



中泰期货
ZHONGTAI FUTURES

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

(Formerly known as LUZHENG FUTURES Company Limited)

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

(Stock Code : 01461)

2023

**Environmental, Social and
Governance Report**



CONTENTS

| | |
|--|-----------|
| Definition | 3 |
| I. ABOUT THIS REPORT | 5 |
| (I) Introduction | 5 |
| (II) Statement of the Board | 5 |
| (III) Reporting Scope | 7 |
| (IV) Basis of Preparation | 8 |
| (V) Source of Data | 8 |
| (VI) Release Format | 8 |
| II. ABOUT THE COMPANY | 9 |
| (I) Company Profile | 10 |
| (II) Recognitions and Honours | 12 |
| (III) Key Stakeholders | 14 |
| III. GOVERNANCE | 16 |
| (I) Adhering to Leadership of the Party Building | 16 |
| (II) Industry Culture Building | 19 |
| (III) Corporate Governance | 21 |
| (IV) Compliant and Stable Operations | 26 |

| | | |
|-------|---|----|
| IV. | ENVIRONMENTAL | 35 |
| (I) | Green Operation and Environmental Protection | 35 |
| (II) | 2023 Environmental Performance Indicators | 36 |
| (III) | Practising Energy Saving and Emission Reduction by Attending Details | 38 |
| V. | SOCIAL | 39 |
| (I) | Employment Management | 39 |
| (II) | Health and Safety | 43 |
| (III) | Development and Training | 45 |
| (IV) | Supply Chain Management | 46 |
| (V) | Active Participation in Rural Revitalization Services and Social Responsibility Works | 47 |
| VI. | INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE INDICATORS | 48 |



DEFINITION

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| “Articles of Association” | the Articles of Association of ZHONGTAI FUTURES Company Limited |
| “Board of Directors” or “Board” | the board of Directors of the Company |
| “CG Code” | Corporate Governance Code set out in Appendix C1 of the Listing Rules |
| “China”, “PRC” or “country” | the People’s Republic of China, for the purpose of this report, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan Province |
| “Company” or “ZHONGTAI FUTURES” | ZHONGTAI FUTURES Company Limited (中泰期貨股份有限公司) (formerly known as LUZHENG FUTURES Company Limited (魯証期貨股份有限公司)), a company reorganized in the PRC on 10 December 2012 with limited liability (including its predecessor Shandong Quaxin Futures Brokerage Co., Ltd. (山東泉鑫期貨經紀有限公司), which was 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) |
| “Company Law” | the Company Law of the People’s Republic of China |
| “CSRC” | China Securities Regulatory Commission (中國證券監督管理委員會) |
| “Director(s)” | the director(s) of the Company |
| “Futures and Derivatives Law” | the Futures and Derivatives Law of the People’s Republic of China |
| “general meeting(s)” | general meeting(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “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 |



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| “Luzheng Information Technology” | Luzheng Information Technology Co., Ltd. (魯証信息技術有限公司), the Company’s wholly-owned subsidiary established in the PRC with limited liability on 15 February 2015 |
| “RMB” | the lawful currency of the PRC |
| “Shareholder(s)” | the holder(s) of the share(s) of the Company |
| “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 in 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 |

I. ABOUT THIS REPORT

(I) Introduction

This Environmental, Social and Governance (“ESG”) Report (the “Report”) discloses the relevant environmental, social and corporate governance initiatives adopted by the Group and their performance during the business operation in the PRC. The contents and data disclosed in the Report have been considered and approved by the Board of Directors.

(II) Statement of the Board

In 2023, we embarked on a journey to fully implement the spirit of the 20th National Congress of the Communist Party of China, making a year of relentless dedication, resilience, and remarkable achievements. The Company remained steadfast in its commitment to serving the people through financial means, fostering a deep sense of national dedication. We wholeheartedly embraced the principles of the new development concept, actively engaged in serving and integrating into the new development landscape. Guided by our core values of “loyalty, compliance, innovation, and mutual benefits”, we prioritized the establishment of a robust ESG management mechanism, continuously strived to promote environmental protection, social responsibility, and effective corporate governance, consistently improved the level of sustainable development, and contributed to the construction of a strong nation and the great rejuvenation of the Chinese nation through high-quality financial development.

Continuously improving the ESG governance system: The Company places great importance on ESG management and continuously enhances the ESG governance system. We have established a four-level ESG management structure, which includes the Board of Directors, the Strategic Development Committee under the Board, the executive management team, and various departments, branches, and subsidiaries. The Board of Directors serves as the highest governing body for ESG governance in the Company and is responsible for reviewing and making decisions on ESG-related matters. The Strategic Development Committee, with authorization of the Board of Directors, fulfills ESG governance-related responsibilities such as studying the Company’s ESG governance vision, goals and policies, and inspecting and overseeing ESG matters. The executive management team is responsible for implementing the Company’s ESG strategic approaches and policies. Each department, branch, and subsidiary organizes and implements specific actions to ensure the execution of decisions. By establishing a clear hierarchical structure with well-defined roles and responsibilities and ensuring coordination and unity in ESG governance, the Company’s ESG management approaches and strategies are improved, ESG management goals and indicators are clearly defined, and the level of ESG management continues to enhance.



Devoting efforts to serve the real economy: The Company adheres to the fundamental principle of serving the real economy and actively acts as a bridge between the real economy and the capital market. We strive to facilitate a high-level cycle between technology, capital, and the real economy, guiding financial resources towards key sectors. We strengthen our business presence in new technological and emerging industries, and support the transformation of traditional industries towards high-end, intelligent, and green development, thereby contributing financial strength to the multidimensional growth of the real economy.

