rate	Depreciation rate
Plants and buildings	10-33 years	5%	2.88%-9.5%
Motor vehicles	10 years	5%	9.5%
Office equipment	4-5 years	0%-5%	19%-25%
Electronic equipment	3-5 years	0%-5%	19%-33%

The Group reviews the estimated useful lives, estimated net residual values and depreciation methods of fixed assets at the end of each year and treats changes, if any, as changes in accounting estimates.



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### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 20. Intangible assets

The Group's intangible assets, including software and customer relationship, are measured at actual cost at the time of acquisition, of which, acquired intangible assets are measured at actual cost based on the price actually paid and related other expenses. The actual cost of intangible assets invested by investors shall be determined at the value agreed in the investment contract or agreement, but if the agreed value in the contract or agreement is not fair, the actual cost shall be determined at fair value. The intangible asset, which is owned by the acquiree in a combination under different control but is not confirmed in the financial statement, shall be confirmed as intangible asset at its fair value upon the initial recognition on the acquiree's assets.

##### (1) *Useful life and the basis for its determination, estimation, amortisation method or review procedure*

Land use rights are amortised equally over their useful lives from the commencement date of the grant; application software is amortised equally over the shortest of the estimated useful life, the contractually stipulated beneficial life and the legally stipulated effective life. The amortised amount is included in the cost of the related assets and in profit or loss according to the beneficiary. The estimated useful lives and amortisation methods of intangible assets with finite useful lives are reviewed at the end of each year, and any changes are treated as changes in accounting estimates.

As a result of the review, the useful lives and amortisation methods of intangible assets at the end of the Reporting Period have not changed from the previous estimates.

##### (2) *Scope of research and development expenditure and related accounting treatment*

The scope of the Group's research and development expenditure includes employee benefits of research and development personnel, direct input costs, depreciation and other expenses.

The Company treats information and related preparatory activities for further development activities as the research phase. Expenditures on intangible assets during the research phase are charged to profit or loss as incurred. Development activities that are carried out after the Company has completed the research phase are classified as the development phase. Expenditures during the development phase can be recognised as intangible assets when the following conditions are met: ① the technical feasibility of completing the intangible asset so that it will be available for use or sale; ② its intention to complete the intangible asset and use or sell it; ③ how the intangible asset will generate probable future economic benefits, among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; ④ the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; ⑤ its ability to measure reliably the expenditure attributable to the intangible asset during the development phase.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 21. Impairment of long-term assets

The Group examines long-term equity investments, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life and operating lease assets at each balance sheet date, and performs impairment tests when there is an indication of impairment. Goodwill and intangible assets with indefinite useful life are tested for impairment at the end of each year, regardless of whether there is an indication of impairment.

##### (1) Impairment of non-current assets other than financial assets (excluding goodwill)

The Group determines the recoverable amount of an asset based on the higher of the asset's net fair value less costs of disposal and the present value of the asset's expected future cash flows when performing an impairment test. If, after impairment testing, the carrying amount of the asset exceeds its recoverable amount, the difference is recognised as an impairment loss.

The Group estimates the recoverable amount of an asset on an individual basis. Where it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of an asset group is determined on the basis of the asset group to which the asset belongs. The identification of an asset group is based on whether the major cash inflows generated from the asset group are independent of those from other assets or asset groups.

Fair value, net of disposal costs, is determined by reference to an agreed price for the sale of a similar asset in an arm's length transaction or an observable market price, less incremental costs that are directly attributable to the disposal of the asset. When estimating the present value of future cash flows, management must estimate the expected future cash flows of the asset or group of assets and select an appropriate discount rate to determine the present value of the future cash flows.

##### (2) Impairment of goodwill

The Group allocates the carrying amount of goodwill arising from a business combination to the relevant asset group in a reasonable manner from the date of acquisition, or to the combination of asset groups if it is difficult to allocate the goodwill to the relevant asset group. When testing for impairment of the relevant asset group or combination of asset groups that contains goodwill, if there is any indication of impairment for the asset group or combination of asset groups related to goodwill, the asset group or combination of asset groups that does not contain goodwill is first tested for impairment, the recoverable amount is calculated and compared with the relevant carrying amount, and the corresponding impairment loss is recognised; and then the asset group or combination of asset groups that contains goodwill is tested for impairment, and the carrying amount is compared with their recoverable amount. If the recoverable amount is lower than the carrying amount, the amount of the impairment loss shall first be offset against the carrying amount of goodwill allocated to the asset group or combination of asset groups, and then against the carrying amount of each other asset proportionally according to the proportion of the carrying amount of each other asset other than goodwill in the asset group or combination of asset groups.

Impairment losses on the above assets, once recognised, are not reversed in subsequent accounting periods.



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### III. Significant accounting policies and accounting estimates

(Continued)

#### 22. Employee benefits

The employee benefits of the Group includes short-term benefits, post-employment benefits and termination benefits.

Short-term benefits mainly include employee wages, bonuses, social insurance premiums and housing provident funds paid for employees, union funds withdrawn in accordance with the regulations, education funds and welfare expenses for employees. Short-term benefits actually incurred during the accounting period in which the employee provide services are recognised as liabilities and included in the profit or loss or the cost of the related assets in accordance with the beneficiary.

Post-employment benefits, mainly comprising basic endowment insurance premiums, unemployment insurance and enterprise pensions, are classified as defined contribution plans in accordance with the risks and obligations assumed by the Company. For defined contribution plans, contributions made to a separate entity at the balance sheet date in exchange for services rendered by employees during the accounting period are recognised as a liability and included in profit or loss or in the cost of the related assets according to the beneficiary. Pursuant to the relevant provisions of the Trial Measures for Enterprise Annuity, the Group's employees participate in the enterprise annuity plans considered and approved at the employee representative meeting and filed with the labour security administrative departments. The contribution amount of enterprise annuity is calculated according to the annuity plan.

When the Group cannot unilaterally withdraw the dismissal welfare provided due to the labor relationship termination plan or the redundancy offer, or when the costs or expenses (whichever is earlier) related to reorganization concerning the dismissal welfare payment are recognized, the liabilities of the employee compensation arising from dismissal welfare shall be recognized and included in profit or loss. Compensation payments made in excess of one year are discounted and recognised in profit or loss.

#### 23. Futures risk reserve

##### (1) *Methods and uses of provision*

In accordance with the requirements of the Notice of the Tentative Provisions for the Financial Management of Commodities Futures Trading (Cai Shang Zi [1997] No. 44), the Company appropriates the futures risk reserve based on 5% of the fee income net of relevant expenses payable to futures exchanges. Futures risk reserve is specially used to make up for the loss caused by wrong single transactions of the Company, etc. The appropriation for futures risk reserve ceases when it reaches 10 times the registered capital of the Company.

In case of the following, risk loss is recognised and futures risk reserve is reduced: ① loss on liquidation of wrong single contracts; ② unaccountable risk loss due to the Company's own reasons; ③ unrecoverable risk loss due to customers' reasons.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 23. Futures risk reserve (Continued)

##### (2) Accounting

The Company sets aside 5% of net agency fee income after deducting futures exchange fees payable as futures risk reserve, which is included in profit or loss and the “futures risk reserve” item at the same time. If futures risk reserve is utilised for intended uses, the balance of futures risk reserve is reduced to the extent of zero, and any excess is included in profit or loss.

#### 24. Provision

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. If there is a continuous range of required expenditure and the probability of various results within the range is the same, the best estimate shall be determined according to the middle value within the range in other cases, the best estimates are treated as follows:

- ① If the contingency involves a single item, it shall be determined according to the most likely amount;
- ② If the contingency involves multiple projects, it shall be determined according to various possible results and relevant probability calculation.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

#### 25. Revenue

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. The following are the details of the accounting policies regarding revenue from the Group’s principal activities:



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### III. Significant accounting policies and accounting estimates

(Continued)

#### 25. Revenue (Continued)

##### (1) Fee income

Fee income from futures and options brokerage is recognised on the date of agency transaction. According to futures and options agency contracts, the Group recognises the fee income based on the fee charged to customers and the net amount after deducting the collected fee paid to the exchange.

Refund and reduction of handling fees from futures exchanges are recognised by the Group on the basis of the amount of exchange reimbursement reductions received when the settlement of exchange funds is completed.

The handling fee for asset management business is recognised when the Group has the right to receive income in accordance with the asset management agreement.

The Group recognises income from risk management business in accordance with the risk management business contracts.

##### (2) Interest income

Interest income is calculated and determined according to the time of money lending and the effective interest rate.

##### (3) Investment income

Gains or losses on disposal of financial instruments and dividends received are recognised as investment income on the date of transaction.

##### (4) Gains or losses on fair value changes

Gains and losses arising from changes in the fair values of financial instruments are recognised on the balance sheet date at the difference between the fair value and the carrying amount.

##### (5) Income from other business activities

Income from other business activities is mainly from sales of goods and rendering of advisory services.

The Group recognises income from sales of goods when the Group has transferred the right to spot goods to the customer after receiving goods payment according to the contract and the customer has obtained control over the goods. The Group recognises income from sales of goods on gross basis as it is the principal that controls the goods before they are sold and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

The Group recognises income from advisory services according to the performance progress of advisory services.

## Notes to the financial statements

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 26. Government grants

Government grants are recognised when the conditions attaching to them can be met and when they are receivable. Government grants that are monetary assets are measured at the actual amount received, or at the amount receivable if the grant is provided at a fixed rate or there is conclusive evidence at the end of the year that the conditions set out in the financial support policy have been complied with and the grant is expected to be received; government grants that are non-monetary assets are measured at fair value, or at the nominal amount (RMB1) if the fair value is not reliably obtainable.

The Group's government grants include asset-related government grants and revenue-related government grants. Among them, asset-related government grants refer to government grants obtained by the Group for the purpose of acquiring or otherwise forming long-term assets; revenue-related government grants refer to government grants other than asset-related government grants. If the targets of the grants are not specified in the government documents, the Group makes judgement in accordance with the above principles of differentiation, and if it is difficult to differentiate them, they are categorised as revenue-related government grants as a whole.

Government grants relating to assets acquired by the Group are recognised as deferred income and phased into profit or loss on an equal basis over the useful life of the related assets.

If the related assets are sold, transferred, retired or damaged before the end of their useful life, the unallocated balance of the related deferred income is transferred to profit or loss in the period in which the assets are disposed of.

If a government grant related to income acquired by the Company is to compensate the related cost, expenses or losses to be incurred in subsequent periods, it is recognized as deferred income, and is recognized in profit or loss for the period when the related cost, expenses or losses incurred. If a government grant is related to the ordinary activities, it is included in other income or offsets relevant cost and expenses based on the economic substance of the business. Government grants not related to the ordinary activities are included in non-operating income or expenses.

#### 27. General risk reserve

The Company appropriates 10% of its net profit for the current period to the general risk reserve in accordance with the Rules on the Accounting by Financial Enterprises and the Implementation Guidance of Rules on the Accounting by Financial Enterprises.



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### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 28. Deferred tax assets and deferred tax liabilities

The Group's deferred tax assets and deferred tax liabilities are recognised on the basis of differences between the tax bases of assets and liabilities and their carrying amounts, as well as (temporary differences) arising from differences between the tax bases of items that are not recognised as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax law.

Deferred tax assets are recognized for deductible losses and tax credits that can be offset against taxable income in subsequent years in accordance with the provisions of the tax law as if they were temporary differences. For temporary differences arising from the initial recognition of goodwill, no corresponding deferred tax liabilities are recognized. For temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that affect neither accounting profit nor taxable income (or deductible losses), the corresponding deferred tax assets and deferred tax liabilities are not recognized. At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is recovered or the liability is settled.

The Group recognizes deferred income tax assets to the extent that it is probable that future taxable income will be available against which deductible temporary differences, deductible losses and tax credits can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- ① the taxable entity has a legally enforceable right to offset current tax assets and current tax liabilities;
- ② they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 29. Lease

A lease is a contract that a lessor transfers the right to use an identified asset for a period of time to a lessee in exchange for consideration.

At inception of a contract, the Group assesses whether the contract is a lease or contains a lease. If one party under the contract transfers one or more of the right to use of the identified asset within a period of time in exchange for consideration, the contract shall be considered as a lease or containing lease.

To assess whether a contract conveys the one or more of rights to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- ① Whether an asset is typically identified by being explicitly specified in a contract. An identified asset may be specified by the contract or implicitly specified when the asset is available to the customer to use, and the asset is physically distinguishable. A capacity or other portion of an asset that is not physically distinct is not an identified asset, unless it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from use of the asset. If the supplier has the substantive right to substitute the asset throughout the period of use, the asset is not an identified asset;
- ② Whether the lessee is entitled to the right to obtain substantially all of the economic benefits from use of the identified asset during the period of use;
- ③ Whether the lessee has the right to direct the use of the identified asset during the period of use.

Where the contract contains multiple lease components, the lessee and the lessor shall separate the lease components and account for each individual lease component separately. Where the contract includes both the lease and the non-lease component, the lessee and the lessor shall separate the lease and non-lease components. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.



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### III. Significant accounting policies and accounting estimates

(Continued)

#### 29. Lease (Continued)

##### (1) The Group as a lessee

On the commencement date of lease period, the Group recognises right-of-use assets and lease liabilities on leases. The right-of-use assets are initially measured at cost, including the initial measurement amount of lease liability, the lease payment amount paid on or before the commencement date of lease period, net of the relevant amount of lease incentives enjoyed, initial direct costs incurred and the estimate cost of dismantling and removing leased assets, restoring the leased assets or restoring the leased assets to the agreed conditions of the lease term.

The Group depreciates the right-of-use assets using the straight-line method. If it is reasonably certain that the lease will transfer ownership of the underlying asset to the lessee by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses are recognised in accordance with the accounting policy described in Note III.21.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The Group calculates interest expenses in each period during the lease term based on a constant periodic rate of interest, and recognizes the interest expenses in profit or loss of such period or part of the cost of other related assets. Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss or part of the cost of another related asset as incurred.

After the commencement date, the Group remeasures the lease liability by discounting the revised lease payments, if either:

- ① there is a change in the amounts expected to be payable under a residual value guarantee;
- ② there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- ③ there is a change in the assessment of an option to purchase the underlying asset, to extend or terminate the lease, or the exercise of the option to extend or terminate the lease is different from the previous assessment.

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### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 29. Lease *(Continued)*

##### (1) *The Group as a lessee (Continued)*

When the lease liability is re-measured, the Group recognises the carrying amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in profit or loss of such period.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (leases that have a lease term of 12 months or less) and leases of low-value assets, and recognised the lease payments associated with these leases in profit or loss of such period or part of the cost of another related assets on a straight-line basis over the lease term.

##### (2) *The Group as a lessor*

Properties held by the Group as a lessor to earn rentals and for capital appreciation are accounted as investment properties.

During each period of the lease term, the Group uses the straight-line method to recognise the lease payments from operating leases as rental income.

#### 30. Fair value measurement

The Group measures financial assets held for trading, investment properties, derivative financial instruments at fair value at each balance sheet date. 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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

For financial instruments traded in active markets, the Group determines its fair value with its active market quotation; for financial instruments that are not traded in active markets, the Group uses valuation techniques to determine their fair values. The valuation models used are mainly cash flow discount models.



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### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 30. Fair value measurement *(Continued)*

Level 3 fair value is based on the Group's valuation models, such as discounted cash flows, Bloomberg OVML function, Black-Scholes PDE, Clark Nielsen finite difference method for solving partial differential equations, Valuation of underlying financial instruments and contract allocation method. The Group also considers the original transaction price, recent transactions of the same or similar instruments and completed third-party transactions in comparable instruments.

At each balance sheet date, the Group reassesses the assets and liabilities recognised in the financial statements that have been measured at fair value on a continuous basis to determine whether there has been a transition between fair value measurement levels.

#### 31. Segment reporting

Reportable segments are identified based on the structure of the Group's internal organisation, management requirements and internal reporting system. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Reportable segments are identified based on operating segment taking into consideration of the materiality principle.

In preparing segment reports, the Group measures the revenue from inter-segment transactions based on the actual transaction price. The accounting policies adopted for the preparation of segment reports are consistent with those adopted for the preparation of the Group's financial statements.

#### 32. Significant accounting estimates and judgments

The preparation of the financial statements requires management of the Group to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following accounting estimates and key assumptions carry a significant risk of causing significant adjustments to the carrying amounts of assets and liabilities in future periods.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 32. Significant accounting estimates and judgments (Continued)

##### (1) Provision for impairment of financial assets

On the basis of expected credit losses, the Group performs the impairment treatment and recognises the provision for impairment losses on debt investments, other debt investments, assets arising from carrying out financing operations (including margin financing and securities lending, agreed repurchase, stock pledge repurchase, etc.), as well as placement (lending) of funds or securities in money market, accounts receivable and financial lease receivables.

Based on the classification and nature of the above financial assets, combined with its own risk management practices and the relevant requirements of the impairment guidelines, the Group establishes an expected credit loss model to measure impairment losses on the above financial instruments based on a probability-weighted average, taking into account the time value of money and reasonable and reliable information about past events, current conditions and projected future economic conditions that can be obtained at the balance sheet date without unnecessary additional costs or effort. The assumptions, parameters, data sources and measurement procedures associated with the expected credit loss model require the Company's professional judgment, and changes in the assumptions of these relevant factors can affect the results of the expected credit loss calculations for financial instruments.

The Group uses an expected credit loss model to evaluate the impairment of financial assets and the application of the expected credit loss model requires making significant judgments and estimates such as the probability of default, the rate of default losses and whether credit risk increases significantly, taking into account all reasonable and reliable information, including forward-looking information. In making these judgments and estimates, the Company extrapolates expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risk and other factors.

