



中泰期货
ZHONGTAI FUTURES

ZHONGTAI FUTURES Company Limited
中泰期货股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code : 01461)



2024
INTERIM REPORT

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Definitions

“Audit Committee”	the audit committee of the Board of Directors
“Board of Directors” or “Board”	the board of directors of the Company
“China”, “PRC” or “Country” or “Mainland China”	the People’s Republic of China which, for the purposes of this report only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan Province
“Company”	ZHONGTAI FUTURES Company Limited (中泰期貨股份有限公司) (previously known as LUZHENG FUTURES Company Limited (魯証期貨股份有限公司)), a company established after being reorganized in the PRC on 10 December 2012 with limited liability (its predecessor was Shandong Quanxin Futures Brokerage Co., Ltd. (山東泉鑫期貨經紀有限公司), renamed as Luzheng Futures Brokerage Co., Ltd. (魯証期貨經紀有限公司), and then renamed as LUZHENG FUTURES CORPORATION LIMITED (魯証期貨有限公司)), and its H Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01461)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the issued ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for in Renminbi and credited as fully paid
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$, and listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Luzheng Information Technology”	Luzheng Information Technology Co., Ltd. (魯証信息技術有限公司), a company established in the PRC with limited liability on 15 February 2015, being a wholly-owned subsidiary of the Company

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC 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), Zhengzhou Commodity Exchange (鄭州商品交易所), Shanghai Futures Exchange (上海期貨交易所), Guangzhou Futures Exchange (廣州期貨交易所) and Shanghai International Energy Exchange (上海國際能源交易中心)
“Reporting Period”	the six months ended 30 June 2024
“Risk Control Committee”	the Risk Control Committee of the Board of Directors
“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)”	the ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Zhongtai Huirong Capital”	Zhongtai Huirong Capital Investment Co., Ltd. (中泰匯融資本投資有限公司), previously known as Luzheng Capital Management Co., Ltd. (魯証資本管理有限公司) and Luzheng Trading Co., Ltd. (魯証經貿有限公司), a company established in the PRC with limited liability on 24 April 2013, and being a wholly-owned subsidiary of the Company
“Zhongtai Securities”	Zhongtai Securities Co., Ltd. (中泰證券股份有限公司), previously known as Qilu Securities Co., Ltd. (齊魯證券有限公司), a company established in the PRC on 15 May 2001 with limited liability, and listed on Shanghai Stock Exchange on 3 June 2020 (Stock code: 600918), 32.62% of which is owned by Zaozhuang Mining (Group) Co., Ltd. (棗莊礦業(集團)有限責任公司), and being one of the controlling Shareholders of the Company

Corporate Profile

REGISTERED NAME OF THE COMPANY

中泰期貨股份有限公司
ZHONGTAI FUTURES Company Limited

REGISTERED OFFICE

15-16/F, No. 86 Jingqi Road
Shizhong District, Jinan, Shandong Province, 250001
the PRC

HEAD OFFICE IN THE PRC

15-16/F, No. 86 Jingqi Road
Shizhong District, Jinan, Shandong Province, 250001
the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

BOARD OF DIRECTORS

Executive Directors

Mr. Zhong Jinlong (*Chairman of the Board*)
Mr. Liu Qingbin^{Note 1}
Mr. Liang Zhongwei

Non-executive Directors^{Note 2}

Mr. Zheng Hanyin
Mr. Ming Gang
Ms. Wang Hui

Independent Non-executive Directors

Mr. Zheng Jianping
Mr. Chen Hua
Mr. Luo Xinhua

AUTHORIZED REPRESENTATIVES

Mr. Zhong Jinlong
Room 602, Unit 1, Building 13
2nd East Area of Ming Hu Village, Lixia District
Jinan, Shandong Province, the PRC

Mr. Liang Zhongwei
Room 301, Unit 1, Building 14
West Area of Yanzishan Village, Lixia District
Jinan, Shandong Province, the PRC

JOINT COMPANY SECRETARIES

Mr. Liang Zhongwei
Dr. Ngai Wai Fung

AUDITOR

ShineWing Certified Public Accountants LLP
9/F, Block A, Fu Hua Mansion
No.8, Chaoyangmen Beidajie
Dongcheng District, Beijing, the PRC

LEGAL ADVISERS

As to Hong Kong law:

Clifford Chance
27/F, Jardine House
One Connaught Place
Central, Hong Kong

As to PRC law:

Jia Yuan Law Office
F408, Ocean Plaza
158 Fuxing Men Nei Ave
Xicheng District, Beijing, the PRC

Note 1: Mr. Liu Qingbin was appointed as an executive Director of the Company on 22 February 2024.

Note 2: Mr. Hu Kainan resigned as a non-executive Director of the Company on 22 February 2024.

Mr. Liu Feng resigned as a non-executive Director of the Company on 27 June 2024; Ms. Wang Hui was appointed as a non-executive Director of the Company on 27 June 2024.

PRINCIPAL BANKS

China Construction Bank (Jinan Shizhong Sub-branch)

No. 76 Jingsi Road, Shizhong District, Jinan
Shandong Province, the PRC

Industrial and Commercial Bank of China (Jinan Lixia Sub-branch)

No. 320 Quancheng Road, Lixia District, Jinan
Shandong Province, the PRC

Bank of China (Jinan Branch)

No. 22 Luoyuan Street, Lixia District, Jinan
Shandong Province, the PRC

Bank of Communications (Jinan Shizhong Sub-branch)

No. 249 Jingqi Road, Shizhong District, Jinan
Shandong Province, the PRC

Agricultural Bank of China (Jinan Shizhong Sub-branch)

No. 11 Jingsan Road, Shizhong District, Jinan
Shandong Province, the PRC

H SHARE REGISTRAR

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STOCK CODE

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INVESTOR ENQUIRIES

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Financial Highlights

Unless otherwise stated, the accounting data and financial indicators set out in this Report are prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of China.

Item	January-June 2024 (Unaudited)	January-June 2023 (Unaudited)	Increase/decrease of the period as compared to that of same period of last year
Operating Results (RMB' 0000)			
Operating revenue	83,320	82,338	1.19%
Total Profit	182	9,387	-98.06%
Net Profit – attributable to the Company's Shareholders	59	6,813	-99.12%
Net cash flows from operating activities	179,713	30,872	482.12%
Earnings per Share (RMB/Share)			
Basic earnings per Share	0.0006	0.0680	-99.12%
Diluted earnings per Share	0.0006	0.0680	-99.12%
Profitability Indicators			
Weighted average return on net asset	0.02%	2.76%	Decreased by 2.74 percentage points

Item	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	Increase/decrease at the end of the period as compared to that at the end of last year
Scale Indicators (RMB' 0000)			
Total assets	3,369,944	3,012,639	11.86%
Total liabilities	3,115,242	2,756,610	13.01%
Currency margin payable	2,650,106	2,313,802	14.53%
Equity attributable to the Company's Shareholders	254,702	256,029	-0.52%
Total Share Capital Shares (Shares in ten thousands)			
	100,190	100,190	–
Net asset per Share attributable to the Company's Shareholders (RMB per Share)	2.54	2.56	-0.52%
Gearing ratio ⁽¹⁾	44.18%	45.48%	Decreased by 1.30 percentage points

⁽¹⁾ Gearing ratio = (Total liabilities – currency margin payable – acting trading securities – pledge margin payable)/(Total assets – currency margin payable – acting trading securities – pledge margin payable)

The financial information of the Group for the six months ended 30 June 2024 was extracted from pages 30 to 148 in this report, which set forth details of the basis of presentation for the unaudited consolidated financial statements. The financial statements of the Group for the six months ended 30 June 2024 were unaudited.

NET CAPITAL AND RELEVANT CONTROL INDICATORS OF THE COMPANY AS AT 30 JUNE 2024

Indicators	As at 30 June 2024 (Unaudited)	Regulatory Standards
Net capital (RMB'0000)	159,947.18	3,000.00
Net capital/risk capital reserves	191.41%	100.00%
Net capital/net assets	61.67%	20.00%
Current assets/current liabilities	597.59%	100.00%
Liabilities/net assets	14.71%	150.00%
Settlement reserve funds (RMB'0000)	66,113.87	1,600.00

Note: During the Reporting Period, all risk regulatory indicators (including net capital) of the Company have been complying with relevant requirements under the Administrative Measures on Risk Regulatory Indicators of Futures Companies (《期貨公司風險監管指標管理辦法》) (the "Regulatory Standards") promulgated by the CSRC.

Management Discussion and Analysis

I. ECONOMIC CONDITIONS DURING THE REPORTING PERIOD

In the first half of 2024, the external environment witnessed a notable rise in complexity, severity and uncertainty, while domestic structural adjustments continued to deepen, both bringing new challenges. However, new buffers stemmed from on-going release of macroeconomic policy effects, a pickup in external demand, and accelerating development of new quality productivity. Overall, the national economy maintained an upswing in the first half of 2024, and was generally stable while making progress.

Firstly, economic operation was generally stable in terms of macro-economic indicators. When observing economic performance, people usually look at four major macro indicators: economic growth, employment, prices, and international payments. From an economic growth perspective, China's Gross Domestic Product (GDP) of the first half of 2024 amounted to RMB61.7 trillion, representing a year-on-year increase of 5.0%. From an employment perspective, despite the aggregate output and structural pressures, the economic recovery, particularly sustained recovery of the labor-intensive service sector provided a cushion for stabilizing and expanding employment. In addition, the booming development of new industries, formats, and models as a result of employment priority policies spurred demand for new type of jobs, leading to an overall stable employment situation. In the first half of 2024, the surveyed urban unemployment rate was stable but declined to an average of 5.1%, representing a decrease of 0.2 percentage point as compared with the same period of last year. In particular, unemployment rate has stayed at around 5.0% since the second quarter of 2024. There is a significant year-on-year growth of employed population in service sectors such as wholesale and retail, accommodation and catering, transportation, and information transmission. From a price perspective, prices witnessed a moderate rebound, thanks to persistent economic upswing, stable employment income and improved market supply and demand conditions. In the first half of 2024, consumer price index (CPI) registered a year-on-year rise of 0.1%, with a 0.3% rise in the second quarter of 2024; core CPI registered a year-on-year rise of 0.7%, roughly stable. From an international payments perspective, the total value of goods imports and exports amounted to RMB21.2 trillion in the first half of 2024, setting a new record high for the same period in history. Key products consolidated their export dominance, firming foreign exchange reserves up above US\$3.2 trillion. Additionally, certain quantity indicators of goods that directly reflect economic performance also maintained consistent growth. In the first half of 2024, electricity generated by industrial enterprises above the designated size experienced a year-on-year growth of 5.2%, while cargo traffic and commercial passenger traffic volume experienced increases of 4.2% and 13.2%, respectively.

Secondly, transformation and upgrading progressed steadily in terms of development quality. China is currently in a crucial period of transforming its development mode, optimizing its economic structure, and shifting its growth drivers. When observing China's economic development, people should look at not only "quantity" of economic growth, but also "effectiveness" of transformation and "quality" of development. Since the beginning of 2024, China has remained committed to high-quality development as its primary task by implementing the new development concepts completely, accurately and comprehensively, which has fostered the growth driver shift, structural upgrades, and quality and efficiency improvements. In the first half of 2024, industries were becoming notably more "innovative" and "greener". The added value of high-tech manufacturing industries above the designated size accounted for 15.8% of the total added value of industrial enterprises above the designated size, representing an increase of 0.6 percentage point as compared with the first quarter of 2024. Smart and green new products such as integrated circuits, service robots, new energy vehicles, and solar cells delivered impressive performances, all of which maintained double-digit growth of output, gathering new momentum to economic development. Online retail sales of goods recorded a year-on-year increase of 8.8%, and the express delivery volume exceeded 80 billion pieces, benefiting from new consumption scenarios created by new technologies such as big data and artificial intelligence as well as booming consumption models such as live streaming for product sales and instant delivery. New technologies continued to empower green development, with rapid growth in clean energy production and positive progress in energy conservation and carbon reduction, increasing the green content of economic development. In the first half of 2024, the aggregated electricity generated by industrial enterprises above the designated size in hydropower, nuclear power, wind power, and solar power registered a year-on-year growth of 13.4%, and accounted for a greater proportion in the electricity generated by industrial enterprises above the designated size; energy consumption per unit GDP declined further. The bottomline of no systemic risks was held by another bumper harvest of grain and oil in the summer, and improved energy security guarantee capability and resilient industrial chain supply chain.

Thirdly, such achievements are hard-won in terms of the development environment. Since the beginning of 2024, there were various difficulties and challenges in promoting stable economic operation, due to weak global economic growth momentum, sticky inflation, frequent outbreak of geopolitical conflicts, international trade frictions, and insufficiency of effective domestic demand, mounting business pressure of enterprises, and multiple hidden risks in key areas. In this complicated landscape, the CPC Central Committee with Comrade Xi Jinping at its core has sized up the situation, and constantly strengthened the top-level design and overall planning. All local authorities and departments have made great efforts in speeding up and effectively delivering various macro policies. The people of all sectors across the whole country have made painstaking efforts continuously against the pressure. Therefore, it is hard and unusual to make such achievements. Even observed in a global picture, China's economic performance is still amazing. The GDP growth rate in the first quarter of 2024 was higher than that of major economies such as the United States, the Eurozone and Japan. In light of the domestic and international conditions in the second quarter of 2024, it is expected that China's economic growth will still take a lead in the first half of 2024, and will remain an important engine and stabilizing force for world economic growth.

To sum up, despite the complex and changeable domestic and international environment, China's economic operation was generally stable, featuring quantitative growth and qualitative improvement.

II. FUTURES MARKET ANALYSIS DURING THE REPORTING PERIOD

(i) The size of the futures market

According to statistics from the China Futures Association, the total trading volume per side in the futures market of China in the first half of 2024 was approximately 3.460 billion board lots, representing a year-on-year decrease of 12.43% with a total turnover of RMB281.51 trillion, representing a year-on-year increase of 7.40%. Calculated on turnover, the top three varieties of respective commodity futures exchanges are silver, gold and copper futures of Shanghai Futures Exchange (“SHFE”), soda ash, rapeseed oil and manganese silicon futures of Zhengzhou Commodity Exchange (“ZCE”), palm oil, soybean meal and soybean oil futures of Dalian Commodity Exchange (“DCE”) and industrial silicon futures, lithium carbonate futures and options of Guangzhou Futures Exchange (“GCE”). Calculated on trading volume, the top three varieties of respective exchanges are silver, rebar and fuel oil futures of SHFE, soda ash, rapeseed meal and glass futures of ZCE, soybean meal, PVC and palm oil futures of DCE, industrial silicon futures, lithium carbonate futures and industrial silicon options of GCE. In addition, the top three varieties in terms of turnover of China Financial Futures Exchange are CSI 1000 stock index futures, CSI 300 Index futures and CSI 500 stock index futures.

(ii) Volatility of the futures market

In the first half of 2024, turnover of China’s futures market maintained a rising trend, which was directly attributable to a substantial increase in the turnover of precious metal futures, non-ferrous metal futures, treasury bond and stock index futures. Among them, prices of non-ferrous metals and precious metals were rising amidst expectations for less supply and lower interest rates in major western economies as well as market sentiment stirred by geopolitical events, which has heightened trading activity of precious metals and non-ferrous metals futures. In addition, confidence in the new energy industry was boosted under the guidance of a number of macro policies, and industrial silicon futures mainly serving the silicon energy industry were actively traded in the first half of 2024. The data shows that in the first half of 2024, the cumulative trading volume of industrial silicon futures was 37.5322 million board lots, with a cumulative turnover of RMB2,333,790 million, representing a year-on-year growth of 325.20% and 255.23%, respectively. This fully demonstrates that industrial silicon futures are helping more and more enterprises in managing price risks and optimizing resource allocation for a stable operation. In connection with the financial derivatives market, in the first half of 2024, the cumulative turnover was RMB80.36 trillion. The increase was mainly attributable to CSI 500 and CSI 1000 stock index futures. In the first half of 2024, the cumulative turnover of CSI 500 and CSI 1000 stock index futures increased by 23.26% and 139.12%, respectively as compared with same period of last year, playing the basic function of financial futures in hedging risks.

(iii) Developments of the futures market's infrastructure

Risk management tools in the futures market were further enriched. In January 2024, the CSRC held a sector-wide work conference of 2024. Regarding the futures market, the conference proposed to explore the futures regulatory regulations and trading models with Chinese characteristics, expand the commodity futures variety system, and emphasize on enhancing the capability and competence of serving high-quality development. In the first half of 2024, two new option varieties were added for trading. As at the end of the Reporting Period, China had 133 varieties of listed options, including 112 commodity-related varieties (70 commodity futures and 42 options), 20 financial-related varieties (8 financial futures and 12 financial options) and 1 index variety (Containerized Freight Index (Europe Service) Futures). They cover agriculture, industry, shipping and finance and other major sectors of national economic activities, and play a better role in satisfying the trade pricing and risk management needs in the real economy.

Tougher supervision and preventive measures against risks were put in place to promote the high-quality development of the capital market. On 12 April 2024, the State Council of China issued “Several Opinions on Tougher Supervision and Preventive Measures against Risks to Promote High-quality Development of the Capital Market”, which came forward with the milestone development goals of capital market over the next five years, by 2035 and by the middle of this century. Wu Qing, chairman of the CSRC, believed that this series of development goals are systematic and comprehensive, and also progressive step by step, and that the country must adhere to the market-oriented and rule-based reform, respect laws and rules, deliver such goals completely step by step, and work hard constantly to crystalize the blueprint. In recent years, breakthroughs have been made in the construction of the rule of law regarding China's capital market. The new Securities Law, the Criminal Law Amendment (XI), the Futures and Derivatives Law, and the Regulations on the Supervision and Management of Private Investment Funds have been promulgated one after another. With the “four beams and eight pillars” of the legislation in shape, the legal system is becoming more and more developed, which provides law-based assurance for the stable and healthy operation of the capital market.

Management Discussion and Analysis

Self-regulatory rules of the futures industry were further improved. China Futures Association strengthened self-regulatory administration, and standardized industry governance by requiring futures operating companies to take care of respective main business, and promoted them to play their risk management functions. In the first half of 2024, China Futures Association implemented the requirements of strengthening institutional supervision, behavioral supervision, functional supervision, see-through supervision and continuous supervision. It formulated annual plans for abolishing, revising and establishing self-regulatory rules, and steadily established and improved the self-regulatory rules system in conformity with the Futures and Derivatives Laws, promoted division of labor and coordination of self-regulatory management and administrative supervision functions featuring effective connection and mutual coordination, so as to eliminate the areas where supervision has no access and presence. In addition, the industry was required to leverage their professional risk management advantages. On one hand, capitalizing on the sticky point of vigorously cultivating industrial customers, the association improved self-regulatory rules and promoted regulatory authorities to speed up introduction of policies and regulations, so that institutions in this sector are in a better position to provide comprehensive services around price risk management for the real economy and spot-trading enterprises. On the other hand, more efforts were put on serving rural revitalization, continuously progressing and optimizing “insurance+futures”, to diversify the application scenarios and expand coverage of “order+futures”, and accelerated the formation of a diversified premium funding pattern. “Futures +” demonstration projects and typical case selection were carried out continuously in partnership with institutions in this sector.

III. GENERAL OPERATING RESULTS

During the Reporting Period, the Group realized operating revenue of RMB833.20 million and net profit attributable to Shareholders of the Company of RMB0.59 million, up 1.19% and down 99.12% as compared with RMB823.38 million and RMB68.13 million in the same period of last year, respectively. The decline in net profit attributable to Shareholders of the Company was mainly due to phased loss from equity-related option business of Zhongtai Huirong Capital arising from drastic fluctuations in the domestic A-share market in the first half of 2024.

As at the end of the Reporting Period, the total assets of the Group were RMB33.699 billion, representing an increase of 11.86% as compared with RMB30.126 billion at the end of 2023. The total liabilities of the Group were RMB31.152 billion, representing an increase of 13.01% as compared with RMB27.566 billion at the end of 2023. The equity attributable to Shareholders of the Company was RMB2.547 billion, representing a decrease of 0.52% as compared with RMB2.560 billion at the end of 2023. The Group's gearing ratio (both total assets and total liabilities have excluded currency margin payable, acting trading securities and pledge margin payable) was 44.18%, representing a decrease of 1.30 percentage points as compared with 45.48% at the end of 2023. During the Reporting Period, the Group's assets were good in quality and its financial position was healthy.

IV. ANALYSIS OF PRINCIPAL BUSINESS

The business scope of the Group includes commodity futures brokerage, financial futures brokerage, futures investment consulting, asset management, basis trading, warehouse receipt services, cooperative hedging, market-maker business, over-the-counter derivatives business, information technology consulting services, and other business activities permitted by the CSRC.

During the Reporting Period, focusing on its main responsibility and core business, the Company advanced the brokerage business towards enhanced professional service ability under the “research +” mode, pushed the research business towards practical operation, facilitated the building of a continuous supportive care customer service system, put more efforts on acquiring new customers, improved customer service quality, optimized the management mechanism of risk management business, carried out the enhanced high-quality “Three Ones” talent construction project, and implemented the talent-aided empowering strategy, tightened compliance and risk control management to continuously increase the effectiveness of compliance and risk control system so as to foster the Company’s high-quality development.

(i) Futures Brokerage Business

During the Reporting Period, focusing on its main responsibility and core business, the Group gave a priority on further reforms and innovation, delivery of the “talent-aided empowering” strategy. Stuck to brokerage business transformation, we constantly optimized and improved the continuous supportive care customer service system, advanced the research business towards practical operation, and tightened compliance and risk control management, striving to improve the development quality of brokerage business. Firstly, thanks to constant improvement of service practices towards new customers, optimization of new customer-specific appraisal policy, introduction of new customer incentives characteristic of both incentives and constrains, the Company recorded a significant increase in the average number of new customers per day and the average equity of new customers per day as compared to the same period of last year; secondly, due to on-going development and optimization of continuous supportive care customer service system, as well as creation of premium live streaming programs and training courses in line with customers’ usage, the Company improved all-round customer service capabilities and level of reaching out to customers; thirdly, the Company re-engineered the administrative functions of internet traffic referral and fully integrated online service resources to elevate the internet traffic referral’s conversion efficiency and increase internet traffic referral’s revenue generating capability; fourthly, the Company leveraged the leading role of the industrial-financial development headquarters in transformation to promote main business entities to enhance their professional service capabilities under the “research+” model; fifthly, the Company established a task force mechanism for the practical research to enhance the practical research capability of research analysts and research managers and improve the customer service level and market competitiveness of the Company; sixthly, the Company fully carried out the “talent-aided empowering” strategy by continuously optimizing the talent structure and enhancing the quality of talents; seventhly, in order to deliver the concept of “One Zhongtai in Union”, the Company increased the parent-and-subsidiary coordination to continuously improve the revenue generating capabilities of the brokerage business. During the Reporting Period, the Company’s period-end clients’ equity was RMB29.819 billion, increasing 11.78% as compared with the end of 2023; the cumulative trading volume of futures was 109 million board lots, representing a year-on-year increase of 6.86%; and the cumulative turnover was RMB10.19 trillion, representing a year-on-year increase of 36.23%.

Management Discussion and Analysis

(ii) Futures Transaction Consulting Business

During the Reporting Period, the Group further optimized our appraisal mechanism and improved our research capabilities; continuously improved the quality of research products and constantly diversified the presentation forms of research products, improved the research products marketing mechanism, facilitated the revision and upgrade of the Group's mobile applications and research report management system, so as to improve our service quality; continuously increased business synergy, and fully understood customers' investment consulting needs to provide consulting services in a timely manner; continued to deepen research and development cooperation with exchanges, actively cooperated with exchanges in research and development of multiple varieties, and improved the level of research and development of varieties.

(iii) Futures Asset Management Business

During the Reporting Period, the Company continued to promote the research and development reserve of new products and diversified layout of product lines; optimized the internal control rule for asset management business and enhanced the process control ability; strengthened the construction of information systems, improved business procedures, and increased productivity and management level.

(iv) Risk Management Business

During the Reporting Period, the Group continued to conduct risk management business through Zhongtai Huirong Capital, mainly including over-the-counter derivatives business, market making business and bulk commodity futures and spot business.

During the Reporting Period, the Group served the personalized and diversified risk management needs of enterprises in multiple aspects utilizing financial derivatives such as futures and options, and assisted enterprises in effectively hedging the price fluctuation risk in a complex market environment and achieving stable operation. Incremental nominal principal of over-the-counter derivatives business was RMB65.93 billion, of which the incremental nominal principal of commodity-related over-the-counter derivatives was RMB65.034 billion. The Group has the market-making qualification for 23 futures and options varieties of five futures exchanges. The Group carried out futures and spot transaction of different varieties. Focusing on ferrous metal industry chain, we deepened the layout of rebar and hot rolled coil and other varieties in which we have dominance; based on the advantages of Shandong as a main agricultural products producing area, we leveraged on the approved qualification of peanut variety delivery factory library of ZCE to expand and increase transactions of peanut and other characteristic regional varieties; we made inroads into the spot industrial chain of energy and chemical products, and vigorously expanded the spot trading of PP, PVC, PE, natural rubber and other products leveraging on Qingdao Port as a local distribution center.

The Group attaches great importance to the rural revitalization. We continued to promote the high-quality development of agricultural insurance, and provided price and income insurance services for farmers and agriculture-related enterprises under the “insurance + futures” mode, and played an active role in serving the development of rural industries. During the Reporting Period, the Group launched a total of 119 “insurance + futures” projects, involving five varieties, namely live pigs, eggs, corn, apples, soybean meal and other varieties in 11 provinces (including autonomous regions and municipality directly under the Central Government), namely Shandong, Guangxi, Guizhou, Gansu and Chongqing, etc. The insurance coverage of these projects amounted to RMB1,049 million.

V. INFORMATION TECHNOLOGY DEVELOPMENT

During the Reporting Period, the Company continuously strengthened the financial technology governance, deepened the digital technology application, continuously promoted the Company’s information technology digital transformation, marketing service system digital transformation, management and operation digital transformation, and fully supported the construction of the Company’s continuous supportive care customer service system.