Accelerating green development: The Company deeply implements the new development concept of “innovation, coordination, green, openness, and sharing” and continuously promotes the implementation of the “carbon peaking and carbon neutrality” strategy. We actively practice the concept of green development and promote the transformation and upgrading of the real economy towards green and low-carbon development. We vigorously advocate for low-carbon and green operations, and integrate the principles of sustainable development and green and low-carbon concepts into daily work. We encourage green office practices and green transportation to effectively reduce carbon emissions and lower our carbon footprint.

Resolutely safeguarding the rights and interests of stakeholders: The Company continuously deepens the core value of “mutual benefits” and adheres to the principle of self-improvement. We firmly believe in the concept of self-improvement and strive to support our stakeholders with our own strength, thereby actively creating brand image that satisfies customers, provides a comfortable environment for employees, ensures regulatory confidence, and brings peace of mind to shareholders. We grow and succeed together with our customers by constantly enhancing our professional capabilities and service quality. We practice responsible marketing, comprehensively improve our technological empowerment capabilities, enhance our digital customer service abilities, strengthen information security protection, actively engage in investor education, and protect the legitimate rights and interests of investors. With our outstanding strength, we become the preferred choice for partners. We thrive and win together with our shareholders by leveraging our expertise in futures to promote the integration of industry and finance and serve the comprehensive financial needs of our shareholders, thus achieving synergy and development through market cooperation. We continuously strengthen information disclosure and investor relations management to enhance the transparency of the Company. We also strive to create long-term and stable returns for our shareholders. We collaborate and share with our employees, continuously optimize the top-level design of talent management, and improve employee development, welfare, and rights and benefits systems, so as to grow together with our employees.



Actively exploring technological innovation: The Company attaches great importance to the practical application of financial technology and utilizes it to create a comprehensive and customer-centric service system. We actively promote the construction of our “one platform with two APPs” framework to further improve our marketing system service support and promote the digital transformation of our marketing service system. We continuously advance the development of our big data platform to strengthen data governance and analysis, and improve our management system to gradually achieve digital transformation of internal management. Our independent research and development capabilities are steadily improving, empowering the Company’s rapid growth and effectively driving our digital transformation process.

Comprehensive support for rural revitalization: The Company adheres to the principle of balancing responsibilities and benefits, considering it an obligation to contribute to the public and give back to society. We fully leverage our professional strengths to provide financial service support for rural revitalization. The Company has signed over 30 “pairing assistance agreements” with former national-level poverty-stricken counties and rural revitalization areas in Shandong Province. We have implemented over 200 “insurance + futures” projects involving 11 commodities such as pigs, corn, and soybeans, with insurance coverage of over RMB3 billion. Additionally, the Company has purchased agricultural products worth over RMB470,000 from the rural revitalization area of Huachuan County, Heilongjiang Province. Utilizing our technological advantages, we have also assisted local enterprises in establishing sales platforms and taken multiple measures to promote rural revitalization. In the 2022-2023 evaluation by the China Futures Association, the Company’s efforts in rural revitalization were ranked second in the industry, and the “insurance + futures” initiative was ranked fourth in the industry.

Meanwhile, the Board actively promotes the disclosure of environmental, social and governance information and the Company submits an ESG report to the Board for consideration every year. The Board and all Directors guarantee that the contents of the Report do not contain any false information, misleading statements or material omissions.

(III) Reporting Scope

The time frame of the Report is from 1 January 2023 to 31 December 2023 (the “Reporting Period”). The Report is published annually. The last report was published in April 2023. In the sections of social and governance, the scope of the Report is the same as that of the annual report. In the environmental sections, based on the importance of the environmental impact of business operation, the scope of data covers the headquarters of the Company and its subsidiary Zhongtai Huirong Capital¹, which accounted for approximately 53.06% of total number of employees of the Group.

¹ All staff of Luzheng Information Technology, our subsidiary, have returned to the Company’s headquarters, and therefore the scope of data no longer covers Luzheng Information Technology.



(IV) Basis of Preparation

The Report has been prepared by the Company in accordance with the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Listing Rules issued by the Hong Kong Stock Exchange in order to disclose the Company's comprehensive performance of actively fulfilling its social responsibilities while creating value for shareholders and customers. The Company has complied with all the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide and prepared the report based on the principles of materiality, quantitative, consistency and balance.

(V) Source of Data

The financial data in the Report were extracted from the 2023 Annual Report of the Company, and other data and information were extracted from various internal documents, records and statistics of the Company, and there are no false records, misleading statements or material omissions.

(VI) Release Format

The Report is published in PDF electronic format on the HKEXnews website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.ztqh.com).

II. ABOUT THE COMPANY

The Company fully and accurately implements the new development concept, actively serves and integrates into the new development pattern, continuously cultivates the industry culture of “compliance, integrity, professionalism, steadiness and responsibility”, integrates ESG concept into corporate governance and development strategy, and comprehensively builds a first-class modern financial enterprise with loyalty, compliance, innovation and mutual benefits. The Company has established an ESG management structure consisting of “governance level – management level – execution level” and formulated the Terms of Reference of the Strategic Development Committee of the Company to jointly promote the consistent implementation of the Company’s ESG philosophy.

ESG management structure of the Company

- Governance level The Board is responsible for approving the Company’s ESG strategic plans and assessing and reviewing the annual implementation.