##### (2) Impairment of non-current assets other than financial assets

The Group makes judgement to determine whether non-current assets other than financial assets are likely to be impaired on the balance sheet date. When conducting an impairment test, if the carrying amount of an asset or asset group is higher than its recoverable amount, it indicates that an impairment has occurred. In estimating the present value of future cash flows, the management is required to estimate the expected future cash flow of the asset or asset group, and select an appropriate discount rate to determine the present value of future cash flow.



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### III. Significant accounting policies and accounting estimates

*(Continued)*

#### 32. Significant accounting estimates and judgments *(Continued)*

##### (3) *Fair value of financial instruments*

For financial instruments where there is a lack of active market, the Group uses valuation methods to determine their fair value. Valuation methods include referring to the transaction price determined when fair transactions are conducted between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or using cash flow discount analysis and option pricing model to estimate. Valuation methods maximise the use of observable market information. However, when observable market information is unavailable, the management will estimate the significant non-observable information included in the valuation methods.

##### (4) *Income tax and deferred income tax*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. In accordance with relevant tax laws and regulations, the Group carefully evaluates the income tax implications of transactions and make tax provisions accordingly. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also significant assessment on the probability that adequate future taxable profits will be available against which the deferred income tax assets can be utilised.

##### (5) *Determination of the consolidated scope*

All facts and circumstances shall be considered when assessing whether the Group acts as an investor to control the investee. The definition of control includes the following three elements: 1) the power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) has the ability to affect those returns through its power over the investee. If there are facts and circumstances that indicate that one or more of the factors mentioned above changed, the Group is required to reassess whether it controls the investee.

For structured entities managed and invested by the Group, the Group will assess whether its maximum risk exposure to the structured entities, together with the variable returns generated by the remuneration of its managers, is significant enough to indicate that the Group has control over its structured entities. If the Group has control over the structured entities under management, the structured entities shall be included in the consolidated scope of the consolidated financial statements.

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### III. Significant accounting policies and accounting estimates

(Continued)

#### 33. Significant changes in accounting policies and accounting estimates

##### (1) Significant changes in accounting policies

Nil

##### (2) Significant changes in accounting estimates

Nil

### IV. Taxation

#### 1. Main types of taxes and corresponding tax rates

The main types of taxes and corresponding tax rates applicable to the Company and its subsidiaries are as follows:

Types of tax	Tax base	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue according to taxation laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable	6%, 9%, 13%
City maintenance and construction tax	Based on VAT effectively paid	7%
Educational surcharges	Based on VAT effectively paid	3%
Local education surcharges	Based on VAT effectively paid	2%
Property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12%	1.2%, 12%

The statutory income tax rate applicable to the Company and Holly Capital Management Co., Ltd. (弘業資本管理有限公司) ("Holly Capital"), a domestic subsidiary of the Company, is 25%, and the statutory income tax rate applicable to Holly International Financial Holdings Limited (弘業國際金融控股有限公司) ("Holly International Financial Holdings") and Holly International Asset Management Company Limited (弘業國際資產管理有限公司) ("Holly International Assets"), being overseas subsidiaries of the Company, is 16.5%.

## Notes to the financial statements

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### V. Notes to Financial Statements

Unless otherwise stated, in respect of the following data disclosed in the financial statements, “beginning of the period”, “end of the period”, “the period” and “last period” refer to 1 January 2024, 30 June 2024, 1 January 2024 to 30 June 2024, and 1 January 2023 to 30 June 2023, respectively, while the currency unit is RMB yuan.

#### 1. Monetary funds

Item	Closing balance	Opening balance
Cash		
Bank deposit	<b>6,980,037,867.67</b>	4,801,790,844.06
Incl.: Futures margin	<b>6,490,401,453.24</b>	4,426,745,702.71
Own funds	<b>489,636,414.43</b>	375,045,141.35
Other monetary funds	<b>23,423,210.92</b>	13,981,221.48
Accrued interest on monetary funds	<b>22,315,831.35</b>	25,051,648.79
<b>Total</b>	<b>7,025,776,909.94</b>	4,840,823,714.33
Incl.: Total amount deposited overseas	<b>207,309,241.11</b>	318,376,918.01

#### (1) Futures margin deposit breakdown

Item	Closing balance	Opening balance
CITIC Bank	<b>2,193,216,999.70</b>	1,781,787,053.62
Minsheng Bank	<b>178,601,602.14</b>	652,052,687.10
Industrial Bank Co., Ltd	<b>293,588,436.98</b>	490,228,883.87
SPD Bank	<b>100,187,255.65</b>	100,500,255.05
Bank of Communications	<b>708,578,514.19</b>	530,066,254.86
China Guangfa Bank	<b>663,089.82</b>	1,332,588.21
Bank of China	<b>31,160,859.60</b>	89,226,470.24
Agricultural Bank of China	<b>6,155,478.72</b>	867,637.75
China Construction Bank	<b>1,551,549.64</b>	778,547.09
China Merchants Bank	<b>100,291,886.89</b>	100,467,745.25
ICBC	<b>28,181,843.62</b>	7,113,733.43
Ping An Bank	<b>2,817,049,034.70</b>	641,941,091.19
China Everbright Bank	<b>31,174,378.20</b>	30,382,054.12
HSBC	<b>523.39</b>	700.93
<b>Total</b>	<b>6,490,401,453.24</b>	4,426,745,702.71

#### (2) Use of restricted funds

See Note V.58.

## Notes to the financial statements

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### V. Notes to Financial Statements *(Continued)*

#### 2. Currency deposits receivable

##### (1) *By exchange/clearer*

Item	Closing balance	Opening balance
Shanghai Futures Exchange	<b>1,053,542,487.03</b>	741,912,018.17
Dalian Commodity Exchange	<b>813,370,024.67</b>	591,825,087.77
Zhengzhou Commodity Exchange	<b>869,125,144.04</b>	625,846,425.84
China Financial Futures Exchange	<b>728,139,952.11</b>	760,999,082.04
China Securities Depository and Clearing Corporation Limited	<b>133,100,717.57</b>	121,309,944.34
Shanghai International Energy Exchange	<b>196,381,189.21</b>	119,164,843.10
Guangzhou Futures Exchange	<b>168,220,765.03</b>	109,508,061.12
PHILLIP FUTURES PTE LTD	<b>75,598,508.11</b>	54,960,458.15
Phillip Commodities (HK) Limited	<b>4,294,207.25</b>	4,994,614.72
Marex Financial	<b>70,204,716.67</b>	129,381,241.08
G.H. Financials (Hong Kong) Limited	<b>13,848,338.09</b>	90,468,325.36
PHILLIP SECURITIES PTE LTD	<b>1,527,270.95</b>	1,706,326.61
Phillip Securities Ltd	<b>18,757.06</b>	18,624.30
Hong Kong Exchanges and Clearing Limited	<b>12,328,939.37</b>	3,939,183.53
Subtotal	<b>4,139,701,017.16</b>	3,356,034,236.13
Less: Provision for impairment	<b>889,103.68</b>	1,427,343.87
Total	<b>4,138,811,913.48</b>	3,354,606,892.26

##### (2) *By category*

Item	Closing balance	Opening balance
Settlement reserve	<b>945,309,872.50</b>	592,395,041.26
Trading margin	<b>3,016,570,407.16</b>	2,478,170,421.12
Offshore futures brokers	<b>177,820,737.50</b>	285,468,773.75
Subtotal	<b>4,139,701,017.16</b>	3,356,034,236.13
Less: Provision for impairment	<b>889,103.68</b>	1,427,343.87
Total	<b>4,138,811,913.48</b>	3,354,606,892.26



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### V. Notes to Financial Statements (Continued)

#### 3. Pledges deposits receivable

##### (1) Exchanges breakdown

Item	Closing balance	Opening balance
Shanghai Futures Exchange	166,349,336.00	61,590,912.00
Dalian Commodity Exchange	12,774,272.00	18,022,400.00
Guangzhou Futures Exchange	47,444,340.00	
Total	226,567,948.00	79,613,312.00

##### (2) Pledges breakdown

Category	Market value at the end of period	Discount rate	Amount at the end of period
Shanghai Futures Exchange			
Incl.: Shanghai Silver	44,513,520.00	80%	35,610,816.00
Shanghai Copper	27,240,500.00	80%	21,792,400.00
Shanghai Nickel	113,383,200.00	80%	90,706,560.00
Shanghai Pulp	14,847,840.00	80%	11,878,272.00
Petroleum Asphalt	6,872,730.00	80%	5,498,184.00
Shanghai Tin	1,078,880.00	80%	863,104.00
Dalian Commodity Exchange			
Incl.: PVC	15,967,840.00	80%	12,774,272.00
Guangzhou Futures Exchange			
Incl.: Lithium Carbonate	53,070,000.00	80%	42,456,000.00
Industrial Silicon	6,235,425.00	80%	4,988,340.00
Total	283,209,935.00		226,567,948.00

Category	Market value at the beginning of period	Discount rate	Amount at the beginning of period
Shanghai Futures Exchange			
Incl.: Shanghai Silver	76,988,640.00	80%	61,590,912.00
Dalian Commodity Exchange			
Incl.: PVC	22,528,000.00	80%	18,022,400.00
Total	99,516,640.00		79,613,312.00

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### V. Notes to Financial Statements *(Continued)*

#### 4. Advance to customers

##### (1) Category of advance to customers

Item	Closing balance	Opening balance
Domestic		
Incl.: Individual		
Institutional		
Less: Provision for impairment		
Subtotal of book value		
Overseas	<b>22,723,879.73</b>	26,852,750.66
Incl.: Individual	<b>13,671,105.14</b>	10,563,258.11
Institutional	<b>9,052,774.59</b>	16,289,492.55
Less: Provision for impairment	<b>113,619.40</b>	134,263.75
Subtotal of book value	<b>22,610,260.33</b>	26,718,486.91
<b>Total</b>	<b>22,610,260.33</b>	26,718,486.91

##### (2) Collateral information

Fair value of collaterals provided by customers to the Company for margin financing and securities lending business:

Item	Closing balance	Opening balance
Stock	<b>82,567,779.70</b>	91,097,674.88
<b>Total</b>	<b>82,567,779.70</b>	91,097,674.88



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### V. Notes to Financial Statements (Continued)

#### 4. Advance to customers (Continued)

##### (3) Provision for impairment

	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss for future 12 months	Expected credit loss for the lifetime (No credit Impairment)	Expected credit loss for the lifetime (Credit impaired)	
Balance as at 1 January 2024	134,263.75			134,263.75
Book balance of other receivables as at 1 January 2024 in the current period				
- transfer to Stage 2				
- transfer to Stage 3				
- back to Stage 2				
- back to Stage 1				
Provision in the current period	-20,644.35			-20,644.35
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Balance as at 30 June 2024	113,619.40			113,619.40

#### 5. Derivative financial instruments

Item	Nominal amount	Closing balance	
		Assets	Liabilities
Commodity derivative financial instruments			
Incl.: Futures contracts	5,937,108,369.98	54,446,345.00	66,680,530.00
Option contracts	3,732,056,467.23	60,927,463.42	46,064,450.96
Total	9,669,164,837.21	115,373,808.42	112,744,980.96
Less: Settlement amount		54,446,345.00	66,680,530.00
Net amount		60,927,463.42	46,064,450.96

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### V. Notes to Financial Statements (Continued)

#### 5. Derivative financial instruments (Continued)

Item	Nominal amount	Opening balance	
		Fair value	
		Assets	Liabilities
Commodity derivative financial instruments			
Incl.: Futures contracts	2,186,376,444.00	47,756,813.91	44,080,410.20
Option contracts	2,363,260,879.14	5,212,428.02	14,064,892.26
Total	4,549,637,323.14	52,969,241.93	58,145,302.46
Less: Settlement amount		47,756,813.91	44,080,410.20
Net amount		5,212,428.02	14,064,892.26

#### 6. Settlement currency deposits receivable

Item	Closing balance	Opening balance
China Financial Futures Exchange	20,000,000.00	20,000,000.00
Total	20,000,000.00	20,000,000.00

#### 7. Other receivables

Item	Closing balance	Opening balance
Interest receivables		
Dividend receivables		
Other receivables	36,650,101.33	32,744,189.68
Total	36,650,101.33	32,744,189.68



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### V. Notes to Financial Statements *(Continued)*

#### 7. Other receivables *(Continued)*

##### 7.1 Other receivables

###### (1) Other receivables by category

Category	Closing book balance	Opening book balance
Refundable payment for PTA spot transactions	<b>10,000,644.61</b>	10,000,644.61
Dividends and redemptions receivable from funds and asset management plans	<b>724,403.68</b>	635,799.24
Securities settlement accounts receivable	<b>5,707,333.28</b>	9,625,473.20
OTC option margin receivable	<b>22,575,705.79</b>	9,520,213.07
Deposit	<b>4,942,128.34</b>	4,971,076.64
Others	<b>2,626,285.23</b>	7,864,053.48
<b>Total</b>	<b>46,576,500.93</b>	42,617,260.24

###### (2) Other receivables by aging

Aging	Closing book balance	Opening book balance
Within 1 year (Inclusive)	<b>31,422,516.91</b>	28,723,250.71
1 to 2 years	<b>1,863,900.82</b>	682,544.65
2 to 3 years	<b>259,275.32</b>	846,600.99
Over 3 years	<b>13,030,807.88</b>	12,364,863.89
<b>Total</b>	<b>46,576,500.93</b>	42,617,260.24

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### V. Notes to Financial Statements (Continued)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

###### (3) Provision for bad debts on other receivables

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)	
After a single bad debt provision	10,000,644.61	21.47	9,106,090.80	91.06	894,553.81
After a combination of bad debt provisions	36,575,856.32	78.53	820,308.80	2.24	35,755,547.52
Combination: Liquidation combination	6,431,736.96	13.81			6,431,736.96
Margin and deposit	27,517,834.13	59.08	275,178.34	1.00	27,242,655.79
Other combination	2,626,285.23	5.64	545,130.46	20.76	2,081,154.77
<b>Total</b>	<b>46,576,500.93</b>	<b>100.00</b>	<b>9,926,399.60</b>	<b>21.31</b>	<b>36,650,101.33</b>

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)	
After a single bad debt provision	10,000,644.61	23.47	9,106,090.80	91.06	894,553.81
After a combination of bad debt provisions	32,616,615.63	76.53	766,979.76	2.35	31,849,635.87
Combination: Liquidation combination	10,261,272.44	24.08			10,261,272.44
Margin and deposit	14,491,289.71	34.00	144,912.91	1.00	14,346,376.80
Other combination	7,864,053.48	18.45	622,066.85	7.91	7,241,986.63
<b>Total</b>	<b>42,617,260.24</b>	<b>100.00</b>	<b>9,873,070.56</b>	<b>23.17</b>	<b>32,744,189.68</b>



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### V. Notes to Financial Statements (Continued)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

##### (3) Provision for bad debts on other receivables (Continued)

##### 1) Other receivables after a single bad debt provision

Debtor	Closing balance			Reason
	Booking balance	Bad debt provision	Provision ratio (%)	
Hanbang (Jiangyin) Petrochemical Co., Ltd. (漢邦(江陰)石化有限公司)	10,000,644.61	9,106,090.80	91.06	Not fully recoverable due to improper operation
Total	10,000,644.61	9,106,090.80		

##### 2) Other receivables after a combination of bad debt provisions

Aging	Closing balance		
	Booking balance	Bad debt provision	Provision ratio (%)
Within 1 year (Inclusive)	31,422,516.91	313,068.55	1.00
1 to 2 years	1,863,900.82	66,816.29	3.58
2 to 3 years	259,275.32	26,213.46	10.11
Over 3 years	3,030,163.27	414,210.50	13.67
Total	36,575,856.32	820,308.80	2.24

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### V. Notes to Financial Statements (Continued)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

##### (3) Provision for bad debts on other receivables (Continued)

##### 3) Other receivables after a bad debts provision under general model of expected credit losses

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss for future 12 months	Expected credit loss for lifetime (No credit impairment)	Expected credit loss for lifetime (Credit impaired)	
Balance as at 1 January 2024	546,195.34	220,784.42	9,106,090.80	9,873,070.56
Book balance of other receivables as at 1 January 2024 in the current period				
– transfer to Stage 2	-66,816.29	66,816.29		
– transfer to Stage 3				
– back to Stage 2				
– back to Stage 1				
Provision in the current period	-201,917.25	255,246.29		53,329.04
Reversal in the current period				
Charge-off in the current period				
Write-off in the current period				
Other changes				
Balance as at 30 June 2024	277,461.80	542,847.00	9,106,090.80	9,926,399.60

##### (4) Provision, recovery or reversal for bad debts on other receivables

Category	Opening balance	Change for the period				Closing balance
		Provision	Recovery or reversal	Amounts charged or written off	Others	
Other receivables	9,873,070.56	53,329.04				9,926,399.60
Total	9,873,070.56	53,329.04				9,926,399.60



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### V. Notes to Financial Statements (Continued)

#### 7. Other receivables (Continued)

##### 7.1 Other receivables (Continued)

###### (5) Other receivables actually written-off in the period

No other receivables were actually written-off in the period.