During the Reporting Period, the Company focused on the research and development of and investment in financial technology, and continuously advanced technological innovation to empower its business while ensuring the safe and stable operation of the Company’s information system. Firstly, the Company built a continuous Supportive Care customer service system leveraging on the financial technology, and promoted the construction of independent research and development systems such as enterprise WeChat, Zhongtai Futures mobile APP, investment and research system, and comprehensively promoted the construction of a Continuous Supportive Care customer service platform; secondly, the Company proceeded with the construction of its “one platform with two APPs” to further increase the service support to the Company’s marketing system, and push the digital transformation of the marketing service system; thirdly, the Company continuously promoted the construction of a big data platform for strengthened data management and data analysis, improved the support of the Company’s management system, and gradually realized internal management digital transformation; fourthly, by optimizing the quantitative system, quantitative resources and quantitative business layout, we continuously increased support to quantitative business services to secure the competitive advantage of our quantitative service system; fifthly, our independent research and development capability has been gradually improved. The over-the-counter option business management system, spot and futures trading risk control management system, comprehensive risk management platform, asset management evaluation system, ZHONGTECH strategy platform and other softwares have been launched one after another and updated, which has continuously empowered the rapid development of the Company and effectively promoted the digital transformation process of the Company.

Management Discussion and Analysis

VI. DEVELOPMENT PLAN FOR THE SECOND HALF OF THE YEAR

In the second half of 2024, the Company will accelerate the transformation of our brokerage business, accelerate the transformation of our research business to practical operation, optimize and promote the application of a continuous supportive care customer service system to effectively improve customer service capabilities, enhance service practices to new customers for a bigger market share of brokerage business; in order to pursue consistent absolute income, we will properly manage investment of our own funds for decent stable incomes; improve the operational quality and revenue-generating ability of risk management business; upholding the concept of “One Zhongtai in Union”, we will tap further into the business coordination potential, increase the effectiveness of the compliance and risk control system, and ensure the standardized and healthy development of the Company.

VII. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at the end of the Reporting Period, the equity attributable to the Company’s Shareholders was RMB2,547 million (mainly including share capital of RMB1,001.9 million, capital reserves of RMB662 million, and retained earnings of RMB743 million), representing a decrease of 0.52% as compared with RMB2,560 million at the end of 2023, mainly due to a phased loss incurred by Zhongtai Huirong Capital as a result of the equity option operation during the Reporting Period.

During the Reporting Period, the Group’s total assets increased, and maintained sound asset quality and liquidity. As at the end of the Reporting Period, the Group’s total assets excluding currency margin payable, acting trading securities and pledge margin payable were RMB4,563 million, representing a decrease of 2.83% as compared with total assets excluding currency margin payable, acting trading securities and pledge margin payable of RMB4,696 million at the end of 2023. Of the total, funds deposited with the PRC Futures Exchanges accounted for 34.42%; cash and bank balance accounted for 14.83%; investment assets (including investments in associates and financial assets, primarily investment in financial assets with strong liquidity) accounted for 32.99%, and the fixed assets and intangible assets accounted for 1.43%.

As at the end of the Reporting Period, the Group’s gearing ratio (both total assets and total liabilities excluding currency margin payable, acting trading securities and pledge margin payable) was 44.18%, representing a decrease of 1.30 percentage points as compared with that at the end of 2023. The Group’s operating leverage (total assets excluding currency margin payable, acting trading securities and pledge margin payable/equity attributable to the Company’s Shareholders) was 1.79 times, decreasing by approximately 2.33% as compared with 1.83 times at the end of 2023. As at 30 June 2024, the Group’s total liabilities were RMB31,152 million, among which, RMB29,137 million was currency margin payable, acting trading securities and pledge margin payable. The total liabilities (net of currency margin payable, acting trading securities and pledge margin payable) were RMB2,016 million, of which RMB1,218 million represented amounts payable to over-the-counter option clients, RMB298 million was derivative financial liabilities, RMB75 million was staff cost payable, RMB49 million was contract liabilities, and RMB30 million was short-term borrowings. The Group has sufficient resources to repay the aforementioned liabilities.

The Company dynamically monitors the net capital regulatory indicators on a real time basis. A simulation test and stress test will be done on regulatory indicators such as net capital before any material capital investment is made to ensure the Company's ongoing compliance in terms of regulatory indicators.

After taking into consideration of the financial resources available, including current cash flow from operating activities, the Group has enough working capital to meet the capital demand for its business development.

The assets and liabilities held by the Group in foreign currencies are insignificant as compared with the total assets and total liabilities. In terms of the Group's revenue structure, a majority of the business transactions are settled in RMB, and the proportion of income from foreign currency transactions is insignificant. Therefore, the Group does not consider that it is exposed to significant risks associated with foreign exchange rate changes. The Group does not use any derivative financial instruments to hedge the risk of exchange rate changes for now.

VIII. MATERIAL FINANCING OF THE GROUP

The Group did not conduct any material financing during the Reporting Period.

IX. MATERIAL INVESTMENT OF THE GROUP

The Group did not conduct any material investment during the Reporting Period.

As at the date of this report, the Group has no future plan for material investments or acquisition of material capital assets.

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

During the Reporting Period, there was neither acquisition, disposal or replacement of the Group's material assets or business merger, nor any other major off-balance sheet external guarantee, mortgage, pledge, etc., that might affect the Group's financial position and operating results. Other pledged items include: As of 30 June 2024, inventories with a carrying value of RMB30,858,400.00 was pledged to futures exchanges as margin funds (31 December 2023: nil inventory was pledged to futures exchanges as margin funds).

The Group has no contingent liabilities during the Reporting Period.

Management Discussion and Analysis

XI. EMPLOYEES, REMUNERATION POLICIES AND TRAINING

As at the end of the Reporting Period, the Group had a total of 734 employees. During the Reporting Period, the staff cost of the Group amounted to approximately RMB140.2832 million, details of which are set out in note VII.26 to the financial statements of this report. The Group provides employees with a good development platform. As at the end of the Reporting Period, the Group's talent team had excellent ultimate quality, with streamlined and efficient middle and back-office functional teams, professional operation and maintenance R&D technical talents, practical investment and research talents and efficiently empowered business support teams. More than 90% of our employees have bachelor's degree or above, and 78% of employees are under 40, and more than 19% of our employees have investment consulting qualifications. Our staff is full of strong entrepreneurial drive.

The Group has established a relatively complete and competitive system in respect of talent training, employment and incentive under which "a person can be either hired or dismissed, promoted or demoted and paid more or less", providing multiple channels for promotion. We have established a remuneration system which allows management by sequence, links incentives and constraints to performance assessment. This system is competitive as compared with our peers and features fairness within the Group. We have established corresponding remuneration incentive policies for different talents. By introducing a strict performance assessment mechanism, the Group issued more incentives related to excellent employees to fully motivate our employees and improve our operating results constantly. The remuneration of the Group's employees consists of basic salary, performance wage, bonus, allowances subsidies, sales commissions and insurance benefits. Basic salary is determined based on a combination of factors such as job duties, responsibilities, operational scale, salary offered by comparable companies, the area where the employee is located, as well as his/her knowledge and experiences; performance wage and bonuses are flexible pay based on the performance appraisal results of respective department and the relevant employee; sales commissions are commissions payable to sales and service persons as a means to motivate them to generate revenue. The Group enters into labor contracts with each employee to establish employment relationships with them according to applicable laws and regulations of the PRC. The Group has established a well-developed welfare security system, under which we maintain contribution to social insurance schemes (pension insurance, medical insurance, unemployment insurance, work-related injury insurance, etc.) and housing provident fund in full for employees in accordance with the Labor Law of the PRC, the Social Insurance Law of the PRC and the requirements of local rules and regulations. The Group also has established an enterprise annuity system and a supplementary medical system, which further expanded the social security system for employees.

The Group has always attached great importance to the cultivation of talents, and strives to produce a group of enterprising management talents, professional and capable marketing service teams and high-quality functional professionals. During the Reporting Period, the Group continuously put more efforts on building a learning organization according to the needs of business development. By focusing on the extraction and conversion of advanced experience, we increased the number of shared learnings and thematic exchange seminars to improve the training effect. During the Reporting Period, we held 36 daily trainings and produced 37 micro-courses, covering cultural construction, official document writing, rules and regulations learning, anti-money laundering, finance, auditing, new media, information technology, settlement, etc., and continuously expanded the scope of daily training; organized the “Voyage Programme of 2024 – Training of Marketing Service-oriented Deputy General Manager and Assistants to General Manager”, which further strengthened the construction of the team of marketing service-oriented deputy general managers and assistants to general manager of business entities, and improved professional service capabilities and increased sales; organized “special recruitment training” to improve interviewers’ interview practice, increase the recruitment quality and efficiency, which led to a strong breakthrough in talent construction, and contributed to better results of the enhanced high-quality “Three Ones” talent construction project.

XII. POSSIBLE RISKS, UNCERTAINTIES AND COUNTERING MEASURES

(I) Major risks

Major risks that the Group might be exposed to include market risk, credit risk, liquidity risk, operational risk and compliance risk. These risks are caused by various uncertainties in the business activities of the Group.

1. **Market Risk:** the risk of the Group to incur losses due to changes in the prices of securities, futures and bulk commodities or interest rates and exchange rates. The major market risks faced by the Group are the price risks of equity assets, price risks of commodities futures, pricing risks of options, hedging risks and interest rate risks.
2. **Liquidity Risk:** the Group’s capital liquidity risk due to unavailability of sufficient capital to meet the obligations of the liabilities or payment settlement during operation and its trading liquidity risk due to the failure to buy or dispose of options, physical commodities and option contracts at the market prices.
3. **Credit Risk:** the risk of the Group to incur losses due to the unwillingness or failure of a counter-party to timely perform its contractual obligations. The major credit risks that the Group may encounter are default risks and settlement risks.
4. **Operational Risk:** the risk of incurring losses due to a series of non-financial issues, including incomplete internal operation process, staff, system or negative external incidents.
5. **Compliance Risks:** the risk that the Group or its staff may face legal sanction, regulatory measure and self-regulatory punishment and may incur economic losses and reputation harm due to the violation of laws, regulations and self-regulatory rules on the part of our business activities or behavior of our staff.

Management Discussion and Analysis

(II) Counter measures which were taken

1. General Countermeasures

(1) *Establishing a scientific and effective risk management structure*

The Company's Board of Directors is the highest decision-making organ in respect of risk management, with the Risk Control Committee and the Audit Committee in charge of reviewing and auditing major risk matters; the Supervisory Committee is responsible for supervising the Board of Directors in performing its risk management duties; the management is responsible for organizing and carrying out the Company's daily comprehensive risk management; the chief risk officer is responsible for organizing, coordinating and implementing all kinds of comprehensive risk management activities; the compliance and risk control department is the centralized management department in charge of the Company's overall risk management, and is responsible for the implementing specific risk management work and evaluating the effectiveness of such work; other functional departments, branches and risk management subsidiary are responsible for setting up their own compliance and risk control positions respectively, who are responsible for organizing the identifying, assessing, coping with and reporting their own various risks.

(2) *Continuously optimizing the corporate governance structure*

The Company continuously optimizes its corporate governance structure and continuously builds up our corporate governance capacity. The general meeting, the Board of Directors, the Supervisory Committee and the management shall abide by laws and regulations and the relevant provisions of the Articles of Association, and perform their respective duties and play their respective roles, coordinate their operations and effectively check and balance the authority among them. The rules of procedure for the General Meeting, the Board of Directors and the Supervisory Committee, the Articles of Association and other internal regulations conform with the relevant laws and regulations and have been effectively implemented. At the same time, they can be optimized in time according to the Company's development and market changes, and the corporate governance capacity are being continuously improved.

(3) *Consistently improving the overall risk management system*

The Company's risk management covers all departments and subsidiaries in every part of our business and throughout our operations. The Company has established and continuously improved a comprehensive risk management system covering all types of risks, and standardized the risk management procedures. It takes the Company as a whole to organize and carry out risk management by gathering risk information and business data of all branches and subsidiaries for overall risk analysis and management, and centralized monitoring and reporting.

(4) Continuously increasing risk control awareness

The Company puts great emphasis on enhancing risk control awareness and developing risk control capabilities among our staff. Through internal advocating and training, the Company constantly enhances the capabilities of the staff in identifying and preventing risks as well as raising their risk management awareness, and fosters a favorable risk management culture and ensures that the general risk management objectives of the Company are achieved.

2. Countering Measures Against Major Risks

(1) Market Risk

- (i) The Company has established a systematic investment mechanism, and continuously strengthens analysis of the financial market. Prior to commencement of a new investment project, a business unit is required to submit an application to the Company's senior management, conduct due diligence, describe the investment in detail, analyze the potential market risks and possible consequences.
- (ii) The Company adopts diversified capital management strategies to avoid excessive concentration of capital use. We enhance research on interest rate and exchange rate risks to make more forward-looking decisions about capital use, and the relevant decision-making organization will decide whether a plan is feasible using standardized procedures.
- (iii) The Company tracks and monitors all kinds of risk limits using quantitative indicators in the trading and risk control process, to strengthen monitoring of the exposure limit, concentration limits, preset warning lines, stop line and position size. Designated personnel is on duty for monitoring, strengthening risk hedge, in order to reduce the losses resulting from drastic fluctuation and unexpected movement of market price.

Management Discussion and Analysis

(2) Credit Risk

- (i) For credit risks related to the commodity futures and spot transaction and risk management business of risk management subsidiary, the Group has established a client credit evaluation system for assessing the credit ratings of the existing and potential clients based on the appraisal conducted by the Group's risk control personnel and independent third-party, and adjust the credit rating of a client based on the client's financial condition and co-operation experiences with the Group.
- (ii) For credit risks related to the futures brokerage business, the Company conducts risk rating on clients based on their assets, professional knowledge on futures, trading experiences and risk tolerance before entering into futures brokerage contracts with such clients. Accordingly, the Company provides appropriate services to them and implements corresponding risk control measures. The Company requires our clients to maintain margin deposits no less than those required by the PRC Futures Exchanges. When a client's margin deposits falls short, the risk control personnel closes out the position compulsorily in strict compliance with the internal control measures of the Company and with reference to the clients' past trading history and reputation. This measure can control the risk of margin call liquidation while retaining premium clients.

(3) Liquidity Risk

- (i) The Company has established a net capital risk assessment and monitoring system to continuously monitor the Company's net capital and other risk regulatory indicators.
- (ii) The Company strengthens real-time monitoring and management of large amounts of capital in order to achieve centralized fund allocation and coordinated liquidity risk management.
- (iii) The Company conducts a stress test on the risk control indicators on an ad hoc basis by observing and simulating the effects on the major regulatory indicators and the cash flow of the Company under different scenarios, such as drastic fluctuation in market price, material lack of market liquidity or massive changes in macro-economic environment, and works out prevention measures and emergency plans accordingly.
- (iv) The risk management subsidiary of the Company selects those commodities that are actively traded in the spot market for business when conducting commodity trading and risk management business so as to reduce the trading liquidity risk.

(4) Operational Risk

- (i) The Company formulates and strictly implements internal control system and work procedures with written terms covering every business line of the Company, including human resources and administration, brokerage business, intermediaries management, trading, settlement, delivery, compliance and internal control, risk control, legal affairs, anti-money laundering, customer service, financial management, information technology, research and development and investor education, asset management and option business. The Company constantly expands and improves such systems in accordance with the laws and regulations, requirements of self-regulatory rules and the development of new businesses.
- (ii) The Company continuously classifies the risk points of each business line to form a control list, and constantly improves procedures, strengthens accountability. We increased the operational level of our employees in an aim to reduce operational risks caused by internal operating procedures and personnel mistakes. We strictly implemented the reward and punishment measures for units or individuals who cause operational risks or who effectively avoid operational risks, and holds internal self-examination and rectification to avoid the recurrence of similar risks.
- (iii) To avoid employee moral hazard, the Company established open, fair and impartial human-oriented incentives such as remuneration and promotion to provide our staff with a favorable development environment, and to enhance their sense of responsibility and dedication to their duties. We hold trainings about professional ethics, educate employees about operational standards, prohibited transfer of benefits and market manipulation, to reduce possible human operational risks.

Management Discussion and Analysis

(5) Compliance Risk

- (i) The Company has built up a well-structured compliance management system and organizational system, and appointed a chief risk officer who is fully responsible for the risk management, internal control and compliance, etc.
- (ii) The Company has designated compliance and risk control executives in the departments of the headquarters, each branch and the risk management subsidiary to strengthen risk control before the facts and in the course of the facts.
- (iii) The Company has an audit department who periodically inspects the rationality, legitimacy, compliance and effectiveness of the internal control system of the Company, the capital operation and financial revenue and expenditure of each operating entity, the operational procedures of each functional department of the Company and the duty-performance of our personnel.
- (iv) The compliance and risk control department and the audit department of the Company fully discharge their duties under the guidance of the chief risk officer. They have adopted certain measures to reduce compliance risks, including interpreting the latest laws and regulations in a timely manner, conducting compliance training, offering compliance consultation and carrying out compliance monitoring and compliance check, and internal audit, etc.

Corporate Governance Report

The Company is committed to enhancing corporate governance standards and regards it as an integral part of creating values for Shareholders. The Company has established a corporate governance structure comprising "Party Committee, General Meeting, Board of Directors, Supervisory Committee and the Senior Management". The Party Committee of the Company plays a leading role, which provides direction, manages the overall situation and urges policy implementation, and deliberates and decides on major issues of the Company in accordance with relevant rules and regulations. The general meeting is the highest authority of the Company, with the Board of Directors, the Supervisory Committee and the senior management serving as the organs for decision-making, supervision and execution, respectively. The Company firmly believes that a sound corporate governance is important for the Company to pursue standardized and healthy development and guard against major operational risks, and it is crucial to enhance the Company's ability to operate in compliance with laws and regulations. The Board of Directors of the Company attaches great importance to the corporate governance, and enforces internal management in every aspect, effectively strengthens construction of compliance and risk control culture. It takes a series of improvement measures in personnel management and compliance and internal control management and continuously improves the Company's governance to ensure that the Company operates in a sustainable and healthy manner. The Company also adopted the Corporate Governance Code as the Company's corporate governance practice.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has strictly complied with all the code provisions set out in the Corporate Governance Code, and has met the requirements of most of the recommended best practice provisions set out therein.

SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Company has adopted the Model Code as the code for all Directors and Supervisors to conduct transactions of the Company's securities. The Company has also set guidelines, at least as strict as the Model Code, on transactions of the Company's securities for the senior management. The Company has made specific inquiries to all Directors and Supervisors about their compliance with the Model Code, and they all confirmed that they had complied with the standards specified in the Model Code during the Reporting Period. The Company has made specific inquiries to the senior management about their compliance with the guidelines on transactions of the Company's securities, and the Company did not notice any violation of the guidelines during the Reporting Period.

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 Rule 3.10 of the Listing Rules. As at the end of the Reporting Period, the three independent non-executive Directors of the Company were Mr. Zheng Jianping, Mr. Chen Hua and Mr. Luo Xinhua.

Corporate Governance Report

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules. The primary responsibilities of the Audit Committee are overseeing and evaluating the work performed by the external auditor; directing the work of the internal auditor; reviewing and expressing opinions on the Company's financial report; evaluating the effectiveness of the internal controls; coordinating the communication between the management, internal auditor and related departments and the external auditor; performing the duties of control and routine management of connected transactions of the Company; and other duties as assigned by the Board and other things as required by the relevant laws and regulations.

The Audit Committee consists of four Directors: Mr. Luo Xinhua (independent non-executive Director), Mr. Zheng Jianping (independent non-executive Director), Mr. Chen Hua (independent non-executive Director) and Ms. Wang Hui (non-executive Director). Mr. Luo Xinhua currently serves as the chairman of the Audit Committee.

On 28 August 2024, the Audit Committee has reviewed and confirmed the Company's interim results announcement 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 China Accounting Standards for Business Enterprises.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the Group's consolidated financial statements for the six months ended 30 June 2024. The financial information set out in this interim report is unaudited.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 8 August 2024, the Company paid all the final dividends for the year ended 31 December 2023.

Save as disclosed above, up to the date of this report, the Company has no other significant events after the Reporting Period.

SHARE CAPITAL

As at the end of the Reporting Period, the total share capital of the Company was RMB1,001,900,000, divided into 1,001,900,000 Shares (including 724,810,000 Domestic Shares and 277,090,000 H Shares) with a nominal value of RMB1.00 each.

PUBLICATION OF INTERIM RESULTS

The announcement of the interim results of the Company for the six months ended 30 June 2024 was published on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.ztqh.com) on 28 August 2024.

INTERIM DIVIDEND

When reviewing the interim results of Group for the six months ended 30 June 2024, the Board of Directors did not have any proposal of profit distribution.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company (including sale of treasury shares).

At the end of the Reporting Period, the Company did not hold any treasury shares.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register referred to therein pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, to the knowledge of the Directors, the interests or short positions of the following persons (which are not Directors, Supervisors or chief executive of the Company) in the Shares or underlying Shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Name of Shareholder	Class of Shares	Capacity	Number of Shares held	Approximate percentage of the total issued Shares	Approximate percentage of shareholding in the relevant class of Shares
Zhongtai Securities Co., Ltd. (formerly known as Qilu Securities Co., Ltd.) ⁽¹⁾	Domestic Shares	Beneficial owner	632,176,078 (long position)	63.10%	87.22%
Shandong Energy Group Co., Ltd. ⁽¹⁾	Domestic Shares	Interest of controlled corporation	632,176,078 (long position)	63.10%	87.22%
CM International Capital Limited ⁽²⁾	H Shares	Beneficial owner	18,211,000 (long position)	1.82%	6.57%
CMIG International Capital Limited (中民投國際資本有限公司) ⁽²⁾	H Shares	Interest of controlled corporation	18,211,000 (long position)	1.82%	6.57%
China Minsheng Investment Group Corp., Ltd. (中國民生投資股份有限公司) ⁽²⁾	H Shares	Interest of controlled corporation	18,211,000 (long position)	1.82%	6.57%
Xu Guiqin	H Shares	Beneficial owner	18,276,000 (long position)	1.82%	6.59%

The calculation above is based on 724,810,000 Domestic Shares and 277,090,000 H Shares (1,001,900,000 Shares in total) issued by the Company as at 30 June 2024.

Notes:

- 1 Shandong Energy Group Co., Ltd. indirectly holds 36.09% equity interest in Zhongtai Securities Co., Ltd. through its wholly-owned subsidiaries Xinwen Mining Group Co., Ltd. and Zaozhuang Mining (Group) Co., Ltd., and therefore, Shandong Energy Group Co., Ltd. is deemed to be interested in 632,176,078 (long position) Domestic Shares of the Company held by Zhongtai Securities Co., Ltd. for the purpose of Part XV of the SFO.
- 2 CM International Capital Limited directly holds 18,211,000 (long position) H Shares of the Company. According to the form of disclosure of interest submitted by China Minsheng Investment Group Corp., Ltd. (中國民生投資股份有限公司) to the Hong Kong Stock Exchange on 4 October 2018, CMIG International Capital Limited (中民投國際資本有限公司) holds 100% of the equity interest in CM International Capital Limited, and China Minsheng Investment Group Corp., Ltd. (中國民生投資股份有限公司) and CMI Financial Holding Corporation (a company wholly-owned by CMIG Asia Asset Management Co., Ltd. (中民投亞洲資產管理有限公司, which is wholly-owned by China Minsheng Investment Group Corp., Ltd. (中國民生投資股份有限公司)), hold 31.5% and 68.5% of equity interests in CMIG International Capital Limited (中民投國際資本有限公司), respectively. Therefore, China Minsheng Investment Group Corp., Ltd. (中國民生投資股份有限公司), CMIG Asia Asset Management Co., Ltd. (中民投亞洲資產管理有限公司), CMI Financial Holding Corporation and CMIG International Capital Limited (中民投國際資本有限公司) are deemed to be interested in the 18,211,000 (long position) H Shares of the Company held by CM International Capital Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person (except for Directors, Supervisors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CHANGES OF INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE AND UPDATED INFORMATION

As at the end of the Reporting Period, save as disclosed below, there was no change to the information about the Directors, Supervisors and chief executive of the Company which are required to be disclosed under Rule 13.51B of the Listing Rules.

Directors

On 22 February 2024, at the first extraordinary general meeting of 2024 of the Company, Mr. Liu Qingbin was elected as an executive Director of the fourth session of the Board of Directors of the Company. The appointment took effect from 22 February 2024. Mr. Hu Kainan ceased to serve as a non-executive Director of the Company with effect from 22 February 2024 due to other work commitments.

Mr. Liu Feng ceased to serve as a supervisor of Yunding Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000409.SZ) with effect from May 2024.

On 27 June 2024, at the 2023 annual general meeting of the Company, Ms. Wang Hui was elected as a non-executive Director of the fourth session of the Board of Directors of the Company. The appointment took effect from 27 June 2024. Mr. Liu Feng ceased to serve as a non-executive Director of the Company with effect from 27 June 2024 due to other work commitments.

Ms. Wang Hui has been a director of Rizhao Port Shandong Steel Terminal Co., Ltd* (日照港山鋼碼頭有限公司) since June 2024.

* For identification purpose only

Review Report



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XYZH/2024JNAA1B0398

Zhongtai Futures Company Limited

To all the shareholders of Zhongtai Futures Company Limited:

We have reviewed the accompanying financial statements of Zhongtai Futures Company Limited (hereinafter referred to as the “Zhongtai Futures Company” or the “Company”), including the Consolidated and Parent Company’s Balance Sheet as at June 30th, 2024, the Consolidated and Parent Company’s Income Statement, Consolidated and Parent Company’s Cash Flow Statement, Consolidated Statement of Changes in Shareholders’ Equity and Parent Company’s Statement of Changes in Shareholders’ Equity, and Notes to the Financial Statements for the period January to June 2024. The preparation and fair presentation of these financial statements is the responsibility of the Management of Zhongtai Futures Company and our responsibility is to issue a review report on these financial statements based on our review work performed.

We performed our review in accordance with *Chinese Certified Public Accountant Review Standard No. 2101 – Review of Financial Statements*. The standard requires that we plan and perform a review to obtain limited assurance about whether the financial statements are free from material misstatement. The review is limited primarily to making enquiries of persons in the Company and performing analytical procedures on financial data and provides a lesser degree of assurance than an audit. We did not perform an audit and, accordingly, do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with the provisions of the ASBE and do not present fairly the Consolidated and Parent Company’s financial position as at June 30th, 2024 and the Consolidated and Parent Company’s results of operations and cash flows for the period January to June 2024.