The Strategic Development Committee under the Board is responsible for studying the strategic planning of the Company’s ESG long-term development, making recommendations on various material matters subject to approval by the Board and examining the implementation thereof.
- Management level The management is responsible for implementing the Company’s ESG strategies, studying and making decisions on material matters, and promoting related work as a whole.
- Execution level All departments, branches and subsidiaries participate in the formulation, implementation and assessment of the Company’s ESG strategic plans in accordance with the Company’s overall planning and division of responsibilities.



(I) Company Profile

The Company is a large futures company established with approval of the CSRC, and controlled by Zhongtai Securities. Headquartered in Jinan, Shandong, the Company has a registered capital of RMB1.0019 billion, 18 branches, 13 sales offices, more than 700 employees, the wholly-owned companies Zhongtai Huirong Capital, Luzheng Information Technology and Luzheng International Holding Limited as of the end of the Reporting Period. These together with the branches of Zhongtai Securities across the country formed a service network covering the whole country. The business scope of the Company covers commodity futures brokerage, financial futures brokerage, futures transaction consulting and asset management. It owns trading seats of China Financial Futures Exchange (中國金融期貨交易所), Shanghai Futures Exchange (上海期貨交易所), Dalian Commodity Exchange (大連商品交易所), Zhengzhou Commodity Exchange (鄭州商品交易所), Shanghai International Energy Exchange Co., Ltd. (上海國際能源交易中心股份有限公司) and Guangzhou Futures Exchange (廣州期貨交易所), and also serves as a general clearing member of China Financial Futures Exchange, a member of the second, third, fourth, fifth and sixth sessions of the council of China Futures Association and the chairman of Shandong Futures Association. The Company always adheres to the business philosophy of “control of compliance risks, the benefits of customers, the value of talents, innovation and development are paramount” and is gradually strengthening the necessary functions and positioning of financial intermediaries. It regards serving real economic entities and financial institutions as a strategic focus of its business development, continuously improving its ability and level of serving the real economy.

On 7 July 2015, the Company was listed on the Main Board of the Hong Kong Stock Exchange.

The Company has an efficient and pragmatic business management team daring to innovate, and an experienced and sophisticated professional service team. The Company will leverage on these two teams to reward its customers with sincere and high-quality service, give impetus to the industry’s progress and development of real economy through solid work, striving to build itself into an inspiring modern financial enterprise with cultural charm.



Principal Businesses

Futures Brokerage Business

Adhering to the core service concept of “customer-centric”, the brokerage business of the Company integrated its resources to make full use of its comprehensive advantage and meet the needs of different types of customers for diversified investment services, and gain customers’ trust through trustworthy services. The Company is a general clearing member of China Financial Futures Exchange, provides comprehensive trading, settlement and delivery services, and provides agency settlement services for special overseas participants. Customers’ deposits are fully deposited in the registered special deposit account for customers’ deposits with dedicated usage and closed operation to ensure the absolute safety of customers’ funds.

The Company’s brokerage business includes commodity futures, commodity options, financial futures and financial options brokerage businesses, and acts as an agent for futures and options contracts listed on the Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Shanghai Futures Exchange, Shanghai International Energy Exchange Co., Ltd., China Financial Futures Exchange and Guangzhou Futures Exchange, as well as stock options contracts listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and their corresponding underlying physical commodities.

The Company has established 18 branches and 13 sales offices in the PRC as of the end of the Reporting Period. These together with the branches of Zhongtai Securities across the country formed a marketing and service network covering the whole country, offering futures brokerage services to investors across the country.

Futures Transaction Consulting Business

The Company assists clients in establishing risk management systems and operational processes based on their engagement, and provides risk management consultancy services such as risk management consulting and special training; collects and collates futures market information and various types of related economic information, conducts research and analysis of prices and their relevant affecting factors in the futures market and related spot markets, and produces and provides research and analysis reports or information research and analysis services; and designs hedging, arbitrage and other investment plans for clients, provides trading advisory services such as formulation of futures trading strategies, and carries out other profit-making activities.

Asset Management Business

The Company establishes and acts as the manager of private asset management plans by non-public fund raising or by accepting property entrustment, and the custody institution acts as the custodian and conducts investment activities for the benefit of investors in accordance with laws and regulations and the provisions of asset management contracts.

Risk Management Business

The Company offers risk management services, mainly including over-the-counter derivatives, market-making business, bulk commodity futures and spot trading services and other business related to risk management through its wholly-owned risk management company Zhongtai Huirong Capital. Using the futures and options and other derivatives, the Company provides price risk management, inventory management, and supply chain finance for enterprises engaged in production, trading and processing of goods on different industrial chains. At the same time, subject to honest and trustworthy and prudent operation principles, it has been keen on exploring and innovating risk management models and improving its risk management capability in the course of business, providing strong support to the healthy business of real economic entities.

(II) Recognitions and Honours

In 2023, the Company won such titles as China's Best Futures Company Award, China's Futures Company Management Team Gold Award, Best Commodity Futures Industry Service Award (metals, agricultural by products, energy and chemicals), Best Financial Futures Service Award, Best Rural Revitalization Service And Social Responsibility Public Welfare Award, Best Corporate Culture Brand Building Award, Most Popular Self Media of Futures Companies, Best-performing Futures Company APP of the Year Award (年度最佳期貨公司APP突出表現獎), Best Digitally Transformed Futures Companies (最佳數字化轉型期貨經營機構), Investor Education Model Innovation of the Year Award, Best Risk Management Subsidiary Service Innovation Award (Zhongtai Huirong Capital Investment Co., Ltd), Best Derivatives Comprehensive Service Innovation Award, Best Institution Contribution Award for Futures Talent Cultivation, China's Golden Futures Research Institute, Best Iron and Steel Research Team, Best Macro Financial Research Team, Best Energy and Chemicals Research Team, Best Agricultural Product Research Team, Best Metals Research Team in the 16th selection of best futures operation institutions in China.