###### (6) Top five other receivables categorized by debtors

Name	Category	Closing book balance	Aging	Proportion to closing balance of other receivables as at the end of the period (%)	Closing balance of bad debt provision
Hanbang (Jiangyin) Petrochemical Co., Ltd. (漢邦(江陰)石化有限公司)	Refundable payment for PTA spot transactions	10,000,644.61	Over 3 years	21.47	9,106,090.80
Ruida New Control Capital Management Co., Ltd. (瑞達新控資本管理有限公司)	OTC option margin receivable	8,741,405.00	Within 1 year	18.77	87,414.05
Donghai Capital Management Co., Ltd. (東海資本管理有限公司)	OTC option margin receivable	3,199,071.09	Within 1 year	6.87	31,990.71
China Pacific Property Insurance Co., Ltd. (中國太平洋財產保險股份有限公司)	OTC option margin receivable	2,955,645.63	Within 1 year	6.35	29,556.46
China United Property Insurance Co. Ltd., Jiangsu Branch (中華聯合財產保險股份有限公司江蘇分公司)	OTC option margin receivable	2,171,598.17	Within 1 year	4.66	21,715.98
Total		27,068,364.50		58.12	9,276,768.00

###### (7) Borrowings due from employees

As at the end of the Reporting Period, there was no borrowings due from employees.

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From 1 January 2024 to 30 June 2024

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### V. Notes to Financial Statements (Continued)

#### 8. Financial assets purchased under resale agreements

Item	Closing balance	Opening balance
Treasury bond reverse repurchase	<b>106,625,025.35</b>	1,948,419.75
Total	<b>106,625,025.35</b>	1,948,419.75

#### 9. Financial assets held for trading

##### (1) Breakdown

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss		
Incl.: Investments in debt instruments	<b>77,784,373.11</b>	220,764,797.88
Investments in equity instruments	<b>436,320,877.53</b>	213,921,966.36
Total	<b>514,105,250.64</b>	434,686,764.24

- (2) For details of the financial assets held for trading with commitment conditions or restrictions, see Note V. 58 Assets with restricted ownership or use rights.

#### 10. Other equity instruments investment

Item	Opening balance	Additional investment	Investment reduction	Change for this period			Closing balance	Dividend income recognised	Cumulative gains included in other comprehensive income	Cumulative losses included in other comprehensive income
				Gains recognised in other comprehensive income	Losses recognised in other comprehensive income	Others				
Futures membership investment	1,853,110.00					3,230.00	<b>1,856,340.00</b>			
Total	1,853,110.00					3,230.00	<b>1,856,340.00</b>			

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### V. Notes to Financial Statements (Continued)

#### 11. Inventory

##### (1) Category

Item	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories/ impairment provision of contract performance costs	Book value	Book balance	Provision for decline in value of inventories/ impairment provision of contract performance costs	Book value
Inventory goods	227,655,955.43	7,807,152.46	219,848,802.97	64,018,473.68		64,018,473.68
Total	227,655,955.43	7,807,152.46	219,848,802.97	64,018,473.68		64,018,473.68

##### (2) Impairment provision for decline in value of inventories

Item	Opening balance	Current increase		Current decrease		Closing balance
		Provision	Others	Reversal or amounts charged	Others	
Inventory goods		7,807,152.46				7,807,152.46
Total		7,807,152.46				7,807,152.46

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## V. Notes to Financial Statements (Continued)

## 12. Long term equity investment

Investees	Change for this period										Closing balance (book value)	Provision for impairment as at the end of the period		
	Opening balance (book value)	Provision for impairment as at the beginning of the period	Investment							Declared cash dividend or profit			Provision for impairment	Others
			Additional investment	Investment reduction	gain/loss recognized with equity method	Other comprehensive income adjustment	Other equity change							
I. Joint ventures														
II. Associates														
Jiangsu Hongrui New Era Venture Capital Co., Ltd. (江蘇弘瑞新時代創業投資有限公司)	6,109,358.88					29,551.48							6,138,910.36	
Jiangsu Hongrui Growth Venture Capital Co., Ltd. (江蘇弘瑞成長創業投資有限公司)	2,143,199.16					-2,603.48							2,140,595.68	
<b>Total</b>	<b>8,252,558.04</b>					<b>26,948.00</b>							<b>8,279,506.04</b>	

## 13. Investment properties

## (1) Investment properties measured by fair value model

Item	Plants and buildings	Total
I. Opening balance	48,573,122.00	48,573,122.00
II. Change for the period		
Add: Purchases		
Transfer from inventories/fixed assets/work in progress		
Increase in business combinations		
Less: Disposal		
Other transfers		
Add: Changes in fair value		
III. Closing balance	<b>48,573,122.00</b>	<b>48,573,122.00</b>

(2) As at the end of the period, there was no investment property in existence without property right certificate.



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### V. Notes to Financial Statements (Continued)

#### 14. Fixed assets

Item	Closing book value	Opening book value
Fixed assets	<b>313,867,928.05</b>	317,738,489.85
Disposal of fixed assets		
Total	<b>313,867,928.05</b>	317,738,489.85

#### 14.1 Fixed assets

##### (1) Details of fixed assets

Item	Plants and buildings	Vehicles	Office furniture	Electronic equipment	Total
I. Book cost					
1. Opening balance	309,678,954.40	4,530,441.60	6,632,059.43	57,280,797.38	378,122,252.81
2. Current increase	5,600,000.00		120,443.84	56,258.42	5,776,702.26
(1)Purchase	5,600,000.00		120,443.84	56,258.42	5,776,702.26
(2)Transfer from work in progress					
(3)Increase in business combinations					
3. Current decrease			130,205.40	583,507.26	713,712.66
(1)Disposal or scrap			130,205.40	583,507.26	713,712.66
(2)Transfer to work in process					
4. Exchange difference			709.92	12,974.31	13,684.23
5. Closing balance	315,278,954.40	4,530,441.60	6,623,007.79	56,766,522.85	383,198,926.64
II. Cumulative depreciation					
1. Opening balance	12,365,798.08	3,961,809.21	1,566,259.46	42,489,896.21	60,383,762.96
2. Current increase	6,185,751.96	33,666.24	613,710.14	2,778,502.39	9,611,630.73
(1)Provision	6,185,751.96	33,666.24	613,710.14	2,778,502.39	9,611,630.73
3. Current decrease			122,493.54	554,639.23	677,132.77
(1)Disposal or scrap			122,493.54	554,639.23	677,132.77
(2)Transfer to work in process					
4. Exchange difference			607.36	12,130.31	12,737.67
5. Closing balance	18,551,550.04	3,995,475.45	2,058,083.42	44,725,889.68	69,330,998.59
III. Provision for impairment					
IV. Book value					
1. Closing book value	296,727,404.36	534,966.15	4,564,924.37	12,040,633.17	313,867,928.05
2. Opening book value	297,313,156.32	568,632.39	5,065,799.97	14,790,901.17	317,738,489.85

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### V. Notes to Financial Statements (Continued)

#### 14. Fixed assets (Continued)

##### 14.1 Fixed assets (Continued)

###### (2) Fixed assets without registered title certificates

Item	Book value	Reasons for not obtained certificates
Underground parking space in Hexi Financial City	40,096,212.10	Housing Authority has not yet surveyed and mapped

- (3) As at the end of the Reporting Periods, there was no sign of impairment on fixed assets, so no provision was made for such impairment.

#### 15. Right-of-use assets

##### (1) Right-of-use assets breakdown

Item	Lease housing	Total
I. Book cost		
1. Opening balance	101,637,497.44	101,637,497.44
2. Current increase	2,604,091.97	2,604,091.97
(1) Rent	2,604,091.97	2,604,091.97
(2) Business merger increase		
3. Current decrease		
(1) Disposal		
4. Exchange difference	72,113.55	72,113.55
5. Closing balance	104,313,702.96	104,313,702.96
II. Cumulative depreciation		
1. Opening balance	78,614,343.25	78,614,343.25
2. Current increase	8,055,994.37	8,055,994.37
(1) Provision	8,055,994.37	8,055,994.37
3. Current decrease		
(1) Disposal		
4. Exchange difference	51,112.22	51,112.22
5. Closing balance	86,721,449.84	86,721,449.84
III. Provision for impairment		
IV. Book value		
1. Closing book value	17,592,253.12	17,592,253.12
2. Opening book value	23,023,154.19	23,023,154.19

- (2) As at the end of the Reporting Periods, there was no sign of impairment on the right-of-use assets, so there was no provision for such impairment.



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### V. Notes to Financial Statements *(Continued)*

#### 16. Intangible assets

##### (1) Intangible assets breakdown

Item	Software	Customer relations	Total
I. Book cost			
1. Opening balance	7,790,727.02	6,100,000.00	13,890,727.02
2. Current increase	687,093.01		687,093.01
(1) Purchase	687,093.01		687,093.01
3. Current decrease			
(1) Disposal or scrap			
4. Exchange difference	4,683.56		4,683.56
5. Closing balance	8,482,503.59	6,100,000.00	14,582,503.59
II. Cumulative amortisation			
1. Opening balance	7,246,995.02	6,100,000.00	13,346,995.02
2. Current increase	85,886.63		85,886.63
(1) Provision	85,886.63		85,886.63
3. Current decrease			
(1) Disposal or scrap			
4. Exchange difference	807.56		807.56
5. Closing balance	7,333,689.21	6,100,000.00	13,433,689.21
III. Provision for impairment			
IV. Book value			
1. Closing book value	1,148,814.38		1,148,814.38
2. Opening book value	543,732.00		543,732.00

(2) As at the end of the Reporting Periods, there was no sign of impairment on the intangible assets, so there was no provision for such impairment.

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### V. Notes to Financial Statements (Continued)

#### 17. Deferred income tax assets

##### (1) Deferred income tax assets without offset

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Employee compensation payable	2,600.00	650.00	1,200,000.00	300,000.00
Credit impairment loss	10,675,724.52	2,603,900.05	10,619,346.70	2,590,417.46
Accrued expenses	422,264.03	105,566.01	367,367.61	91,841.90
Changes in the fair value of derivative financial instruments			4,738,944.24	1,184,736.06
Provision for decline in value of inventories	7,807,152.46	1,951,788.12		
Unrealized profit of internal transactions	50,018,522.72	12,504,630.68	54,069,408.60	13,517,352.15
Lease liabilities	15,954,795.85	3,988,698.96	20,667,289.56	5,166,822.39
Others	35,421,115.17	5,883,173.78	34,458,315.27	5,663,358.96
<b>Total</b>	<b>120,302,174.75</b>	<b>27,038,407.60</b>	126,120,671.98	28,514,528.92

##### (2) Deferred income tax liabilities without offset

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in the fair value of investment properties	5,199,566.83	1,299,891.71	5,199,566.83	1,299,891.71
Changes in the fair value of financial assets/liabilities held for trading	2,899,132.78	724,783.20	4,777,178.24	1,194,294.56
Changes in the fair value of derivative financial instruments	2,628,827.46	657,206.87		
Right-of-use assets	15,433,083.15	3,858,270.79	20,077,051.70	5,019,262.93
<b>Total</b>	<b>26,160,610.22</b>	<b>6,540,152.57</b>	30,053,796.77	7,513,449.20



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### V. Notes to Financial Statements (Continued)

#### 17 Deferred income tax assets (Continued)

##### (3) Net deferred income tax assets or liabilities after offset

Item	Deferred income		Deferred income	
	Deferred income tax assets and liabilities offset closing amount	tax asset or liability balance after offset closing amount	Deferred income tax assets and liabilities offset opening amount	Deferred income tax asset or liability balance after offset opening amount
Deferred income tax assets	-4,760,098.26	22,278,309.34	-7,513,449.20	21,001,079.72
Deferred income tax liabilities	-4,760,098.26	1,780,054.31	-7,513,449.20	

##### (4) Unrecognised deferred income tax assets breakdown

Item	Closing amount	Opening amount
Provision for goodwill impairment	53,167,251.21	53,167,251.21
Deductible losses	62,046,135.52	63,835,966.39
Total	115,213,386.73	117,003,217.60

##### (5) The deductible loss of unrecognised deferred income tax assets will be due in the following years

According to prevailing tax laws, deductible losses of Holly Futures may be carried forward indefinitely to deduct taxes from the year they are incurred.

#### 18. Other assets

##### (1) Breakdown

Item	Closing amount	Opening amount
Advance payments	2,335,807.15	11,123,235.91
Prepaid expenses	3,214,130.71	6,614,928.65
Taxes to be refunded, deducted and settled	31,881,878.12	12,463,648.38
Overseas futures exchange deposit	1,528,221.12	1,517,404.28
Total	38,960,037.10	31,719,217.22

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## V. Notes to Financial Statements (Continued)

## 19. Short-term borrowings

## (1) Category of short-term borrowings

Item	Closing amount	Opening amount
Principal amount of credit borrowings		49,735,200.00
Accrued interest		47,662.90
Total		49,782,862.90

## 20. Currency deposits payable

## (1) By customer category

Customer category	Closing balance		Opening balance	
	QTY	Amount	QTY	Amount
Natural persons	96,161	3,788,436,543.20	94,185	3,779,072,587.27
Legal persons	3,713	6,153,173,007.92	3,607	3,000,208,526.58
Total	99,874	9,941,609,551.12	97,792	6,779,281,113.85

## (2) By exchange

Exchange	Closing balance		Opening balance	
	QTY	Amount	QTY	Amount
Domestic futures exchanges				
Incl.: Shanghai Futures Exchange	2,978	893,904,018.70	2,316	716,472,501.67
Dalian Commodity Exchange	3,374	541,020,018.32	3,285	439,328,269.02
China Financial Futures Exchange	545	707,501,307.48	568	728,095,615.82
Zhengzhou Commodity Exchange	3,725	518,024,853.85	2,897	330,809,289.75
Shanghai International Energy Exchange	291	85,933,743.70	290	39,224,954.20
China Securities Depository and Clearing Corporation Limited	64	9,950,869.10	9	7,207,033.66
Guangzhou Futures Exchange	495	11,622,696.41	308	39,985,190.50
Subtotal	11,472	2,767,957,507.56	9,673	2,301,122,854.62
Overseas futures brokers	4,949	309,785,564.25	4,861	507,857,510.15
Total	16,421	3,077,743,071.81	14,534	2,808,980,364.77

Note: The customer margins stated by exchange shall not include the customer margins deposited in bank accounts or the settlement reserves deposited at the exchanges.

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### V. Notes to Financial Statements *(Continued)*

#### 21. Pledged deposits payable

##### (1) *By customer category*

Customer category	Closing balance		Opening balance	
	QTY	Amount	QTY	Amount
Legal persons	3	58,266,320.00	1	61,590,912.00
Total	3	58,266,320.00	1	61,590,912.00

##### (2) *By exchange*

Exchange	Closing balance	Opening balance
Shanghai Futures Exchange	58,266,320.00	61,590,912.00
Total	58,266,320.00	61,590,912.00

#### 22. Financial liabilities held for trading

Item	Closing amount	Opening amount
Financial liabilities at fair value through profit or loss	24,917,467.27	61,534,340.24
Incl.: Accounts payable	24,917,467.27	61,534,340.24

For the financial liabilities at fair value through profit or loss, the changes of their fair values are listed below:

Item	Changes of fair value at the end of period	Cumulative changes of fair values due to changes of their own credit risks
Accounts payable	-1,273,271.18	Nil

As at the end of the Reporting Period, there was no different between the book value of financial liabilities measured at fair value through profit or loss and the amount payable to creditors under contract.

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### V. Notes to Financial Statements (Continued)

#### 23. Financial assets sold under repurchase agreements

##### (1) By business category

Item	Closing amount	Opening amount
Bonds	21,287,718.87	56,687,229.99
Total	21,287,718.87	56,687,229.99

##### (2) Security information

Item	Closing amount	Opening amount
Bonds	41,260,749.11	90,901,734.50
Total	41,260,749.11	90,901,734.50

#### 24. Futures risk provision

##### (1) Breakdown

Item	Opening balance	Current increase	Current decrease	Closing balance
Futures risk provision	169,222,360.19	3,926,781.48		173,149,141.67
Total	169,222,360.19	3,926,781.48		173,149,141.67

##### (2) Description of accrual method and ratio of futures risk provision

The futures risk provision is accrued at 5% of the parent company's net agency fee income and is included in the current period's profit or loss.

#### 25. Payable to futures investors protection fund

##### (1) Breakdown

Item	Opening balance	Current increase	Current decrease	Closing balance
Payable to futures investors protection fund	310,592.85	245,298.76	310,299.81	245,591.80
Total	310,592.85	245,298.76	310,299.81	245,591.80

##### (2) Description of accrual method and ratio of payable to futures investors protection fund

According to the CSRC Decree No. 129: Decision to Modify the Interim Measures for the Administration of Futures Investor Safeguard Funds (dated 8 November 2016) (關於修改<期貨投資者保障基金管理暫行辦法>的決定), starting from 8 December 2016, the Company should make payment to this fund at a rate of six in 100 million of the broker transaction volume instead of six in 10 million.