ShineWing Certified Public Accountants (LLP)

Chinese Certified Public Accountant: WANG Gongyong

Chinese Certified Public Accountant: LYU Yulei

Beijing, China August 28th, 2024

Consolidated Balance Sheet

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Assets	Note	30th June, 2024	31st December, 2023
Assets:			
Cash and cash equivalents	VII. 1	20,595,079,691.19	18,818,465,172.73
Including: Futures margin deposits		19,822,611,448.65	18,311,428,504.24
Settlement provisions	VII. 2	16,032,614.35	1,623,501.24
Currency margin receivable	VII. 3	8,072,225,184.12	6,652,576,409.65
Pledge margin receivable	VII. 4	2,618,910,984.80	2,288,708,936.00
Settlement guarantees receivable	VII. 5	58,521,586.44	61,112,209.64
Risk loss receivables	VII. 6	445,057.26	531,192.61
Handling fees and commission receivables		12,777.26	68,814.35
Receivables	VII. 7	459,707,881.21	464,431,759.53
Inventories	VII. 8	93,616,366.28	37,101,394.75
Contract assets	VII. 9	13,573,658.38	30,227,821.96
Buying back the sale of financial assets	VII. 10	65,692,493.95	319,422,830.82
Financial assets held for trading	VII. 11	1,393,987,442.09	1,127,762,719.70
Investments in other equity instruments	VII. 13	1,400,000.00	1,400,000.00
Long-term equity investments	VII. 14	44,322,984.77	43,262,218.99
Investment properties			
Fixed assets	VII. 15	48,098,498.36	47,224,677.82
Construction in progress			
Right-of-use assets	VII. 16	27,663,807.11	28,743,027.37
Intangible assets	VII. 17	17,211,425.74	14,496,512.24
Goodwill			
Deferred tax assets	VII. 18	32,296,337.94	8,734,772.40
Other assets	VII. 19	140,636,501.01	180,495,262.98
Total assets		33,699,435,292.26	30,126,389,234.78

Consolidated Balance Sheet

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Liabilities and owners' equity	Note	30th June, 2024	31st December, 2023
Liabilities:			
Short-term loans	VII. 20	30,030,833.33	20,723,402.50
Acting trading securities	VII. 21	16,813,359.08	3,934,663.15
Currency margin payable	VII. 22	26,501,059,262.05	23,138,021,657.15
Pledge margin payable	VII. 23	2,618,910,984.80	2,288,708,936.00
Financial liabilities held for trading	VII. 12	297,941,760.92	174,479,228.35
Futures risk reserves	VII. 24	184,537,068.48	175,922,356.78
Futures investors' security funds payable	VII. 25	512,419.97	873,243.90
Employee benefits payable	VII. 26	75,263,311.41	70,783,689.67
Notes payable	VII. 27	7,800,000.00	80,347,520.00
Taxes payable	VII. 28	5,003,968.82	4,314,715.17
Payables	VII. 29	1,245,141,690.17	1,488,791,603.91
Contract liabilities	VII. 30	48,815,737.58	26,491,204.51
Lease liabilities	VII. 31	27,675,757.02	29,391,476.28
Provisions	VII. 32	25,941.06	59,343.00
Deferred tax liabilities	VII. 18	14,048,141.56	3,179,111.88
Other liabilities	VII. 33	78,835,488.29	60,076,369.97
Total liabilities		31,152,415,724.54	27,566,098,522.22
Owners' equity:			
Share capital	VII. 34	1,001,900,000.00	1,001,900,000.00
Other equity instruments Including: Preferred shares Perpetual bonds			
Capital reserves	VII. 35	661,934,066.94	661,934,066.94
Less: Treasury share			
Other comprehensive income	VII. 36	2,316,562.20	2,151,975.26
Surplus reserves	VII. 37	112,633,923.22	112,633,923.22
General risk reserve	VII. 38	137,628,972.73	137,628,972.73
Undistributed profits	VII. 39	630,606,042.63	644,041,774.41
Total owners' equity attributable to the parent company		2,547,019,567.72	2,560,290,712.56
Non-controlling interests			
Total owners' equity		2,547,019,567.72	2,560,290,712.56
Total liabilities and owners' equity		33,699,435,292.26	30,126,389,234.78

Parent Company's Balance Sheet

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Assets	Note	30th June, 2024	31st December, 2023
Assets:			
Cash and cash equivalents	XVIII. 1	20,261,403,745.07	18,704,250,376.58
Including: Futures margin deposits		19,822,611,448.65	18,311,428,504.24
Settlement provisions		16,032,614.35	1,623,501.24
Currency margin receivable		8,065,691,184.12	6,652,576,409.65
Pledge margin receivable		2,618,910,984.80	2,288,708,936.00
Settlement guarantees receivable		58,521,586.44	61,112,209.64
Risk loss receivables		445,057.26	531,192.61
Handling fees and commission receivables		12,777.26	68,814.35
Receivables		3,872,224.26	10,563,876.78
Inventories			
Contract assets		13,573,658.38	30,227,821.96
Buying back the sale of financial assets		27,513,000.00	200,159,669.92
Financial assets held for trading		857,987,214.86	796,884,825.38
Investments in other equity instruments		1,400,000.00	1,400,000.00
Long-term equity investments	XVIII. 2	781,577,508.00	781,577,508.00
Investment properties			
Fixed assets		46,662,031.03	45,747,784.43
Construction in progress			
Right-of-use assets		23,738,587.28	23,313,641.06
Intangible assets		17,907,517.35	15,227,158.86
Goodwill			
Deferred tax assets			
Other assets		38,740,088.44	50,933,722.87
Total assets		32,833,989,778.90	29,664,907,449.33

Parent Company's Balance Sheet

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Liabilities and owners' equity	Note	30th June, 2024	31st December, 2023
Liabilities:			
Acting trading securities		16,813,359.08	3,934,663.15
Currency margin payable		27,261,941,187.25	24,465,515,906.03
Pledge margin payable		2,618,910,984.80	2,288,708,936.00
Financial liabilities held for trading			
Futures risk reserves		184,537,068.48	175,922,356.78
Futures investors' security funds payable		512,419.97	873,243.90
Employee benefits payable	XVIII. 3	56,364,308.96	54,774,519.17
Notes payable			
Taxes payable		4,497,955.85	3,582,756.73
Payables		31,319,920.14	104,524,033.64
Contract liabilities			
Lease liabilities		23,490,710.51	23,665,786.37
Provisions		25,941.06	59,343.00
Deferred tax liabilities		14,048,141.56	3,178,614.42
Other liabilities		27,851,968.55	12,417,169.14
Total liabilities		30,240,313,966.21	27,137,157,328.33
Owners' equity:			
Share capital		1,001,900,000.00	1,001,900,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves		650,629,528.42	650,629,528.42
Less: Treasury share			
Other comprehensive income			
Surplus reserves		112,633,923.22	112,633,923.22
General risk reserve		137,628,972.73	137,628,972.73
Undistributed profits		690,883,388.32	624,957,696.63
Total owners' equity		2,593,675,812.69	2,527,750,121.00
Total liabilities and owners' equity		32,833,989,778.90	29,664,907,449.33

Consolidated Income Statement

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Note	January-June 2024	January-June 2023
I. Operating income		833,197,095.33	823,380,391.66
Net handling fees and commission income	VII. 40	159,883,809.41	174,697,889.62
Net interest income	VII. 41	133,689,734.56	108,250,801.86
Investment income (Loss marked with "-")	VII. 42	-133,535,498.57	-20,068,492.33
Including: Investment income from associates and joint ventures		1,060,765.78	-3,946.08
Gains from changes in fair value (Loss marked with "-")	VII. 43	91,834,420.61	35,968,714.25
Exchange earnings (Loss marked with "-")		-109,464.26	-476,749.14
Other operation income	VII. 44	581,113,056.38	524,052,897.10
Gains on disposal of assets (Loss marked with "-")		-8,350.53	229,794.91
Other income	VII. 45	329,387.73	725,535.39
II. Operating expenses		828,524,433.87	727,981,668.79
Expenditure on provision for futures risk	VII. 46	8,614,711.70	9,251,014.98
Taxes and surcharges	VII. 47	1,118,260.88	1,606,796.21
Business and management fees	VII. 48	223,451,922.10	200,466,283.06
Credit impairment loss	VII. 49	-107,143.11	-162,893.83
Impairment losses on assets	VII. 50	102,713.34	
Other business costs	VII. 51	595,343,968.96	516,820,468.37
III. Operating profit (Loss marked with "-")		4,672,661.46	95,398,722.87
Add: Non-operating income	VII. 52	526,455.06	8,666.63
Less: Non-operating expenses	VII. 53	3,381,885.53	1,532,610.30
IV. Total profits (Total losses marked with "-")		1,817,230.99	93,874,779.20
Less: Income tax expenses	VII. 54	1,226,362.77	25,743,110.96
V. Net profits		590,868.22	68,131,668.24
(I) Classified by business continuity:		590,868.22	68,131,668.24
1. Net profits from continuing operations (Net losses marked with "-")		590,868.22	68,131,668.24
2. Net profits from discontinued operations (Net losses marked with "-")			
(II) Classified by ownership:		590,868.22	68,131,668.24
1. Net profit attributable to shareholders of the parent company (Net losses marked with "-")		590,868.22	68,131,668.24
2. Profit or loss of minority shareholders (Net losses marked with "-")			

Consolidated Income Statement

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Note	January-June 2024	January-June 2023
VI. Net after-tax amount of other comprehensive income		164,586.94	727,301.06
Net after-tax amount of other comprehensive income attributable to shareholders of the parent company		164,586.94	727,301.06
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income not converted into profit or loss under the equity method			
3. Fair value changes of investments in other equity instruments			
4. Fair value changes of enterprise's own credit risks			
(II) Other comprehensive income to be reclassified to profit or loss		164,586.94	727,301.06
1. Other comprehensive income available for transfer to profit or loss under the equity method			
2. Fair value changes of other debt instruments			
3. Amount reclassified from financial assets to other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserves			
6. Translation difference of foreign currency statements		164,586.94	727,301.06
Net after-tax amount of other comprehensive income attributable to minority shareholders			
VII. Total comprehensive income		755,455.16	68,858,969.30
Total comprehensive income attributable to shareholders of the parent company		755,455.16	68,858,969.30
Total comprehensive income attributable to minority shareholders			
VIII. Earnings per share			
(I) Basic earnings per share	VII. 57	0.0006	0.0680
(II) Diluted earnings per share		0.0006	0.0680

Parent Company's Income Statement

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Note	January-June 2024	January-June 2023
I. Operating income		319,996,344.25	311,252,244.22
Net handling fees and commission income	XVIII. 4	172,421,669.98	184,919,253.31
Net interest income		120,268,953.72	108,540,931.65
Investment income (Loss marked with "-")	XVIII. 5	10,437,205.66	-6,529,032.82
Including: Investment income from associates and joint ventures			
Gains from changes in fair value (Loss marked with "-")		13,681,100.31	18,810,347.88
Exchange earnings (Loss marked with "-")		821.67	3,644.26
Other operation income		3,001,242.64	4,644,045.00
Gains on disposal of assets (Loss marked with "-")		-8,350.53	229,870.94
Other income		193,700.80	633,184.00
II. Operating expenses		211,914,607.22	200,790,074.63
Expenditure on provision for futures risk		8,614,711.70	9,251,014.98
Taxes and surcharges		760,830.83	713,715.32
Business and management fees	XVIII. 6	202,646,207.80	191,167,455.36
Credit impairment loss		-107,143.11	-342,111.03
Impairment losses on assets			
Other business costs			
III. Operating profit (Loss marked with "-")		108,081,737.03	110,462,169.59
Add: Non-operating income		113.55	2,165.20
Less: Non-operating expenses		3,381,620.97	1,526,385.58
IV. Total profits (Total losses marked with "-")		104,700,229.61	108,937,949.21
Less: Income tax expenses		24,747,937.92	29,418,384.89
V. Net profits (Net losses marked with "-")		79,952,291.69	79,519,564.32
(I) Net profits from continuing operations (Net losses marked with "-")		79,952,291.69	79,519,564.32
(II) Net profits from discontinued operations (Net losses marked with "-")			

Parent Company's Income Statement

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Note	January-June 2024	January-June 2023
VI. Net after-tax amount of other comprehensive income			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Remeasurement of changes in defined benefit plans			
2. Other comprehensive income not converted into profit or loss under the equity method			
3. Fair value changes of investments in other equity instruments			
4. Fair value changes of enterprise's own credit risks			
(II) Other comprehensive income to be reclassified to profit or loss			
1. Other comprehensive income available for transfer to profit or loss under the equity method			
2. Fair value changes of other debt instruments			
3. Amount reclassified from financial assets to other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserves			
6. Translation difference of foreign currency statements			
VII. Total comprehensive income		79,952,291.69	79,519,564.32

Consolidated Cash Flow Statement

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Note	January-June 2024	January-June 2023
I. Cash flows arising from operating activities:			
Net decrease of financial assets held for trading purposes			32,008,039.39
Cash received from interest, handling fees and commission		560,138,886.46	474,239,648.10
Cash received related to other operating activities		4,310,671,773.39	2,151,767,006.30
Subtotal of cash inflows from operating activities		4,870,810,659.85	2,658,014,693.79
Net increase of financial assets held for trading purposes		47,462,355.09	
Cash paid for interest, handling fees and commission		180,450,844.71	113,216,989.24
Cash paid to and for employees		137,546,606.58	150,376,885.08
Business and management fees paid in cash		68,747,819.69	59,626,021.73
Taxes paid		31,132,012.90	93,500,786.44
Cash paid related to other operating activities		2,608,341,445.54	1,932,572,698.24
Subtotal of cash outflows from operating activities		3,073,681,084.51	2,349,293,380.73
Net cash flows from operating activities		1,797,129,575.34	308,721,313.06
II. Cash flows arising from investing activities:			
Cash received from disinvestment			5,000,000.00
Cash received from the return of investment		269,509.18	222,783.80
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		29,718.48	247,461.80
Cash received related to other investing activities			
Subtotal of cash inflows from investing activities		299,227.66	5,470,245.60
Cash paid for investment			
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		16,943,641.07	1,138,442.48
Net cash paid by subsidiaries and other business units			
Cash paid related to other investing activities			
Subtotal of cash outflows from investing activities		16,943,641.07	1,138,442.48
Net cash flows from investing activities		-16,644,413.41	4,331,803.12
III. Cash flows from financing activities:			
Cash received from external investment			
Including: The subsidiary received cash from non-controllings' investment			
Cash received from loans granted		60,000,000.00	46,878,432.03
Cash received from issuing bonds			
Cash received related to other financing activities			
Subtotal of cash inflows from financing activities		60,000,000.00	46,878,432.03
Payment of debt in cash		50,700,000.00	10,000,000.00
Cash used to pay dividends, profits, or interest payments		515,338.53	12,403,565.42
Including: Dividends and profits paid to non-controlling interests by subsidiaries			
Cash paid related to other financing activities		14,988,344.57	1,038,779.38
Subtotal of cash outflows from financing activities		66,203,683.10	23,442,344.80
Net cash flows from financing activities		-6,203,683.10	23,436,087.23

Consolidated Cash Flow Statement

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Note	January-June 2024	January-June 2023
IV. Impact of exchange rate fluctuations on cash and cash equivalents		4,521.20	30,618.37
V. Net increase in cash and cash equivalents	VII. 55	1,774,286,000.03	336,519,821.78
Add: Opening balance of cash and cash equivalents	VII. 55	18,422,813,316.08	15,830,763,403.92
VI. Closing balance of cash and cash equivalents	VII. 55	20,197,099,316.11	16,167,283,225.70

Parent Company's Cash Flow Statement

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Note	January-June 2024	January-June 2023
I. Cash flows arising from operating activities:			
Net decrease of financial assets held for trading purposes			32,008,039.39
Cash received from interest, handling fees and commission		557,651,753.88	468,740,581.44
Cash received related to other operating activities		2,995,371,949.13	1,135,936,056.81
Subtotal of cash inflows from operating activities		3,553,023,703.01	1,636,684,677.64
Net increase of financial assets held for trading purposes		46,984,083.51	
Cash paid for interest, handling fees and commission		170,393,655.79	110,265,033.84
Cash paid to and for employees		115,958,381.27	123,295,692.90
Business and management fees paid in cash		66,147,642.16	63,033,400.30
Taxes paid		30,443,939.36	58,736,109.72
Cash paid related to other operating activities		1,582,666,909.10	794,500,481.64
Subtotal of cash outflows from operating activities		2,012,594,611.19	1,149,830,718.40
Net cash flows from operating activities		1,540,429,091.82	486,853,959.24
II. Cash flows arising from investing activities:			
Cash received from disinvestment			
Cash received from the return of investment		10,000,000.00	
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		29,718.48	229,870.94
Cash received related to other investing activities			
Subtotal of cash inflows from investing activities		10,029,718.48	229,870.94
Cash paid for investment			
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets		16,819,541.07	1,097,842.48
Net cash paid by subsidiaries and other business units			
Cash paid related to other investing activities			
Subtotal of cash outflows from investing activities		16,819,541.07	1,097,842.48
Net cash flows from investing activities		-6,789,822.59	-867,971.54
III. Cash flows from financing activities:			
Cash received from external investment			
Cash received from loans granted			
Cash received from issuing bonds			
Cash received related to other financing activities			
Subtotal of cash inflows from financing activities			
Payment of debt in cash			
Cash used to pay dividends, profits, or interest payments			
Cash paid related to other financing activities		14,988,344.57	
Subtotal of cash outflows from financing activities		14,988,344.57	
Net cash flows from financing activities		-14,988,344.57	

Parent Company's Cash Flow Statement

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Note	January-June 2024	January-June 2023
IV. Impact of exchange rate fluctuations on cash and cash equivalents		821.67	3,644.26
V. Net increase in cash and cash equivalents		1,518,651,746.33	485,989,631.96
Add: Opening balance of cash and cash equivalents		18,348,849,852.74	15,358,019,965.71
VI. Closing balance of cash and cash equivalents		19,867,501,599.07	15,844,009,597.67

Consolidated Statement of Changes in Owners' Equity

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	January-June 2024											
	Equity attributable to shareholders of the parent company										Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury share	Other comprehensive income	Surplus reserves	General risk reserve	Undistributed profits		Non-controlling interests
Preferred shares		Perpetual bonds	Others									
I. Balance before adjustments as of December 31st, 2023	1,001,900,000.00				661,934,066.94		2,151,975.26	112,633,923.22	137,628,972.73	644,041,774.41		2,560,290,712.56
Add: Changes in accounting policies												
Correction of prior-period errors												
Others												
II. Adjusted balance as of January 1st, 2024	1,001,900,000.00				661,934,066.94		2,151,975.26	112,633,923.22	137,628,972.73	644,041,774.41		2,560,290,712.56
III. Movement for current period							164,586.94			-13,435,731.78		-13,271,144.84
1. Total comprehensive income							164,586.94			590,888.22		755,455.16
2. Shareholder's inputs and decreases in capital												
(1) Ordinary shares invested by shareholders												
(2) Other equity instrument holder's investment												
(3) Amount of share-based payments included in shareholder's equity												
(4) Others												
3. Profit distribution										-14,026,600.00		-14,026,600.00
(1) Appropriation of surplus reserve												
(2) Extraction of general risk reserve												
(3) Distribution to shareholders										-14,026,600.00		-14,026,600.00
(4) Others												
4. Internal carry-forward of shareholders' equity												
(1) Conversion of capital reserve into share capital												
(2) Conversion of surplus reserve into share capital												
(3) Recover of loss by surplus reserve												
(4) Changes in defined benefit plans carried forward to retained earnings												
(5) Other comprehensive income carried forward to retained earnings												
(6) Others												
5. Others												
IV. Balance as of June 30th, 2024	1,001,900,000.00				661,934,066.94		2,316,562.20	112,633,923.22	137,628,972.73	630,606,042.63		2,547,019,567.72

Consolidated Statement of Changes in Owners' Equity

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	January-June 2023											Total shareholders' equity
	Equity attributable to shareholders of the parent company				Surplus reserves	General risk reserve	Undistributed profits	Non-controlling interests				
	Share capital	Preferred shares	Other equity instruments Perpetual bonds	Others								
I. Balance before adjustments as of December 31st, 2022	1,001,900,000.00			661,934,066.94		1,829,585.72	99,583,860.34	124,578,909.65	552,372,922.16			2,442,199,345.01
Add: Changes in accounting policies							-35.32	-35.32	80,624.90			80,554.26
Correction of prior-period errors												
Others												
II. Adjusted balance as of January 1st, 2023	1,001,900,000.00			661,934,066.94		1,829,585.72	99,583,825.02	124,578,874.53	552,453,547.06			2,442,279,899.27
III. Movement for current period						727,301.06			52,101,268.24			52,828,569.30
1. Total comprehensive income						727,301.06			68,131,668.24			68,858,969.30
2. Shareholder's inputs and decreases in capital												
(1) Ordinary shares invested by shareholders												
(2) Other equity instrument holder's investment												
(3) Amount of share-based payments included in shareholder's equity												
(4) Others												
3. Profit distribution									-16,030,400.00			-16,030,400.00
(1) Appropriation of surplus reserve												
(2) Extraction of general risk reserve												
(3) Distribution to shareholders									-16,030,400.00			-16,030,400.00
(4) Others												
4. Internal carry-forward of shareholders' equity												
(1) Conversion of capital reserve into share capital												
(2) Conversion of surplus reserve into share capital												
(3) Recover of loss by surplus reserve												
(4) Changes in defined benefit plans carried forward to retained earnings												
(5) Other comprehensive income carried forward to retained earnings												
(6) Others												
5. Others												
IV. Balance as of June 30th, 2023	1,001,900,000.00			661,934,066.94		2,556,886.78	99,583,825.02	124,578,874.53	604,554,815.30			2,495,108,468.57

Parent Company's Statement of Changes in Owners' Equity

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	January-June 2024										Total shareholders' equity
	Share capital	Preferred shares	Other equity instruments		Capital reserves	Less: Treasury share	Other comprehensive income	Surplus reserves	General risk reserve	Undistributed profits	
I. Balance before adjustments as of December 31st, 2023	1,001,900,000.00				650,629,528.42			112,633,923.22	137,628,972.73	624,957,696.63	2,527,750,121.00
Add: Changes in accounting policies											
Correction of prior-period errors											
Others											
II. Adjusted balance as of January 1st, 2024	1,001,900,000.00				650,629,528.42			112,633,923.22	137,628,972.73	624,957,696.63	2,527,750,121.00
III. Movement for current year										65,925,691.69	65,925,691.69
1. Total comprehensive income										79,952,291.69	79,952,291.69
2. Shareholder's inputs and decreases in capital											
(1) Ordinary shares invested by shareholders											
(2) Other equity instrument holder's investment											
(3) Amount of share-based payments included in shareholder's equity											
(4) Others											
3. Profit distribution										-14,026,600.00	-14,026,600.00
(1) Appropriation of surplus reserve											
(2) Extraction of general risk reserve											
(3) Distribution to shareholders										-14,026,600.00	-14,026,600.00
(4) Others											
4. Internal carry-forward of shareholders' equity											
(1) Conversion of capital reserve into share capital											
(2) Conversion of surplus reserve into share capital											
(3) Recover of loss by surplus reserve											
(4) Changes in defined benefit plans carried forward to retained earnings											
(5) Other comprehensive income carried forward to retained earnings											
(6) Others											
5. Others											
IV. Balance as of June 30th, 2024	1,001,900,000.00				650,629,528.42			112,633,923.22	137,628,972.73	690,883,388.32	2,593,675,812.69

Parent Company's Statement of Changes in Owners' Equity

Prepared by: Zhongtai Futures Company Limited

Currency: RMB Yuan

Item	Share capital	Other equity instruments			January-June 2023			Surplus reserves	General risk reserve	Undistributed profits	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury share	Other comprehensive income				
I. Balance before adjustments as of December 31st, 2022	1,001,900,000.00				650,629,528.42			99,583,860.34	124,578,909.85	536,587,593.62	2,413,279,892.23
Add: Changes in accounting policies								-35.32	-35.32	-282.60	-353.24
Correction of prior-period errors											
Others											
II. Adjusted balance as of January 1st, 2023	1,001,900,000.00				650,629,528.42			99,583,825.02	124,578,874.53	536,587,311.02	2,413,279,538.99
III. Movement for current year										63,489,164.32	63,489,164.32
1. Total comprehensive income										79,519,564.32	79,519,564.32
2. Shareholder's inputs and decreases in capital											
(1) Ordinary shares invested by shareholders											
(2) Other equity instrument holder's investment											
(3) Amount of share-based payments included in shareholder's equity											
(4) Others											
3. Profit distribution										-16,030,400.00	-16,030,400.00
(1) Appropriation of surplus reserve											
(2) Extraction of general risk reserve											
(3) Distribution to shareholders										-16,030,400.00	-16,030,400.00
(4) Others											
4. Internal carry-forward of shareholders' equity											
(1) Conversion of capital reserve into share capital											
(2) Conversion of surplus reserve into share capital											
(3) Recover of loss by surplus reserve											
(4) Changes in defined benefit plans carried forward to retained earnings											
(5) Other comprehensive income carried forward to retained earnings											
(6) Others											
5. Others											
IV. Balance as of June 30th, 2023	1,001,900,000.00				650,629,528.42			99,583,825.02	124,578,874.53	600,076,475.34	2,476,768,703.31

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

I. General information about the Company

Zhongtai Futures Company Limited (formerly known as Shandong Quanxin Futures Brokerage Co., Ltd.) was incorporated in June 1995 by Jinan Chemical Light Group Corporation, Jinan Economic Development Corporation, Shandong Province Resources Development Corporation, and Jinan Shizhong Cereals and Oils Trading Company, with a joint investment of RMB10.2 million. In October 1997, Jinan Chemical Light Group Corporation transferred its shareholding to Jinan Economic and Trade Industrial Investment Corporation. Jinan Shizhong Cereals and Oils Trading Company transferred its shareholding to Jinan Economic Development Corporation. In May 2000 and June 2004, Jinan Energy Sources Investment Co., Ltd. increased its capital contribution to the company by RMB20 million and RMB620,000 respectively, and the company's registered capital was RMB30.82 million after the two capital increases.