The Company was honored with the title of “Provincial Spiritual Civilization Unit” by the Spiritual Civilization Construction Committee of Shandong Province.

The Company was honored with the “Outstanding Member Award”, “Outstanding Member for Industrial Service Award”, “Options Market Service Award”, “Technological Support Award”, “Investor Education Award”, “Agricultural Industry Service Award”, “Textile Industry Service Award” and “Energy and Chemical Industry Service Award” by Zhengzhou Commodity Exchange.

The Company was honored with the “Gold Award for Outstanding Member”, “Non-ferrous Industry Service Award”, “Steel Industry Service Award”, “Energy and Chemical Industry Service Award”, “Precious Metals Industry Service Award”, “Options Market Service Award”, “Shipping Industry Service Award”, “Shanghai Futures Exchange Contribution Award for “Strengthening the Source and Helping Enterprises”, and “Technological Support Pioneer Award” by Shanghai Futures Exchange.

The Company was honored with the “Platinum Award for Outstanding Member”, “Risk Management Service Award”, “Market Promotion Award”, “Outstanding Service Member Award for Market Making of Treasury Bond Futures” and “Outstanding Service Member Award for Market Making of Stock Index Options” by China Financial Futures Exchange.

The Company was honored with the “Outstanding Member Award” by Shanghai International Energy Exchange.

The cases submitted by the Company was selected by the “Excellent Case Database of Futures Operating Institutions Serving the Real Economy (期貨經營機構服務實體經濟優秀案例庫)” of China Futures Association, and was presented as a typical case of futures serving the real economy at the 18th China (Shenzhen) International Futures Conference.

The cases submitted by the Company won the titles of “Best Practice Case” and “Excellent Practice Case” in the best practice case creation activity of “Management of Risks by Listed Companies Using Futures Market” granted by China Association of Listed Companies.

(III) Key Stakeholders

In forming the environmental, social and corporate governance management system and implementing environmental, social and corporate governance responsibilities, the Group recognizes the importance of maintaining good communication with its stakeholders. To this end, the Group has determined five channels for communication with its key stakeholders to ensure the effective communication of expectations and request between the Group and its stakeholders. In addition, the Group has also evaluated the concerns of various stakeholders on its social and corporate governance performance during the actual business operation.

| Key stakeholder | Communication channel | Concern |
|---------------------------------------|--|--|
| Government and regulatory authorities | Adhering to leadership of the Party building Regular communication and reports Information disclosure Policy implementation Participation in government research activities | Leadership of the Party building Culture building Compliant operation Corporate governance Risk management Anti-money laundering Honest practice Intellectual property protection |
| Shareholders and investors | General meetings Regular information disclosure on the exchange website Investor visits and other exchange activities Telephone, e-mail, etc. Company website, Wechat official account and other media | Corporate governance Risk management Protection of investors' rights and interests Information disclosure ESG risk management |
| Employees | Staff representative meeting Seminars Employees' training E-learning platform Employee recreational activities Employee care activities | Remuneration and benefits Employees' rights and interests Training and enhancement Health and safety Employees' life |

| Key stakeholder | Communication channel | Concern |
|--------------------------|---|---|
| Customers | Customer visits Presentation Customer service hotline Investor education activities Customer satisfaction survey Customer service and complaints Mobile App | Serving the real economy Responsible investment Information security Customer privacy protection Investor education Financial technology Responsible marketing Provision of high-quality products and services |
| Community and the public | Charitable activities Rural revitalization Voluntary activities Promoting green operation | Charity and volunteerism Green operation Green finance Rural revitalization Responsible investment |



III. GOVERNANCE

(I) Adhering to Leadership of the Party Building

The Company adheres to the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, thoroughly implements the spirit of the 20th National Congress of the Communist Party of China, earnestly fulfills the primary responsibility of strictly governing the Party, and fully leverages the leading role of party building to continuously promote corporate reform and high-quality development.

We insist on integrating the leadership of the Party with the improvement of corporate governance, and establishes a "two-way entry and cross-appointment" leadership mechanism to incorporate the Party's leadership into all aspects of corporate governance. The Company has formulated documents such as the "Rules of Procedures of Party Committee Meetings" and their agendas, the "Implementation Measures for Decision-making on Major Matters, Appointment and Removal of Key Executives, Decision-making on Major Project Investment, and Use of Large Amount of Funds" to ensure that the Party Committee plays a role in setting directions, overall planning, and ensuring implementation, and to promote the implementation of decisions and requirements of the Party Central Committee and the Provincial Party Committee within the Company.

As of the end of 2023, the Company has established three functional departments of the Party Committee, namely the Party Committee Office, the Organization Department of the Party Committee, and the Party Affairs Department. We have also set up the Disciplinary Inspection and Supervision Office, a functional department of the Disciplinary Inspection Committee, and five grass-roots party branches, managing a total of 152 party members.

1. The Company's Main Work of Party building in 2023

(1) Strengthening political leadership

In 2023, the Company held 59 Party committee meetings and collectively made decisions on 198 matters related to "decision-making on major matters, appointment and removal of key executives, decision-making on major project investment, and use of large amount of funds", effectively playing the role of the Party committee in setting directions, overall planning, and ensuring implementation.