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### V. Notes to Financial Statements (Continued)

#### 26. Employee compensation payable

##### (1) Employee compensation payable by category

Item	Opening balance	Current increase	Current decrease	Closing balance
Short-term compensation	2,303,860.56	84,269,349.81	84,607,099.22	<b>1,966,111.15</b>
Post-employment benefits-setting up a contribution plan		12,435,691.27	12,393,899.71	<b>41,791.56</b>
Dismissal benefits		315,985.27	315,985.27	
<b>Total</b>	<b>2,303,860.56</b>	<b>97,021,026.35</b>	<b>97,316,984.20</b>	<b>2,007,902.71</b>

##### (2) Short term compensation

Item	Opening balance	Current increase	Current decrease	Closing balance
Salary, bonus, subsidy and allowance	1,740,576.22	66,477,055.84	67,407,733.43	<b>809,898.63</b>
Workers benefits	–	6,369,594.09	6,369,594.09	–
Social insurance premiums	–	4,444,951.24	4,444,951.24	–
Incl.: Medical insurance premiums	–	3,984,590.64	3,984,590.64	–
Work injury insurance premiums	–	114,542.12	114,542.12	–
Maternity insurance premiums	–	345,818.48	345,818.48	–
Housing reserve fund	16,710.01	5,688,462.78	5,705,172.79	
Labour union funding and employee education funding	546,574.33	1,289,285.86	679,647.67	<b>1,156,212.52</b>
<b>Total</b>	<b>2,303,860.56</b>	<b>84,269,349.81</b>	<b>84,607,099.22</b>	<b>1,966,111.15</b>

##### (3) Contribution plan

Item	Opening balance	Current increase	Current decrease	Closing balance
Basic pension		8,737,311.73	8,695,520.17	<b>41,791.56</b>
Unemployment insurance		278,545.03	278,545.03	
Corporate annuity		3,419,834.51	3,419,834.51	
<b>Total</b>		<b>12,435,691.27</b>	<b>12,393,899.71</b>	<b>41,791.56</b>

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### V. Notes to Financial Statements (Continued)

#### 26. Employee compensation payable (Continued)

##### (3) Contribution plan (Continued)

The Group only has contribution schemes, mainly endowment insurance, annuity, and unemployment insurance, and the Group cannot use the endowment insurance and enterprise annuity deposited for employees, and the Company's employees can only receive their contributions to endowment insurance and enterprise annuity when they reach the retirement age stipulated by the state. Also, the Group does not apply defined benefit schemes (defined benefit schemes).

For each of the two financial years ended 30 June 2023 and 2024, there were no forfeited contributions under the Group's defined contribution schemes (represented by employees who left the schemes before the contributions were fully vested) available to the Group to reduce the existing level of contributions.

#### 27. Taxes payable

Item	Closing amount	Opening amount
Enterprise income tax	<b>3,357,070.74</b>	669,321.47
VAT	<b>1,176,508.64</b>	709,229.11
Taxes and surcharges	<b>411,287.70</b>	584,182.98
Withholding of personal income tax	<b>9,741.65</b>	91,863.69
<b>Total</b>	<b>4,954,608.73</b>	2,054,597.25

#### 28. Contract liabilities

Item	Closing amount	Opening amount
Receipts in advance	<b>1,878,823.84</b>	446,185.04
<b>Total</b>	<b>1,878,823.84</b>	446,185.04

#### 29. Bills payable

Category	Closing balance	Opening balance
Bank acceptance notes	<b>230,300,000.00</b>	
<b>Total</b>	<b>230,300,000.00</b>	

As at the end of the period, there were no bills payable due and unpaid.



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### V. Notes to Financial Statements *(Continued)*

#### 30. Other payables

Item	Closing amount	Opening amount
Interest payable		
Dividend payable	<b>4,031,111.11</b>	
Other payables	<b>399,278,007.88</b>	183,508,959.48
Total	<b>403,309,118.99</b>	183,508,959.48

##### 30.1 Dividend payable

Item	Closing balance	Opening balance
Dividend on ordinary shares	<b>4,031,111.11</b>	
Total	<b>4,031,111.11</b>	

Note: As approved by the resolutions of the 2023 annual general meeting of the Company held on 28 June 2024, a cash dividend of RMB0.04 (tax inclusive) for every ten shares, totaling RMB4,031,111.11 (tax inclusive), shall be distributed to all Shareholders based on the total share capital of the Company of 1,007,777,778 shares before the implementation of this profit distribution plan.

##### 30.2 Other payables

Item	Closing amount	Opening amount
Margins payable	<b>156,736,156.64</b>	125,442,231.49
Construction payable	<b>13,995,386.39</b>	16,267,959.69
Pending settlement of asset management plan	<b>106,304.62</b>	3,209,023.53
Risk guarantee payable	<b>3,988,610.87</b>	4,393,114.21
Auditor's fee payable	<b>1,155,673.48</b>	2,580,000.00
Settlement payable	<b>605,689.35</b>	2,998,357.36
Pledge cash payable to standard warrant	<b>168,301,628.00</b>	18,022,400.00
Customers' equity payable	<b>42,050,504.62</b>	1,183,337.26
Others	<b>12,338,053.91</b>	9,412,535.94
Total	<b>399,278,007.88</b>	183,508,959.48

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From 1 January 2024 to 30 June 2024

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### V. Notes to Financial Statements *(Continued)*

#### 31. Long term borrowings

##### (1) Category of long-term borrowings

Item	Closing amount	Opening amount
Principal amount of mortgage borrowings	<b>39,012,560.00</b>	60,984,050.00
Accrued interest	<b>101,005.12</b>	158,716.81
Total	<b>39,113,565.12</b>	61,142,766.81

##### (2) Profile of maturity dates of long-term borrowings

Type of borrowings	Closing balance	Opening balance
Mortgage borrowings	<b>39,113,565.12</b>	61,142,766.81
Total	<b>39,113,565.12</b>	61,142,766.81

##### The carrying amounts of the aforementioned borrowings shall be repaid in the following periods:

Within one year	<b>23,508,541.12</b>	28,129,684.81
After one year from the balance sheet date but within two years	<b>15,605,024.00</b>	27,970,968.00
After two years from the balance sheet date but within five years		5,042,114.00
Total	<b>39,113,565.12</b>	61,142,766.81

#### 32. Lease liability

Item	Closing amount	Opening amount
Within 1 year	<b>11,781,916.30</b>	14,911,256.81
1–2 years	<b>5,914,229.22</b>	7,326,887.35
2–5 years	<b>446,092.87</b>	1,415,020.81
Book value of lease liability	<b>18,142,238.39</b>	23,653,164.97



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### V. Notes to Financial Statements (Continued)

#### 33. Share capital

Shareholders	Opening balance	Current change (+/-)				Subtotal	Closing balance
		New issue	Bonus issue	Provident fund conversion	Others		
Total shares	1,007,777,778.00				-	-	1,007,777,778.00

#### 34. Capital reserve

Item	Opening balance	Current increase	Current decrease	Closing balance
Share premium	593,701,109.72			593,701,109.72
Others	4,701,890.00			4,701,890.00
Total	598,402,999.72			598,402,999.72

#### 35. Other comprehensive income

Item	Amount incurred in the year							Closing balance
	Opening balance	Before current income tax	Less: Transfer from previous comprehensive income to current profit or loss	Less: Transfer from previous comprehensive income to current retained	Less: Income earnings tax expense	After tax attributable to the parent	After tax attributable to minority shareholders	
I. Other comprehensive income that cannot be reclassified into profit or loss								
II. Other comprehensive income to be reclassified into profit and loss								
Incl.: Other comprehensive income that can be converted to profit or loss with equity method								
Translation difference of foreign currency financial statements	6,646,700.10	1,190,557.33				1,190,557.33		7,837,257.43
Others								
Total other comprehensive income	6,646,700.10	1,190,557.33				1,190,557.33		7,837,257.43

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### V. Notes to Financial Statements (Continued)

#### 36. Surplus reserve

Item	Opening balance	Current increase	Current decrease	Closing balance
Statutory surplus reserve	71,425,437.16			<b>71,425,437.16</b>
Total	71,425,437.16			<b>71,425,437.16</b>

#### 37. General risk provision

Item	Opening balance	Current increase	Current decrease	Closing balance
General risk provision	97,305,014.53			<b>97,305,014.53</b>
Total	97,305,014.53			<b>97,305,014.53</b>

#### 38. Undistributed profit

Item	Current period	Last period
Undistributed profits at the end of the previous period before adjustment	<b>65,935,375.99</b>	60,537,412.94
Adjustment for total undistributed profits as at the beginning of the period (+ for increase and – for decrease)		
Undistributed profits at the beginning of the period after adjustment	<b>65,935,375.99</b>	60,537,412.94
Add: Current net profit attributable to shareholders of parent company	<b>12,800,679.99</b>	7,791,496.31
Less: Statutory surplus reserve		1,196,766.63
Appropriation for general risk reserve		1,196,766.63
Dividend payable on ordinary shares	<b>4,031,111.11</b>	
Balance at the end of current period	<b>74,704,944.87</b>	65,935,375.99



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### V. Notes to Financial Statements (Continued)

#### 39. Net handling fee and commission income

##### (1) Net handling fee and commission income breakdown

Item	Amount incurred in the period	Amount incurred in last period
Net brokerage fee income	<b>26,964,947.64</b>	14,092,240.39
Exchange fee reduction deemed as income	<b>61,545,337.93</b>	71,472,814.77
Net brokerage fee income subtotal	<b>88,510,285.57</b>	85,565,055.16
Asset management business income	<b>3,310,214.13</b>	2,880,205.94
Total	<b>91,820,499.70</b>	88,445,261.10

##### (2) Net handling fee and commission income by business offices in administrative regions

Administrative regions	Amount incurred in the period		Amount incurred in last period	
	Number of branches	Net handling fee and commission income	Number of branches	Net handling fee and commission income
Jiangsu Province	21	<b>70,092,689.91</b>	22	71,089,676.50
Fujian Province	2	<b>814,352.93</b>	2	2,423,221.36
Shanghai	2	<b>1,954,714.97</b>	2	1,089,180.46
Zhejiang Province	2	<b>1,939,094.13</b>	2	2,286,480.26
Henan Province	1	<b>1,372,570.86</b>	1	691,545.42
Guangdong Province	2	<b>814,352.93</b>	3	768,836.51
Beijing	2	<b>526,070.84</b>	2	704,616.27
Hong Kong, China	1	<b>5,477,730.47</b>	1	2,684,858.33
Shandong Province	3	<b>2,838,223.47</b>	2	1,395,863.74
Shaanxi Province	1	<b>1,604,867.30</b>	1	649,941.45
Anhui Province	1	<b>577,606.24</b>	2	781,693.66
Liaoning Province	2	<b>1,085,218.59</b>	2	1,068,156.34
Guangxi Province	1	<b>566,957.49</b>	1	423,598.87
Hunan Province	1	<b>739,821.87</b>	1	464,955.80
Chongqing	1	<b>894,047.15</b>	1	1,300,843.75
Sichuan Province			1	115,002.08
Shanxi Province	1	<b>348,313.08</b>	1	326,383.98
Hainan Province	1	<b>173,867.47</b>	1	180,406.32
Total	45.00	<b>91,820,499.70</b>	48	88,445,261.10

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### V. Notes to Financial Statements (Continued)

#### 40. Net interest income

Item	Amount incurred in the period	Amount incurred in last period
<b>Interest income</b>		
Incl.: Interest income from customer deposit	<b>44,380,163.10</b>	35,373,590.57
Interest income from own funds deposit	<b>13,167,136.80</b>	6,884,785.91
Interest income from repurchase agreements	<b>545,407.05</b>	601,581.26
<b>Total interest income</b>	<b>58,092,706.95</b>	42,859,957.74
<b>Interest expense</b>		
Incl.: Interest expense on sale and repurchase	<b>466,317.32</b>	598,212.22
<b>Total interest expenses</b>	<b>466,317.32</b>	598,212.22
<b>Net interest income</b>	<b>57,626,389.63</b>	42,261,745.52

#### 41. Investment gains

##### (1) Investment gains breakdown

Item	Amount incurred in the period	Amount incurred in last period
Long term equity investment gains calculated with cost method		
Long term equity investment gains calculated with equity method	<b>26,948.00</b>	61,593.26
Incl.: Gains on investment in associates	<b>26,948.00</b>	61,593.26
Gains on investment in joint ventures		
Investment gains from disposal of long term equity investment		
Financial instrument investment gains	<b>22,834,078.33</b>	-1,597,465.23
Incl.: Gains on financial instrument during holding period	<b>951,936.71</b>	6,565,677.54
– Financial instrument held for trading	<b>951,936.71</b>	6,565,677.54
Proceeds from disposal	<b>21,882,141.62</b>	-8,163,142.77
– Financial derivatives	<b>20,639,668.47</b>	127,676.38
– Financial instrument held for trading	<b>1,242,473.15</b>	-8,290,819.15
Others		
<b>Total</b>	<b>22,861,026.33</b>	-1,535,871.97



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### V. Notes to Financial Statements (Continued)

#### 41. Investment gains (Continued)

##### (2) Gains of investment in associates

Item	Amount incurred in the period	Amount incurred in last period
Jiangsu Hongrui New Era Venture Capital Co., Ltd. (江蘇弘瑞新時代創業投資有限公司)	29,551.48	63,584.47
Jiangsu Hongrui Growth Venture Capital Co., Ltd. (江蘇弘瑞成長創業投資有限公司)	-2,603.48	-1,991.21
Total	26,948.00	61,593.26

(3) There is no significant restriction on repatriation of investment gains.

#### 42. Other incomes

Item	Amount incurred in the period	Amount incurred in last period
Government subsidies	700,770.95	35,499.18
Individual income tax refund	96,703.96	22,741.59
Total	797,474.91	58,240.77

##### (1) Government subsidies included in profit or loss for the year

Subsidy	Amount	Related to assets/income	Issuing authority	Approval document
Job stabilization subsidy	3,000.00	Related to income	Nanjing Municipal Human Resources and Social Security Bureau	Public Announcement of the List of Entities Eligible for One-off Job Expansion Subsidies in Nanjing (Second Batch of 2023)
Job stabilization subsidy	12,124.84	Related to income	Zhengzhou Municipal Human Resources and Social Security Bureau	Zhengzhou Municipal Human Resources and Social Security Bureau's Notice on Properly Working on Returns of Unemployment Insurance for Employment Stabilization in 2023

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### V. Notes to Financial Statements (Continued)

#### 42. Other incomes (Continued)

##### (1) Government subsidies included in profit or loss for the year (Continued)

Subsidy	Amount	Related to assets/income	Issuing authority	Approval document
Job stabilization subsidy	6,232.00	Related to income	Dalian Human Resources and Social Security Bureau	Announcement on the Proposed Returns of Unemployment Insurance for Employment Stabilization in Dalian City (First Batch of 2022)
Job stabilization subsidy	5,236.13	Related to income	Changsha Unemployment Insurance Service Center	Public Announcement of the List of Municipal-Level Entities Proposed to Receive Unemployment Insurance Returns for Employment Stabilization for 2024 (First Batch)
Job stabilization subsidy	5,818.98	Related to income	Department of Human Resources and Social Security of Jiangsu Province	Notice on Matters Regarding Social Insurance Subsidies During Maternity Leave issued by the Department of Human Resources and Social Security of Jiangsu Province and other authorities
Job stabilization subsidy	5,116.00	Related to income	Human Resources and Social Security Bureau	Public Announcement of Application for Employment Stabilization Returns for 2023 in Qingjiangpu District, Huai'an
Job stabilization subsidy	1,500.00	Related to income	Nanjing Social Insurance Management Center	Public Announcement of the List of Entities Eligible for One-off Job Expansion Subsidies in Nanjing (First Batch of 2023)
Job stabilization subsidy	2,843.00	Related to income	Yixing Human Resource Management Service Center	Public Announcement of the List of Entities Eligible for Employment Stabilization Returns in Yixing City (Second Batch of 2022)
Job stabilization subsidy	1,500.00	Related to income	Yixing Human Resources and Social Security Bureau	Notice of the Provincial Department of Human Resources and Social Security, the Provincial Department of Education and the Provincial Department of Finance on the Work Relating to the Continued Implementation of the One-off Job Expansion Subsidy Policy (Su Ren She Fa [2023] No. 42)
Special fund for industrial development	657,400.00	Related to income	Industry and Information Technology Bureau of Nanshan District, Shenzhen	Public Announcement of the Proposed List of Projects to be Considered at the Second Meeting of the 2024 Nanshan District Special Fund for Promoting High-Quality Industrial Development
Total	700,770.95			



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### V. Notes to Financial Statements (Continued)

#### 43. Gains on changes of fair value

Item	Amount incurred in the period	Amount incurred in last period
Financial assets held for trading	<b>-1,141,045.53</b>	26,396,639.08
Incl.: Financial assets at fair value through profit or loss	<b>-1,141,045.53</b>	26,396,639.08
Financial liabilities held for trading	<b>1,723,881.90</b>	-11,928,925.70
Incl.: Financial liabilities at fair value through profit or loss	<b>1,723,881.90</b>	-11,928,925.70
Derivative financial instruments	<b>7,804,887.99</b>	2,525,383.53
Total	<b>8,387,724.36</b>	16,993,096.91

#### 44. Exchange gains

Item	Amount incurred in the period	Amount incurred in last period
Exchange gains	<b>-41,018.35</b>	427,770.91
Total	<b>-41,018.35</b>	427,770.91

#### 45. Other operating income

Item	Amount incurred in the period	Amount incurred in last period
Spot sales revenue	<b>840,133,384.45</b>	761,491,974.74
Revenue of Insurance + Futures business	<b>5,746,488.07</b>	1,698,113.21
Leasing income	<b>1,174,706.14</b>	1,168,251.71
Total	<b>847,054,578.66</b>	764,358,339.66

#### 46. Proceeds from disposal of assets

Item	Amount incurred in the period	Amount incurred in last period
Proceeds from disposal of fixed assets	<b>-33,986.96</b>	-21,835.84
Total	<b>-33,986.96</b>	-21,835.84

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## V. Notes to Financial Statements (Continued)

## 47. Futures risk reserve expenses

Item	Amount incurred in the period	Amount incurred in last period
Futures risk provision	<b>3,926,781.48</b>	3,345,047.75
Total	<b>3,926,781.48</b>	3,345,047.75