On December 31st, 2006, Shandong Quanxin Futures Brokerage Co., Ltd. increased two additional shareholders, Qilu Securities Co., Ltd. (now renamed as Zhongtai Securities Co., Ltd., hereinafter referred to as "Zhongtai Securities") and Shandong New Mine Investment Holding Group Co., Ltd., the registered capital increased to RMB50 million, and in February 2007, changed its name to Luzheng Futures Brokerage Co., Ltd. In August 2007, Luzheng Futures Brokerage Co., Ltd. increased its capital by RMB150 million; accordingly, its registered capital after the increase was RMB200 million, and in December 2007, it changed its name to Luzheng Futures Co., Ltd.

In November 2008, according to the Agreement on Free Transfer of Equity of Luzheng Futures Co., Ltd. and the shareholders' meeting resolution of LQGJZ [2008] No. 3 of Luzheng Futures Co., Ltd., Jinan Economic Development Corporation and Jinan Economic and Trade Industrial Investment Corporation free transferred their shareholdings to Jinan Energy Sources Investment Co., Ltd.

In February 2010, Shandong New Mine Investment Holding Group Co., Ltd. transferred its 8.33% equity interest in Luzheng Futures Co., Ltd. with a total of RMB16.66 million, to Zhongtai Securities. On March 8th, 2010, Zhongtai Securities acquired all equity interest in Luzheng Futures Co., Ltd. held by Shandong Resources Development Corporation.

In May 2010, after the approval by the China Securities Regulatory Commission (hereinafter referred to as "CSRC") by ZJXK [2010] No. 602, Luzheng Futures Co., Ltd. additional increased its registered capital by RMB203,623,800, then the total registered capital being RMB403,623,800. In June 2011, with the approval of CSRC by ZJXK [2011] No. 859, Luzheng Futures Co., Ltd. increased its registered capital by RMB116,376,200, then its total registered capital was RMB520 million.

In September 2012, Luzheng Futures Co., Ltd. had an increased registered capital of RMB120 million, of which the original shareholders, Zhongtai Securities and Jinan Energy Sources Investment Co., Ltd., subscribed RMB50 million in proportion to their original holdings, the remaining additional registered capital of RMB70 million was subscribed by the new shareholders, Yongfeng Group Co., Ltd. (hereinafter referred to as "Yongfeng Group"), Shandong State-owned Assets Investment Holding Co., Ltd., Shandong Linglong Rubber Co., Ltd. and Yantai Shengli Investment Co., Ltd.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

I. General information about the Company (Continued)

In December 2012, according to the Proposal on Overall Change of Luzheng Futures Co., Ltd. to a Joint Stock Company, adopted in the resolution of the fifth extraordinary shareholders' meeting of 2012 of Luzheng Futures Co., Ltd., and the Approval of the Overall Change of Luzheng Futures Co., Ltd. to a Joint Stock Company, approved by the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government, the audited net assets of Luzheng Futures Co., Ltd., as of September 30th, 2012, was converted into shares, and the Luzheng Futures Co., Ltd. was converted into Luzheng Futures Company Limited (hereinafter referred to as "the Company" or "Company"). After this restructuring, the share capital of the Company was RMB750 million. The Company obtained the business license as a legal person with the No. 91370000614140809E, issued by the Administration for Industry and Commerce of Shandong Province on September 20th, 2016.

In July 2015, the Company completed its initial public offering of 250,000,000 ordinary shares of overseas listed foreign shares and the over-allotment of 1,900,000 ordinary shares to overseas investors, which was listed on the Stock Exchange of Hong Kong Limited. Upon completion of the listing, the total share capital of the Company increased to RMB1,001,900,000. The major shareholders of the Company and their capital contribution, As of June 30th, 2024, are set out in Note VII. 34.

The Company obtained the qualification of financial futures general settlement business and general settlement membership of China Financial Futures Exchange on August 15th, 2007, and November 28th, 2007, and obtained the qualification of investment consulting and asset management business on January 29th, 2012, and November 15th, 2012. On June 20th, 2022, the Company obtained the qualification of Guangzhou Futures Exchange membership and, As of June 30th, 2024, has trading seats in five domestic futures exchanges and the Shanghai International Energy Exchange, and is an agent for all species listed and traded on domestic futures exchanges.

On March 29th, 2022, the Company's name was changed from "Luzheng Futures Company Limited" to "Zhongtai Futures Company Limited". As of June 30th, 2024, the Company had set up a total of 13 business offices in Zhengzhou, Wuxi, Beijing, Shanghai, Dalian, Tianjin, Yantai, Zibo, Dongying, Dezhou, Rizhao, Hangzhou Linping, Shanghai Yang Gaonan Road, and 19 branches in Jinan, Liaoning, Jining, Qingdao, Ningbo, Wenzhou, Shenzhen, Guangdong, Hunan, Shanghai, Wuhan, Nanjing, Hangzhou, Weifang, Linyi, Beijing Chaoyang, Xiamen, Henan First and Futian Shenzhen. Please refer to Note VI. for information on the Company's subsidiaries.

The Company and its subsidiaries (hereinafter collectively referred to as "the Group") are mainly engaged in financial futures brokerage; commodity futures brokerage; consulting in futures investments; asset management; basis trading; warehouse receipt services; cooperative hedging; market making; over-the-counter derivatives business; information technology consulting services, etc.

The Company's address: 15th and 16th Floor, No. 86 Jingqi Road, Shizhong District, Jinan

Legal representative: Zhong Jinlong

The financial statements were approved by the board of directors of the Company on August 28th, 2024.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

II. Basis for the preparation of financial statements

The Group's financial statements have been prepared based on transactions and events that occurred, in accordance with the Accounting Standards for Business Enterprises, its application guidelines, interpretations, and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), as well as the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

The financial statements have been prepared on a going concern basis.

III. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for January-June 2024 comply with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the consolidated and corporate financial position as of June 30th, 2024, and the consolidated and corporate operating results and cash flows for January-June 2024 and other relevant information.

IV. Significant accounting policies and accounting estimates

1. Fiscal year

The fiscal year is based on a calendar year, from January 1st to December 31st of each year.

2. Functional currency

The Renminbi is the functional currency of the Company. The subsidiaries of the Company determine their functional currency according to the main economic environment where they operate. The functional currency of Zhongtai Huirong (Hong Kong) Co., Ltd. and Luzheng International Holding Co., Ltd. is Hong Kong Dollars. The financial statements were presented in RMB.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

3. Foreign currency translation

(1) Foreign currency transactions

The amount of foreign currency is translated into RMB by the spot exchange rate on the date of the occurrence of foreign currency transactions.

At the balance sheet date, monetary items denominated in foreign currency are translated into RMB using the spot exchange rate as at the balance sheet date, the exchange differences are recognized directly in profit or loss; non-monetary items in foreign currency measured at historical cost are translated using the spot exchange rate as at the date of the occurrence of the transaction. The effect of exchange rate changes on cash shall be presented separately in the statement of cash flows.

(2) Translation of foreign currency financial statements

Asset and liability items in the statement of financial position of foreign operations are translated using the spot exchange rate at the balance sheet date, and owners' equity items, except for retained earnings, are translated using the spot exchange rate at the time of occurrence. The income and expense items in the income statement of foreign operations are translated using the spot exchange rate at the date of the occurrence of the transaction. The translation differences arising from the above translations are included in other comprehensive income. Cash flow items of foreign operations are translated using the spot exchange rate at the date when the cash flow occurs. The effect of exchange rate changes on cash shall be presented separately in the statement of cash flows.

4. Principles of funds management and transaction clearing for branches

The Company implements settlement, risk control, fund allocation, financial management, and uniform accounting for its branches. The transaction clearing of the branches is carried out by the Company uniformly.

5. Method of management and accounting for customer margin

The Company designates a settlement bank at the futures exchange and opens a customer margin account to implement a special deposits account for customer margin, and records the changes in customer futures margin under the currency margin payable subject. If the customer margin is lower than the required level after daily settlement, the Company will notify the customer of a margin call in the manner agreed in the futures brokerage contract; the Company will forcibly close out part or all of the customer's position through the futures exchange until the customer's margin balance can maintain its remaining position if the customer does not make a margin call on time.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

6. Method of management and accounting for pledge items

The Company can accept pledges of treasury bonds, standard warehouse receipts, and other marketable securities submitted by customers, in compliance with the trading rules of the futures exchange, as margin, and adopt a special account to account for and supervise the whole process of customers' pledge business, which will be recorded after completing the pledge procedures of the futures exchange.

7. Method of accounting for physical delivery

The delivery payment, delivery service charge, taxes, and other delivery costs (such as warehouse in/out charge and storage fees) incurred by the customer for physical delivery are settled through the customer's margin settlement account.

8. Cash and cash equivalents

Cash and cash equivalents refer to cash on hand and deposits that are available for payment at any time, and investments held by the Company with short-term, strong liquidity, easily convertible into a known amount of cash, and with minimum fair value risk, including cash, current bank deposits, futures margin deposits, other cash and cash equivalents, and time bank deposits maturing within 3 months from the date of purchase.

9. Futures margin deposits

Futures margin deposits represent the balance of currency deposits received by the Company from customers, adjusted for actual transfers or refunds of margin made by the Company to the futures exchange, and shall be presented under currency fund in the statement of financial position.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

10. Financial instruments

A financial instrument is a contract that forms a financial asset of one party and creates a financial liability or equity instrument for another party. When the Group becomes a party to a financial instrument contract, the related financial asset or financial liability shall be recognized.

(1) Financial assets

1) Classification and measurement

The Group classifies financial assets into ① financial assets at amortized cost; ② financial assets at fair value through other comprehensive income; and ③ financial assets at fair value through profit or loss, based on the business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are measured at fair value at initial recognition. For financial assets at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial assets, the related transaction costs are recognized in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of goods or provision of services that do not contain or consider significant financing components, the Group recognizes them initially at the amount of the consideration to which it expects to be entitled.

Debt instruments:

Debt instruments held by the Group are those instruments that meet the definition of financial liability when analyzed from the perspective of the issuer and are measured using the following two approaches, respectively:

Measured at amortized cost:

The Group's business model for managing such financial assets is to collect the contractual cash flows and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, i.e. cash flows generated at a specific date are solely payments of principal and interest based on the principal amount outstanding. The Group recognizes interest income for such financial assets based on the effective interest method. Such financial assets mainly include currency funds, settlement provision, currency margin receivable, pledge margin receivable, settlement guarantees receivable, risk loss amounts receivable, handling fees and commissions receivables, receivables, buying back the sale of financial assets, other assets – other receivables, etc.

IV. Significant accounting policies and accounting estimates (Continued)

10. Financial instruments (Continued)

(1) Financial assets (Continued)

1) Classification and measurement (Continued)

Measured at amortized cost: (Continued)

Measured at fair value through profit or loss:

The Group classifies debt instruments held that are not classified as at amortized cost and fair value through other comprehensive income as at fair value through profit or loss. At initial recognition, the Group designates some financial assets as financial assets at fair value through profit or loss to eliminate or significantly reduce accounting mismatches. Those maturing more than one year from the balance sheet date and expected to be held for more than one year are presented as other non-current financial assets, and the rest are presented as trading financial assets.

Equity instruments:

The Group presents its investments in equity instruments over which it has no control, joint control, and significant influence as trading financial assets at fair value through profit or loss.

In addition, the Group designates the partial non-trading equity instrument investments as financial assets at fair value through other comprehensive income upon initial recognition. Such financial assets include investments in futures memberships, which are shown separately in the balance sheet as “other investments in equity instruments”.

2) Impairment

The Group recognizes the loss allowance on financial assets at amortized cost and contract assets, etc. based on expected credit losses.

The Group recognizes expected credit losses at a probability-weighted amount of present value of the difference between contractual cash flows receivable and cash flows expected to be received, weighted by the risk of default, with the consideration of reasonable and substantiated information about past events, current conditions and forecasts of future economic conditions.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

10. Financial instruments (Continued)

(1) Financial assets (Continued)

2) *Impairment (Continued)*

At each balance sheet date, the Group shall measure expected credit losses for financial instruments that are in different stages, separately. If the credit risk of a financial instrument has not increased significantly since initial recognition, it is in the first stage, the Group shall measure its loss allowance based on expected credit losses over the next 12 months; if the credit risk of a financial instrument has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, the Group shall measure its loss allowance based on expected credit losses over its entire duration; if a financial instrument has been credit impaired since initial recognition, it is in the third stage, the Group shall measure its loss allowance based on expected credit loss over its entire duration.

For financial instruments with low credit risk at the balance sheet date, the Group assumes that their credit risk has not increased significantly since initial recognition and considers them to be in the first stage of financial instruments and shall measure its loss allowance based on expected credit losses over the next 12 months.

The Group calculates interest income on financial instruments that are in the first and second stages, as well as those with lower credit risk, based on their book balances not net of impairment allowances and effective interest rates. For financial instruments in the third stage, interest income is calculated based on their book balance less amortized cost after provision for impairment and effective interest rate.

For receivables and contract assets resulting from ordinary operating activities such as sales of goods and provision of services, the Group shall measure the loss allowance based on expected credit losses over their entire duration, regardless of whether there is a significant financing component.

IV. Significant accounting policies and accounting estimates (Continued)

10. Financial instruments (Continued)

(1) Financial assets (Continued)

2) *Impairment (Continued)*

When information on expected credit losses cannot be assessed at a reasonable cost for individual financial assets, the Group shall divide receivables into portfolios based on credit risk characteristics and calculate expected credit losses on a portfolio basis.

For receivables classified as a portfolio, the Group shall calculate the expected credit losses by the default risk exposures and expected credit loss rates over the entire duration, taking into account historical credit loss experience, current conditions, and forecasts of future economic conditions. For notes receivable other than the above-mentioned receivables and other receivables classified as a portfolio, the Group shall calculate the expected credit losses, based on historical credit loss experience, current conditions, and forecasts of future economic conditions, by the default risk exposures and expected credit loss rates within next 12 months or over the entire duration.

The accrual or reversal of loss allowances shall be recognized in profit or loss by the Group.

3) *Derecognition*

A financial asset is derecognized when one of the following conditions is met: (1) the contractual rights to receive cash flows from the financial asset expire; (2) the financial asset is transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferor; or (3) the financial asset is transferred and the Group loses control over the financial asset although it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

Upon derecognition of investments in other equity instruments, the difference between their book value and the sum of the consideration received and the accumulated changes in fair value that had been recognized directly in other comprehensive income is recognized in retained earnings, as derecognizing the remaining financial assets, it is recognized in profit or loss.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

10. Financial instruments (Continued)

(2) Financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at amortized cost and financial liabilities at fair value through profit or loss.

The Group's financial liabilities are mainly financial liabilities measured at amortized cost, including currency margin payable, pledge margin payable, notes payable, accounts payable, other liabilities – other payables, etc. Such financial liabilities are measured initially at their fair value, net of transaction costs, and subsequently measured by the effective interest method.

When the present obligation of financial liabilities is discharged in whole or in part, the Group shall derecognize the financial liabilities or the portion of the obligation that is discharged. The difference between the book value of the derecognized portion and the consideration paid is recognized in profit or loss.

(3) Derivative financial instruments

Derivative financial instruments include various types of derivative contracts, with the following characteristics: ① their value changes reflect the changes in specific interest rates, financial instrument prices, commodity prices, exchange rates, price or interest rate indices, credit ratings or credit indices, or other variables; ② they do not require an initial net investment or require little net investment compared to other types of contracts that have similar responses to changes in market conditions; and ③ they are settled at a future date.

Derivative financial instruments shall be initially recognized at their fair values at the date when the derivative contracts were signed and subsequently measured at fair value. They shall be presented in the statement of financial position as “financial assets held for trading” or “financial liabilities held for trading”, and their changes in fair value shall be recognized as gains or losses from changes in fair value in profit or loss.

(4) Fair value determination of financial instruments

For financial instruments traded in an active market, the Group determines their fair value using quoted prices in an active market; for financial instruments not traded in an active market, the Group uses valuation techniques to determine their fair value. In valuation, the Group shall use valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, and select inputs that are consistent with the characteristics of asset or liability considered by market participants in the transaction of the relevant asset or liability, and give priority to the use of relevant observable inputs whenever possible. Where relevant observable inputs are not available or not practicable to obtain, unobservable inputs shall be used.

IV. Significant accounting policies and accounting estimates (Continued)

11. Buyback financial assets

Buyback financial assets is a contract to purchase a financial asset from a counterparty and sell the related financial asset back to the same counterparty on an agreed-upon date and at an agreed-upon price, as specified in the contract or agreement.

Buying back the sale business shall be recorded as actual payments made and recognized as “buying back the sale of financial assets” in the statement of financial position.

The bid-ask spread of the buying back the sale business shall be recognized as interest income over the sell-back period by using the effective interest method, respectively.

12. Currency margin receivable

Currency margin receivable refers to the currency margin allocated by the Company to the futures settlement agency and the currency margin formed from the profit of customers' futures trading. Among them, settlement reserve refers to the margin not yet occupied by futures contracts, and trading margin refers to the margin already occupied by futures contracts.

13. Pledge margin receivable and pledge margin payable

The Company acts as an agent for the customer in pledged goods to cover margin business with the futures exchange, forming the pledge margin receivable from the futures exchange and the pledge margin payable to the customer.

When the fair value of the pledge items changes, the futures exchange shall adjust the approved amount of the pledge margin accordingly, and the Company shall adjust the book value of the pledge margin receivable and the pledge margin payable accordingly.

When the futures exchange returns the pledge items to the customer, the Company shall derecognize the pledge margin receivable and the pledge margin payable at the amount of offsetting margin approved by the futures exchange.

14. Settlement guarantees receivable

Settlement guarantees receivable refer to the common guarantee funds that are used against the risk of default of clearing members, which are deposited by the Company as a clearing member in futures exchanges and registration companies in accordance with their regulations.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

15. Futures membership investments

Futures membership investments refer to the Company's investment in futures exchanges resulting from the payment of membership fees to obtain membership in a member-based futures exchange.

16. Inventories

Inventories include agricultural products, minerals and other bulk commodities that are used for trading, and they shall be measured at cost when acquired, the cost including purchase cost and purchase expense.

The cost of inventories shall be accounted for on a first-in and first-out basis and their subsequent measurement shall be made at the lower of cost and net realizable value. The net realizable value shall be determined as their estimated selling price less estimated selling expenses and related taxes.

The Group shall determine the net realizable value of inventories separately, at the balance sheet date, and compare it with the corresponding cost to recognize the amount of the accrual or reversal of provision of decline in value of inventories, and account for it in the subject of the provision of decline in value of inventories. The perpetual inventory system was adopted by the Group.

17. Long-term equity investments

Long-term equity investments include: The Company's long-term equity investments in all subsidiaries (including structured entities under effective control) and the Group's long-term equity investments in associates.

(1) Subsidiaries

Subsidiaries are investees over which the Company can exercise control. Structured entities are entities that are not designed to have voting or similar rights as a determining factor in determining their controlling party, for example, voting rights are only related to administrative works and the related operational activities are arranged through contractual agreements; the structured entities controlled by the Group was included in the combination scope of the Group's financial statements.

Investments in subsidiaries shall be presented in the Company's financial statements at amounts determined under the cost method and consolidated under the equity method when preparing the consolidated financial statements. Long-term equity investments accounted for using the cost method shall be measured at the initial investment cost. Cash dividends or profits declared by investees shall be recognized as investment income in profit or loss.

IV. Significant accounting policies and accounting estimates (Continued)

17. Long-term equity investments (Continued)

(2) Associates

Associates are investees that the Group can exercise significant influence on their financial and operating decisions. Investments in associates shall be accounted for using the equity method. If the initial investment cost is greater than the share to be entitled to the fair value of the identifiable net assets of investees at the time of investment, the initial investment cost shall be used as the cost of long-term equity investments; if the former is less than the latter, the difference shall be included in profit or loss, with an increase adjustment in the cost of long-term equity investments, accordingly.

When the equity method of accounting is adopted, the Group shall recognize current investment gains or losses based on the Group's share, to be entitled or born, of the net profit or loss of the investee. The net loss incurred by the investee shall be recognized to the extent that the book value of the long-term equity investment and other long-term equity interests that substantially constitute the net investment in the investee are written down to zero, except if the Group has an obligation to assume additional losses and the conditions for recognition of a contingent liability are met, the investment loss shall continue to be recognized and accounted for as a provision. Changes in the owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be adjusted to the book value of the long-term equity investment and credited to the capital reserve. The book value of long-term equity investments shall be reduced accordingly to the Group's share of profits or cash dividends distributed by the investee when the distribution is declared. Unrealized gains or losses on internal transactions between the Group and the investee shall be offset to the extent that they are attributable to the Group in proportion to the Group's shareholding and the investment gains or losses shall be then recognized on this basis. The portion of losses on internal transactions between the Group and the investee that are attributable to impairment losses on assets, and the corresponding unrealized losses shall be not offset.

(3) Impairment of long-term equity investments

The book value of long-term equity investments in subsidiaries and associates shall be written down to the recoverable amounts if the recoverable amounts are lower than the book values (Note IV. 21).

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

18. Fixed assets

Fixed assets include houses and buildings, transportation equipment, computers and electronic equipment and others. Fixed assets acquired or newly constructed shall be initially measured at cost at the time of acquisition.

Subsequent expenditures related to fixed assets shall be included in the cost of fixed assets when it is probable that the related economic benefits will flow to the Group and the cost can be measured reliably; for the replaced portion, the book value shall be derecognized; all other subsequent expenditures shall be charged to profit or loss as incurred.

Fixed assets shall be depreciated using the straight-line method based on their costs less estimated residual values over their estimated useful life. The depreciation of fixed assets for which the provision for impairment has been made shall be determined in future periods based on the book value less the provision for impairment and the remaining useful life.

The estimated useful life, estimated net residual value, and yearly depreciation of fixed assets are presented below:

Item	Estimated useful life	Estimated net residual value	Yearly depreciation
Houses and buildings	30 years	3%	3.23%
Transportation equipment	6 years	3%-5%	15.83%-16.17%
Computers and electronic equipment, others	3-5 years	3%-5%	19.00%-32.33%

The estimated useful life, estimated net residual value, and depreciation method of fixed assets shall be reviewed and adjusted appropriately at the end of each year.

A fixed asset shall be derecognized when it is disposed of, or when no economic benefits are expected to arise from its use or disposal. Proceeds from the disposal of fixed assets that are sold, transferred, scrapped, or destroyed, net of their book values and related taxes, shall be recognized in profit or loss.

IV. Significant accounting policies and accounting estimates (Continued)

19. Intangible assets

Intangible assets mainly are purchased software, they shall be measured at cost and amortized over their estimated useful life using the straight-line method. The Group shall review the estimated useful life and amortization method of intangible assets with finite useful life at the end of each year and make appropriate adjustments.

20. Long-term deferred expenses

Long-term deferred expenses include expenses arising from the improvement of right-of-use assets and other expenses that have been incurred but should be borne by the current and future periods and their amortization over one year, which shall be equally amortized over the estimated benefit period and presented at a net amount of actual expenses less accumulated amortization.

21. Impairment of long-term assets

Fixed assets, right-of-use assets, intangible assets with finite useful life, and long-term equity investments in subsidiaries and associates shall be tested for impairment if there is an indication of impairment at the balance sheet date. Intangible assets that have not yet reached a serviceable condition shall be tested for impairment at least annually, regardless of whether there is an indication of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its book value, a provision for impairment shall be made for the difference and an asset impairment loss shall be recorded. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of estimated future cash flows of the asset. The provision for impairment of assets shall be calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group shall be determined based on the asset group to which the asset belongs. An asset group is the smallest group of assets that can generate cash inflows independently.

Once the above impairment losses on assets are recognized, the portion of value that can be recovered shall not be reversed in subsequent periods.

22. Currency margins payable

Currency margin payable refers to (1) the Company's liabilities to customers resulting from the receipt of currency margin deposited by customers and the realization of profits or losses from customers' trading in futures and options; (2) money temporarily deposited with the Group by investors of exchanges for which the Group provides registration and settlement services.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

23. Employee benefits

Employee benefits refer to the various forms of remuneration or compensation given by the Group for services rendered by employees or for the dissolution of a labour relationship, including short-term employee benefits, post-employment benefits, etc.

(1) Short-term employee benefits

The Group's short-term employee benefits include employee salaries, bonuses, allowances and subsidies, employee welfare, medical insurance premiums, injury insurance premiums, maternity insurance premiums, housing funds, union funds, employee education funds, short-term paid absences, etc. The Group shall recognize the short-term employee benefits incurred as a liability in the accounting period in which the services are rendered by the employees and include it in profit or loss or the related cost of assets, where short-term employee benefit is a non-monetary benefit, measured at fair value.

(2) Post-employment benefits

Post-employment benefit – defined contribution plans The Group's post-employment benefit plans are defined contribution plans which are post-employment benefit plans in which the Group has no further obligation to pay after contributing a fixed fee to a separate fund, mainly including basic pension insurance, unemployment insurance, and enterprise annuity paid by employees, in the reporting period.

Basic pension insurance: The Group's employees participate in the basic social pension insurance organized and implemented by the local labor and social security departments. The Group pays monthly pension insurance premiums to the local basic social pension insurance agency in accordance with its regulated base and proportion of the local basic social pension insurance contributions. Upon the retirement of employees, the local labor and social security departments are responsible for paying basic social pensions to retired employees. The Group shall recognize the amount of contributions payable based on the above social security regulations as a liability in the accounting period in which the employees render services and recognize it in current profit or loss or the cost of related assets.

(3) Termination benefits

Termination benefits mean that the Group severs labor relations with an employee before the expiration of the contract or proposes compensation to encourage the staff to accept downsizing voluntarily. Where the Group provides termination benefits to employees, the employee compensation liabilities incurred by the termination benefits should be recognized and recorded into the profit or loss for the period when the Group cannot withdraw unilaterally the termination benefits provided for the termination plan of labor relations or cutback suggestions, or when the Group recognizes the cost related to reorganization involving the payment of termination benefits, whichever is earlier.

Termination benefits that are expected to be paid within one year from the balance sheet date shall be shown as employee benefits payable.

IV. Significant accounting policies and accounting estimates (Continued)

24. Dividend distribution

Cash dividends shall be recognized as a liability in the period in which they are approved by the shareholders' meeting.

25. Provisions

Certain present obligations are required as a result of events that have already occurred and are recognized as provisions when it is probable that an outflow of economic benefits will result from the performance of the operation and the amount can be measured reliably.

The provision is initially measured on the basis of the best estimate of the expenditure required to meet the related current obligation, taking into account factors such as risk, uncertainty, and time value in money, which are related to contingencies. Where the time value of money is significant, the best estimate is determined by discounting the related future cash outflows. The amount of the increase in the book value of the provision resulting from the recovery of discount over time shall be recognized as interest expense.