In 2023, the Company carried out in-depth education on studying and implementing Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era. We regarded conducting extensive study and research as an important part of the thematic education. Based on the “Benchmarking and Striving for Excellence” initiative, we organized the Company’s leadership members to adopt a problem-oriented and goal-oriented approach, resulting in the production of 18 thematic research reports, which facilitated the implementation of effective measures to promote business development, such as transforming the operational entities to enhance their professional service capabilities through the “Research+” model and creating a comprehensive customer service system with continuous support. Furthermore, the theoretical study group of the Company’s Party committee held 12 learning activities, with more than 380 discussions on the “first topic”, over 330 “three meetings and one class” sessions, and more than 70 thematic party activities, thereby continuously strengthening the ideological preparation of the Party with innovative theories.



Extensive study and research – Benchmarking against our peer “Zhesang Futures”

(2) Establishing a distinctive brand of Party building

We organized the evaluation of Party branch star ratings, and all Party branches affiliated with the Company were rated as four-star or above by the Party Committee of Zhongtai Securities. In particular, the first and second Party branches were rated as five-star Party branches.

The Company’s Party building brand of “Promoting Development with Three Ones Talent Project” was honored as an excellent Party building brand among state-owned enterprises in Shandong Province. Our original video work “Everyone Talks about Confidentiality: Zhongtai in Action” was awarded the first prize in the 2023 “Everyone Talks about Confidentiality Micro-video Selection” organized by the Confidentiality Office of the Shandong Provincial Party Committee.



(3) Strengthening the organizational foundation

In accordance with the principles of achieving full coverage of Party building, maintaining the stability of each Party branch, and further promoting the in-depth integration of Party building and business operation, we have optimized and adjusted the coverage scope of each Party branch and successfully completed the new Party branch elections.

We conducted the selection of “Two Excellences and One Pioneer”, resulting in 8 individuals being awarded the title of “Excellent Communist Party Member” and 4 individuals being recognized as “Outstanding Party Workers”. Furthermore, 6 individuals from the Company were honored as “Excellent Communist Party Members of Zhongtai Securities”, and 4 individuals were awarded the title of “Outstanding Party Worker of Zhongtai Securities”. The Party Committee of the Company was recognized as an “Advanced Grassroots Party Organization of Zhongtai Securities”, and the Company successfully passed the review as a provincial-level civilized unit.

We have standardized the management and processes for the selection and appointment of key executives, and continuously improved the capabilities, professional knowledge, and age structure of our key executive talent pool. Existing young key executives (41 years old and below for middle-level leading positions and 36 years old and below for deputy positions) accounts for 44.44% of the total number of middle-level key executives. We have implemented the high-quality “Three Ones Talent Project” to enhance the quality of our talent. We strictly enforce the accountability system for Party building work, and the assessment results are directly linked to the annual performance evaluation. For Party building efforts, the Company has been ranked first for two consecutive years in the assessment of grassroots party committee’s party building responsibility system by the Zhongtai Securities Party Committee, and our disciplinary inspection work has been ranked first in the 2022 assessment by the disciplinary inspection and supervision group of the provincial commission for disciplinary inspection and supervision stationed at Zhongtai Securities.

(II) Industry Culture Building

The Company earnestly studied General Secretary Xi Jinping's important exposition on cultural construction, thoroughly implemented the core values of the futures industry culture of "compliance, honesty, professionalism, stability and responsibility" proposed by the CSRC and China Futures Association. Adhering to the business philosophy of "compliance and risk control first, customer interests first, talent value first, innovation and development first", and in line with our corporate spirit of "all-line efforts, whole-hearted operation, all-out innovation and all-round improvement", we strive to build a modern and first-class futures company with loyalty, compliance, innovation and harmony.

1. Corporate culture of the Company

(1) Mission of the Company

The Company aims to use futures and derivative tools to provide competitive specialized services and risk management solutions, create sustainable value for its customers, and realize the China's dream of capital markets.

(2) Development goals

Comprehensively building a first-class modern financial enterprise with loyalty, compliance, innovation and mutual benefits.

Loyalty: We will bear in mind "the great cause of the country", uphold the political and people-oriented nature of financial works, adhere to and strengthen the leadership of the Party, and provide in-depth support to the real economy.

Compliance: We will adhere to the business philosophy of "compliance and risk control first", prioritize compliance and risk control, resolutely prevent and control financial risks, and firmly guard the bottom line of safe development.

Innovation: We will continue to deepen financial reform, using "benchmarking against the best, improving quality and efficiency" as a guiding principle, and strengthen innovation in areas such as business transformation, customer service, financial technology and management mechanisms.

Mutual benefits: We will strive for excellence and build the Company into a highly reputable and preferred partner in the market. We will also help others succeed, co-create and share with employees, work with Shareholders for mutual prosperity, increase the wealth of our investors, and contribute to the goal of common prosperity.



(3) Business philosophy

We place utmost importance on compliance and risk control, customers' interests, talent value, and innovative development.

2. Achievements of the Company in industry culture building in 2023

We established a team of company correspondents, clarified their job responsibilities, conducted specialized training, and empowered them for improvement. We expanded our publicity platforms and throughout the year, we published 115 promotional articles in important media outlets at central and provincial levels and financial sector, thereby continuously enhancing the Company's brand influence. We organized a series of activities during the "Corporate Culture Building Month", including the Zhongtai Securities "Chinese Dream, New Era, New Mission" public lecture for Zhongtai Futures, culture building quiz competitions, and company-wide cultural lectures and activities organized by various departments of the Company.