## 48. Taxes and surcharges

Item	Amount incurred in the period	Amount incurred in last period
Urban maintenance and construction tax	<b>148,827.71</b>	131,025.09
Education surcharge	<b>63,737.13</b>	55,541.78
Local education surcharge	<b>42,491.45</b>	37,027.90
Property tax	<b>920,496.23</b>	1,160,817.86
Others	<b>540,598.51</b>	394,430.36
Total	<b>1,716,151.03</b>	1,778,842.99

## 49. Operating and management expenses

Item	Amount incurred in the period	Amount incurred in last period
Employees' compensation	<b>97,021,026.35</b>	83,374,785.32
Office expenses	<b>24,047,205.73</b>	15,219,422.37
Depreciation & amortization	<b>17,753,511.73</b>	16,911,082.91
Rent	<b>1,100,750.95</b>	2,511,737.77
Financial expenses	<b>3,741,525.28</b>	3,068,453.17
Insurance, intermediary and consulting service fees	<b>5,790,722.92</b>	2,639,080.02
Investors Protection Fund	<b>231,241.20</b>	141,137.60
Maintenance cost	<b>1,746,496.39</b>	3,752,553.90
Others	<b>4,181,095.14</b>	5,142,145.29
Total	<b>155,613,575.69</b>	132,760,398.35



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### V. Notes to Financial Statements (Continued)

#### 50. Credit impairment loss

Item	Amount incurred in the period	Amount incurred in last period
Currency deposits receivable impairment loss	-546,041.53	-124,289.69
Accounts receivable bad debt loss	53,228.77	700,352.32
Advance to customers bad debt loss	-21,507.96	15,532.90
Total	-514,320.72	591,595.53

#### 51. Other assets impairment loss

Item	Amount incurred in the period	Amount incurred in last period
Losses for decline in value of inventories	7,807,152.46	
Total	7,807,152.46	

#### 52. Other operating costs

Item	Amount incurred in the period	Amount incurred in last period
Cost of spot sales	839,195,621.14	762,348,156.09
Cost of Insurance + Futures business	6,091,496.17	
Total	845,287,117.31	762,348,156.09

#### 53. Non-operating income

##### (1) Non-operating income breakdown

Item	Amount incurred in the period	Amount incurred in last period	Amount included in non-recurring profit or loss for the period
Government subsidy	2,000,000.00		2,000,000.00
Exchange subsidy	51,415.09	97,169.81	51,415.09
Others	56,594.37	182,000.28	56,594.37
Total	2,108,009.46	279,170.09	2,108,009.46

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### V. Notes to Financial Statements (Continued)

#### 53. Non-operating income (Continued)

##### (2) Government subsidies included in profit or loss for the period

Subsidy	Issuing body	Reason for issuing the subsidies	Nature	Did the subsidies have an effect on profits/losses of the period	Were the subsidies special subsidies	Amount incurred in the period	Amount incurred in last period	Related to assets/income
Preliminary subsidies	Jianye District Financial Supervisory Authority	Interim Measures on Supporting High-Quality Development of Financial Industries and Capital Markets in Jianye District	Preliminary subsidies	Yes	No	2,000,000.00	-	Related to income
Total						2,000,000.00	-	

#### 54. Non-operating expenses

Item	Amount incurred in the period	Amount included in last period	Amount incurred in non-recurring profit or loss for the period
Late payment fee	97,439.89	138,004.82	97,439.89
Others	30,097.35	41,323.33	30,097.35
Total	127,537.24	179,328.15	127,537.24



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### V. Notes to Financial Statements *(Continued)*

#### 55. Income tax expense

##### (1) *Income tax expense breakdown*

Item	Amount incurred in the period	Amount incurred in last period
Current income tax expense	<b>3,271,469.05</b>	4,693,175.21
Deferred income tax expense	<b>544,554.21</b>	-1,557,595.53
Total	<b>3,816,023.26</b>	3,135,579.68

##### (2) *Accounting profit and income tax expense adjustments*

Item	Amount incurred in the period
Total profit of the current period	<b>16,616,703.25</b>
Income tax expense calculated at the statutory/applicable tax rate	<b>4,154,175.82</b>
Impact of different tax rates applied to subsidiaries	<b>-262,227.64</b>
Impact of non-taxable income	<b>-146,963.97</b>
Impact of non-deductible costs, expenses and losses	<b>439,842.20</b>
Impact of deductible loss of previous unrecognised deferred income tax assets	<b>-368,803.15</b>
Income tax expense	<b>3,816,023.26</b>

#### 56. Items in the cash flow statement

##### (1) *Cash related to operating activities*

###### 1) *Other cash received related to operating activities*

Item	Amount incurred in the period	Amount incurred in last period
Securities settlement or redemption payments received	<b>3,918,139.92</b>	
Pending settlement payments received	<b>129,022,036.39</b>	52,559,243.68
Standard warranty pledge cash received	<b>150,279,228.00</b>	4,754,000.00
Margin and commission received	<b>28,293,925.15</b>	
Non-operating income and other income	<b>2,905,484.37</b>	337,410.86
Others	<b>19,418,570.34</b>	906,480.47
Total	<b>333,837,384.17</b>	58,557,135.01

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### V. Notes to Financial Statements *(Continued)*

#### 56. Items in the cash flow statement *(Continued)*

##### (1) Cash related to operating activities *(Continued)*

##### 2) Other cash paid related to operating activities

Item	Amount incurred in the period	Amount incurred in last period
Funds paid by other holders of structured entity	<b>34,892,991.07</b>	22,601,795.68
Payment of amount to be settled	<b>99,802,018.82</b>	8,391,833.57
Margin and commission paid	<b>13,055,492.72</b>	30,759,632.22
Others	<b>6,218,137.15</b>	8,200,727.74
<b>Total</b>	<b>153,968,639.76</b>	69,953,989.21

##### (2) Cash related to investing activities

##### 1) Material cash received related to investing activities

Nil

##### 2) Material cash paid related to investing activities

Nil

##### (3) Cash related to financing activities

##### 1) Other cash paid related to financing activities

Item	Amount incurred in the period	Amount incurred in last period
Expenses related to financing		1,094,339.62
<b>Total</b>		1,094,339.62



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### V. Notes to Financial Statements (Continued)

#### 57. Additional information on cash flow statement

##### (1) Additional information on cash flow statement

Item	Amount incurred in the period	Amount incurred in last period
<b>1. Adjustment of net profit to cash flow from operating activities:</b>		
Net profit	12,800,679.99	7,126,968.61
Add: Asset impairment losses	7,807,152.46	
Credit impairment losses	-514,320.72	591,595.53
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	9,611,630.73	9,512,512.24
Depreciation of right-of-use assets	8,055,994.37	7,398,570.67
Amortization of intangible assets	85,886.63	
Amortization of long-term deferred expenses		
Loss ("-" for gain) from disposal of fixed assets, intangible assets and other long term assets	33,986.96	21,835.84
Fixed assets scrap loss ("-" for gain)		
Loss ("-" for gain) from changes in fair value	-582,836.37	-14,467,713.38
Financial expense ("-" for income)	2,515,710.02	2,760,788.44
Exchange losses	41,018.35	-427,770.91
Investment loss ("-" for gain)	-2,221,357.86	1,663,548.35
Decrease ("-" for increase) of deferred income tax assets	-1,235,500.10	-1,557,595.53
Increase ("-" for decrease) of deferred income tax liabilities	1,780,054.31	
Decrease ("-" for increase) of inventory	-163,637,481.75	-13,970,495.87
Decrease ("-" for increase) of operating receivables	-1,151,078,214.14	-552,322,947.80
Increase ("-" for decrease) of operating payables	3,600,484,676.23	-903,079,513.31
Net interest income	-79,089.73	-3,369.04
Futures risk provision	3,926,781.48	3,345,047.75
Others		
<b>Net cash flow from operating activities</b>	<b>2,327,794,770.86</b>	<b>-1,453,408,538.41</b>
<b>2. Major investment and financing activities that do not involve cash receipts and expenditures:</b>		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Finance lease fixed assets		
<b>3. Net changes in cash and cash equivalents:</b>		
Cash balance at the end of period	6,831,604,177.41	4,727,059,232.57
Less: Cash balance at the beginning of period	4,812,444,833.69	6,316,445,892.54
Add: Cash equivalent balance at the end of period		
Less: Cash equivalent balance at the beginning of period		
Net increase of cash and cash equivalents	2,019,159,343.72	-1,589,386,659.97

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### V. Notes to Financial Statements (Continued)

#### 57. Additional information on cash flow statement (Continued)

##### (2) Cash and cash equivalents

Item	Closing amount	Opening amount
Cash		
Incl.: Cash in hand		
Bank deposit immediately available	<b>6,808,180,966.49</b>	4,798,463,612.21
Other monetary funds immediately available	<b>23,423,210.92</b>	13,981,221.48
Cash equivalents		
Closing balance of cash and cash equivalents	<b>6,831,604,177.41</b>	4,812,444,833.69

##### (3) Monetary funds that are not cash and cash equivalents

Item	Amount for the period	Amount for previous period	Reasons for not being cash and cash equivalents
Monetary funds	<b>171,856,901.18</b>	716,953.57	Restricted in use
Monetary funds	<b>22,315,831.35</b>	33,057,996.57	Accrued interest of monetary funds
Total	<b>194,172,732.53</b>	33,774,950.14	

#### 58. Assets with restricted ownership or use rights

Item	At the end of the period			
	Closing balance	Closing book value	Type of restriction	Restriction status
Monetary fund	<b>156,901.18</b>	<b>156,901.18</b>	Frozen	Product raised funds account
Monetary fund	<b>171,700,000.00</b>	<b>171,700,000.00</b>	Pledge	Deposit Pledge
Financial assets held for trading	<b>41,260,749.11</b>	<b>41,260,749.11</b>	Pledge	Pledge for sale and repurchase
Inventories	<b>201,445,105.91</b>	<b>193,999,052.94</b>	Pledge	Standard warrant pledge
Fixed assets	<b>230,482,013.43</b>	<b>228,491,719.23</b>	Mortgage	Mortgage of long-term borrowings
Investment properties	<b>48,573,122.00</b>	<b>48,573,122.00</b>	Mortgage	Mortgage of long-term borrowings
Total	<b>693,617,891.63</b>	<b>684,181,544.46</b>		

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### V. Notes to Financial Statements (Continued)

#### 58. Assets with restricted ownership or use rights (Continued)

Item	Closing balance	At the beginning of the period		
		Closing book value	Type of restriction	Restriction status
Monetary fund	3,327,231.85	3,327,231.85	Frozen	Product raised funds account
Financial assets held for trading	90,901,734.50	90,901,734.50	Pledge	Pledge for sale and repurchase
Fixed assets	274,678,954.40	263,320,732.12	Mortgage	Mortgage of long-term borrowings
Investment properties	48,573,122.00	48,573,122.00	Mortgage	Mortgage of long-term borrowings
<b>Total</b>	<b>417,481,042.75</b>	<b>406,122,820.47</b>		

#### 59. Foreign currency monetary funds

##### (1) Foreign currency monetary funds

Item	Foreign currency balance at the end of the period	Exchange rate	RMB balance converted at the end of the period
Monetary fund			
Incl.: USD	<b>17,589,080.31</b>	<b>7.1268</b>	<b>125,353,857.55</b>
HKD	<b>89,787,298.74</b>	<b>0.91268</b>	<b>81,947,071.81</b>
JPY	<b>185,787.85</b>	<b>0.044738</b>	<b>8,311.78</b>
Advance to customers			
Incl.: HKD	<b>24,897,970.52</b>	<b>0.91268</b>	<b>22,723,879.73</b>
Currency deposits receivable			
Incl.: HKD	<b>194,833,608.17</b>	<b>0.91268</b>	<b>177,820,737.50</b>

##### (2) Important overseas business entity

Name of entity	Principal place of business	Accounting currency	Basis for selection of accounting currency
Holly International Financial Holdings Limited (弘業國際金融控股有限公司)	Hong Kong	HKD	Local currency

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### V. Notes to Financial Statements *(Continued)*

#### 60. Lease

##### (1) The Group as lessee

Item	Amount incurred in the period	Amount incurred in last period
Interest expense on lease liabilities	488,309.50	493,702.97
Expenses relating to short-term leases accounted for current profit or loss under the simplified approach	1,100,750.95	1,551,792.51
Lease expenses relating to low value asset accounted for current profit or loss under the simplified approach (other than short-term leases)		
Variable lease payments that are not included in the measurement of the lease liabilities		
Including: Portion arising from sale-and-leaseback transactions		
Income from subletting of right-to-use assets		
Total cash outflows relating to leases	8,814,030.58	8,280,014.46
Relevant profit or loss arising from sale-and-leaseback transactions		
Cash inflows from leaseback transactions		
Cash outflows from leaseback transactions		

##### (2) The Group as lessor

###### 1) Operating leases where the Group is a lessor

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Property leasing	1,174,706.14	
Total	1,174,706.14	



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### VI. Changes in the scope of consolidated statements

#### (I) Business combination not under the same control

From January to June 2024, the Group has no subsidiary acquired through business combination not under the same control.

#### (II) Business combination under the same control

From January to June 2024, the Group has no subsidiary acquired through business combination under the same control.

#### (III) Reverse takeover

From January to June 2024, the Group had no subsidiary acquired through reverse takeover.

#### (IV) Disposal of subsidiary

From January to June 2024, the Group had no disposal of subsidiary.

#### (V) Changes in the scope of consolidation for other reasons

##### 1. New subsidiary

From January to June 2024, there was no new subsidiary or entity to be consolidated.

##### 2. Reduction of subsidiaries by deregistration or otherwise

From January to June 2024, there was no reduction of subsidiaries by deregistration or other means.

##### 3. Structured entities

From January to June 2024, the Group consolidated 1 structured entity, namely, "Holly Flexible Allocation Ruijin Multi-Strategy Single Asset Management Plan (弘業靈活配置銳進多策略單一資產管理計劃)", however, such consolidation did not have significant impact on the financial conditions, operating results and cash flow of the Group for the period from January to June 2024.

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### VII. Interests in Other Entities

#### (I) Interests in subsidiaries

##### 1. Group members

##### (1) Subsidiaries

Subsidiary name	Registered capital	Principal place of business	Place of registration	Nature	Shareholding %		Reason
					Direct	Indirect	
Holly Capital Management Co., Ltd. (弘業資本管理有限公司) <sup>Note</sup>	RMB500 million	Nanjing	Shenzhen	Commodity trading and risk management	100%		Establishment
Holly International Financial Holdings Limited (弘業國際金融控股有限公司)	HKD240 million	Hong Kong	Hong Kong	Futures brokerage	100%		Business combination under the same control
Holly International Asset Management Company Limited (弘業國際資產管理有限公司)	HKD20 million	Hong Kong	Hong Kong	Assets management		100%	Establishment
Holly International Fund Series SPC (弘業國際基金系列 SPC)	USD1	Hong Kong	Cayman	Fund investment		100%	Establishment
Holly International Fixed Income Fund (弘業國際固定收益基金)	USD100	Hong Kong	Cayman	Fund investment		100%	Establishment

Note: A domestic enterprise registered under the PRC law.

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### VII. Interests in Other Entities *(Continued)*

#### (I) Interests in subsidiaries *(Continued)*

##### 1. Group members *(Continued)*

##### (2) Structured entities

Under the Accounting Standards for Business Enterprises (“ASBE”) No. 33: Consolidated Financial Statements, the Group regards itself as the manager of structured entities, or as the main responsible person for the structured entities, and the Group will include the structured entities where the Group participates with its own funds, which fall in the definition of “control” in the updated ASBE, into the scope of the consolidated statements.

On 30 June 2024, the net assets managed under the consolidated asset management plans and fund amounted to RMB127,364,531.44, and meanwhile, the book value of the Group’s interests in the consolidated asset management plans reached RMB102,447,064.17, which was recognised in “Financial assets held for trading”, “Monetary fund”, “Other receivables” and “Other payable” in these financial statements.

Structured entity name	Type	The Group’s actual capital contribution at the end of period
Holly Volatility Gain Phase I Collective Asset Management Plan (弘業波動增益1期集合資產管理計劃)	Asset management plan	RMB2,000,000
Holly Hongsheng FOF2301 Single Asset Management Plan (弘業弘升FOF2301單一資產管理計劃)	Asset management plan	RMB22,000,000
Holly Flexible Allocation Ruijin Multi-Strategy Single Asset Management Plan (弘業靈活配置銳進多策略單一資產管理計劃)	Asset management plan	RMB10,000,000
Holly International Fixed Income Fund (弘業國際固定收益基金)	Fund	USD3,689,564.50
SOHO Offshore Fixed Income Fund (蘇豪海外固收基金)	Fund	USD3,946,347.19
Holly International Global Opportunity Fund SP (弘業國際環球機遇基金SP)	Fund	USD2,189,471.26

2. The Group had no significant non-wholly owned subsidiary.

3. The Group had no financial or other support from any structured entity to be included in the consolidated financial statements.

4. The Group had no control over any subsidiary in which the Group’s interests had changed.

5. As at 30 June 2024, no subsidiaries of the Company issued share capital or debt securities.

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## VII. Interests in Other Entities (Continued)

## (II) Interests in joint ventures or associates

## 1. Important associates

Associates	Principal place of business	Place of registration	Nature	Shareholding %		Accounting method
				Direct	Indirect	
Jiangsu Hongrui New Era Venture Capital Co., Ltd. (江蘇弘瑞新時代創業投資有限公司)	Jiangsu	Jiangsu	Risk investment etc.	22.00		Equity method
Jiangsu Hongrui Growth Venture Capital Co., Ltd. (江蘇弘瑞成長創業投資有限公司)	Jiangsu	Jiangsu	Risk investment etc.	9.901		Equity method

Note: Within the Reporting Period, the Group held 9.901% equity of Jiangsu Hongrui Growth Venture Capital Co., Ltd. (江蘇弘瑞成長創業投資有限公司) ("Hongrui Growth"). According to Hongrui Growth's Articles of Association, the Group and the Company would appoint a member of Board of Directors. The Group and the Company would impose significant influence on the invested company through participation in its production or operating decisions; therefore, Hongrui Growth as an associate should be included into the financial statements of the Company.