The book value of the provision shall be reviewed and adjusted appropriately at each balance sheet date to reflect the current best estimate.

26. Income taxes and deferred income taxes

The Company's current income taxes and deferred income taxes shall be recorded as income tax expense or benefit in profit or loss, excluding income tax arising from: 1) business combinations; and 2) transactions or events recognized directly in owners' equity.

The deferred tax assets and deferred tax liabilities are recognized on the basis of the differences (temporary differences) between the tax bases of the assets and liabilities and their book values. Deferred tax assets are recognized for deductible losses that, under the tax laws, are available for offset against taxable income in subsequent years. Deferred tax assets and deferred tax liabilities are measured at the balance sheet date at the tax rates that apply in the period in which the asset is expected to be recovered or the liability settled.

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences, deductible losses, and tax credits can be utilized.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

26. Income taxes and deferred income taxes (Continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary differences will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

Deferred tax assets and deferred tax liabilities that also meet the following conditions are presented net of offsetting amounts:

- Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity within the Group;
- This taxable entity within the Group has the legal right to settle current income tax assets and current income tax liabilities on a net basis.

27. Commission fees

The Group enters into an intermediary agreement with an intermediary and the commission paid to the intermediary is charged to operating and administrative expenses.

28. General risk reserve

In accordance with the Guidelines for the Implementation of Financial Rules for Financial Enterprises (Cai Jin [2007] No. 23), the Company makes a general risk reserve of 10% of net income for compensation of risks, which may not be used for dividends and capital increase.

29. Revenue recognition

The Group recognizes revenue in the amount of the consideration to which it expects to be entitled when the customer obtains control of the related goods or services.

(1) Commission income

The Group provides futures brokerage services to its customers. Futures brokerage services are a series of services that are substantially the same and have the same mode of transfer, therefore, the Group treats them as a single performance obligation and, subject to the satisfaction of the conditions for revenue recognition and variable consideration apportionment, calculates the futures trading fees, pledge fees and delivery fees receivable from customers upon completion of futures transactions based on the rates agreed in the futures brokerage contracts and recognizes them as current revenue on a net basis after deducting the fees payable to the futures exchange.

IV. Significant accounting policies and accounting estimates (Continued)

29. Revenue recognition (Continued)

(1) Commission income (Continued)

The Group provides asset management services to the futures asset management plan managed by the Group. Asset management services are a series of services that are substantially the same and have the same mode of transfer, therefore, the Group treats them as a single performance obligation and calculates and recognizes current revenue based on the contractual basis and calculation method, provided that the conditions for revenue recognition and variable consideration apportionment are met.

Advisory services in investments recognize revenue over a period of time based on the progress of completed services in accordance with the conditions for recognition of revenue from the provision of services.

(2) Interest income

Please refer to Note IV.10. (1).1 for details.

(3) Income from the sale of goods

Income from the sale of goods is generally recognized when the Group has contractually agreed to deliver the products to the purchaser and has transferred control of the goods to the purchaser.

(4) Income from futures exchange returns, etc., is recognized as current income by the Group when received.

The Group provides “insurance + futures” pilot services to the futures exchange. The Group recognizes revenue at the point when the exchange obtains control of the relevant services in accordance with the contract or agreement. When recognizing revenue, the Group recognizes receivables for the portion for which the Group has obtained unconditional collection rights and contract assets for the remainder, and recognizes loss provisions for receivables and contract assets on the basis of expected credit losses (Note IV. 10. (1).2)). If the contract price received or receivable by the Group exceeds the services performed, the excess is recognized as a contract liability. The Group presents contract assets and contract liabilities under the same contract on a net basis.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

30. Accounting for the withdrawal and use of futures risk reserves

The futures risk reserves are provided at the rate of 5% of the net income after the agent commission income deducts the commission payable to the futures exchange and is charged to profit or loss. Losses that are not adequately covered by the risk reserves are charged to profit or loss.

The futures risk reserves are only used to offset losses resulting from:

- (1) Risk losses caused by the Company's oversight such as information system failure, wrong order trading, forced closing of positions not in compliance with regulations, etc.
- (2) Risk loss amounts receivable due to customers' position penetration, advancing penalties to futures settlement agency on behalf of customers, etc., which are still uncollectible after the customers have been discharged by their bankruptcy estates or inheritances due to bankruptcy or death; risk losses that are overdue for more than three years and still uncollectible by customers are recognized as bad debt losses.

31. Government grants

Government grants are monetary or non-monetary assets obtained by the Group from the government without consideration, including tax refunds and financial subsidies, etc.

Government grants are recognized when the Group is able to meet the conditions attached to them and they can be received. Government grants that are monetary assets are measured at the amounts received or receivable. Government grants that are non-monetary assets are measured at fair value; if the fair value cannot be reliably obtained, they are measured at nominal amounts.

Government grants related to assets are government grants acquired by the Group for the acquisition or other formation of long-term assets. Government grants related to revenue are government grants other than those related to assets.

Government grants related to assets are written down to the book value of the related assets or recognized as deferred income and apportioned to profit or loss over the useful life of the related assets in accordance with a reasonable and systematic method. Government grants related to revenue that is used to compensate for related cost expenses or losses in subsequent periods are recognized as deferred revenue and charged to current profit or loss or reduced by related costs in the period in which the related cost expenses or losses are recognized, and those used to compensate for related expenses or losses already incurred are charged directly to current profit or loss or reduced by related costs. The Group adopts the same presentation for similar government grants.

Government grants related to ordinary activities are included in operating profit, while government grants not related to ordinary activities are recognized in non-operating income and expenditure.

IV. Significant accounting policies and accounting estimates (Continued)

32. Leases

A lease is a contract whereby the lessor cedes the right to use an asset to the lessee for a certain period of time for consideration.

The Group as lessee: The Group recognizes a right-of-use asset at the commencement date of the lease term and recognizes a lease liability at the present value of the lease payments that have not been paid. Lease payments include fixed payments, as well as payments required if it is reasonably certain that the option to purchase or the option to terminate the lease will be exercised, etc. Variable rentals, which are determined as a percentage of sales, are not included in lease payments and are recognized in profit or loss when actually incurred.

The Group's right-of-use assets include houses and buildings leased, etc. The right-of-use asset is initially measured at cost, which includes the initial measurement amount of the lease liability, lease payments made on or before the commencement date of the lease term, and initial direct costs, net of lease incentives received. If the Group is able to obtain ownership of the leased asset at the end of the lease term with reasonable certainty, depreciation is provided over the remaining useful life of the leased asset; if it cannot be reasonably certain that the ownership of leased assets can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life. When the recoverable amount is less than the book value of the right-of-use asset, the Group writes down the book value to its recoverable amount.

For short-term leases with a lease term not exceeding 12 months and leases of low-value assets with a low brand-new value of a single asset, the Group chooses not to recognize right-of-use assets and lease liabilities and to recognize the related rental expenses in profit or loss or costs of the related assets on a straight-line basis over each period of the lease term.

The Group accounts for a change in a lease as a separate lease when both of the following conditions are met: (1) the lease modification expands the scope of the lease by adding the right to use one or more leased assets; and (2) the increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract.

When a lease modification is not accounted for as a separate lease, the Group redetermines the lease term at the effective date of the lease modification and remeasures the lease liability by discounting the modified lease payments using a revised discount rate, except for contractual changes directly arising from the COVID-19 pandemic for which a simplified method is used. If a lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Group reduces the book value of the right-of-use asset accordingly and recognizes the gain or loss related to the partial termination or complete termination of the lease in profit or loss. If other lease modifications result in the remeasurement of the lease liability, the Group adjusts the book value of the right-of-use asset accordingly.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

33. Method for preparation of the consolidated financial statements

When the consolidated financial statements are prepared, the scope of consolidation includes the Company and all subsidiaries (including structured entities under effective control).

Subsidiaries are initially included in the scope of consolidation from the date that the Group obtains effective control over them, and excluded in the scope of consolidation from the date that the Group loses effective control over them. For subsidiaries acquired through business combinations under common control, they are included in the scope of consolidation of the Company from the date they are under the control of the same ultimate controlling party as the Company, and their net profits realized before the date of consolidation is reflected in a separate line item in the consolidated income statement.

All significant intra-group balances, transactions, and unrealized profits are eliminated in the preparation of the consolidated financial statements. The owners' equity of subsidiaries, net income or loss for the period, and comprehensive income that is not attributable to the Company are presented under owners' equity, net profits, and total comprehensive income in the consolidated financial statements as minority interest, minority gain, or loss and total comprehensive income attributable to minority shareholders, respectively. If the minority shareholders' share of the subsidiary's current loss exceeds the minority shareholders' share of the subsidiary's owners' equity at the beginning of the period, the balance is eliminated to reduce the minority shareholders' equity. Unrealized gains or losses on internal transactions, if they are caused by the sale of assets by the Company to a subsidiary, are fully offset against net income attributable to shareholders of the parent company; if they have resulted from the sale of assets by a subsidiary to the Company, they are allocated to offset between net income attributable to shareholders of the parent company and minority interests in proportion to the Company's allocation to that subsidiary; if they arise from the sale of assets between subsidiaries, they are allocated to offset between net income attributable to shareholders of the parent company and minority interests in proportion to the parent company's allocation to the seller's subsidiary.

If the same transaction is recognized differently when the Group is the accounting entity or the Company or a subsidiary is the accounting entity, the transaction is adjusted from the Group's perspective.

34. Related party

A related party involves the relationship that a party controls, jointly controls, or exercises significant influence over another party, and where two or more parties are under the control or joint control of one party. Related parties may be individuals or enterprises. Enterprises that are only under the control of the state without other related party relationships do not constitute related parties.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

35. Segment information

The Group determines operating segments based on its internal organizational structure, management requirements, and internal reporting system, and determines reporting segments and discloses segment information based on operating segments.

An operating segment is a component of the Group that also meets the following conditions: (1) the component is capable of generating income and incurring expenses in the ordinary course of its activities; (2) the Group's management is able to periodically evaluate the operating results of the component in order to decide on the allocation of resources to it and evaluate its performance; (3) the Group has access to accounting information on the financial position, operating results and cash flows of the component. Two or more operating segments may be combined into one operating segment if they have similar economic characteristics and meet certain conditions.

36. Significant accounting policies and changes in accounting estimates

(1) Changes in significant accounting policies

The Company has implemented the relevant provisions of Interpretation of Enterprise Accounting Standards No. 17 (Caikuai [2023] No. 21) issued by the Ministry of Finance from January 1st, 2024 onwards.

The above change in accounting policies had no impact on the financial statements.

(2) Changes in significant accounting estimates and the key assumptions

In order to accurately reflect the use of the Company's electronic equipment, the Company adjusted the depreciable life of electronic equipment other than network equipment and servers from 3 years to 5 years in accordance with the Accounting Standards for Business Enterprises and the actual use of the Company's office equipment, and the aforesaid adjustments have been implemented from January 1st, 2024 onwards.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

IV. Significant accounting policies and accounting estimates (Continued)

36. Significant accounting policies and changes in accounting estimates (Continued)

(2) Changes in significant accounting estimates and the key assumptions (Continued)

This change in accounting estimate is applied prospectively and does not require retrospective adjustments to the disclosed financial reports, and will not have an impact on the Company's financial position and results of operations in prior years. Excluding the additions or deductions of such assets from January to June 2024, the increase in net income attributable to the shareholders of the parent company from January to June 2024, after deducting the effect of corporate income tax, is RMB819,900.

The Group evaluates constantly the significant accounting estimates and critical judgments in accordance with the historical experience and other factors, including reasonable expectations of future events.

The following significant accounting estimates and key assumptions will result in a significant risk that the book values of assets and liabilities within the next fiscal year will be adjusted materially:

1) *Fair value of financial instruments*

For financial instruments for which there is no active market, the Group uses valuation techniques to determine their fair value, including the discount cash flow model, Black-Scholes model, and other valuation models. Valuation methodology utilizes observable market information to the greatest extent. However, when observable market information is not available, the Group makes estimates of significant unobservable information included in the valuation methodology. The objective of valuation techniques is to determine a fair value that reflects the same determination of market participants at the reporting date on an orderly trading basis.

2) *Income taxes*

The Group is subject to corporate income tax in several jurisdictions. There is uncertainty about the ultimate tax treatment of certain transactions and events in the normal course of the Group's business activities. Significant judgments are required by the Group in the provision of income tax expenses. If the final determination of these tax matters differs from the amounts initially recorded, such difference will have an impact on the amount of income tax expense and deferred income tax in the period in which such final determination is made.

IV. Significant accounting policies and accounting estimates (Continued)

36. Significant accounting policies and changes in accounting estimates (Continued)

(2) Changes in significant accounting estimates and the key assumptions (Continued)

3) Consolidation of structured entities

The determination of whether the Group controls a structured entity requires management to make a comprehensive judgment based on all the facts and circumstances. The control principle consists of three elements: the asset manager's power over the structured entity, the asset manager's exposure to or enjoyment of variable returns as a result of its participation in the management of the structured entity's investments, and the asset manager's ability to use its power over the structured entity to influence the asset manager's variable returns. Management has assessed the combination of the above three elements on a comprehensive basis based on its judgment and the Group will reassess these factors whenever changes in relevant facts and circumstances cause them to change.

(3) Critical judgments in the adoption of accounting policies

1) Classification of financial assets

The significant judgments involved in determining the classification of the Group's financial assets include analysis of the business model and contractual cash flow characteristics, etc.

The Group determines the business model for managing financial assets at the level of the financial asset portfolio, considering factors such as the manner in which the performance of financial assets is evaluated and reported to key management personnel, the risks affecting the performance of financial assets and how they are managed, and how the relevant business management personnel are compensated.

The following key judgments exist when the Group assesses whether the contractual cash flows of financial assets are consistent with the underlying lending arrangements: whether the principal amount is likely to change in time distribution or amount over the duration of the asset due to, for example, early repayment; whether the interest includes only the time value of money, credit risk, other underlying lending risks and consideration for costs and profits.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

V. Taxes

The major taxes applicable to the Group and their tax rates are set out below:

Taxes	Taxation basis	Tax rate	Note
Corporate income tax	Taxable income Taxable value added amount (tax payable is calculated by multiplying taxable sales by the applicable tax rate less the current input tax allowed for deduction)	25%, 16.5%	Note 1
Value added tax (VAT)		13%, 9%, 6%	
Urban maintenance and construction tax	Amount of turnover tax paid	7%	
Education surcharge	Amount of turnover tax paid	3%	
Local education surcharge	Amount of turnover tax paid	2%	

Note 1: The income tax rate applicable to the Group's Hong Kong subsidiaries is 16.5%.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VI. Subsidiaries

Subsidiaries included in the scope of consolidation as of June 30th, 2024

Name of subsidiary	Place of registration	Principal place of operation	Type of legal person	Business nature	Shareholding ratio (%)	Percentage of voting rights (%)
Zhongtai Huirong Capital Investment Co., Ltd.	Shenzhen, China	Jinan, China	Limited company	Risk management	100.00	100.00
Zhongtai Huirong Investment (HK) Company Limited	Hong Kong, China	Hong Kong, China	Limited company	Derivatives trading	100.00	100.00
Luzheng Information Technology Co., Ltd.	Jinan, China	Jinan, China	Limited company	Information system services, software development	100.00	100.00
Luzheng International Holding Limited	Hong Kong, China	Hong Kong, China	Limited company	Investment holding	100.00	100.00

Luzheng Capital Management Co., Ltd. was renamed Zhongtai Huirong Capital Investment Co., Ltd. (hereinafter referred to as “Zhongtai Huirong Capital”) on July 19th, 2022. The subsidiary was established in April 2013. Its main business scope includes: Investment activities with owned funds, investment planning of owned capital, enterprise management consulting, sales and wholesale of agricultural products, metal products, metallurgical materials, mineral products (except those specified by the state), precious metals and chemical products (except dangerous chemicals, monitoring chemicals, fireworks, civil explosives and precursor chemicals); import and export business (except for items prohibited by laws, administrative regulations and the State Council’s decision, restricted items can only be operated after obtaining permissions); technical consulting; investment consulting (excluding restricted items); sales of petroleum products (excluding dangerous chemicals); wholesale of refined oil (excluding dangerous chemicals); sales of paper products; sales of pulp; sales of rubber products; sales of technical glass products; sales of daily-use glass products; sales of functional glass and new optical materials; general goods warehousing services (excluding hazardous chemicals and other items that need to be approved). Sales of chemical fertilizers; sales of manures; sales of synthetic materials; sales of electronic special-purpose materials; sales of special-purpose chemical products (excluding hazardous chemicals). (except for items that need to be approved according to law, business activities shall be independently carried out according to law with a business license). The licensed items are: sales and wholesale of edible oil; warehouse receipt service; basis trading; co-operative hedging; over-the-counter derivatives business; market making business; and sale of renewable resources. On June 30th, 2024, the registered capital of Zhongtai Huirong Capital was RMB750 million and the paid-in capital was RMB750 million.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VI. Subsidiaries (Continued)

Zhongtai Huirong Investment (HK) Company Limited (hereinafter referred to as “Zhongtai Huirong”) was established in November 2013. The main business scope includes import and export trade, investment, capital risk management, technical consulting services, etc. As of June 30th, 2024, the registered capital of Zhongtai Huirong was HKD118,820,000.00 and the paid-in capital was HKD84,449,920.83.

Luzheng Information Technology Co., Ltd. (hereinafter referred to as “Luzheng Information”) was established in February 2015. The main business scope includes: The sales of electronic products, office automation equipment, computers, cultural office machinery, control equipment, and computer room equipment; information system integration service; development, sales, and related technical services of computer network products and software; electronic engineering design and construction; information technology consulting service. As of June 30th, 2024, the registered capital of Luzheng Information was RMB25 million and the paid-in capital was RMB25 million.

Luzheng International Holding Limited (hereinafter referred to as “Luzheng International Holding”) was established in April 2018. The main business scope includes investment holding. As of June 30th, 2024, the registered capital was HKD30 million and the paid-in capital was HKD20 million.

As at June 30th, 2024, none of the Company’s subsidiaries have issued equity or debt securities.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements

(The end of the period refers to June 30th, 2024, the beginning of the period refers to January 1st, 2024)

1. Cash and cash equivalents

Item	June 30th, 2024	December 31st, 2023
Cash on hand	38,224.55	38,024.55
Current bank deposit	385,905,535.57	109,220,919.75
– Principal	372,457,238.27	109,121,782.23
– Interest accrued	13,448,297.30	99,137.52
Time bank deposit	285,166,777.78	293,376,368.34
– Principal	280,000,000.00	280,000,000.00
– Interest accrued	5,166,777.78	13,376,368.34
Futures margin deposits	19,918,549,843.98	18,373,904,190.36
– Principal	19,822,611,448.65	18,311,428,504.24
– Interest accrued	95,938,395.33	62,475,686.12
Other cash and cash equivalents	5,892,404.64	42,398,765.06
Less: Expected credit impairment provision	473,095.33	473,095.33
Total	20,595,079,691.19	18,818,465,172.73

As of June 30th, 2024, there were no large amounts (over RMB1,000,000) in the short-term calls on owned bank deposits and no restrictions on the use of time bank deposits (December 31st, 2023: same). There is a restricted use of RMB3,900,000.00 of note deposits in other cash and cash equivalents.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

1. Cash and cash equivalents (Continued)

(1) Details of deposit of futures margin – Principal

Item	June 30th, 2024	December 31st, 2023
China Minsheng Banking Corp., Ltd.	2,351,134,103.91	951,215,716.00
Shanghai Pudong Development Bank Co., Ltd.	1,250,484,930.76	550,587,195.50
Industrial and Commercial Bank of China Limited	8,001,264,549.76	1,246,804,337.15
China Construction Bank Corporation	338,164.39	1,000,355,038.10
Industrial Bank Co., Ltd.	2,000,474,195.70	2,952,086,733.05
China Everbright Bank Co., Ltd.	181,000.62	87,454.76
Ping An Bank Co., Ltd.	3,000,070,493.92	1,400,159,817.18
Bank of Communications Co., Ltd.	1,202,417,977.95	1,202,546,793.41
China CITIC Bank Corporation Limited	800,289,437.31	700,182,638.74
China Merchants Bank Co., Ltd.	200,431,338.98	200,231,261.51
China Guangfa Bank Co., Ltd.	15,324.44	89,301.86
Bank of China Limited	3,106,046.47	325,359.45
Agricultural Bank of China Limited	1,012,398,939.83	8,100,421,502.86
Postal Savings Bank of China Limited	4,944.61	6,335,354.67
Total	19,822,611,448.65	18,311,428,504.24

- (2) As at June 30th, 2024, other cash and cash equivalents represent the Group's unencumbered available funds placed with securities and futures brokers and banks' acceptance bills.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

1. Cash and cash equivalents (Continued)

(3) Changes in expected credit impairment provision

Item	December 31st, 2023	Accrual in current period	June 30th, 2024
Expected credit impairment provision	473,095.33		473,095.33
Total	473,095.33		473,095.33

2. Settlement provisions

Item	June 30th, 2024	December 31st, 2023
China Securities Depository and Clearing Corporation Limited	16,032,614.35	1,623,501.24
Total	16,032,614.35	1,623,501.24

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

3. Currency margin receivable

Item	June 30th, 2024	December 31st, 2023
China Financial Futures Exchange	2,055,102,788.31	2,032,297,069.93
Shanghai Futures Exchange	1,312,730,513.87	1,534,951,808.04
Dalian Commodity Exchange	2,055,133,922.02	1,067,729,355.72
Zhengzhou Commodity Exchange	1,369,375,737.41	967,312,375.98
China Securities Depository and Clearing Corporation Limited	764,215,650.31	602,707,472.58
Shanghai International Energy Exchange	437,620,614.77	311,506,519.36
Guangzhou Futures Exchange	71,511,957.43	136,071,808.04
Galaxy Futures Company Limited	6,534,000.00	
Total	8,072,225,184.12	6,652,576,409.65

4. Pledge margin receivable

(1) Classification by Exchange

Item	June 30th, 2024	December 31st, 2023
China Financial Futures Exchange	1,332,892,676.80	1,327,767,624.00
Dalian Commodity Exchange	378,038,816.00	408,382,480.00
Shanghai Futures Exchange	645,077,380.00	300,699,072.00
Zhengzhou Commodity Exchange	201,512,192.00	243,079,760.00
Shanghai International Energy Exchange	19,768,000.00	8,780,000.00
Guangzhou Futures Exchange	41,621,920.00	
Total	2,618,910,984.80	2,288,708,936.00

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

4. Pledge margin receivable (Continued)

(2) Classification by the category of collateral

Category of collateral	Market value at the time of pledge	Discount rate	June 30th, 2024 Closing market value
Treasury Bonds	2,277,080,846.00	80%	1,821,664,676.80
Ag Silver	291,067,680.00	80%	232,854,144.00
Ru Rubber	29,697,750.00	80%	23,758,200.00
AL Aluminium	184,967,250.00	80%	147,973,800.00
NR Glue No. 20	24,710,000.00	80%	19,768,000.00
CU Copper	122,582,250.00	80%	98,065,800.00
AO Aluminium Oxide	7,961,100.00	80%	6,368,880.00
CJ Jujube	3,215,500.00	80%	2,572,400.00
SS Stainless Steel	21,567,000.00	80%	17,253,600.00
CF Cotton	1,728,600.00	80%	1,382,880.00
Ni Nickel	48,592,800.00	80%	38,874,240.00
Sn Tin	48,549,600.00	80%	38,839,680.00
PG Liquefied Petroleum Gas	2,540,000.00	80%	2,032,000.00
C Corn	6,520,800.00	80%	5,216,640.00
PTA	35,610,900.00	80%	28,488,720.00
SA Soda Ash	4,957,500.00	80%	3,966,000.00
SI Industrial Silicon	6,741,000.00	80%	5,392,800.00
V Polyvinyl Chloride	28,314,720.00	80%	22,651,776.00
SM Silicomanganese	5,745,740.00	80%	4,596,592.00
SP Pulp	4,477,920.00	80%	3,582,336.00
LC Lithium Carbonate	45,286,400.00	80%	36,229,120.00
I Iron ore	24,840,000.00	80%	19,872,000.00
ZN Zinc	46,883,375.00	80%	37,506,700.00
Total	3,273,638,731.00		2,618,910,984.80

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

4. Pledge margin receivable (Continued)

(2) Classification by the category of collateral (Continued)

Category of collateral	Market value at the time of pledge	Discount rate	December 31st, 2023 Closing market value
Treasury Bonds	2,487,098,570.00	80%	1,989,678,856.00
HC hot rolled coils	149,620,800.00	80%	119,696,640.00
Ag Silver	99,833,400.00	80%	79,866,720.00
Ru Rubber	36,934,100.00	80%	29,547,280.00
AL Aluminium	29,355,000.00	80%	23,484,000.00
SP Pulp	13,600,400.00	80%	10,880,320.00
NR Glue No. 20	10,975,000.00	80%	8,780,000.00
CU Copper	10,360,500.00	80%	8,288,400.00
AO Aluminium Oxide	6,955,200.00	80%	5,564,160.00
BU Asphalt	6,746,960.00	80%	5,397,568.00
CJ Jujube	2,950,000.00	80%	2,360,000.00
PVC	2,816,000.00	80%	2,252,800.00
SS Stainless Steel	1,635,600.00	80%	1,308,480.00
CF Cotton	1,237,600.00	80%	990,080.00
Ni Nickel	767,040.00	80%	613,632.00
Total	2,860,886,170.00		2,288,708,936.00

5. Settlement guarantees receivable

Item	June 30th, 2024	December 31st, 2023
China Financial Futures Exchange	46,663,954.94	49,346,715.28
China Securities Depository and Clearing Corporation Limited	11,857,631.50	11,765,494.36
Total	58,521,586.44	61,112,209.64

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

6. Risk loss receivables

(1) Analysis by aging

Item	June 30th, 2024				December 31st, 2023			
	Book balance	As a percentage of total book balance (%)	Bad debt provision	Book value	Book balance	As a percentage of total book balance (%)	Bad debt provision	Book value
Within 1 year	115,480.79	20.92	5,774.04	109,706.75	116,485.64	19.32	5,824.28	110,661.36
1-2 years					451,807.41	74.92	45,180.74	406,626.67
2-3 years	401,807.41	72.78	80,361.48	321,445.93				
Over 3 years	34,761.46	6.30	20,856.88	13,904.58	34,761.46	5.76	20,856.88	13,904.58
Total	552,049.66	100.00	106,992.40	445,057.26	603,054.51	100.00	71,861.90	531,192.61

(2) As of June 30th, 2024, the top five risk loss receivables of the Group totaled RMB509,494.95, representing 92.28% of the total risk loss receivables, as follows:

Company name	Book balance	Aging	Ratio to total risk loss receivables (%)	Nature of payment
First place	251,193.07	2-3 years	45.50	Closeout loss payments
Second place	97,515.24	2-3 years	17.66	Closeout loss payments
Third place	85,311.79	Within 1 year	15.45	Closeout loss payments
Fourth place	53,099.10	2-3 years	9.62	Closeout loss payments
Fifth place	22,375.75	Within 1 year	4.05	Closeout loss payments
Total	509,494.95		92.28	

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

7. Receivables

(1) Listed by details

Item	June 30th, 2024	December 31st, 2023
OTC Options clients' capital receivables	381,731,818.30	396,698,306.07
Notes receivable	56,344,766.01	48,193,405.83
Trade receivable	20,705,095.35	15,353,866.08
Exchange service fee receivable	1,282,507.02	4,715,707.02
Others	2,352,479.28	2,350,919.28
Total	462,416,665.96	467,312,204.28
Less: Bad debt provision	2,708,784.75	2,880,444.75
Book value of accounts receivable	459,707,881.21	464,431,759.53

(2) Analysis by aging

Item	June 30th, 2024		December 31st, 2023	
	Amount	As a percentage of total book balance (%)	Amount	As a percentage of total book balance (%)
Within 1 year	316,750,011.84	68.50	423,457,182.97	90.62
1-2 years	140,045,192.08	30.28	37,917,565.56	8.11
2-3 years	2,539,527.39	0.55	3,957,245.96	0.85
Over 3 years	3,081,934.65	0.67	1,980,209.79	0.42
Total	462,416,665.96	100.00	467,312,204.28	100.00

Notes receivable are aged within 60 days.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

7. Receivables (Continued)

(3) Changes in bad debt provision

Category	Balance as of December 31st, 2023	Accrual	Changes in current period Recovery or reversal	Carry-forward or write-off	Others	Balance as of June 30th, 2024
Provision for bad debts on receivables	2,880,444.75	-171,660.00				2,708,784.75
Total	2,880,444.75	-171,660.00				2,708,784.75

(4) As of June 30th, 2024, the top five receivables of the Group totaled RMB186,793,788.77, representing 40.40% of the total receivables, as follows:

Company name	Amount	Aging	Ratio to total receivables (%)	Nature of payment
Everbright Securities Company Limited	60,000,000.00	1-2 years	12.98	Option trading funds
Soochow Securities Co., Ltd.	37,000,000.00	Within 1 year	8.00	Option trading funds
Western Securities Co., Ltd.	34,763,784.16	Within 1 year	7.52	Option trading funds
Huatai Securities Co., Ltd.	27,830,004.61	Within 1 year/ 1-2 years	6.02	Option trading funds
Guolian Securities Co., Ltd.	27,200,000.00	Within 1 year/ 1-2 years	5.88	Option trading funds
Total	186,793,788.77		40.40	

As at June 30th, 2024, there were no amounts due from shareholders holding 5% (or more) of the voting shares of the Company in receivables (December 31st, 2023: same).