(III) Corporate Governance

Sound corporate governance is the foundation of sustainable corporate development. As an overseas listed public company, the Company has always been committed to improving the level of its corporate governance and regards corporate governance as an integral part of creating value for its Shareholders. In accordance with the Company Law, the Futures and Derivatives Law and the code provisions set out in the CG Code of the Hong Kong Stock Exchange, the Company has formulated a series of rules and regulations, including the Articles of Association, the Rules of Procedure of General Meeting of the Company, the Rules of Procedure of the Board of Directors of the Company, the Rules of Procedure of the Supervisory Committee of the Company, the Rules of Procedures for the General Manager of the Company and its agenda and the Working Rules of the General Manager of the Company, and incorporated the Party building work into the Articles of Association, which clarify the terms of reference and working procedures of the general meeting, the Board of Directors, the Supervisory Committee and the senior management. A modern corporate governance structure, comprising of the general meeting, the Board of Directors, the Supervisory Committee and the senior management, has been established by the Company, each of whom operates independently and keeps effective balance and check of power. Each operating unit is allowed to perform their respective duties under respective terms of reference, which enhances the governance efficiency of the Company and ensures standardized operation of the Company. As of the end of the Reporting Period, the Company’s organizational chart is set out as follows:





1. Operation of Corporate Governance

- | | |
|-----------------------|--|
| General meeting | <ul style="list-style-type: none">• The general meeting is the supreme authority of the Company, and the Company convenes and holds the general meetings in strict compliance with the Articles of Association, the Rules of Procedure of Shareholders' General Meeting and other relevant requirements to ensure that all Shareholders can enjoy equal positions and fully exercise their rights. |
| Board | <ul style="list-style-type: none">• The Company has formulated the Terms of Reference of Independent Directors to ensure that the independent Directors are able to safeguard the legitimate rights and interests of the Company and its Shareholders in an independent and objective manner.• The Board has a diversity policy and the selection of Directors will be based on factors including, but not limited to, gender, age, cultural and educational background, ethnicity, industry experience, technical and professional skills and/or qualifications, knowledge, length of service, etc.• The Board has established the Strategic Development Committee, the Risk Control Committee, the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. Each special committee performs its own duties and responsibilities to promote the efficient, scientific and standardized operation of the Company. |
| Supervisory Committee | <ul style="list-style-type: none">• The Supervisory Committee is accountable to the general meeting and effectively supervises the Company's finances as well as the legal compliance of the Board and the senior management in discharging their responsibilities. The Company adheres to and improves the mechanism of employee representative Supervisors, and the Supervisory Committee includes one employee representative Supervisor to enable the orderly participation of employee representatives in the governance of the Company. |

2. Major Rules of Corporate Governance

| | |
|---|--|
| Rules of the Board and the Supervisory Committee and general meetings | <ul style="list-style-type: none">• Articles of Association• Rules of Procedure of General Meeting of the Company• Rules of Procedure of the Board of Directors of the Company• Rules of Procedure of the Supervisory Committee of the Company |
| Terms of reference of special committees | <ul style="list-style-type: none">• Terms of Reference of Strategic Development Committee of the Board of the Company• Terms of Reference of Risk Control Committee of the Board of the Company• Terms of Reference of Audit Committee of the Board of the Company• Terms of Reference of Remuneration and Appraisal Committee of the Board of the Company• Terms of Reference of Nomination Committee of the Board of the Company |
| Rules for duty performance by independent directors | <ul style="list-style-type: none">• Terms of Reference of Independent Directors of the Company |
| Other rules and regulations | <ul style="list-style-type: none">• Regulations on Delegation of Authority from the Board of Directors to the Management and Reporting by the General Manager to the Board of Directors of the Company• Rules of Procedures for the General Manager of the Company• Rules of Procedures for the General Manager of the Company |

3. Composition of the Board and Meetings of the Board and the Supervisory Committee and general meetings in 2023

- | | |
|--|--|
| Composition of the Board | <ul style="list-style-type: none">• The Board has 9 Directors• 2 executive Directors• 7 non-executive Directors (including 3 independent non-executive Directors) |
| Meetings of the Board and the Supervisory Committee and general meetings | <ul style="list-style-type: none">• 2 general meetings• 11 Board meetings• 14 meetings of the special committees under the Board• 4 meetings of the Supervisory Committee |

For further details on corporate governance, please refer to the section headed “Corporate Governance Report” in the 2023 Annual Report of the Company.

4. Information disclosure management

The Company has formulated a series of rules and measures such as the “Information Disclosure Management Measures”, “Emergency Management Measures for Information Disclosure Emergencies” and “Insider Information Management System”, actively performs its information disclosure responsibilities, continuously improves the information disclosure work system, strengthens the management of information disclosure matters, enhances the quality of information disclosure, regulates the management of information disclosure matters of the Company, discloses information in a true, accurate, complete and timely manner, and continuously improves the transparency of the Company. During the Reporting Period, the Company made a total of 39 information disclosures to the public.