## 2. Financial highlights of key associates

Item	Closing balance/Amount incurred in the period		Opening balance/Amount incurred in last period	
	Hongrui New Era	Hongrui Growth	Hongrui New Era	Hongrui Growth
Current assets	26,049,271.17	298,693.84	25,914,946.26	325,422.78
Non-current assets	1,854,866.79	22,000,000.00	1,854,866.79	22,000,000.00
<b>Total Assets</b>	<b>27,904,137.96</b>	<b>22,298,693.84</b>	27,769,813.05	22,325,422.78
Current liabilities		677,476.00		677,939.56
Non-current liabilities				
<b>Total Liabilities</b>		<b>677,476.00</b>		677,939.56
Net profit	134,324.91	-26,295.09	289,020.34	-20,111.24
Total comprehensive income	134,324.91	-26,295.09	289,020.34	-19,828.49



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### VII. Interests in Other Entities *(Continued)*

#### (II) Interests in joint ventures or associates *(Continued)*

##### 3. Summary of insignificant associates

Nil

4. Joint ventures or associates were not restricted to transfer funds into the Company.
5. There was no excessive loss incurred by any joint venture or associate of the Group.
6. The Group had no unrecognised commitment related to investment in joint ventures.
7. The Group had no contingent liability related to investment in joint ventures or associates.

#### (III) Structured entities not included into the consolidated financial statements

On 30 June 2024, the net assets of structured entities established by the Group but not included into the consolidated financial statements amounted to RMB24,575,276,444.68.

The Group has interests in the structured entities sponsored by third party institutions through directly holding investments. The assets and liabilities items in the consolidated balance sheet of the Group relating to the interests of the Group in the structured entities sponsored by third party institutions through directly holding investments and their carrying amounts/maximum risk exposure are as follows:

Item	Closing balance	Opening balance
	Financial assets held for trading	Financial assets held for trading
Funds	<b>144,397,206.75</b>	97,819,772.63
Trust schemes	<b>12,479,612.51</b>	80,874,791.75
Asset management plans	<b>196,036,997.14</b>	84,240,236.50
<b>Total</b>	<b>352,913,816.40</b>	262,934,800.88

As at the end of the Reporting Period, the Group's maximum risk exposure arising from investments in the aforesaid funds, trust schemes, asset management plans and wealth management products was their fair value at the reporting date.

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### VIII. Government grants

#### 1. Government grants recognized at the end of the period on the basis of amounts receivable

Nil

#### 2. Liabilities involving government grants

Nil

#### 3. Government grants recognized in profit or loss

Item	Amount incurred in the period	Amount incurred in last period
Other income	700,770.95	35,499.18
Non-operating income	2,000,000.00	

### IX. Financial Instruments and Risk Management

The objectives of the Group's risk management are to seek appropriate balance between the risks, and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate and acceptable risk limits and design corresponding internal controls processes, and to monitor risks. The Group regularly reviews risk management policies and the relevant internal control systems to cope with the changes in market conditions and the Group's operating activities.



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### IX. Financial Instruments and Risk Management *(Continued)*

#### (I) Market Risk

##### 1. Foreign currency risk

As the Group's business is mainly concentrated in Mainland China and settled in Renminbi, the Group is not subject to any material foreign currency risk save for the bank deposits denominated in Hong Kong dollars. The currencies giving rise to foreign currency risk are primarily Hong Kong dollars and United States dollars. As the majority of the proceeds from issue of shares had been converted into Renminbi during the Reporting Period and not much business of the Group is denominated in United States dollars, the Group's exposure to foreign currency risk is low.

- (1) For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of foreign currency financial statements are excluded. The Group's exposure to foreign currency risk for assets and liabilities denominated in Renminbi as at the end of the period is as follows:

Item	30 June 2024		31 December 2023	
	Balance in foreign currency	Balance in RMB equivalent	Balance in foreign currency	Balance in RMB equivalent
Monetary funds				
HKD	<b>6,700,645.62</b>	<b>6,115,545.24</b>	6,693,271.24	6,065,576.26
USD	<b>44,671.17</b>	<b>318,362.49</b>	44,659.22	316,307.86

- (2) Analysis on the exchange rates for Renminbi against foreign currencies applied by the Group

Item	Average rates		Reporting date mid-spot rate	
	Jan-Jun 2024	Jan-Jun 2023	30 June 2024	31 December 2023
HKD	<b>0.90873</b>	0.88396	<b>0.91268</b>	0.90622
USD	<b>7.1051</b>	6.9291	<b>7.1268</b>	7.0827

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### IX. Financial Instruments and Risk Management *(Continued)*

#### (I) Market Risk *(Continued)*

##### 1. Foreign currency risk *(Continued)*

##### (3) Sensitivity analysis

Assuming all other risk variables remained constant (except for foreign exchange rate), a 10% strengthening of the Renminbi against the Hong Kong dollars and United States dollars at the end of the period would have decreased the Group's shareholders' equity and net profit by the amount shown below, whose effect was in Renminbi and translated using the spot rate at the balance sheet date:

Item	30 June 2024	31 December 2023
Net profit and shareholders' quality		
Items denominated in HKD	<b>-458,665.89</b>	-454,918.22
Items denominated in USD	<b>-23,877.19</b>	-23,723.09

A 10% weakening of the Renminbi against Hong Kong dollars and United States dollars would have had the equal but opposite effect to the Group's shareholders' equity and net profit by the amounts shown above, on the basis that all other variables remained constant.

The table above shows the immediate impacts of the changes in exchange rates on the net profit and shareholders' equity of the Group had the HKD and USD amounts been converted into RMB as at the end of the Reporting Period.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group or the Company which exposed the Group to foreign currency risk at the balance sheet date. The analysis above excludes differences that would result from the translation of foreign currency financial statements. The analysis is performed on the same basis using identical methods for previous periods.

##### 2. Interest rate risk

Interest-bearing financial instruments at fixed rates and at floating rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to maintain an appropriate mix of fixed and floating rate instruments. The Group does not use derivative financial instruments to hedge interest rate risk.



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### IX. Financial Instruments and Risk Management *(Continued)*

#### (I) Market Risk *(Continued)*

##### 2. Interest rate risk *(Continued)*

###### (1) Interest-bearing financial instruments held by the Group at the end of period

Item	30 June 2024		31 December 2023	
	Actual interest rate	Amount	Actual interest rate	Amount
Fixed interest rate financial instruments				
Financial assets				
Monetary fund				
Incl.: Futures margin	2.05%-5.65%	2,923,236,370.27	2.37%-5.54%	3,061,534,211.14
Own funds	1.2%-5.56%	259,400,522.32	4.37%-4.58%	9,256,228.46
Currency deposits receivable and pledged deposits receivable	1.66%	945,309,872.50	1.50%-1.66%	628,053,489.55
Financial assets purchased under resale agreements	2.25%-2.35%	106,625,025.35	3.13%	1,948,419.75
Financial assets held for trading				
Incl.: Bonds held for trading	2.31%-3.59%	50,302,548.79	2.9%-6.4%	154,626,006.13
Trust schemes	6.1%-6.7%	12,479,612.51	4.55%-7.00%	66,138,791.75
Financial liabilities				
Short term borrowings			3.45%	49,735,200.00
Financial assets sold under repurchase agreements	2.25%-2.35%	21,285,000.00	5.49%-5.65%	56,640,229.46
Long term borrowings	4.50%	39,012,560.00	4.50%	60,984,050.00
<b>Net amount</b>		<b>4,237,056,391.74</b>		<b>3,754,197,667.32</b>
Floating rate financial instruments				
Financial assets				
Monetary fund				
Incl.: Futures margin	0.001%-1.85%	3,567,165,082.96	0.001%-3.50%	1,365,211,491.57
Own funds	0.001%-1.65%	230,235,892.12	0.001%-1.70%	365,788,912.90
Other monetary funds	0.35%	23,423,210.92	0.35%	13,981,221.48
<b>Net amount</b>		<b>3,820,824,186.00</b>		<b>1,744,981,625.95</b>

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### IX. Financial Instruments and Risk Management *(Continued)*

#### (I) Market Risk *(Continued)*

##### 2. Interest rate risk *(Continued)*

##### (2) Sensitivity analysis

##### ① Fair value sensitivity analysis for fixed rate financial instruments

As of 30 June 2024, with all other variables held constant, an increase in interest rate of 100 basis points would have increased the shareholders' equity and net profit of the Group by RMB28,804,342.62; and a decrease in interest rate of 100 basis points would have reduced the shareholders' equity and net profit of the Group by RMB28,731,358.64.

As of 31 December 2023, with all other variables held constant, an increase in interest rate of 100 basis points would have increased the shareholders' equity and net profit of the Group by RMB19,257,090.83; and a decrease in interest rate of 100 basis points would have reduced the shareholders' equity and net profit of the Group by RMB19,056,177.16.

##### ② Cash flow sensitivity analysis for floating rate financial instruments

As of 30 June 2024, with all other variables held constant, an increase in interest rate of 100 basis points would have increased the shareholders' equity and net profit of the Group by RMB28,615,142.42; and a decrease in interest rate of 100 basis points would have reduced the shareholders' equity and net profit of the Group by RMB13,014,955.82.

As of 31 December 2023, with all other variables held constant, an increase in interest rate of 100 basis points would have increased the shareholders' equity and net profit of the Group by RMB13,087,362.19; and a decrease in interest rate of 100 basis points would have reduced the shareholders' equity and net profit of the Group by RMB6,630,833.03.

In respect of the cash flow interest rate risk arising from floating rate non-derivative instruments, which were held by the Group at the balance sheet date, the impact on the Group's net profit and shareholders' equity mentioned in the above sensitivity analysis was estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis using identical methods for previous years.



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### IX. Financial Instruments and Risk Management *(Continued)*

#### (I) Market Risk *(Continued)*

##### 3. Other price risk

Other price risk refers to the risk that the fair value or future cash flows of equity financial instruments held by the Group will fluctuate due to changes in market price factors other than market interest rates and exchange rates. The Group mainly invests in stocks and funds listed on stock exchanges, and the maximum market price risk is determined by the fair value of the financial instruments held by the Group.

##### *Sensitivity analysis*

The following analysis shows the impacts of a 10% increase or decrease in the share price and commodity price on net profit and equity of the Group, with all other variables held constant.

Item	Net profit	
	30 June 2024	31 December 2023
Change in share price		
10% increase	<b>343,857.98</b>	1,012,233.76
10% decrease	<b>-343,857.98</b>	-1,012,233.76
Change in commodity price		
10% increase	<b>-34,054,259.00</b>	728,494.35
10% decrease	<b>34,054,259.00</b>	-728,494.35

Item	Shareholders' equity	
	30 June 2024	31 December 2023
Change in share price		
10% increase	<b>343,857.98</b>	1,012,233.76
10% decrease	<b>-343,857.98</b>	-1,012,233.76
Change in commodity price		
10% increase	<b>-34,054,259.00</b>	728,494.35
10% decrease	<b>34,054,259.00</b>	-728,494.35

The sensitivity analysis indicates that, assuming that there were changes in the stock market indexes and the commodity futures market as at the end of the relevant period which had been used to remeasure the aforesaid financial instruments held by the Group (which may cause the Group to expose to the risk for share and commodity price as at the end of the relevant period), there may be temporary changes in the net profit and shareholders' equity of the Group. In addition, it is assumed that the fair values of the equity investments and hedging investments of the Group will change based on historical correlation between relevant stock market indexes and commodity futures prices, with all other variables held constant. The analysis is performed on the same basis using identical methods for previous years.

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### IX. Financial Instruments and Risk Management *(Continued)*

#### (II) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to monetary funds, currency deposits receivable, financial assets held under resale agreements, financial assets held for trading, derivative financial assets, other receivables and other assets. Exposure to these credit risks are monitored by management on an ongoing basis.

The maximum exposure of the Group to credit risk is represented by the carrying amount of each financial asset (including derivative financial instruments) in the balance sheet.

The cash at bank of the Group is mainly held with reputable financial institutions. As such, management does not foresee any significant credit risks from these deposits.

As to currency deposits receivable deposited with domestic exchanges and other financial institutions, the Group believes there is low level of credit risk because such financial institutions have good reputation and asset conditions.

As to currency deposits receivable deposited with overseas futures brokers, at the end of Reporting Period, the Group would prudently make provision for loss equivalent to the expected credit loss within the entire duration, by reference to historic credit loss experience, considering current situation and future economic forecasting.

As to accounts receivable and other receivables, the Group regularly would assess customers trading with credit. According to the assessment results, the Group would select to trade with recognised customers of good standing, and monitor the balance of accounts receivable and other receivables. As to accounts receivable and other receivables, at the end of Reporting Period, the Group would prudently calculate the expected credit loss and make provision for impairment by reference to historic credit loss experience, considering current situation and future economic forecasting, through the Exposure at Default (EAD) at the expected credit loss rate within future 12 months or within the entire duration. As to impaired accounts receivable, the Group would actively urge the debtors to pay by written notice or arbitration, and may make provision for loss equivalent to the expected credit loss within the entire duration after considering the recoverable amount.



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### IX. Financial Instruments and Risk Management *(Continued)*

#### (II) Credit Risk *(Continued)*

As of 30 June 2024, the Group had no external guarantee. Therefore, regardless of the available collateral or other credit enhancements, the maximum credit risk exposure of the Group on the balance sheet date is the book value of the Group's financial assets less the corresponding provision for impairment. The Group's maximum credit risk exposure is listed as follows:

Item	30 June 2024	31 December 2023
Monetary fund	<b>7,025,776,909.94</b>	4,840,823,714.33
Currency deposits receivable	<b>4,138,811,913.48</b>	3,354,606,892.26
Pledged deposits receivable	<b>226,567,948.00</b>	79,613,312.00
Derivative financial assets	<b>60,927,463.42</b>	5,212,428.02
Advance to customers	<b>22,610,260.33</b>	26,718,486.91
Financial assets held for trading	<b>514,105,250.64</b>	434,686,764.24
Financial assets purchased under resale agreements	<b>106,625,025.35</b>	1,948,419.75
Accounts receivable	<b>36,650,101.33</b>	32,744,189.68
Other equity instruments investment	<b>1,856,340.00</b>	1,853,110.00
Total maximum risk exposure	<b>12,133,931,212.49</b>	8,778,207,317.19

#### (III) Liquidity risk

Liquidity risk refers to the risk of a shortage of funds for a company to fulfill its obligation of settlement in cash or other financial assets. The Company and its subsidiaries are responsible for their own cash management, including short-term investment and borrowing to meet estimated cash requirements (Any borrowing above the preset upper limit of authority should be approved by the Company's Board of Directors). The Group's policy is to regularly monitor its liquidity requirements to ensure sufficient cash reserves to meet short-term and long-term liquidity requirements.

The remaining contract period of the Group's financial liabilities on the balance sheet date based on the undiscounted contractual cash flows (including interest calculated at the contract rate (if it is a floating rate, the current rate at the end of the period)), and the earliest date of required payment are as follows:

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## IX. Financial Instruments and Risk Management (Continued)

## (III) Liquidity risk (Continued)

## 1. 30 June 2024

Item	Current	Within 1 year	1-5 years	Total	Book value at balance sheet date
Currency deposits payable	9,941,609,551.12			9,941,609,551.12	9,941,609,551.12
Pledged deposits payable	58,266,320.00			58,266,320.00	58,266,320.00
Payable to futures investors protection fund		245,591.80		245,591.80	245,591.80
Financial assets sold under repurchase agreements		21,287,718.87		21,287,718.87	21,287,718.87
Financial liabilities held for trading		24,917,467.27		24,917,467.27	24,917,467.27
Derivative financial liabilities		46,064,450.96		46,064,450.96	46,064,450.96
Bills payable		230,300,000.00		230,300,000.00	230,300,000.00
Other payable		403,309,118.99		403,309,118.99	403,309,118.99
Lease liability		13,138,926.70	5,518,003.76	18,656,930.46	18,142,238.39
Long term borrowings		24,777,852.17	15,770,827.38	40,548,679.55	39,113,565.12
<b>Total</b>	<b>9,999,875,871.12</b>	<b>764,041,126.76</b>	<b>21,288,831.14</b>	<b>10,785,205,829.02</b>	<b>10,783,256,022.52</b>

## 2. 31 December 2023

Item	Current	Within 1 year	1-5 years	Total	Book value at balance sheet date
Currency deposits payable	6,779,281,113.85			6,779,281,113.85	6,779,281,113.85
Pledged deposits payable	61,590,912.00			61,590,912.00	61,590,912.00
Payable to futures investors protection fund		310,592.85		310,592.85	310,592.85
Short term borrowings		49,782,862.90		49,782,862.90	49,782,862.90
Financial assets sold under repurchase agreements		56,687,229.99		56,687,229.99	56,687,229.99
Financial liabilities held for trading		61,534,340.24		61,534,340.24	61,534,340.24
Derivative financial liabilities		14,064,892.26		14,064,892.26	14,064,892.26
Employee compensation payable		2,303,860.56		2,303,860.56	2,303,860.56
Contract liabilities		446,185.04		446,185.04	446,185.04
Other payable		183,508,959.48		183,508,959.48	183,508,959.48
Lease liability		16,356,919.36	8,846,671.76	25,203,591.12	23,653,164.97
Long term borrowings		30,213,751.38	33,876,868.13	64,090,619.51	61,142,766.81
<b>Total</b>	<b>6,840,872,025.85</b>	<b>415,209,594.06</b>	<b>42,723,539.89</b>	<b>7,298,805,159.80</b>	<b>7,294,306,880.95</b>



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### IX. Financial Instruments and Risk Management *(Continued)*

#### (IV) Operational risk

Operational risk refers to the risk of loss due to unreasonable internal process settings, employee operating errors or failure to strictly implement processes, IT system problems, and external events of a company. In response to operational risks, the Group established a compliant, applicable and clear daily operation system, designed strict business processes and authority division, improved the business system, adopted double reviews for important positions, reduced the probability of human negligence, and established a sound performance examination mechanism. At the same time, by establishing emergency plans, carrying out system testing, and strengthening the construction of emergency backup channels, the Group avoided the risks caused by errors in trading and risk control system. In addition, the Group strengthened internal training, continues to improve the professional capabilities of employees, and reduced the probability and possibility of pricing errors in product design and other aspects.