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

7. Receivables (Continued)

(5) Notes receivable and receivables financing endorsed or discounted at the end of the period and not yet due at the balance sheet date

Item	Amounts derecognized at the end of the period (Receivables financing)	Amounts not derecognized at the end of the period (Notes receivable)
Bank's acceptance bill	46,723,804.90	43,418,819.73
Total	46,723,804.90	43,418,819.73

8. Inventories

Item	June 30th, 2024	December 31st, 2023
Bulk commodity	94,434,670.80	37,816,985.93
Subtotal	94,434,670.80	37,816,985.93
Less: Inventory depreciation reserves	818,304.52	715,591.18
Total	93,616,366.28	37,101,394.75

As at June 30th, 2024, inventories with a book value of RMB30,858,400.00 are pledged to the Futures Exchange as trading margins (as at December 31st, 2023, there were no inventories pledged to the Futures Exchange as trading margins).

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

9. Contract assets

Item	June 30th, 2024	December 31st, 2023
Contract assets	13,573,658.38	30,227,821.96
Less: Impairment provision of contract assets		
Total	13,573,658.38	30,227,821.96

10. Buying back the sale of financial assets

Item	June 30th, 2024	December 31st, 2023
National debt reverse repurchase	27,513,000.00	200,159,669.92
Including: Principal	27,513,000.00	200,000,000.00
Interest accrued		159,669.92
Warehouse receipt pledge fund lent	45,752,464.90	126,836,131.85
Including: Principal	45,731,823.99	126,747,594.64
Interest accrued	20,640.91	88,537.21
Less: Impairment provision	7,572,970.95	7,572,970.95
Total	65,692,493.95	319,422,830.82

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

10. Buying back the sale of financial assets (Continued)

When the Group receives warehouse receipts as pledges for warehouse receipt pledge financing, these pledges can be used for re-pledge. As at June 30th, 2024, The fair value of standard warehouse receipts available for re-pledging in the pledge of warehouse receipt pledge financing received by the Group amounted to RMB3,239,520.00, all of which were used for re-pledging against trading margins. (as at December 31st, 2023, The fair value of standard warehouse receipts available for re-pledging in the pledge of warehouse receipt pledge financing received by the Group amounted to RMB30,547,000.00, all of which were used for re-pledging against trading margins).

See Note XVII.1 Significant litigations for details of the impairment provision in the current period.

11. Financial assets held for trading

Item	June 30th, 2024	December 31st, 2023
Public offering of securities investment funds	475,667,562.35	330,079,427.04
Derivative financial assets (Note VII.12)	523,781,837.73	322,102,246.16
Asset management plan	263,311,682.48	255,127,322.48
Private securities investment funds	120,479,715.25	209,336,884.37
Trust scheme	6,003,550.37	7,003,550.37
Stock investment	2,994,930.36	2,392,227.84
Bank financial products	1,748,163.55	1,721,061.44
Total	1,393,987,442.09	1,127,762,719.70

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

12. Derivative financial instruments

(1) Details of derivative financial instruments

Item	Nominal principal	June 30th, 2024	
		Assets	Liabilities
OTC options contract	19,372,103,112.99	491,265,778.99	241,519,558.02
Exchange-traded option contract	4,384,035,550.00	25,055,637.50	43,206,887.50
Exchange-traded futures contract	8,438,028,050.00		
Forward contracts	1,099,581,146.60	7,460,421.24	13,215,315.40
Total	33,293,747,859.59	523,781,837.73	297,941,760.92

Item	Nominal principal	December 31st, 2023	
		Assets	Liabilities
OTC options contract	18,527,985,767.86	284,245,013.66	150,861,157.82
Exchange-traded option contract	1,640,978,200.00	8,324,472.50	11,365,277.50
Exchange-traded futures contract	12,059,231,625.00		
Forward contracts	1,449,240,233.21	29,532,760.00	12,252,793.03
Total	33,677,435,826.07	322,102,246.16	174,479,228.35

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

12. Derivative financial instruments (Continued)

(2) Exchange-traded futures contract

Item	June 30th, 2024		December 31st, 2023	
	Nominal amount	Gains and losses on changes in fair value	Nominal amount	Gains and losses on changes in fair value
Exchange-traded futures contract	8,438,028,050.00	-38,156,110.00	12,059,231,625.00	-18,291,040.00
Less: Settlement cash paid		38,156,110.00		18,291,040.00
Futures contract net position				

For exchange-traded futures contracts, under the daily debt-free settlement system, the currency margin receivable has included the amount of position gains and losses arising from all futures contracts of June 30th, 2024. Therefore, the exchange-traded futures contract under derivative financial instruments is listed as the net amount after offsetting, which is RMB0.

13. Investments in other equity instruments

Item	June 30th, 2024	December 31st, 2023
Shanghai Futures Exchange	500,000.00	500,000.00
Dalian Commodity Exchange	500,000.00	500,000.00
Zhengzhou Commodity Exchange	400,000.00	400,000.00
Total	1,400,000.00	1,400,000.00

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

14. Long-term equity investments

(1) Classification of long-term equity investments

Item	June 30th, 2024	December 31st, 2023
Long-term equity investment accounted by cost method		
Long-term equity investment accounted by equity method	44,322,984.77	43,262,218.99
Including: Investment in associates	44,322,984.77	43,262,218.99
Total long-term equity investment	44,322,984.77	43,262,218.99
Less: Impairment provision of long-term equity investment		
Net value of long-term equity investment	44,322,984.77	43,262,218.99

(2) Long-term equity investment accounted by equity method

Investee	December 31st, 2023	Initial investment	Additional investments	Reduced investments	Changes in current period						June 30th, 2024	Closing impairment provision	
					Gains and losses on investments recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividend or profit declared to distribute	Impairment provision accrued	Exchange rate difference			Others
Associate													
Shandong Trading Market Clearing House Co., Ltd.	26,027,527.89				1,113,633.05							27,141,160.94	
Shandong Board of Trade	17,234,691.10				-52,867.27							17,181,823.83	
Total	43,262,218.99				1,060,765.78							44,322,984.77	

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

15. Fixed assets

Item	Houses and buildings	Transportation equipment	Computers, electronic equipment, and others	Total
I. Original book value				
1. December 31st, 2023	40,072,644.53	6,441,985.27	68,549,902.12	115,064,531.92
2. Increased amount in current period			6,144,436.27	6,144,436.27
3. Decreased amount in current period			402,125.05	402,125.05
4. June 30th, 2024	40,072,644.53	6,441,985.27	74,292,213.34	120,806,843.14
II. Accumulated depreciation				
1. December 31st, 2023	16,722,738.27	4,532,435.31	46,584,680.52	67,839,854.10
2. Increased amount in current period	647,841.06	75,863.76	4,515,000.08	5,238,704.90
3. Decreased amount in current period			370,214.22	370,214.22
4. June 30th, 2024	17,370,579.33	4,608,299.07	50,729,466.38	72,708,344.78
III. Impairment provision				
1. December 31st, 2023				
2. Increased amount in current period				
3. Decreased amount in current period				
4. June 30th, 2024				
IV. Book value				
1. Book value as of June 30th, 2024	22,702,065.20	1,833,686.20	23,562,746.96	48,098,498.36
2. Book value as of December 31st, 2023	23,349,906.26	1,909,549.96	21,965,221.60	47,224,677.82

As of June 30th, 2024, the Group's fixed assets were not mortgaged, guaranteed, or sealed (December 31st, 2023: same). As of June 30th, 2024, no sign of impairment was found in the above-mentioned fixed assets, so no impairment provision of fixed assets was accrued (December 31st, 2023: same).

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

16. Right-of-use assets

Item	Houses and buildings	Total
I. Original book value		
1. December 31st, 2023	64,735,803.27	64,735,803.27
2. Increase in current period	5,906,750.18	5,906,750.18
New lease contract	5,906,750.18	5,906,750.18
3. Decrease in current period	11,257,273.98	11,257,273.98
Others	11,257,273.98	11,257,273.98
4. June 30th, 2024	59,385,279.47	59,385,279.47
II. Accumulated depreciation		
1. December 31st, 2023	35,992,775.90	35,992,775.90
2. Increase in current period	6,878,655.70	6,878,655.70
Accrual	6,878,655.70	6,878,655.70
3. Decrease in current period	11,149,959.24	11,149,959.24
Others	11,149,959.24	11,149,959.24
4. June 30th, 2024	31,721,472.36	31,721,472.36
III. Book value		
1. Book value as of June 30th, 2024	27,663,807.11	27,663,807.11
2. Book value as of December 31st, 2023	28,743,027.37	28,743,027.37

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

17. Intangible assets

(1) Changes in intangible assets

Item	Software	Total
I. Original book value		
1. December 31st, 2023	30,723,634.00	30,723,634.00
2. Increased amount in current period	3,874,435.64	3,874,435.64
(1) Acquisition	3,874,435.64	3,874,435.64
(2) Increase in business combination		
3. Decreased amount in current period		
(1) Disposal		
(2) Others		
4. Translation difference of foreign currency statements		
5. June 30th, 2024	34,598,069.64	34,598,069.64
II. Accumulated amortization		
1. December 31st, 2023	14,788,788.27	14,788,788.27
2. Increased amount in current period	1,159,522.14	1,159,522.14
(1) Accrual	1,159,522.14	1,159,522.14
(2) Others		
3. Decreased amount in current period		
(1) Disposal		
(2) Others		
4. Translation difference of foreign currency statements		
5. June 30th, 2024	15,948,310.41	15,948,310.41
III. Impairment provision		
1. December 31st, 2023	1,438,333.49	1,438,333.49
2. Increased amount in current period		
(1) Accrual		
(2) Increase in business combination		
3. Decreased amount in current period		
(1) Disposal		
4. Translation difference of foreign currency statements		
5. June 30th, 2024	1,438,333.49	1,438,333.49
IV. Book value		
1. Book value as of June 30th, 2024	17,211,425.74	17,211,425.74
2. Book value as of December 31st, 2023	14,496,512.24	14,496,512.24

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Item	June 30th, 2024	
	Deductible temporary difference	Deferred tax assets
Gains and losses on changes in fair value	66,800,646.75	16,700,161.69
Interest payable	39,039,521.59	9,759,880.41
Deductible losses	329,235,141.45	82,308,785.37
Asset impairment provision	13,654,442.37	3,413,610.61
Depreciation of fixed assets	1,948,706.35	487,176.59
Lease liabilities	27,675,757.02	6,918,939.26
Total	478,354,215.53	119,588,553.93

Item	December 31st, 2023	
	Deductible temporary difference	Deferred tax assets
Gains and losses on changes in fair value	50,307,961.92	12,576,990.48
Interest payable	29,546,336.50	7,386,584.13
Deductible losses	157,158,072.91	39,289,518.23
Asset impairment provision	13,658,872.14	3,414,718.04
Depreciation of fixed assets	2,120,456.01	530,114.00
Lease liabilities	29,391,476.28	7,347,869.07
Total	282,183,175.76	70,545,793.95

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

18. Deferred tax assets and deferred tax liabilities (Continued)

(2) Deferred tax liabilities without offsetting

Item	June 30th, 2024	
	Taxable temporary difference	Deferred tax liabilities
Gains and losses on changes in fair value	262,688,024.31	65,672,006.08
Interest receivable	115,009,598.83	28,752,399.69
Depreciation of fixed assets		
Right-of-use assets	27,663,807.11	6,915,951.78
Total	405,361,430.25	101,340,357.55

Item	December 31st, 2023	
	Taxable temporary difference	Deferred tax liabilities
Gains and losses on changes in fair value	154,521,857.81	38,630,464.45
Interest receivable	23,991,824.65	5,997,956.16
Depreciation of fixed assets	1,989.84	497.46
Right-of-use assets	81,444,861.44	20,361,215.36
Total	259,960,533.74	64,990,133.43

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

18. Deferred tax assets and deferred tax liabilities (Continued)

(3) Deferred tax assets or liabilities listed in net amount after offset

Item	Closing offset amount of deferred tax assets and liabilities	Closing balance of deferred tax assets or liabilities after offsetting	Opening offset amount of deferred tax assets and liabilities	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	87,292,215.99	32,296,337.94	61,811,021.55	8,734,772.40
Deferred tax liabilities	87,292,215.99	14,048,141.56	61,811,021.55	3,179,111.88

(4) Details of unrecognized deferred tax assets

Item	June 30th, 2024	December 31st, 2023
Deductible losses	72,993,239.01	73,135,110.25
Total	72,993,239.01	73,135,110.25

(5) Deductible losses on unrecognized deferred tax assets will mature in the following years:

Year	June 30th, 2024	December 31st, 2023
2024		
2025	992.95	210,073.02
2026	1,074,779.92	1,074,779.92
2027	1,169,556.88	1,169,556.88
2028		
No maturity date	70,747,909.26	70,680,700.43
Total	72,993,239.01	73,135,110.25

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

19. Other assets

(1) Breakdown

Item	June 30th, 2024	December 31st, 2023
Prepayments	115,134,917.55	131,481,005.11
Other receivables	8,932,462.18	29,913,937.30
Input tax to be certified	3,044,511.83	9,866,868.54
Certified input tax to be deducted	11,209,857.74	3,307,010.75
Advance payment of corporate income tax		3,035,646.48
Long-term deferred expenses	2,314,751.71	2,890,794.80
Total	140,636,501.01	180,495,262.98

(2) Other assets – other receivables

Item	June 30th, 2024	December 31st, 2023
Margin receivable	3,557,941.32	25,450,920.22
Deposit	3,398,001.50	3,542,177.41
Others	3,950,813.78	2,865,747.70
Subtotal	10,906,756.60	31,858,845.33
Less: Bad debt provision	1,974,294.42	1,944,908.03
Book value of other receivables	8,932,462.18	29,913,937.30

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

19. Other assets (Continued)

(3) Other assets – impairment of other receivables

	Stage 1 Expected credit losses for the next 12 months	Stage 2 Expected credit losses over the entire duration (no credit impairment)	Stage 3 Expected credit losses over the entire duration (credit impairment has occurred)	Total
Balance as of January 1st, 2024	1,944,908.03			1,944,908.03
Book balance of other receivables as of January 1st, 2024 in current period				
– Transfer to stage 2				
– Transfer to stage 3				
– Reverse to stage 2				
– Reverse to stage 1				
Accrual in current period	29,386.39			29,386.39
Reversal in current period				
Carry-forward in current period				
Write-off in current period				
Other changes				
Balance as of June 30th, 2024	1,974,294.42			1,974,294.42

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

19. Other assets (Continued)

(4) Other assets – prepayments

Item	June 30th, 2024		December 31st, 2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	110,521,608.14	95.99	128,352,442.95	97.62
1-2 years	2,524,451.03	2.19	1,416,990.72	1.08
2-3 years	871,946.96	0.76	1,395,493.87	1.06
Over 3 years	1,216,911.42	1.06	316,077.57	0.24
Total	115,134,917.55	100.00	131,481,005.11	100.00

20. Short-term loans

(1) Classification of short-term loans

Classification of short-term loans	June 30th, 2024	December 31st, 2023
Credit loan	30,000,000.00	20,700,000.00
Add: Accrued interest	30,833.33	23,402.50
Total	30,030,833.33	20,723,402.50

Zhongtai Huirong Capital signed a working capital loan contract with the Shenzhen Branch of Zhuhai China Resources Bank Co., Ltd. for a loan of RMB30 million at the interest rate of 3.70% to purchase bulk commodities, and the loan term is from May 10th, 2024 to March 27th, 2025.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

21. Acting trading securities

Item	June 30th, 2024	December 31st, 2023
Brokerage business	16,813,359.08	3,934,663.15
Including: Individuals	90,563.90	374,502.60
Organizations	16,722,795.18	3,560,160.55
Total	16,813,359.08	3,934,663.15

22. Currency margin payable

Item	June 30th, 2024	December 31st, 2023
Currency margin payable by futures and options customers	26,501,059,262.05	23,138,021,657.15
Total	26,501,059,262.05	23,138,021,657.15

(1) Listed by customer category

Item	June 30th, 2024		December 31st, 2023	
	Number of accounts	Amount	Number of accounts	Amount
Natural person	182,878	6,840,593,066.53	168,412	6,724,692,495.29
Legal person	7,814	19,619,301,842.11	7,229	16,360,146,454.98
Non-settlement member	2	41,164,353.41	3	53,182,706.88
Total	190,694	26,501,059,262.05	175,644	23,138,021,657.15

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

23. Pledge margin payable

(1) Listed by exchange

Item	June 30th, 2024	December 31st, 2023
China Financial Futures Exchange	1,332,892,676.80	1,327,767,624.00
Dalian Commodity Exchange	378,038,816.00	408,382,480.00
Shanghai Futures Exchange	645,077,380.00	300,699,072.00
Zhengzhou Commodity Exchange	201,512,192.00	243,079,760.00
Shanghai International Energy Exchange	19,768,000.00	8,780,000.00
Guangzhou Futures Exchange	41,621,920.00	
Total	2,618,910,984.80	2,288,708,936.00

(2) Listed by customer category

Item	June 30th, 2024		December 31st, 2023	
	Number of accounts	Amount	Number of accounts	Amount
Legal person	53	2,618,910,984.80	49	2,288,708,936.00
Total	53	2,618,910,984.80	49	2,288,708,936.00

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

24. Futures risk reserves

Item	June 30th, 2024	December 31st, 2023
Opening balance	175,922,356.78	155,185,841.21
Increase in current period	8,614,711.70	20,736,515.57
Used in current period		
Closing balance	184,537,068.48	175,922,356.78

According to the Provisions of the Measures for the Supervision and Administration of Futures Companies (Order No. 155 of the China Securities Regulatory Commission) and the Interim Provisions on the Financial Management of Commodity Futures Trading (CSZ [1997] No. 44), the futures risk reserve shall be withdrawn at the proportion of 5% of the net income from the agency service fee income minus the service fee payable to the futures exchange.

25. Futures investors' security funds payable

Item	June 30th, 2024	December 31st, 2023
Opening balance	873,243.90	1,104,676.74
Increase in current period	562,434.49	925,638.53
Payment in current period	923,258.42	1,157,071.37
Closing balance	512,419.97	873,243.90

In accordance with the Provisions of the Measures for the Administration of Futures Investor Protection Funds (Order No. 129 of the China Securities Regulatory Commission) and the Provisions on Specifying Matters Related to the Payment Proportion of Futures Investor Protection Funds (China Securities Regulatory Commission Announcement No. 26 of 2016, hereinafter referred to as "the Provisions"), futures companies shall pay the futures investor protection funds at 5 to 10 parts per hundred million of the agency trading volume from the transaction fees they collect.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

26. Employee benefits payable

(1) Details of employee benefits payable

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
I. Short-term employee benefits	70,693,229.65	120,637,107.21	116,159,473.38	75,170,863.48
II. Post-employment benefits – defined contribution plans	90,460.02	19,487,103.37	19,485,115.46	92,447.93
III. Termination benefits		158,940.32	158,940.32	
Total	70,783,689.67	140,283,150.90	135,803,529.16	75,263,311.41

(2) Short-term employee benefits

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
Salaries, bonuses, allowances and subsidies	57,072,540.54	98,677,895.51	92,358,442.69	63,391,993.36
Employee welfare	13,282.46	1,601,661.00	1,614,943.46	41,812.80
Social insurance contributions Including: Medical insurance premiums	2,576,102.00	8,655,126.19	11,189,415.39	41,812.80
Work-related injury insurance premiums	2,568,727.64	8,411,709.80	10,944,186.54	36,250.90
Maternity insurance premiums	1,325.68	170,388.79	170,459.12	1,255.35
Others	6,048.68	73,027.60	74,769.73	4,306.55
Housing provident fund	17,810.21	9,655,191.56	9,655,191.56	17,810.21
Funds for trade unions and staff education	11,013,494.44	1,767,963.07	1,062,210.40	11,719,247.11
Other short-term employee benefits		279,269.88	279,269.88	
Total	70,693,229.65	120,637,107.21	116,159,473.38	75,170,863.48

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

26. Employee benefits payable (Continued)

(3) Defined contribution plans

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
Basic pension insurance	83,662.90	11,809,887.91	11,807,846.20	85,704.61
Unemployment insurance premiums	6,797.12	512,185.46	512,239.26	6,743.32
Enterprise annuity contributions		7,165,030.00	7,165,030.00	
Total	90,460.02	19,487,103.37	19,485,115.46	92,447.93

(4) Termination benefits

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
Termination benefits		158,940.32	158,940.32	
Total		158,940.32	158,940.32	

The Group's employees participate in the basic pension insurance established by government agencies. The Group determines the base within the upper and lower limits of the local basic pension insurance contribution base and based on the employees' average monthly income in the previous year and makes contributions in accordance with the stipulated ratio.

In addition to participating in the basic pension insurance organized and implemented by the local labor and security authorities in accordance with the relevant PRC regulations, the Group has established an enterprise annuity plan for eligible employees voluntarily, and the unit contributions and their investment income in the employees' individual accounts of the enterprise annuity are attributed to the employees on a pro-rata basis in accordance with the relevant regulations. The Group established the principle of compensation in the enterprise pension fund for employees who are less than 10 years away from retirement from the date of implementation of the enterprise pension fund, and such employees will be compensated after retirement in accordance with the relevant regulations.

In order to further improve the multi-tiered medical insurance system for the Company's employees and effectively enhance the employees' medical insurance level, the Company participates in the basic medical insurance and on this basis, formulates the Implementation Plan Regarding the Supplementary Medical Insurance of Zhongtai Futures Company Limited in accordance with the relevant national regulations. It has implemented supplementary medical insurance since July 2023 for current employees and retired employees who have signed full-time employment contracts with the Company.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

27. Notes payable

Category	June 30th, 2024	December 31st, 2023
Bank's acceptance bill	7,800,000.00	80,347,520.00
Total	7,800,000.00	80,347,520.00

There were no notes payable due or unpaid at the end of the period. The aging of the Group's notes payable at the end of the period described above was within 125 days.