5. Comparison of main financial indicators

| Item | 2023 | 2022 | Increase or decrease compared with the same period last year |
|---|-------|-------|--|
| Operating revenue (RMB100 million) | 21.53 | 24.48 | -12.03% |
| Total profit (RMB100 million) | 1.81 | 2.25 | -19.51% |
| Net profit attributable to Shareholders of the Company (RMB100 million) | 1.34 | 1.66 | -19.50% |
| Net assets per share (RMB) | 2.56 | 2.44 | 4.83% |





(IV) Compliant and Stable Operations

During the Reporting Period, the Company adhered to the business philosophy of “compliance and risk control first”, upheld the “regulation-oriented and problem-oriented” principle, incorporated the basic requirements of strict risk prevention and control into the Company’s business processes, risk management and internal control, strictly implemented compliance and risk control management, and continuously improved the comprehensive, effective and efficient compliance and risk control system.

1. Continuously strengthening the development of compliance and risk control system

The Company continuously improves the comprehensive risk management system. The Board is the highest decision-making body for comprehensive risk management; the Supervisory Committee supervises and inspects the performance of duties and responsibilities of the Board and the senior management in respect of comprehensive risk management and urges rectification; the senior management is specifically responsible for the implementation of risk management; a chief risk officer is appointed by the Company to organise, coordinate and implement comprehensive risk management and is provided with adequate support for its performance of duties; a compliance and risk control department and an audit department are set up to perform various comprehensive risk management duties under the leadership of the chief risk officer; and other departments, branches and subsidiaries are responsible for the identification, analysis, assessment, monitoring and reporting of all types of risks associated with relevant business.

The Company strictly observes the compliance red line, vigorously advocates the concept of “compliance and risk control first”, continuously promotes the construction of compliance culture, effectively improves the Company’s policies and systems, strengthens prevention beforehand, control during the process and accountability afterwards, and ensures the Company’s sustainable and healthy development.

The Company strengthens risk prevention, continues to improve the risk control mechanism with multiple levels, interconnection and effective checks and balances, and promotes the transition from qualitative to quantitative risk management to ensure that overall risks of the Company are measurable, controllable, and tolerable.

The Company effectively controls risks at the group level, and continuously improves the penetrating management of its subsidiaries, especially its risk management subsidiaries, through the establishment of risk management system, regular inspection and supervision, and strengthening hierarchical authorization and approval, which effectively enhances the effectiveness of the Company’s compliance and risk control.

In 2023, the Company formulated and revised 15 rules and regulations; conducted over 2,600 compliance reviews; conducted 12 compliance inspections and self-inspections; and organized 27 compliance trainings and studies.

2. Paying attention to anti-money laundering and fulfilling its anti-money laundering obligation

In strict accordance with relevant requirements of the national anti-money laundering laws and regulations, regulatory rules, and the “Basic Rules of Money Laundering Risks Management” and “Anti-money Laundering Internal Control and Management Measures” of the Company, and upholding the “Risk-based” working philosophy, the Company did various anti-money laundering work in a systemic way, earnestly fulfilled its statutory obligation in relation to customer identification, classification of risks of money laundering by customers, reporting of large amount and suspicious transactions, preserving of anti-money laundering documents, etc., continuously optimized the Company’s anti-money laundering assessment mechanism, and specified that anti-money laundering to be considered when it comes to performance-appraisal and accountability.

The Company collects, administers and preserves customer identification information and transaction records through account management system and counter system. It has an “anti-money laundering compliance management system” to ensure steady and systemic anti-money laundering of the Company.

During the Reporting Period, the Company revised and improved the Implementation Rules for Confidentiality of Anti-money Laundering Work of the Company and the Implementation Rules for Freezing of Assets Involving Terrorist Activities of the Company, and repealed the Implementing Rules for Anti-money Laundering Work of the Company; continued to make improvements based on the money-laundering risks faced by the Company as pointed out in the Self-assessment Report of Money Laundering Risks of the Company and the direction of optimization and enhancement accordingly. The Company reported two cases of suspicious transactions to the China Anti-Money Laundering Monitoring and Analysis Center; and upgraded and optimized the account management system and the anti-money laundering compliance management system. Through continuous improvement of the organizational structure and work strategies of money laundering risk management, the Company’s anti-money laundering organization functioned well and the standard of money laundering risk management was steadily improved. The Company’s compliance and risk control department and anti-money laundering staff were selected by the Office of Shandong Province Anti-Money Laundering Joint Conference as the advanced unit and advanced workers in anti-money laundering work of 2022 respectively.

During the Reporting Period, the Company consistently carried out anti-money laundering publicity and training activities.

We organized a public anti-money laundering online knowledge competition, with a total of approximately 5,137 participants, and we were honored with the second prize of advanced unit in the Shandong Province Anti-Money Laundering Knowledge Online Competition.

We conducted three anti-money laundering training sessions for all employees and two practical anti-money laundering training sessions for staff in anti-money laundering positions within the Company.

Additionally, we conducted seven online anti-money laundering awareness campaigns, reaching a cumulative audience of approximately 27,000 individuals.

3. Combating corruption

The Company focuses on achieving high-quality development, strictly supervises and promotes compliance, prevention, and anti-corruption measures, cultivates a positive political environment that encourages integrity, honest practices, diligence and innovation, and ensures implementation and facilitates improvement and development through supervision, thereby laying a solid foundation for the sustainable development and growth of the Company. During the Reporting Period, the Company's employees complied with relevant laws and regulations and did not violate any laws relating to anti-corruption and were not involved in any corruption litigation.

(1) Assuring performance of responsibilities on the Party's moral integrity

The Company signed "Statement of Principal Responsibility for an All-out Effort to Enforce Strict Party Discipline", "Statement of Principal Responsibility for Supervision in Building the Party's Moral Integrity" and "Statement of Principal Responsibility for 'one post with two responsibilities' in Building the Party's Moral Integrity" with employees within the Company from top down to facilitate the long-term and effective implementation of "one post with two responsibilities" in building the party's moral integrity.