### X. Fair Value Disclosure Management

#### (I) The amount of assets and liabilities measured at fair value and the levels of fair value measurement

##### 1. Period-end fair value of assets and liabilities measured at fair value

Item	Summary of Fair value at the end of the period			Total
	Fair value measurement within level 1	Fair value measurement within level 2	Fair value measurement within level 3	
<b>I. Ongoing fair value measurement</b>				
(I) Financial assets held for trading	60,823,963.68	437,234,196.71	16,047,090.25	514,105,250.64
1. Financial assets at FVTPL	60,823,963.68	437,234,196.71	16,047,090.25	514,105,250.64
(1) Debt instrument investment	55,261,190.60	10,043,570.00	12,479,612.51	77,784,373.11
(2) Equity instrument investment	5,562,773.08	427,190,626.71	3,567,477.74	436,320,877.53
(II) Derivative financial assets	45,215.00		60,882,248.42	60,927,463.42
(III) Investment properties		48,573,122.00		48,573,122.00
1. Buildings for rent		48,573,122.00		48,573,122.00
(IV) Other equity instruments investment			1,856,340.00	1,856,340.00
<b>Total assets measured at fair value on an ongoing basis</b>	<b>60,869,178.68</b>	<b>485,807,318.71</b>	<b>78,785,678.67</b>	<b>625,462,176.06</b>
(V) Financial liabilities held for trading			24,917,467.27	24,917,467.27
(VI) Derivative financial liabilities	98,500.00		45,965,950.96	46,064,450.96
<b>Total financial liabilities measured at fair value on an ongoing basis</b>	<b>98,500.00</b>		<b>70,883,418.23</b>	<b>70,981,918.23</b>
<b>II. Non-ongoing fair value measurement</b>				
<b>Total assets measured at fair value not on an ongoing basis</b>				
<b>Total liabilities measured at fair value not on an ongoing basis</b>				

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### X. Fair Value Disclosure Management *(Continued)*

#### (I) The amount of assets and liabilities measured at fair value and the levels of fair value measurement *(Continued)*

##### 1. Period-end fair value of assets and liabilities measured at fair value *(Continued)*

During the Reporting Period, there were no transfers between level 1 and level 2 or transfers into or out of level 3 for the Group. The Group's policy is to identify the actual level transfers between levels at the end of the reporting date.

##### (1) Level 1 fair value measurement

The fair value of a financial instrument traded in an active market is determined by its quoted price in the active market. The quoted price in the active market means a quoted price readily available from exchanges, securities companies, brokers, industry associations, pricing agencies and regulators which can represent the price of an actual fair market transaction.

##### (2) Level 2 fair value measurement

The fair value of a financial instrument not traded in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the financial instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the financial instrument is included in level 3.

The valuation techniques for the financial instruments of the Group as at the end of the Reporting Period are as follows:

For listed equity securities, fair value is determined based on the closing price of the equity securities as at the end of the Reporting Period, within bid-ask spread. If there is no quoted market price as at the end of the Reporting Period and there have been significant changes in the economic environment after the most recent trading date, valuation techniques are used to determine the fair value.

For exchange-listed investment funds, fair value is determined based on the closing price within bid-ask spread as at the end of the Reporting Period or the most recent trading date. For unlisted open-end funds, fair value is determined by quoted price which is based on the net asset value as at the end of the Reporting Period.

For futures traded through over-the-counter market, fair value is determined using valuation techniques based on observable commodity futures market data with similar characteristics.

For open-market debt investments, fair value is determined using the price quoted in the valuation system of the relevant bonds registration and settlement institution, which adopts observable inputs reflecting market conditions in reaching quotes.



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### X. Fair Value Disclosure Management *(Continued)*

#### (I) The amount of assets and liabilities measured at fair value and the levels of fair value measurement *(Continued)*

##### 1. Period-end fair value of assets and liabilities measured at fair value *(Continued)*

##### (2) Level 2 fair value measurement *(Continued)*

For asset management plans for which there is no open market, fair value is determined through quoted net asset values based on the end date of the reporting period.

For investment property items where the fair value is available from the real estate market with examples of transactions comparable to the subject of the valuation and where earnings can be ascertained, the market approach or the income approach is used for valuation.

During the Reporting Period, there were no changes in the valuation techniques adopted in the aforesaid recurring level 2 fair value measurement of the Group.

##### (3) Level 3 fair value measurement

For level 3 financial instruments, the Group determines their values through the discounted cash flow model and other similar valuation techniques. Whether it is classified as level 3 valuation techniques is generally based on the importance of non-observable market data to the whole fair value measurement. The following table shows the relevant valuation techniques and parameters of the main level 3 financial instruments:

Financial instruments	Valuation technique	Significant unobservable inputs	Relationship between unobservable inputs and fair value
Asset management plans, trust schemes, wealth management products and assets-backed securities	Discounted cash flow mode	Risk-adjusted discount rate	The higher the risk-adjusted discount rate, the lower the fair value
Over-the-counter options	Bloomberg OVML function, Black-Scholes PDE, Clark Nielsen finite difference method for solving partial differential equations	Implied volatility	The higher the implied volatility, the higher the fair value
Financial liabilities held for trading Including: Payables designated as measured at fair value	Valuation of underlying financial instruments and contract allocation method	Contract allocation rate	The higher the contract allocation rate, the higher (for gain)/the lower (for loss) the fair value

As at the end of the Reporting Period, there were no changes in the valuation techniques for the fair values of the assets and liabilities of level 3 fair value measurement.

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### X. Fair Value Disclosure Management *(Continued)*

#### (I) The amount of assets and liabilities measured at fair value and the levels of fair value measurement *(Continued)*

##### 1. Period-end fair value of assets and liabilities measured at fair value *(Continued)*

##### (3) Level 3 fair value measurement *(Continued)*

The reconciliation between the opening balance and closing balance of the assets and liabilities of recurring level 3 fair value measurement is as follows:

Item	Opening balance	Total gains or losses for the period included in profit or loss	Purchase	Settlement and sale	Closing balance	For assets held and liabilities assumed at the end of the Period, unrealised gains or losses for the period included in
						profit or loss
Financial assets						
Financial assets held for trading						
Including: Investments in debt instruments	66,138,791.75	-1,294,538.46		52,364,640.78	12,479,612.51	-2,503,665.09
Investment in equity instrument	3,629,507.10	-62,029.36			3,567,477.74	-33,022.01
Other equity instruments investment	1,853,110.00	3,230.00			1,856,340.00	
Derivative financial assets	5,205,890.52	55,676,357.90			60,882,248.42	60,882,248.42
<b>Subtotal of financial assets</b>	<b>76,827,299.37</b>	<b>54,323,020.08</b>		<b>52,364,640.78</b>	<b>78,785,678.67</b>	<b>58,345,561.32</b>
Financial liabilities						
Financial liabilities held for trading						
Including: Financial liabilities designated as at FVTPL	61,534,340.24	-1,723,881.90	12,731,402.48	47,624,393.55	24,917,467.27	-1,273,271.18
Derivative financial liabilities	10,381,524.76	35,584,426.20			45,965,950.96	45,965,950.96
<b>Subtotal of financial liabilities</b>	<b>71,915,865.00</b>	<b>33,860,544.30</b>	<b>12,731,402.48</b>	<b>47,624,393.55</b>	<b>70,883,418.23</b>	<b>44,692,679.78</b>
<b>Net amount</b>	<b>3,058,324.37</b>	<b>20,459,245.78</b>	<b>-12,731,402.48</b>	<b>4,740,247.23</b>	<b>6,045,920.44</b>	<b>13,652,881.54</b>



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### X. Fair Value Disclosure Management *(Continued)*

#### (I) The amount of assets and liabilities measured at fair value and the levels of fair value measurement *(Continued)*

##### 2. Fair value of financial assets and financial liabilities not measured at fair value

The financial assets and financial liabilities not measured at fair value of the Group or the Company mainly include: monetary funds, currency deposits receivable, pledged deposits receivable, settlement deposits receivable, financial assets held under resale agreements, other receivables, currency deposits payable, pledged deposits payable, futures investors protection funds payable, trade payables, employee benefits payable and other payables. As at the end of the Reporting Period, there was no significant difference between the carrying amount and the fair value of the above financial assets and financial liabilities.

### XI. Related Parties and Transactions with Related Parties

#### (I) Relations with related parties

##### 1. Controlling shareholder and ultimate controller

###### (1) Controlling shareholder and ultimate controller

Parent name	Place of registration	Business nature	Registered capital	Parent's percentage of the Company	Parent's shareholding voting power percentage of the Company	Ultimate controller of the Company
Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司)	Jiangsu Province	Financial investment, industrial investment, operation and management of state-owned assets within the scope of authorization; international trade; housing leasing; production, research and development and sales of cocoon silk, textile and clothing	2,000,000,000.00	27.33%	27.33%	People's Government of Jiangsu Province

###### (2) Changes in controlling shareholder's registered capital

Nil

##### 2. Subsidiaries of the Company

See Note VI and Note VII. (I).

##### 3. Associates of the Company

For details of the Company's joint ventures and associates, see Note VII. (II).

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## XI. Related Parties and Transactions with Related Parties (Continued)

## (I) Relations with related parties (Continued)

## 4. Other important related parties of the Company

Other related parties	Relation
Soho Holly Corporation (蘇豪弘業股份有限公司)	Shareholder of the Group/Company
Jiaingsu SOHO Investment Group Co., Ltd. (江蘇蘇豪投資集團有限公司)	Controlled by the same ultimate holding company
Jiangsu SOHO International Group Corporation (江蘇蘇豪國際集團股份有限公司)	Controlled by the same ultimate holding company
Jiangsu Soho Digital Technology Co., Ltd. (江蘇蘇豪數字科技有限公司)	Controlled by the same ultimate holding company
SOHO Culture Group Company Limited (蘇豪文化集團有限公司)	Controlled by the same ultimate holding company
Jiangsu SOHO Artall Culture Group Co., Ltd. (江蘇蘇豪愛濤文化有限公司)	Controlled by the same ultimate holding company
Jiangsu Financial Holdings Co., Ltd. (江蘇金融控股有限公司)	Controlled by the same ultimate holding company
Jiangsu Holly Environmental Technology Industrial Co., Ltd. (江蘇弘業環保科技產業有限公司)	Controlled by the same ultimate holding company
Jiangsu Chemical Fertilizer Co., Ltd. (江蘇省化肥工業有限公司)	Controlled by the same ultimate holding company
Jiangsu SOHO Assets Operation Group Co., Ltd. (江蘇蘇豪資產運營集團有限公司)	Controlled by the same ultimate holding company
Jiangsu Holly International Engineering Co., Ltd. (江蘇弘業國際技術工程有限公司)	Controlled by the same ultimate holding company
Jiangsu Holly Yongchang (Hong Kong) Co., Limited (江蘇弘業永昌(香港)有限公司)	Controlled by the same ultimate holding company
Aitao Cultural (UK) Co., Ltd. (愛濤文化(英國)中心有限公司)	Controlled by the same ultimate holding company
Artall Culture Trade (Netherlands) Company Limited (愛濤文化貿易(荷蘭)有限公司)	Controlled by the same ultimate holding company
Liaoning Litian New Material Co., Ltd. (遼寧麗天新材料有限公司)	Controlled by the same ultimate holding company
Jiangsu SOHO Real Estate Operation and Management Co., Ltd. (江蘇蘇豪不動產經營管理有限公司)	Controlled by the same ultimate holding company
Jiangsu High Hope Wisdom Co., Ltd. (江蘇匯鴻匯升投資管理有限公司)	Controlled by the same ultimate holding company
Jiangsu High Hope Arser Co., Ltd. (江蘇匯鴻亞森國際貿易有限公司)	Controlled by the same ultimate holding company
Yangzhou HONG Yuan Shoes Co., Ltd. (揚州鴻元鞋業有限公司)	Controlled by the same ultimate holding company
Jiangsu SOHO Private Equity Fund Management Co., Ltd. (江蘇蘇豪私募基金管理有限公司)	Controlled by the same ultimate holding company
Jiangsu Nonferrous Metals I/E Corp. Ltd. (江蘇有色金屬進出口有限公司)	Controlled by the same ultimate holding company
Jiangsu Dongsheng Material Trading Co., Ltd. (江蘇東晟物資貿易有限公司)	Controlled by the same ultimate holding company
Zhan Jieying	Senior management
Zhang Lei	Senior management



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### XI. Related Parties and Transactions with Related Parties *(Continued)*

#### (II) Related party transactions

##### 1. Purchase of goods/Acceptance of services

Related parties	Related party transaction	Amount incurred in the period	Number of transactions approved	Whether the transaction limit is exceeded	Amount incurred in last period
Jiangsu Financial Holdings Co., Ltd. (江蘇金融控股有限公司)	Labour cost	<b>289,884.87</b>	289,884.87	No	167,068.44
Jiangsu Holly Environmental Technology Industrial Co., Ltd. (江蘇弘業環保科技產業有限公司)	Procurement cost	<b>8,296.46</b>	8,296.46	No	
Jiangsu Soho Digital Technology Co., Ltd. (江蘇蘇豪數字科技有限公司)	Publicity cost				34,325.67
Jiangsu Holly International Engineering Co., Ltd. (江蘇弘業國際技術工程有限公司)	Safety production fee				10,619.47
Jiangsu SOHO International Group Corporation (江蘇蘇豪國際集團股份有限公司)	Advertising and publicity cost	<b>16,902.66</b>	16,902.66	No	
<b>Total</b>		<b>315,083.99</b>	315,083.99		212,013.58

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## XI. Related Parties and Transactions with Related Parties (Continued)

## (II) Related party transactions (Continued)

## 2. Sales of goods/Provision of services

Related parties	Related party transaction	Amount incurred in the period	Amount incurred in last period
Jiaingsu SOHO Investment Group Co., Ltd. (江蘇蘇豪投資集團有限公司)	Asset management business income/ Others	<b>17,855.26</b>	18,012.20
Jiangsu SOHO Artall Culture Group Co., Ltd. (江蘇蘇豪愛濤文化有限公司)	Asset management business income		9,080.48
Soho Holly Corporation (蘇豪弘業股份有限公司)	Asset management business income		4,377.08
Jiangsu SOHO Assets Operation Group Co., Ltd. (江蘇蘇豪資產運營集團有限公司)	Asset management business income	<b>22,644.62</b>	1,060.68
Zhan Jieying	Asset management business income	<b>1,264.23</b>	
Zhang Lei	Asset management business income	<b>1,987.29</b>	
Jiangsu Chemical Fertilizer Co., Ltd. (江蘇省化肥工業有限公司)	Fee income	<b>554.72</b>	
Liaoning Litian New Material Co., Ltd. (遼寧麗天新材料有限公司)	Fee income	<b>76.42</b>	
Soho Holly Corporation (蘇豪弘業股份有限公司)	Fee income	<b>26.00</b>	
Jiangsu Dongsheng Material Trading Co., Ltd. (江蘇東晟物資貿易有限公司)	Fee income	<b>181.92</b>	
Jiangsu Holly Yongchang (Hong Kong) Co., Limited (江蘇弘業永昌(香港)有限公司)	Asset management business income		102,084.02
Aitao Cultural (UK) Co., Ltd. (愛濤文化(英國)中心有限公司)	Asset management business income		2,850.94
Jiangsu Financial Holdings Co., Ltd. (江蘇金融控股有限公司)	Asset management business income	<b>11,327.36</b>	2,987.55
Total		<b>55,917.82</b>	140,452.95



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### XI. Related Parties and Transactions with Related Parties (Continued)

#### (II) Related party transactions (Continued)

##### 3. Related lease

###### (1) Lease

Name of lessor	Type of leased assets	Expenses relating to short-term lease and leases of low-value assets applied the practical expedient (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rental paid		Interest expense of lease liabilities		Addition of right-to-use assets	
		Amount incurred in the period	Amount incurred in last period	Amount incurred in the period	Amount incurred in last period	Amount incurred in the period	Amount incurred in last period	Amount incurred in the period	Amount incurred in last period	Amount incurred in the period	Amount incurred in last period
Soho Holly Corporation (蘇豪弘業股份有限公司)	Plants and buildings	404,803.14	404,803.14								
Jiangsu SOHO Real Estate Operation and Management Co., Ltd. (江蘇蘇豪不動產經營管理有限公司)	Plants and buildings					1,719,830.20	1,192,518.27	163,523.55	40,761.70		10,297,691.47
<b>Total</b>		<b>404,803.14</b>	<b>404,803.14</b>			<b>1,719,830.20</b>	<b>1,192,518.27</b>	<b>163,523.55</b>	<b>40,761.70</b>		<b>10,297,691.47</b>