28. Taxes payable

Item	June 30th, 2024	December 31st, 2023
Corporate income tax payable	2,668,178.36	294,388.68
Personal income tax payable	1,002,666.68	3,025,013.98
Unpaid VAT	952,298.40	492,185.02
Stamp duty	189,791.43	355,127.53
Property tax payable	84,152.55	84,152.55
Urban construction tax payable	61,738.66	36,951.96
Education surcharge payable	27,629.31	16,779.97
Local education surcharge payable	17,513.43	10,115.48
Total	5,003,968.82	4,314,715.17

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

29. Payables

(1) Classification by details

Item	June 30th, 2024	December 31st, 2023
Funds payable to OTC option customers	1,218,187,571.83	1,446,117,544.90
Return of brokerage service fee payable	5,252,070.66	11,466,008.92
Commission payable for futures introduction and brokerage services	7,286,485.88	10,842,361.40
Advertising expenses payable	9,318,290.53	4,094,320.08
Remuneration payable for intermediary services	2,273,118.91	2,145,027.24
Consulting service fee payable	1,949,355.45	1,949,355.45
Rent and property costs payable	126,366.53	426,366.53
Others	748,430.38	11,750,619.39
Total	1,245,141,690.17	1,488,791,603.91

(2) As of June 30th, 2024, the companies with the five largest balances of payables:

Company name	Amount	Aging	As a percentage of total payables (%)	Nature of payment
China Merchants Securities Co., Ltd.	66,550,000.00	Within 1 year	5.34	OTC option client funds
Industrial Securities Co., Ltd.	63,525,546.62	Within 1 year	5.10	OTC option client funds
Zheshang Development Group Co., Ltd.	62,420,170.16	Within 1 year	5.01	OTC option client funds
China Securities Co., Ltd.	47,418,353.64	Within 1 year	3.81	OTC option client funds
Hainan Kuohai Trade Co., Ltd.	42,685,081.86	Within 1 year	3.43	OTC option client funds
Total	282,599,152.28		22.69	

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

29. Payables (Continued)

(3) Payables by aging

Aging	June 30th, 2024	December 31st, 2023
Within 1 year	844,972,947.42	1,316,438,006.71
1-2 years	392,359,057.67	166,948,896.89
2-3 years	3,080,062.60	2,096,751.92
Over 3 years	4,729,622.48	3,307,948.39
Total	1,245,141,690.17	1,488,791,603.91

- (4) As at June 30th, 2024, the Group's balance payable to the shareholder Zhongtai Securities for the house purchase was RMB42,643.89 (December 31st, 2023: RMB42,643.89), and the introducing brokers' service commission was RMB7,286,485.88 (December 31st, 2023: RMB10,842,361.40).

30. Contract liabilities

Item	June 30th, 2024	December 31st, 2023
Advance payment for goods	48,815,737.58	26,491,204.51
Total	48,815,737.58	26,491,204.51

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

31. Lease liabilities

Item	June 30th, 2024	December 31st, 2023
Unpaid lease payments	32,729,736.56	35,349,965.91
Less: Unrecognized financing costs	5,053,979.54	5,958,489.63
Total	27,675,757.02	29,391,476.28

32. Provisions

Item	June 30th, 2024	December 31st, 2023
Expected losses	25,941.06	59,343.00
Total	25,941.06	59,343.00

33. Other liabilities

Item	June 30th, 2024	December 31st, 2023
Other payables	13,620,816.88	12,338,370.45
Advances from customers	169,811.27	23,584.90
Pending output tax	7,599,440.41	1,711,008.79
Endorsed notes undue	43,418,819.73	46,003,405.83
Dividends payable	14,026,600.00	
Total	78,835,488.29	60,076,369.97

As at June 30th, 2024, the Company had RMB799,840.57 (December 31st, 2023: RMB799,840.57) payable to the shareholder, Zhongtai Securities, for the lease of cabinets.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

34. Share capital

Name of shareholder	June 30th, 2024		December 31st, 2023	
	Contribution amount	Proportion (%)	Contribution amount	Proportion (%)
Zhongtai Securities Co., Ltd.	632,176,077.50	63.10	632,176,077.50	63.10
Yongfeng Group Co., Ltd.	35,156,250.00	3.51	35,156,250.00	3.51
Shandong State-owned Assets Investment Holding Co., Ltd.	22,583,601.69	2.25	22,583,601.69	2.25
Linglong Group Co., Ltd.	11,718,750.00	1.17	11,718,750.00	1.17
Sanya Shengli Investment Co., Ltd.	11,718,750.00	1.17	11,718,750.00	1.17
Jinan Energy Investment Co., Ltd.	11,456,570.81	1.14	11,456,570.81	1.14
Overseas Listed Ordinary Shares ("H Shares")	277,090,000.00	27.66	277,090,000.00	27.66
Total	1,001,900,000.00	100.00	1,001,900,000.00	100.00

As of June 30th, 2024, the Company's shares were not pledged or frozen.

Corporate shareholders holding more than 10% of the Company's shares: Zhongtai Securities Co., Ltd.; legal representative: Wang Hong; business scope: securities transactions; securities investment fund custody; industry category: capital market services; registered capital: RMB6,968,625,756.00.

35. Capital reserves

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
Equity premium	650,629,528.42			650,629,528.42
Other capital reserves	11,304,538.52			11,304,538.52
Total	661,934,066.94			661,934,066.94

Other capital reserves refer to other changes in the equity of the investee other than comprehensive income and profit distribution accounted for by the equity method.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

36. Other comprehensive income

Item	Balance as of December 31st, 2023	Amount incurred before income tax for the period	Less: Amount included in other comprehensive income in the prior period transferred to current profit or loss	Amount incurred in current period			Amount attributable to minority shareholders after tax	Balance as of June 30th, 2024
				Less: Amount included in other comprehensive income in the prior period transferred to retained earnings in the current period	Less: Income tax expenses	Amount attributable to the parent company after tax		
Other comprehensive income to be reclassified to profit or loss	2,151,975.26	164,586.94				164,586.94	2,316,562.20	
Including: Other comprehensive income available for transfer to profit or loss under the equity method								
Provision for credit impairment of other debt investments								
Translation difference of foreign currency statements	2,151,975.26	164,586.94				164,586.94	2,316,562.20	
Others								
Total other comprehensive income	2,151,975.26	164,586.94				164,586.94	2,316,562.20	

37. Surplus reserves

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
Statutory surplus reserve	112,633,923.22			112,633,923.22
Total	112,633,923.22			112,633,923.22

According to the Company Law of the People's Republic of China and the Articles of Association of the Company, the Company withdraws the statutory surplus reserve at 10% of the annual net profit. When the accumulated amount of the statutory surplus reserve reaches more than 50% of the registered capital, it can no longer be withdrawn. After approval, the statutory surplus reserve may be used to make up for losses or increase the share capital.

The withdrawal amount of the Company's discretionary surplus reserve shall be proposed by the board of directors and approved by the general meeting of shareholders. After approval, any surplus reserve can be used to cover the losses of previous years or increase the paid-in capital. The Company did not withdraw any discretionary surplus reserve from January to June 2024.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

38. General risk reserve

Item	January-June 2024	January-June 2023
Closing balance of the prior period before adjustments	137,628,972.73	124,578,909.85
Add: Changes in accounting policies		-35.32
Closing balance of the prior period after adjustments	137,628,972.73	124,578,874.53
Accrual in the current period		
Closing balance	137,628,972.73	124,578,874.53

According to the Guidelines for the Implementation of Financial Rules for Financial Enterprises (Cai Jin [2007] No. 23), the Company withdraws general risk reserves at 10% of its net profit for risk compensation, and the reserves shall not be used for dividends or capital increase.

39. Undistributed profits

Item	January-June 2024	January-June 2023
Closing balance of the prior period before adjustments	644,041,774.41	552,372,922.16
Add: Changes in accounting policies		80,624.90
Closing balance of the prior period after adjustments	644,041,774.41	552,453,547.06
Add: Net profit attributable to shareholders of the parent company	590,868.22	68,131,668.24
Less: Withdrawal of statutory surplus reserves		
Withdrawal of general risk reserve		
Distribution of dividends on ordinary shares	14,026,600.00	16,030,400.00
Others		
Closing balance of the current period	630,606,042.63	604,554,815.30

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

39. Undistributed profits (Continued)

Details of dividends declared and paid and proposed during the Track Record Period are set out below:

Under the resolution of the Board of Directors' meeting held on March 30th, 2023, and the resolution of the shareholders' general meeting held on June 15th, 2023 for the year ended December 31st, 2022, the Company declared a final dividend for 2022 to its shareholders on the basis of RMB0.16 (inclusive of tax) per 10 shares, amounting to a total of RMB16,030,400.00, and the Company has completed the dividend payment in 2023.

Pursuant to the resolution of the Board of Directors' meeting held on March 26th, 2024, and the resolution of the shareholders' general meeting held on June 27th, 2024 for the year ended December 31st, 2023, the Company declared a final dividend for 2023 to its shareholders based on RMB0.14 (inclusive of tax) per 10 shares, amounting to a total of RMB14,026,600.00. As at June 30th, 2024, the Company has not yet paid the dividend.

40. Net handling fees and commission income

(1) Listed by category

Item	January-June 2024	January-June 2023
Net income from return and reduction of handling fees of the exchange	96,633,807.02	137,745,296.75
Net income from transaction fees	58,358,530.34	32,797,233.93
Net income from exercise fees	4,769,229.05	3,719,380.34
Investment consulting service fee income	103,538.32	155,189.08
Net income from settlement fees	18,704.68	8,919.89
Asset management business income		271,869.63
Total	159,883,809.41	174,697,889.62

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

40. Net handling fees and commission income (Continued)

(2) Listed by Region

Region	January-June 2024		January-June 2023	
	Number of divisions	Handling fee income	Number of divisions	Handling fee income
Shandong Province	11	95,295,508.61	12	147,998,066.13
Beijing	2	30,017,191.23	2	1,933,909.58
Hunan Province	1	6,866,176.60	1	762,854.84
Shanghai	3	6,622,824.40	3	7,338,449.91
Guangdong Province	3	4,987,689.82	2	4,052,589.50
Zhejiang Province	4	4,921,359.05	4	5,419,820.83
Liaoning Province	2	3,486,943.32	2	2,238,373.81
Jiangsu Province	2	2,460,664.73	2	865,894.11
Henan Province	2	1,867,313.82	2	1,746,333.08
Fujian Province	1	1,693,951.45	1	416,388.95
Tianjin	1	1,114,926.01	1	1,337,378.66
Hubei Province	1	549,260.37	1	587,830.22
Total	33	159,883,809.41	33	174,697,889.62

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

41. Net interest income

Item	January-June 2024	January-June 2023
Interest income	283,520,729.88	232,329,483.36
Including: Interest income from bank deposits	264,713,599.84	217,858,075.28
Exchange margin interest income	17,406,731.43	14,478,011.77
Interest income from repurchase for resale	1,400,398.61	-6,603.69
Interest expenses	149,830,995.32	124,078,681.50
Including: Interest expenses paid to customers	147,898,613.00	115,906,216.61
Interest expense of lease liabilities	1,310,600.62	1,624,923.40
Interest expense for settlement and clearing services	184,555.03	260,736.99
Interest expense on borrowings	437,226.67	6,286,804.50
Net interest income	133,689,734.56	108,250,801.86

42. Investment income

Item	January-June 2024	January-June 2023
Investment income from disposal of financial instruments held for trading	-144,920,948.16	-27,021,968.13
Investment income obtained during the holding period of financial assets held for trading	10,324,683.81	6,957,421.88
Income from long-term equity investments accounted for by the equity method	1,060,765.78	-3,946.08
Total	-133,535,498.57	-20,068,492.33

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

43. Gains from changes in fair value

Item	January-June 2024	January-June 2023
Changes in the fair value of financial instruments held for trading	91,834,420.61	35,968,714.25
Total	91,834,420.61	35,968,714.25

44. Other operation income

Item	January-June 2024	January-June 2023
Revenue from spot sales of futures and spot combination business	580,572,260.06	522,787,837.74
Others	540,796.32	1,265,059.36
Total	581,113,056.38	524,052,897.10

45. Other income

Item	January-June 2024	January-June 2023
Return of handling fees on personal income tax agency	228,078.31	521,909.96
Job stabilization subsidy	78,779.68	72.00
Government grants	22,529.74	190,854.65
Tax exemption		7,698.78
Others		5,000.00
Total	329,387.73	725,535.39

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

46. Expenditure on provision for futures risk

Item	January-June 2024	January-June 2023
Withdrawal of risk reserves	8,614,711.70	9,251,014.98
Total	8,614,711.70	9,251,014.98

47. Taxes and surcharges

Item	January-June 2024	January-June 2023
Stamp duty	421,976.50	344,689.72
Urban construction tax	305,404.56	631,114.24
Education surcharge	129,625.48	269,520.02
Local education surcharge	86,703.22	179,680.61
Others	174,551.12	181,791.62
Total	1,118,260.88	1,606,796.21

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

48. Business and management fees

(1) Comparison and presentation of business and management fees

Item	January-June 2024	January-June 2023
Business and management fees	223,451,922.10	200,466,283.06
Total	223,451,922.10	200,466,283.06

(2) The main items of business and management fees are as follows:

Item	January-June 2024	January-June 2023
Employee benefits	140,283,150.90	126,760,530.12
Running costs of electronic equipment	20,170,522.71	15,341,781.97
Advertising expenses	18,413,241.33	8,813,913.39
Depreciation and amortization	13,993,273.20	13,297,447.19
Communication fee	5,695,473.64	5,270,251.76
IB introducing fees	5,545,868.35	2,866,705.11
Business entertainment expenses	4,321,932.47	5,543,011.66
Conference expenses	4,016,740.96	2,152,714.02
Travel expenses	3,502,393.15	3,242,830.43
Consulting fee	2,374,593.07	4,747,970.57
Audit fee	450,943.39	364,150.94
Total	218,768,133.17	188,401,307.16

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

49. Credit impairment losses

Item	January-June 2024	January-June 2023
Impairment loss on cash and cash equivalents		-239,420.55
Impairment loss on receivables	-171,660.00	179,217.20
Impairment loss on other receivables	29,386.39	-118,115.72
Impairment loss on receivables from risk losses	35,130.50	15,425.24
Impairment loss of buying back the sale of financial assets		
Total	-107,143.11	-162,893.83

50. Impairment losses on assets

Item	January-June 2024	January-June 2023
Inventory impairment loss	102,713.34	
Total	102,713.34	

51. Other business costs

Item	January-June 2024	January-June 2023
Cost of spot sales in futures and spot combination business	576,642,016.00	516,298,342.76
Others	18,701,952.96	522,125.61
Total	595,343,968.96	516,820,468.37

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

52. Non-operating income

Item	January-June 2024	January-June 2023
Gains from the scrapping of non-current assets	101.42	800.00
Including: Gains from the scrapping of fixed assets	101.42	800.00
Gains from the scrapping of intangible assets		
Government grants and support funds	520,100.00	6,000.00
Income from forfeited margin		
Others	6,253.64	1,866.63
Total	526,455.06	8,666.63

53. Non-operating expenses

Item	January-June 2024	January-June 2023
Losses on the scrapping of non-current assets	117,652.91	10,107.36
Including: Losses on the scrapping of fixed assets	7,912.08	10,107.36
Donation and sponsorship expenses	3,259,435.17	850,000.00
Compensation	250.00	
Overdue payment	316.05	515,450.11
Others	4,231.40	157,052.83
Total	3,381,885.53	1,532,610.30

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

54. Income tax expenses

(1) Presentation of income tax expenses

Item	January-June 2024	January-June 2023
Current income tax expenses	13,918,898.63	2,198,360.57
Deferred income tax expenses	-12,692,535.86	23,544,750.39
Total	1,226,362.77	25,743,110.96

(2) Adjustment process of accounting profit and income tax expense

Item	January-June 2024	January-June 2023
Total consolidated profit	1,817,230.99	93,874,779.20
Income tax expense calculated at the legal/ applicable tax rate	454,307.75	23,468,694.80
Effect of different tax rates applied to subsidiaries	-2,010.53	109,753.52
Effect of income tax adjustment in previous periods	-74,036.68	-445,912.23
Effect of non-taxable income	-74,036.68	-445,912.23
Effect of non-deductible costs, expenses, and losses	869,524.23	2,633,703.72
Effect of using the deductible losses for which deferred income tax assets are not recognized in the prior period		
Effect of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period		-23,128.85
Effect of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the prior period	-21,422.00	
Final settlement difference of the prior year		
Income tax expenses	1,226,362.77	25,743,110.96

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

55. Cash flow statement items

(1) Supplementary information of the consolidated cash flow statement

Item	January-June 2024	January-June 2023
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	590,868.22	68,131,668.24
Add: Impairment loss of other assets	102,713.34	
Credit impairment loss	-107,143.11	-162,893.83
Depreciation of right-of-use assets	6,878,655.70	7,022,803.64
Depreciation of fixed assets	5,238,704.90	4,726,587.64
Amortization of intangible assets	1,159,522.14	699,687.05
Amortization of long-term deferred expenses	716,390.46	848,368.86
Losses on the disposal of fixed assets, intangible assets, and other long-term assets (gains marked with "-")	118,091.36	-229,794.91
Losses on scrapping of fixed assets (gains marked with "-")	7,810.66	9,307.36
Losses on changes in fair values (gains marked with "-")	-91,834,420.61	-35,968,714.25
Interest expenses (gains marked with "-")	1,747,827.29	7,911,727.90
Exchange loss	109,464.26	476,749.14
Investment losses (gains marked with "-")	-1,060,765.78	3,946.08
Decrease in deferred tax assets (increase marked with "-")	-23,561,565.54	11,572,843.28
Increase in deferred tax liabilities (decrease marked with "-")	10,869,029.68	11,971,907.11
Accrual of futures risk reserve	8,614,711.70	9,251,014.98
Decrease in inventories (increase marked with "-")	-56,617,684.87	28,693,196.62
Decrease in operating receivables (increase marked with "-")	-1,712,840,759.48	-816,571,623.00
Increase in operating payables (decrease marked with "-")	3,646,998,125.02	1,010,334,531.15
Others		
Net cash flows from operating activities	1,797,129,575.34	308,721,313.06

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

55. Cash flow statement items (Continued)

(1) Supplementary information of the consolidated cash flow statement (Continued)

Item	January-June 2024	January-June 2023
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within 1 year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	20,197,099,316.11	16,167,283,225.70
Less: Opening balance of cash	18,422,813,316.08	15,830,763,403.92
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,774,286,000.03	336,519,821.78

(2) Cash and cash equivalents

Item	June 30th, 2024	December 31st, 2023
Cash	20,197,099,316.11	18,422,813,316.08
Including: Cash on hand	38,224.55	38,024.55
Bank deposits readily available for payment	20,195,068,686.92	18,420,550,286.47
Other cash and cash equivalents readily available for payment	1,992,404.64	2,225,005.06
Cash equivalents		
Including: Bond investments due within 3 months		
Closing balance of cash and cash equivalents	20,197,099,316.11	18,422,813,316.08

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VII. Notes on main items of consolidated financial statements (Continued)

56. Dividends

As of June 30th, 2024, the Company declared a final dividend of RMB14,026,600.00 (inclusive of tax) for the period ended December 31st, 2023.

57. Earnings per share

(1) Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares issued during the period.

Item	January-June 2024	January-June 2023
Net profit attributable to the ordinary shareholders of the parent company	590,868.22	68,131,668.24
Weighted average number of ordinary shares issued	1,001,900,000.00	1,001,900,000.00
Basic earnings per share	0.0006	0.0680

(2) Diluted earnings per share

There were no potentially dilutive ordinary shares for the six months ended June 30th, 2024, so diluted earnings per share are the same as basic earnings per share.

58. Assets with restricted ownership or use rights

Item	Book value as of June 30th, 2024	Type of restriction	Restriction details
Cash and cash equivalents	3,900,000.00	Margin	Margin for bank's acceptance bill
Total	3,900,000.00	--	--

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

VIII. Segment reports

The Group's reportable segments are business units that provide different products or services. As the various businesses require different technological and market strategies, the Group manages the production and operating activities of each reportable segment separately and evaluates its operating results separately to determine the allocation of resources to it and to evaluate its performance.

The Group's reportable segments are primarily classified into brokerage business segment, risk management business segment, and asset management segment, depending on the type of business.

There is no significant dependence on a single customer as the Group's business is not conducted to a specific customer.

Segment report for January-June 2024 (by business)

Item	Brokerage business	Risk management business	Asset management business	Other businesses	Offset	Total
I. Operating income	286,713,111.12	524,359,361.65		34,778,465.15	-12,653,842.59	833,197,095.33
External operating income	271,521,407.96	536,897,222.22		24,778,465.15		833,197,095.33
Inter-segment operating income	15,191,703.16	-12,537,860.57		10,000,000.00	-12,653,842.59	
II. Operating expenses	204,273,041.79	619,392,730.25	1,369,561.09	6,314,692.99	-2,825,592.25	828,524,433.87
External operating expenses	204,273,041.79	616,738,887.66	1,369,561.09	6,142,943.33		828,524,433.87
Inter-segment operating expenses		2,653,842.59		171,749.66	-2,825,592.25	
III. Total profits/(losses)	82,440,069.33	-94,507,291.65	-1,369,561.09	25,082,264.74	-9,828,250.34	1,817,230.99
IV. Income tax expenses	18,840,507.58	-23,604,502.95		5,947,420.73	42,937.41	1,226,362.77
V. Net profit/(loss)	63,599,561.75	-70,902,788.70	-1,369,561.09	19,134,844.01	-9,871,187.75	590,868.22
VI. Total assets	31,869,523,483.10	2,379,283,028.85	72,343.58	1,001,536,248.83	-1,550,979,812.10	33,699,435,292.26
VII. Total liabilities	30,214,372,375.58	1,679,475,681.53	4,718,338.60	21,790,103.17	-767,940,774.34	31,152,415,724.54
VIII. Additional information						
1. Depreciation and amortization expenses	12,163,373.13	1,872,385.28	35,875.11	93,389.34	-171,749.66	13,993,273.20
2. Capital expenditure	16,695,317.62	1,911,954.41		1,580,767.91		20,188,039.94

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

VIII. Segment reports (Continued)

Segment report for January-June 2023 (by business)

Item	Brokerage business	Risk management business	Asset management business	Other businesses	Offset	Total
I. Operating income	293,304,995.88	558,532,018.95	155,189.08	19,051,054.19	-47,662,866.44	823,380,391.66
External operating income	279,478,231.43	524,695,916.96	155,189.08	19,051,054.19		823,380,391.66
Inter-segment operating income	13,826,764.45	33,836,101.99			-47,662,866.44	
II. Operating expenses	185,582,526.82	536,860,014.23	1,753,865.31	13,831,336.56	-10,046,074.13	727,981,668.79
External operating expenses	179,375,598.79	533,254,613.47	1,753,865.31	13,597,591.22		727,981,668.79
Inter-segment operating expenses	6,206,928.03	3,605,400.76		233,745.34	-10,046,074.13	
III. Total profits/(losses)	107,722,469.06	-16,178,255.96	-1,598,676.23	3,695,496.99	233,745.34	93,874,779.20
IV. Income tax expenses	29,418,384.89	-3,739,499.81		8,763.62	55,462.26	25,743,110.96
V. Net profit/(loss)	78,304,084.17	-12,438,756.15	-1,598,676.23	3,686,733.37	178,283.08	68,131,668.24
VI. Total assets	28,721,004,667.26	2,981,180,203.01	184,890.84	992,399,821.85	-2,647,286,768.53	30,047,482,814.43
VII. Total liabilities	27,174,838,731.24	2,213,728,069.95	348,338.34	18,402,815.85	-1,854,943,609.52	27,552,374,345.86
VIII. Additional information						
1. Depreciation and amortization expenses	8,482,828.42	2,355,200.44	8,555.66	2,684,608.01	-233,745.34	13,297,447.19
2. Capital expenditure	17,650,477.09	1,856,773.34		3,572,476.62		23,079,727.05

IX. Transfer and sale of significant assets

As of June 30th, 2024, there are no transfers and sales of significant assets that need to be disclosed by the Company.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions

1. Controlling shareholders

(1) Parent company

Parent company	Type of company	Place of registration	Legal representative	Business nature	Organization code
Zhongtai Securities	Stock corporation	Jinan	Wang Hong	Securities and financial services	729246347

(2) Registered capital of the parent company and changes therein

Parent company	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
Zhongtai Securities	6,968,625,756 元			6,968,625,756 元

(3) Parent company's shareholding and voting rights in the Company

Controlling shareholders	June 30th, 2024		December 31st, 2023	
	Percentage of capital contribution	Percentage of voting rights	Percentage of capital contribution	Percentage of voting rights
Zhongtai Securities	63.10%	63.10%	63.10%	63.10%

2. Subsidiaries

See Note VI for basic information on subsidiaries and related information.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions (Continued)

3. Associates

(1) Shandong Trading Market Clearing House Co., Ltd.

Shandong Trading Market Clearing House Co., Ltd. (hereinafter referred to as “Lu Clearing”) is located in Jinan City, Shandong Province. It is mainly engaged in transaction settlement services and derivatives clearing services.

As of June 30th, 2024, the registered capital of Lu Clearing was RMB200 million, and the paid-in capital was RMB200 million. The Group holds 12.50% of the shares. The Group accounts for the investment of Lu Clearing according to the equity method.

Item	June 30th, 2024	December 31st, 2023
Current assets	5,596,398,378.52	5,404,238,791.06
Non-current assets	57,545,597.41	56,471,325.16
Total assets	5,653,943,975.93	5,460,710,116.22
Current liabilities	5,436,884,802.65	5,252,374,084.00
Non-current liabilities		
Total liabilities	5,436,884,802.65	5,252,374,084.00
Net assets	217,059,173.28	208,336,032.22
Share of net assets calculated according to the shareholding ratio	27,132,396.66	26,042,004.03
Adjustment matters ¹	8,764.28	-14,476.14
Book value of investment in associates	27,141,160.94	26,027,527.89

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions (Continued)

3. Associates (Continued)

(1) Shandong Trading Market Clearing House Co., Ltd. (Continued)

Item	January-June 2024	January-June 2023
Operating income	15,667,060.07	11,055,451.85
Net profit	8,775,817.34	5,422,057.69
Other comprehensive income		
Total comprehensive income	8,775,817.34	5,422,057.69
Dividends received by the Group from associates in the current period		

Net profit and other comprehensive income have considered the fair value of identifiable assets and liabilities at the time of obtaining investment and the adjustment impact of unified accounting policies.

¹ Adjustment matters include the offset of unrealized profits from internal transactions between the Company and associates.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions (Continued)

3. Associates (Continued)

(2) Shandong Board of Trade

As of June 30th, 2024, the Group has an investment of RMB35.40 million in Shandong Board of Trade (formerly known as “Rizhao Board of Trade Co., Ltd.”, hereinafter referred to as “Shandong Board of Trade”). Shandong Board of Trade, located in Rizhao, Shandong Province, mainly provides electronic trading services for bulk commodities. At present, the company is operating normally.

As of June 30th, 2024, the registered capital of the Shandong Board of Trade was RMB200 million, and the paid-in capital was RMB200 million. The Group holds 8.85% of the shares. The Group accounts for the investment of the Shandong Board of Trade according to the equity method.

Item	June 30th, 2024	December 31st, 2023
Current assets	150,426,136.81	155,848,121.65
Non-current assets	52,548,530.13	52,532,914.55
Total assets	202,974,666.94	208,381,036.20
Current liabilities	6,694,026.54	11,973,929.70
Non-current liabilities	2,135,738.38	1,664,834.23
Total liabilities	8,829,764.92	13,638,763.93
Net assets attributable to the parent company	194,144,902.02	194,742,272.27
Share of net assets calculated according to the shareholding ratio	17,181,823.83	17,234,691.10
Book value of investment in associates	17,181,823.83	17,234,691.10

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions (Continued)

3. Associates (Continued)

(2) Shandong Board of Trade (Continued)

Item	January-June 2024	January-June 2023
Operating income	3,821,188.50	6,596,491.94
Net profit attributable to parent company	79,901.26	-7,215,458.43
Other comprehensive income		
Total comprehensive income	79,901.26	-7,215,458.43
Dividends received by the Group from associates in the current period		

Net profit and other comprehensive income have considered the fair value of identifiable assets and liabilities at the time of obtaining investment and the adjustment impact of unified accounting policies.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions (Continued)

4. Other related parties

Name of other related parties	Relationship with the Group
Zhongtai (Shanghai) Asset Management Co., Ltd. (“Zhongtai Asset Management”)	Controlled by the same parent company
Qilu Zhongtai Property Co., Ltd. (“Qilu Zhongtai Property”)	Controlled by the same parent company
ZHONGTAI INTERNATIONAL SECURITIES LIMITED (“ZHONGTAI INTERNATIONAL SECURITIES”)	Controlled by the same parent company
ZHONGTAI INTERNATIONAL ASSET MANAGEMENT LIMITED (“ZHONGTAI INTERNATIONAL ASSET MANAGEMENT”)	Controlled by the same parent company
Wanjia Asset Management Co., Ltd. (“Wanjia Asset”)	Controlled by the same parent company
Yongfeng Group Co., Ltd. (“Yongfeng Group”)	Shareholders of the Company
Shandong Yongtong Industries Co., Ltd. (“Shandong Yongtong”)	Controlled by Yongfeng Group.
Shandong Yongfeng International Trade Co., Ltd. (“Yongfeng Trade”)	Controlled by Yongfeng Group.
Shandong Trading Market Clearing House Co., Ltd. (“Lu Clearing”)	Associate
Shandong Energy Group Co., Ltd. (“Shandong Energy Group”)	Indirect controlling shareholder of the parent company
Zaozhuang Mining (GROUP) Co., Ltd. (“Zaozhuang Mining”)	Controlling shareholders of the parent company
Shanneng (Qingdao) Smart Industry Technology Co., Ltd. (“Shanneng Industry”)	Controlled by Shandong Energy Group
XI AN LU HUI Trading Co., Ltd. (“LU HUI Trading”)	Controlled by Shandong Energy Group

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions (Continued)

5. Related party transactions and balances

The Group complies with normal commercial terms for related transactions that occur in the normal course of business. The prices of related transactions are determined after negotiation among the parties mainly with reference to market prices.

(1) Transactions and balances with the parent company Zhongtai Securities

Item	January-June 2024	January-June 2023
Investment Income	-75,463,836.21	-890,136.99
Commission expenses for futures introducing brokerage services	5,545,868.35	4,337,029.94
Fee income from futures brokerage services	2,783,169.74	333,650.03
Interest expenses on futures margin deposits	26,975,068.84	4,759,226.55
Consultation and information service charges	621,521.63	1,675,131.77
Securities Trading Commission expenses	16,511.30	
Interest expense on borrowings		5,696,000.00
Housing rental expenses	20,656.92	

Item	June 30th, 2024	December 31st, 2023
Cash and cash equivalents – other cash and cash equivalents	931,666.64	478,536.91
Financial assets held for trading – derivative financial assets	3,754,801,111.48	1,633,266.39
Currency margin payable		1,953,970,978.19
Financial liabilities held for trading – derivative financial liabilities		8,041,612.66
Lease liabilities		305,545.59
Payables	7,329,129.77	10,885,005.29
– Commission payable for futures brokerage services	7,286,485.88	10,842,361.40
– Others	42,643.89	42,643.89
Other payables	799,840.57	799,840.57
– Cabinet rental fees payable	799,840.57	799,840.57
Other receivables	9,686.66	9,686.66
– Others	9,686.66	9,686.66

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions (Continued)

5. Related party transactions and balances (Continued)

(2) Transactions and balances with other related parties

Item	January-June 2024	January-June 2023
Fee income from futures brokerage services	303,870.62	574,115.55
Purchase of securities investment funds and asset management plans		
– Zhongtai Asset Management	50,000,000.00	
– Wanjia Asset	40,000,000.00	20,000,000.00
Disposal of securities investment funds and asset management plans		
– Zhongtai Asset Management	20,000,000.00	
– Wanjia Asset		10,000,000.00
Revenue from selling spot goods		
– Shanneng Industry	2,397,791.15	
– Xinkuang International Trade	33,547,614.57	14,975,364.70
Cost of purchasing spot goods		
– Shanneng Industry	7,122,010.62	
– LU HUI Trading	6,825,854.87	
Revenue from sales of equipment and provision of services		
– Lu Clearing		9,433.98
Rental income		
– Lu Clearing	169,811.34	169,811.34
OTC Options investment income		
– Yongfeng Trade	-1,205,430.00	-509,250.00
Rental costs		
– Qilu Zhongtai Property	1,254,713.60	408,800.00

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

X. Related-party relationships and transitions (Continued)

5. Related party transactions and balances (Continued)

(2) Transactions and balances with other related parties (Continued)

Item	June 30th, 2024	December 31st, 2023
Financial assets held for trading – asset management plans and funds managed by Zhongtai Asset Management	77,215,458.51	42,347,359.05
Financial assets held for trading – funds managed by ZHONGTAI INTERNATIONAL ASSET MANAGEMENT		5,140,306.40
Financial assets held for trading – funds managed by Wanjia Asset	58,999,607.32	18,968,768.41
Financial assets held for trading – derivative financial assets – Yongfeng Trade	341,970.00	
Financial liabilities held for trading – derivative financial liabilities – Yongfeng Trade	177,250.00	
Receivables – receivables from goods – Xinkuang International Trade	19,634,117.05	14,703,865.98
Other assets – prepayments – Shanneng Industry	93,717.24	254,194.41
Currency margin payable	81,723,960.62	62,915,783.93
Payables – consultancy fees payable – Zhongtai Asset Management	44,675.22	
Lease liabilities – Qilu Zhongtai Property	779,515.69	29,625.88
Other liabilities – other payables – Qilu Zhongtai Property	80,863.20	380,863.20

6. Key management remuneration

Key management personnel of the Group are those persons, including directors, supervisors, and senior management, who have the authority and responsibility, directly or indirectly, for planning, directing, and controlling the activities of the Group. Zhongtai Securities assumed the current period's remuneration of individual key management personnel assigned to the Company.

Item	January-June 2024	January-June 2023
Key management remuneration	3,608,031.46	4,547,728.01

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XI. Commitments and contingencies

1. Capital expenditure commitments

The Group has no significant capital expenditure commitments as at the balance sheet date.

2. Contingencies

As at the balance sheet date, the Group has no material contingencies requiring disclosure.

XII. Financial risks

The Group's risk management objective is to maximize shareholder value by maintaining an appropriate balance of risk and reward and minimizing the negative impact on the Group's operating results. The Group's risk management strategy is to identify and analyze the risks to which the Group is exposed, set appropriate risk tolerance levels, and measure and monitor risks reliably and promptly to ensure that risks are kept within tolerable limits.

Operational risks that the Group is exposed to mainly include credit risk, market risk, liquidity risk, and capital management risk. The Group has designed integrated systems, internal control policies, and procedures to identify, assess, monitor, and manage financial risks. The Group regularly reviews its risk management policies and systems and makes modifications and changes to its products and services in response to market conditions. The Group is dedicated to establishing a controlled environment that consists of clear structures, routine procedures, and specific responsibilities.

The risk management policies and structures have not changed since the end of the year.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

XIII. Fair value disclosures

The level to which the results of a fair value measurement belong is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong:

Level I: the unadjusted quotation of the same assets or liabilities that can be obtained in the active market.

Level II: the direct or indirect observable input value of related assets or liabilities other than the Level I input value.

Level III: the unobservable input value of related assets or liabilities.

1. Financial instruments measured at fair value

The continuing assets and liabilities measured at fair value as at June 30th, 2024 are presented by the three levels described above as follows:

Item	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading				
– Stock investment	2,994,930.36			2,994,930.36
– Private securities investment funds		120,479,715.25		120,479,715.25
– Public offering of securities investment funds	475,667,562.35			475,667,562.35
– Trust plan			6,003,550.37	6,003,550.37
– Asset management plan		263,311,682.48		263,311,682.48
– Bank financial products		1,748,163.55		1,748,163.55
– Income certificates				
– Exchange-traded option contract	25,055,637.50			25,055,637.50
– OTC options contract		491,265,778.99		491,265,778.99
– Forward contracts		7,460,421.24		7,460,421.24
Investments in other equity instruments (Futures membership investments)			1,400,000.00	1,400,000.00
Total	503,718,130.21	884,265,761.51	7,403,550.37	1,395,387,442.09
Financial liabilities				
Financial liabilities held for trading				
– OTC options contract		-241,519,558.02		-241,519,558.02
– Exchange-traded option contract	-43,206,887.50			-43,206,887.50
– Forward contracts		-13,215,315.40		-13,215,315.40
Total	-43,206,887.50	-254,734,873.42	–	-297,941,760.92

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XIII. Fair value disclosures (Continued)

1. Financial instruments measured at fair value (Continued)

The continuing assets and liabilities measured at fair value as at December 31st, 2023 are presented by the three levels described above as follows:

Item	Level I	Level II	Level III	Total
Financial assets				
Financial assets held for trading				
– Stock investment	2,392,227.84			2,392,227.84
– Private securities investment funds		209,336,884.37		209,336,884.37
– Public offering of securities investment funds	330,079,427.04			330,079,427.04
– Trust plan		1,000,000.00	6,003,550.37	7,003,550.37
– Asset management plan		255,127,322.48		255,127,322.48
– Bank financial products		1,721,061.44		1,721,061.44
– Income certificates				
– Exchange-traded option contract	8,324,472.50			8,324,472.50
– OTC options contract		284,245,013.66		284,245,013.66
– Forward contracts		29,532,760.00		29,532,760.00
Investments in other equity instruments (Futures membership investments)				
			1,400,000.00	1,400,000.00
Total	340,796,127.38	780,963,041.95	7,403,550.37	1,129,162,719.70
Financial liabilities				
Financial liabilities held for trading				
– OTC options contract		-150,861,157.82		-150,861,157.82
– Exchange-traded option contract	-11,365,277.50			-11,365,277.50
– Forward contracts		-12,252,793.03		-12,252,793.03
Total	-11,365,277.50	-163,113,950.85		-174,479,228.35

There were no significant transfers between level I and level II of the fair value hierarchy of the Group's financial instruments measured at fair value in January-June 2024 (FY2023: same)

For financial instruments traded in an active market, the Group determines their fair value using quoted prices in an active market; for financial instruments not traded in an active market, the Group uses valuation techniques to determine their fair value. The main valuation models used are the Black-Scholes Option Pricing Model, the Binomial Tree Option Pricing Model, the Monte Carlo Model, and the Discounted Cashflow Model. The inputs to the valuation techniques mainly include risk-free rates, benchmark rates, credit spreads, illiquidity discounts, and historical volatilities.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

XIII. Fair value disclosures (Continued)

1. Financial instruments measured at fair value (Continued)

The changes in Level III financial instruments above are as follows:

Item	Financial assets held for trading	Financial liabilities held for trading	Investments in other equity instruments (Futures membership investments)
December 31st, 2023	6,003,550.37		1,400,000.00
Purchase			
Disposal			
Total loss included in profit or loss for the current period			
June 30th, 2024	6,003,550.37		1,400,000.00
Movement in unrealized losses on assets still held at June 30th, 2024 included in profit or loss for January-June 2023			

Item	Financial assets held for trading	Financial liabilities held for trading	Investments in other equity instruments (Futures membership investments)
December 31st, 2022	11,011,440.78		1,400,000.00
Purchase	14,800,000.00		
Disposal	-19,800,000.00		
Total loss included in profit or loss for the current period	-7,890.41		
December 31st, 2023	6,003,550.37		1,400,000.00
Movement in unrealized losses on assets still held at December 31st,	-7,890.41		

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XIII. Fair value disclosures (Continued)

1. Financial instruments measured at fair value (Continued)

Information related to Level III fair value measurements is as follows:

Financial instruments	Fair value as at June 30th, 2024	Significant unobservable parameters	Relationship between unobservable parameters and fair value
Financial assets held for trading – Trust plan	6,003,550.37	Expected future cash flows; expected payback date; discount rate commensurate with an expected level of risk	The more the future cash flows, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value
Investments in other equity instruments	1,400,000.00	Expected future cash flows; expected payback date; discount rate commensurate with an expected level of risk	The more the future cash flows, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value

2. Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value mainly include: Cash and cash equivalents, currency margin receivable, pledge margin receivable, settlement guarantees receivable, receivables, buying back the sale of financial assets, currency margin payable, pledge margin payable, notes payable and payables. Their fair values are equal to their book values.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XIV. The Group's interests in structured entities are not included in the scope of consolidation

(1) Interests in structured entities initiated and established by third-party institutions

As at June 30th, 2024, the structured entities initiated and established at third-party institutions but not included in the scope of consolidation were mainly financial assets held for trading, mainly comprising trust plans, asset management plans, bank wealth management, public offering of securities investment funds, and private securities investment funds. The relevant book values and maximum exposures are as follows:

Item	June 30th, 2024	December 31st, 2023
Financial assets held for trading	867,210,674.00	803,268,245.70

In January-June 2024, the Group received the following income from these structured entities held not included in the scope of consolidation:

Item	January-June 2024	FY2023
Investment Income	464,307.77	-10,907,167.90
Gains and losses on changes in fair value	13,842,039.25	18,385,536.59
Total	14,306,347.02	7,478,368.69

As at June 30th, 2024, the Group has not provided and does not intend to provide any financial support to these structural entities not included in the scope of consolidation (December 31st, 2023: same).

(2) Interests in structured entities initiated and established

As at June 30th, 2024, there were no structured entities initiated and established by the Company.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XV. Subsequent events

As of the date of this report, the Group has no significant post-balance sheet events.

XVI. Capital management

The Group's capital management objectives are as follows:

- (i) Ensuring that the Group and its subsidiaries continue as a going concern so that they can provide returns and benefits to shareholders and stakeholders
- (ii) Maintaining stable growth of the Group and its subsidiaries
- (iii) Ensuring adequate capital to support the development of the Company's business
- (iv) Meeting regulatory capital requirements

In accordance with the Measures for the Administration of Risk Supervision Indicators of Futures Companies (CSCR order No. 131 dated April 18th, 2017; amended in 2022), as amended according to the Decision on Amending and Repealing Some Securities and Futures Regulations of the China Securities Regulatory Commission on August 12th, 2022, the Company's main risk supervision indicator standards are as follows:

- (i) The net capital shall not be less than RMB30 million;
- (ii) The ratio of net capital to the company's risk-based capital provision shall not be less than 100%;
- (iii) The ratio of net capital to net assets shall not be less than 20%;
- (iv) The ratio of current assets to current liabilities shall not be less than 100%;
- (v) The ratio of liabilities to net assets shall not exceed 150%;
- (vi) The required minimum settlement reserve should be higher than RMB16 million.

Net capital is obtained by adjusting net assets less corresponding asset risks; assets and current assets refer to the futures company's assets, excluding customer margin; liabilities and current liabilities refer to the futures company's external liabilities, excluding customer equity.

The Group's capital management ensures that the Group's regulatory indicators continue to meet regulatory requirements and internal management needs, resist potential risks, and support the healthy and sustainable development of its businesses through timely monitoring, analyzing, and reporting of capital levels, compared with capital management objectives and adopting various measures including controlling the growth rate of assets, adjusting the structure of risky assets, improving internal capital accumulation and replenishing capital from external sources.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XVII. Other significant matters

1. Significant litigation

In May 2022, the subsidiary Zhongtai Huirong Capital carried out an agreed repurchase business of electrolytic aluminum with an upstream international trading company and entered into a purchase contract of electrolytic aluminum, paying a total of RMB50,330,100 for the goods, with the spot stored in a warehouse management company in Foshan City (hereinafter referred to as "Warehouse"), while entering into a forward sales contract for electrolytic aluminum with a downstream international trading company. At the end of May 2022, there was a run on the Warehouse and the spot of electrolytic aluminum involved in the above contract was seized by the public security authorities as the Warehouse was suspected of committing a crime. In June 2022, Zhongtai Huirong Capital filed lawsuits with the Foshan City Nanhai District People's Court and the Jinan City Shizhong District People's Court respectively, and both Courts ruled to dismiss the lawsuits on the grounds that the cases were suspected of criminal offenses. Later, Zhongtai Huirong Capital appealed to the Foshan Intermediate People's Court and Jinan Intermediate People's Court against the result of the first trial, which were both rejected. As a victim in a criminal case, Zhongtai Huirong Capital's rights can be protected and resolved through asset recovery and compensation in the criminal case. The case has been prosecuted by the People's Procuratorate of Foshan to the Foshan Intermediate People's Court. In FY2023, the above criminal case of contract fraud was brought to the court to adjudicate the addition of assets such as aluminum ingots, properties, and equity to the list of items, that will be conducive to the recovery of the goods or requests for compensation by Zhongtai Huirong Capital. In January-June 2024, the first instance trial in this case was completed and judgment has not yet been rendered. As at June 30th, 2024, Zhongtai Huirong Capital has made an impairment provision of RMB7,572,970.95 in respect of the above business.

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XVIII. Notes to items in the financial statements of the parent company

1. Cash and cash equivalents

(1) Breakdown of cash and cash equivalents

Item	June 30th, 2024	December 31st, 2023
Cash on hand	31,230.35	31,030.35
Current bank deposit	56,512,810.83	35,591,366.26
– Principal	43,242,742.61	35,569,801.55
– Interest accrued	13,270,068.22	21,564.71
Time bank deposit	285,166,777.78	293,376,368.34
– Principal	280,000,000.00	280,000,000.00
– Interest accrued	5,166,777.78	13,376,368.34
Futures margin deposits	19,918,549,843.98	18,373,904,190.36
– Principal	19,822,611,448.65	18,311,428,504.24
– Interest accrued	95,938,395.33	62,475,686.12
Other cash and cash equivalents	1,616,177.46	1,820,516.60
Less: Expected credit impairment provision	473,095.33	473,095.33
Total	20,261,403,745.07	18,704,250,376.58

As at June 30th, 2024, there were no large amounts (more than RMB1 million) in own bank deposits that were short-term borrowings or temporary deposits, and there were no restrictions on their use (December 31st, 2023: same).

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XVIII. Notes to items in the financial statements of the parent company (Continued)

1. Cash and cash equivalents (Continued)

(2) Futures margin deposits – principal

Item	June 30th, 2024	December 31st, 2023
China Minsheng Banking Corp., Ltd.	2,351,134,103.91	951,215,716.00
Shanghai Pudong Development Bank Co., Ltd.	1,250,484,930.76	550,587,195.50
Industrial and Commercial Bank of China Limited	8,001,264,549.76	1,246,804,337.15
China Construction Bank Corporation	338,164.39	1,000,355,038.10
Industrial Bank Co., Ltd.	2,000,474,195.70	2,952,086,733.05
China Everbright Bank Co., Ltd.	181,000.62	87,454.76
Ping An Bank Co., Ltd.	3,000,070,493.92	1,400,159,817.18
Bank of Communications Co., Ltd.	1,202,417,977.95	1,202,546,793.41
China CITIC Bank Corporation Limited	800,289,437.31	700,182,638.74
China Merchants Bank Co., Ltd.	200,431,338.98	200,231,261.51
China Guangfa Bank Co., Ltd.	15,324.44	89,301.86
Bank of China Limited	3,106,046.47	325,359.45
Agricultural Bank of China Limited	1,012,398,939.83	8,100,421,502.86
Postal Savings Bank of China Limited	4,944.61	6,335,354.67
Total	19,822,611,448.65	18,311,428,504.24

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XVIII. Notes to items in the financial statements of the parent company (Continued)

2. Long-term equity investments

(1) Classification of long-term equity investments

Item	June 30th, 2024			December 31st, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	792,635,280.00	11,057,772.00	781,577,508.00	792,635,280.00	11,057,772.00	781,577,508.00
Total	792,635,280.00	11,057,772.00	781,577,508.00	792,635,280.00	11,057,772.00	781,577,508.00

(2) Investment in subsidiaries

Investee	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024	Current period impairment provision accrued	Provision for impairment June 30th, 2024
Zhongtai Huirong Capital Investment Co., Ltd.	750,000,000.00			750,000,000.00		
Luzheng Information Technology Co., Ltd.	25,000,000.00			25,000,000.00		
Luzheng International Holding Limited	17,635,280.00			17,635,280.00		11,057,772.00
Total	792,635,280.00			792,635,280.00		11,057,772.00

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

XVIII. Notes to items in the financial statements of the parent company (Continued)

3. Employee benefits payable

(1) Details of employee benefits payable

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
I. Short-term employee benefits	54,755,514.62	100,393,586.26	98,819,784.37	56,329,316.51
II. Post-employment benefits – defined contribution plans	19,004.55	17,154,584.80	17,138,596.90	34,992.45
III. Termination benefits				
Total	54,774,519.17	117,548,171.06	115,958,381.27	56,364,308.96

(2) Short-term employee benefits

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
Salaries, bonuses, allowances and subsidies	43,897,220.50	81,123,895.73	77,809,316.76	47,211,799.47
Employee welfare		1,383,904.42	1,383,904.42	
Social insurance contributions	2,532,102.71	7,769,169.60	10,291,356.04	9,916.27
Including: Medical insurance premiums	2,527,586.62	7,568,177.97	10,090,853.07	4,911.52
Work-related injury insurance premiums	632.77	135,221.41	135,155.98	698.20
Maternity insurance premiums	3,883.32	65,770.22	65,346.99	4,306.55
Others				
Housing provident fund	17,810.21	8,211,478.96	8,211,478.96	17,810.21
Funds for trade unions and staff education	8,308,381.20	1,625,867.67	844,458.31	9,089,790.56
Other short-term employee benefits		279,269.88	279,269.88	
Total	54,755,514.62	100,393,586.26	98,819,784.37	56,329,316.51

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XVIII. Notes to items in the financial statements of the parent company (Continued)

3. Employee benefits payable (Continued)

(3) Defined contribution plans

Item	December 31st, 2023	Increase in current period	Decrease in current period	June 30th, 2024
Basic pension insurance	14,372.79	10,165,162.32	10,149,544.88	29,990.23
Unemployment insurance premiums	4,631.76	444,685.53	444,315.07	5,002.22
Enterprise annuity contributions		6,544,736.95	6,544,736.95	
Total	19,004.55	17,154,584.80	17,138,596.90	34,992.45

- (4) The closing balance of employee benefits payable mainly represents the Company's accrued and unpaid bonuses, employee salaries, termination benefits, accrued and unpaid and unused labor union funds, and employee education expenses.

4. Net handling fees and commission income

(1) Listed by category

Item	January-June 2024	January-June 2023
Net income from return and reduction of handling fees of the exchange	94,663,784.94	147,966,660.44
Net income from transaction fees	72,866,412.99	32,797,233.93
Net income from exercise fees	4,769,229.05	3,719,380.34
Investment consulting service fee income	103,538.32	155,189.08
Net income from settlement fees	18,704.68	8,919.89
Asset management business income		271,869.63
Total	172,421,669.98	184,919,253.31

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024
(All amounts are expressed in RMB unless stated otherwise)

XVIII. Notes to items in the financial statements of the parent company (Continued)

4. Net handling fees and commission income (Continued)

(2) Listed by region

Region	January-June 2024		January-June 2023	
	Number of divisions	Handling fee income	Number of divisions	Handling fee income
Shandong Province	11	107,833,369.18	12	158,219,429.82
Beijing	2	30,017,191.23	2	1,933,909.58
Hunan Province	1	6,866,176.60	1	762,854.84
Shanghai	3	6,622,824.40	3	7,338,449.91
Guangdong Province	3	4,987,689.82	2	4,052,589.50
Zhejiang Province	4	4,921,359.05	4	5,419,820.83
Liaoning Province	2	3,486,943.32	2	2,238,373.81
Jiangsu Province	2	2,460,664.73	2	865,894.11
Henan Province	2	1,867,313.82	2	1,746,333.08
Fujian Province	1	1,693,951.45	1	416,388.95
Tianjin	1	1,114,926.01	1	1,337,378.66
Hubei Province	1	549,260.37	1	587,830.22
Total	33	172,421,669.98	33	184,919,253.31

5. Investment income

(1) Breakdown

Item	January-June 2024	January-June 2023
Investment income/loss from disposal of financial instruments held for trading	-9,860,376.04	-13,393,099.62
Investment income obtained during the holding period of financial assets held for trading	10,297,581.70	6,864,066.80
Dividend income from subsidiaries	10,000,000.00	
Total	10,437,205.66	-6,529,032.82

Notes to the Financial Statements

January 1st, 2024 – June 30th, 2024

(All amounts are expressed in RMB unless stated otherwise)

XVIII. Notes to items in the financial statements of the parent company (Continued)

6. Business and management fees

(1) Comparison and presentation of business and management fees

Item	January-June 2024	January-June 2023
Business and management fees	202,646,207.80	191,167,455.36
Total	202,646,207.80	191,167,455.36

(2) Breakdown of significant items of business and management fees

Item	January-June 2024	January-June 2023
Employee benefits	117,548,171.06	116,257,710.92
Running costs of electronic equipment	20,170,522.71	15,341,781.97
Advertising expenses	18,413,241.33	8,813,913.39
Depreciation and amortization	12,292,637.58	11,162,767.40
Communication fee	5,664,096.34	5,225,913.52
IB introducing fees	5,545,868.35	2,866,705.11
Conference expenses	4,003,754.73	2,129,760.30
Business entertainment expenses	3,990,358.85	5,061,979.69
Travel expenses	3,035,630.57	2,859,656.65
Seat usage fees	2,363,251.48	1,813,579.51
Audit fee	441,509.43	369,811.32
Total	193,469,042.43	171,903,579.78

Zhongtai Futures Company Limited
August 28th, 2024