##### 4. Other related party transactions

Related parties	Item	Related party transaction	Amount incurred in the period	Amount incurred in last period
Soho Holly Corporation (蘇豪弘業股份有限公司)	N/A	Net investment in/disposal of in asset management plans		-5,268,551.22
Jiangsu SOHO Artall Cultural Group Co., Ltd. (江蘇蘇豪愛濤文化有限公司)	N/A	Net investment in/disposal of asset management plans		-5,184,752.03
Artall Culture Trade (UK) Company Limited (愛濤文化貿易(英國)有限公司)	N/A	Net investment in/disposal of asset management plans		-5,376,819.81
Jiangsu Financial Holdings Co., Ltd. (江蘇金融控股有限公司)	N/A	Net investment in/disposal of asset management plans		5,780,640.00
Jiangsu Holly Yongchang (Hong Kong) Co., Limited (江蘇弘業永昌(香港)有限公司)	N/A	Net investment in/disposal of asset management plans	<b>-31,767,542.10</b>	
Zhan Jieying	N/A	Net investment in/disposal of asset management plans	<b>-504,559.81</b>	500,000.00
Zhang Lei	N/A	Net investment in/disposal of asset management plans	<b>-505,354.91</b>	

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## XI. Related Parties and Transactions with Related Parties (Continued)

## (III) Related party transaction balance

## 1. Amount due from related parties

Item	Related party transaction	Related parties	Closing book value	Opening book value
Other receivables	Housing leasing deposits	Soho Holly Corporation (蘇豪弘業股份有限公司)	71,000.00	71,000.00
Other receivables	Housing leasing deposits	Jiangsu SOHO Real Estate Operation and Management Co., Ltd. (江蘇蘇豪不動產經營管理有限公司)	257,231.82	257,231.82

## 2. Amounts due to related parties

Item	Related parties	Closing balance	Opening balance
Currency deposits payable	Jiangsu SOHO International Group Corporation (江蘇蘇豪國際集團股份有限公司)	1,001.00	1,001.00
Currency deposits payable	Jiangsu Chemical Fertilizer Co., Ltd. (江蘇省化肥工業有限公司)	1,955,770.96	1,653,483.56
Currency deposits payable	SOHO Culture Group Company Limited (蘇豪文化集團有限公司)	1,500.00	1,500.00
Currency deposits payable	Soho Holly Corporation (蘇豪弘業股份有限公司)	3,152,073.32	3,205,695.06
Currency deposits payable	Jiangsu High Hope Wisdom Co., Ltd. (江蘇匯鴻匯升投資管理有限公司)	1,001.00	1,001.00
Currency deposits payable	Liaoning Litian New Material Co., Ltd. (遼寧麗天新材料有限公司)	3,116,656.60	4,285,322.60
Currency deposits payable	Jiangsu High Hope Arser Co., Ltd. (江蘇匯鴻亞森國際貿易有限公司)		1,001.00
Currency deposits payable	Yangzhou HONG Yuan Shoes Co., Ltd. (揚州鴻元鞋業有限公司)	1,001.00	1,001.00
Currency deposits payable	Jiangsu Nonferrous Metals I/E Corp. Ltd. (江蘇有色金屬進出口有限公司)	1,001.00	
Currency deposits payable	Jiangsu Dongsheng Material Trading Co., Ltd. (江蘇東晟物資貿易有限公司)	2,329,918.48	
Other payables	Jiaingsu SOHO Investment Group Co., Ltd. (江蘇蘇豪投資集團有限公司)		1,323,400.55



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### XI. Related Parties and Transactions with Related Parties *(Continued)*

#### (III) Related party transaction balance *(Continued)*

##### 3. Others

Related parties	Item	Related party transaction	Closing balance	Opening balance
Jiangsu SOHO Private Equity Fund Management Co., Ltd. (江蘇蘇豪私募基金管理有限公司)	Financial assets held for trading	Private Equity	<b>6,198,755.48</b>	2,709,359.73

#### (IV) Remuneration of directors, supervisors and staff

##### 1. Compensation of senior management

Item	Amount incurred in the period	Amount incurred in last period
Compensation of senior management	<b>1,406,857.71</b>	1,920,841.45

### XII. Commitments and Contingent Events

#### (I) Material commitments

##### 1. External investment contracts contracted but not performed or not completely performed

Capital commitments	Closing balance	Opening balance
Contracts contracted but not performed	<b>42,000,000.00</b>	42,000,000.00
Contracts authorized but not contracted	<b>78,000,000.00</b>	78,000,000.00
Total	<b>120,000,000.00</b>	120,000,000.00

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### XII. Commitments and Contingent Events *(Continued)*

#### (II) Contingent events

##### 1. Significant pending litigation or arbitration

- (1) In December 2020, Holly Capital Shanghai Branch filed a lawsuit to the Qinhuai Court of Nanjing (this case has been transferred to Jiangyin Municipal People's court for jurisdiction in accordance with the notice issued by Jiangsu Provincial Higher People's court to intermediate people's courts throughout the province on 31 August 2020). The claims of the case are as follows: request Hanbang (Jiangyin) Petrochemical Co., Ltd. (漢邦(江陰)石化有限公司) ("Hanbang Petrochemical") to repay RMB10,713,048.00 and interest and bear all litigation fees such as appeal fees and preservation fees. The Jiangyin Municipal People's court made a judgment on 2 July 2021, ruling that Holly Capital Shanghai Branch enjoys RMB10,713,048.00 and interest. The Jiangyin Municipal People's court issued (2021) Su 0281 Po No. 8 "Decision Letter" on 3 February 2021. Hanbang Petrochemical is currently in the stage of bankruptcy and reorganization with Jiangsu Mousheng Law Firm as the administrator. Holly Capital has submitted the debt declaration documents. On 14 July 2021, the administrator of Hanbang Petrochemical made a review opinion on the claims of Holly Capital Shanghai Branch with a principal amount of RMB10,713,048 and an interest of RMB48,590.28 and a total claim amount of RMB10,761,638.28.

Based on the relevant facts and the principle of prudence, the Company made a single provision for bad debts of RMB9,106,090.80 in the 2020 financial statements.

Except for the above-mentioned matters, as of 30 June 2024, the Group had not been involved in any major legal, arbitration or administrative litigation that may have a material adverse effect on the financial status and operating results of the Group.

##### 2. Other contingent events

As of 30 June 2024, the Group had no other significant contingencies to be disclosed.

### XIII. Subsequent Events

As of the date of this Report, the Group had no material subsequent events.



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### XIV. Other important matters

#### (I) Segment reports

The Group has two reporting Segments, 1) Futures Brokerage and Asset Management Business Division, and 2) Commodity Trading and Risk Management Business Division. Each reporting division is a separate business division that offers different products and services. As each division requires different technologies and market strategies, it needs to be managed separately.

The Futures Brokerage and Asset Management Business Division participates in the transactions of commodity futures and financial futures on behalf of customers. Meanwhile, it participates in the development and sales of asset management products and services based on the asset size and customer demands. In addition, this division also operate investment activities in asset management plans, bank wealth management products, listed and unlisted securities, trust schemes, funds, and derivative financial instruments.

The Commodity Trading and Risk Management Business Division participates in the provision of bulk commodity purchase and resale, futures arbitrage, basis trading and hedging services.

Division operating results refer to the income generated by each business division (including foreign transaction income and inter-divisional transaction income), deducting the expenses incurred by each division, the depreciation, amortization and impairment of assets attributable to each division, the net amount of bank deposits and bank borrowings directly attributable to a division after the net interest expenses incurred. The transfer pricing of revenue between the two divisions is calculated on terms similar to other external transactions. The Group did not allocate non-operating income and expenditure and income tax expenses to each division.

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### XIV. Other important matters (Continued)

#### (I) Segment reports (Continued)

##### 1. Segment reports of profit (loss), assets and liabilities by business type

Item	Futures Brokerage and Asset Management Business Division	Commodity Trading and Risk Management Business Division	Offset between Divisions	Total
External operating income	126,265,387.00	902,207,301.28		1,028,472,688.28
Inter-divisional operating income	45,909,327.81	-24,109,194.95	-21,800,132.86	-
Operating expenses	-151,014,513.45	-862,821,943.80		-1,013,836,457.25
Non-operating income and expenditure	1,977,988.15	2,484.07		1,980,472.22
<b>Gross profit</b>	<b>23,138,189.51</b>	<b>15,278,646.60</b>	<b>-21,800,132.86</b>	<b>16,616,703.25</b>
Income tax expense	160,460.18	-3,832,041.40	-144,442.04	-3,816,023.26
<b>Net profit</b>	<b>23,298,649.69</b>	<b>11,446,605.20</b>	<b>-21,944,574.90</b>	<b>12,800,679.99</b>
<b>Total assets</b>	<b>12,009,668,553.65</b>	<b>1,147,093,952.25</b>	<b>-332,282,520.41</b>	<b>12,824,479,985.49</b>
<b>Total liabilities</b>	<b>10,639,806,759.73</b>	<b>609,483,791.70</b>	<b>-282,263,997.65</b>	<b>10,967,026,553.78</b>
Other important items:				
Incl.: Net interest income	51,880,778.63	5,745,611.00		57,626,389.63
Depreciation and amortization	16,983,541.17	769,970.56		17,753,511.73
Increase in non-current assets other than long-term equity investment	825,532.08	5,638,263.19		6,463,795.27

##### 2. Segment reports of profit (loss), assets and liabilities by geographic region

The Group's external transaction income by region is listed below. External transaction income is classified by the location of the clients who accepted services or bought products from the Group.

Item	Total external transaction income
Mainland China	1,016,058,777.63
Hong Kong, China	12,413,910.65
<b>Total</b>	<b>1,028,472,688.28</b>

#### (II) As of 30 June 2024, the Group had no other important matters to be disclosed.



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### XV. Notes to Parent's Financial Statements

#### 1. Long term equity investment

##### (1) Long term equity investment breakdown

Item	Closing balance	Opening balance
Investment in subsidiaries	700,448,579.81	700,448,579.81
Investment in joint ventures or associates	8,279,506.04	8,252,558.04
<b>Total long term equity investment</b>	<b>708,728,085.85</b>	708,701,137.85
Less: Provision for long term equity investment impairment		
<b>Net long term equity investment</b>	<b>708,728,085.85</b>	708,701,137.85

##### (2) Investment in subsidiaries

Invested company	Opening balance (Book value)	Provision for impairment as at the beginning of the period	Current changes				Closing balance (Book value)	Provision for impairment as at the end of the period
			Additional investment	Investment reduction	Provision for impairment	Other		
Holly Capital Management Co., Ltd. (弘業資本管理有限公司)	500,000,000.00					500,000,000.00		
Holly International Financial Holdings Limited (弘業國際金融控股有限公司)	200,448,579.81					200,448,579.81		
Total	700,448,579.81					700,448,579.81		

##### (3) Investment in joint ventures or associates

Investees	Opening balance (Book value)	Provision for impairment as at the beginning of the period	Additional investment	Investment reduction	Current changes				Declared cash dividend or profit	Provision for impairment	Closing balance (Book value)	Provision for impairment as at the end of the period
					Investment gain/loss recognised with equity method	Other comprehensive income adjustment	Other equity change	Others				
Associates												
Jiangsu Hongrui New Era Venture Capital Co., Ltd. (江蘇弘瑞新時代創業投資有限公司)	6,109,358.88				29,551.48						6,138,910.36	
Jiangsu Hongrui Growth Venture Capital Co., Ltd. (江蘇弘瑞成長創業投資有限公司)	2,143,199.16				-2,603.48						2,140,595.68	
Total	8,252,558.04				26,948.00						8,279,506.04	

## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### XV. Notes to Parent's Financial Statements (Continued)

#### 2. Net handling fee and commission income

##### (1) Net handling fee and commission income breakdown

Item	Amount incurred in the period	Amount incurred in last period
Net brokerage fee income	<b>78,539,392.68</b>	65,212,439.71
Asset management business income	<b>3,025,076.71</b>	3,125,755.35
Investment advisory income	<b>789,386.47</b>	922,980.65
Total	<b>82,353,855.86</b>	69,261,175.71

##### (2) Branches and fee income by administrative region

Administrative region	Amount incurred in the period		Amount incurred in last period	
	Number of branches	Fee income	Number of branches	Fee income
Jiangsu Province	20	<b>66,103,776.54</b>	21	54,590,449.44
Fujian Province	2	<b>814,352.93</b>	2	2,423,221.36
Shanghai	2	<b>1,954,714.97</b>	2	1,089,180.46
Zhejiang Province	2	<b>1,939,094.13</b>	2	2,286,480.26
Henan Province	1	<b>1,372,570.86</b>	1	691,545.42
Guangdong Province	2	<b>814,352.93</b>	3	768,836.51
Beijing	2	<b>526,070.84</b>	2	704,616.27
Shandong Province	3	<b>2,838,223.47</b>	2	1,395,863.74
Shaanxi Province	1	<b>1,604,867.30</b>	1	649,941.45
Anhui Province	1	<b>577,606.24</b>	2	781,693.66
Liaoning Province	2	<b>1,085,218.59</b>	2	1,068,156.34
Guangxi Province	1	<b>566,957.49</b>	1	423,598.87
Hunan Province	1	<b>739,821.87</b>	1	464,955.80
Chongqing	1	<b>894,047.15</b>	1	1,300,843.75
Sichuan Province			1	115,002.08
Shanxi Province	1	<b>348,313.08</b>	1	326,383.98
Hainan Province	1	<b>173,867.47</b>	1	180,406.32
Total	43	<b>82,353,855.86</b>	46	69,261,175.71



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## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### XV. Notes to Parent's Financial Statements (Continued)

#### 3. Net interest income

Item	Amount incurred in the period	Amount incurred in last period
<b>Interest income</b>		
Incl.: Interest income from customer fund deposits	<b>40,774,873.47</b>	32,310,362.65
Interest income from own fund deposits	<b>6,366,998.04</b>	5,641,932.24
Interest income from repurchase agreements	<b>541,514.09</b>	601,581.26
<b>Total interest income</b>	<b>47,683,385.60</b>	38,553,876.15
<b>Interest expense</b>		
Incl.: Interest expense on sale and repurchase	<b>463,598.45</b>	598,212.22
<b>Total interest expense</b>	<b>463,598.45</b>	598,212.22
<b>Net interest income</b>	<b>47,219,787.15</b>	37,955,663.93

#### 4. Investment gains

##### (1) Investment gains breakdown

Item	Amount incurred in the period	Amount incurred in last period
Long term equity investment gains calculated with cost method	<b>20,000,000.00</b>	
Long term equity investment gains calculated with equity method	<b>26,948.00</b>	61,593.26
Incl.: Gains on the investment in associates	<b>26,948.00</b>	61,593.26
Gains on the investment in joint ventures		
Proceeds from disposal of long term equity investment		
Financial instrument investment gains	<b>2,462,016.49</b>	-3,410,813.70
Incl.: Gains on financial instrument during holding period	<b>1,219,412.27</b>	4,860,549.90
– Financial instrument held for trading	<b>1,219,412.27</b>	4,860,549.90
Proceed of disposal	<b>1,242,604.22</b>	-8,271,363.60
– Financial instrument held for trading	<b>1,242,604.22</b>	-8,271,363.60
<b>Total</b>	<b>22,488,964.49</b>	-3,349,220.44

## Notes to the financial statements

From 1 January 2024 to 30 June 2024

(All amounts in RMB unless otherwise stated in the notes to these financial statements)

### XV. Notes to Parent's Financial Statements (Continued)

#### 4. Investment gains (Continued)

##### (2) Gains from investment in associates

Item	Amount incurred in the period	Amount incurred in last period
Jiangsu Hongrui New Era Venture Capital Co., Ltd. (江蘇弘瑞新時代創業投資有限公司)	<b>29,551.48</b>	63,584.47
Jiangsu Hongrui Growth Venture Capital Co., Ltd. (江蘇弘瑞成長創業投資有限公司)	<b>-2,603.48</b>	-1,991.21
Total	<b>26,948.00</b>	61,593.26

(3) There is no significant restriction on repatriation of investment gains.

#### 5. Gains from changes in fair value

Item	Amount incurred in the period	Amount incurred in last period
Financial assets held for trading	<b>-61,366.20</b>	14,421,870.89
Incl.: Financial assets at FVTPL	<b>-61,366.20</b>	14,421,870.89
Total	<b>-61,366.20</b>	14,421,870.89



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# Additional information on the financial statements

## 1. Extraordinary profit and loss statement

Item	Amount for the period
Profit or loss on disposal of non-current assets	-33,986.96
Tax rebate or tax concessions with unauthorised approval or without official approval documents or on an occasional basis	
Government grants recognised through profit or loss for the period	2,700,770.95
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement	
Other non-operating income and expenses other than the foregoing items	77,176.18
Other profit and loss items falling within the meaning of extraordinary profit and loss	
Subtotal	2,743,960.17
Less: Effect of income tax	685,849.91
Effect of minority interests (after tax)	
Total	2,058,110.26

## 2. Returns on net assets and earnings per share

Profit of the Reporting Period	Weighted average return on net assets (%)	Earnings per share (RMB/share)	
		Basic	Diluted
Net profit attributable to equity holders of the parent company	0.6903	0.0127	0.0127
Net profit attributable to equity holders of the parent company after extraordinary items	0.5793	0.0107	0.0107

Holly Futures Co., Ltd.  
16 August 2024