(2) Strengthening warning and education on the Party's moral integrity

The Company organized a visit to the Shandong Province Integrity Education Center to conduct integrity warning education for party members and key executives. We also attended the integrity education seminar for party members conducted by Zhongtai Securities, and organized management members at or above the middle deputy position as well as all party members of the Company to watch integrity warning education films such as "Sound the Bugle Forever", "Eliminating the Parasites in State-Owned Enterprises" and "The Harm of Greedy Ants", which educated a total of nearly 1,200 individuals, further enhancing the integrity awareness of party members and key executives and improving the effectiveness of the education.

(3) Strengthening supervision, discipline enforcement and inspection capabilities

The Company persisted in utilizing the advantages of "comprehensive supervision" management, carried out regular supervision, discipline enforcement and inspection on operating entities, and found no violation of the spirit of the Eight-point Regulation of the Centre; focused on important festivals and periods of time, and published and circulated notices regarding anti-corruption during festivals; adhered to the practice of regular disciplinary inspection meeting, shared and interpreted Party disciplines and policies, requirements for clean Party conduct and cases of violations of disciplines, enhanced the supervision and inspection efficiency.

4. Paying attention to the protection of intellectual property rights

The Company strictly abides by the Advertising Law of the PRC, the Trademark Law of the PRC and other laws and regulations. Its product promotion and propaganda are done in line with relevant regulations. It uses relevant laws to protect its legitimate rights and interests. The Company respects and protects intellectual property rights, and uses authorized softwares and products within the scope stipulated by the contracts. It attaches importance to preventing the risks of infringing intellectual property rights in business development and management. No material intellectual property rights infringement was noted in the Reporting Period.

5. Strengthening the security management of funds

Pursuant to regulatory requirements such as the Futures and Derivatives Law (《期貨和衍生品法》) of the PRC, the Administrative Regulations of Futures Trading (《期貨交易管理條例》) of the State Council of China, the Administrative Measures for the Supervision of Futures Companies (《期貨公司監督管理辦法》) and the Measures for the Closed Management of Margin of Futures Companies (《期貨公司保證金封閉管理辦法》) of the CSRC, the Company has formulated and implemented the Administrative Measures of Funds (《資金管理辦法》) of the Company, the Administrative Measures on Safe Depositing of Customer Margins (《客戶保證金安全存管管理辦法》) of the Company and other internal control policies.

6. Maintaining the information technology system security

Pursuant to regulatory requirements such as the Futures and Derivatives Law (《期貨和衍生品法》) of the PRC, the Administrative Regulations of Futures Trading (《期貨交易管理條例》) of the State Council of China, the Administrative Measures for the Supervision of Futures Companies (《期貨公司監督管理辦法》) and the Administrative Measures of Information Security Protection of the Securities and Futures Industry (《證券期貨業信息安全保障管理辦法》) of the CSRC, the Company has formulated internal control systems such as the Administrative Measures for Information System Safety (《信息系統安全管理辦法》) of the Company, the Administrative Measures for the Safe on-line Trading (《網上交易安全管理辦法》) of the Company, the Administrative Measures for the Protection of Investors' Personal Information Security (《投資者個人信息安全保護管理辦法》) of the Company and Emergency Plan for Network Security Incidents (《網絡安全事件應急預案》) of the Company to ensure the safe and stable operation of the Company's core business system and customer trading system.

The Company actively carries out information protection and network security training and other measures covering all employees of the Company to continuously improve the information protection awareness of the Company's employees and reduce the risk of information leakage. The Company strictly manages the access of management personnel to the server room and operating system, and strictly manages the operating authority of employees for searching and using data to ensure data security.

7. Financial technology empowering digital transformation

The Company attaches great importance to using the information technology to push and support business development, actively promotes the implementation and application of financial technology based on the development concept of empowering business, improving management efficiency and supporting decision-making with financial technology; continuously improves the development and innovation capabilities to provide technical support for financial technology applications and digital transformation; and the Company has worked out mid- and long-term plans for information technology to set the development direction for financial technology and promote the actual application of financial technology.

8. Financial technology application results

Mobile sales hall and investment research center

- Based on innovative technologies such as face recognition and electronic signature, ZHONGTAI Futures Mobile Application (“APP”) allows customers to get 12 types of services on-line such as account activation, password deletion, maintaining of settlement bank cards. These services are available on mobile phones and improved customer service experience.
- The investment research center enables online publication and subscription of research results such as research reports and investment strategies of the Company, providing customers with diversified services such as intelligent investment reference and dynamic market analysis. Risk ratings are issued to the Company’s customers through the Company’s transaction consulting reports. The investment research center focuses on the three elements of “customer, product and value”, and establishes a personalised customer labelling system through the analysis of customer data to ultimately provide customers with accurate information.

Automatic operation and maintenance and RPA system construction

- The application of the automatic operation and maintenance system enables the automation and visualization of operation and maintenance management, and also improves the efficiency of operation and maintenance, greatly reduces the safety incidents caused by human misoperation, thus improving the overall operation and maintenance management capabilities, and strongly supporting the stable operation of the Company’s information system.

Middle platform of operation
and big data construction

- RPA technology (robot process automation), an important element of fintech artificial intelligence, is widely used in the Company's business processes, which not only improves the efficiency and quality of work and avoids human errors, but also achieves positive benefits in terms of both time efficiency and manpower investment, thereby improving the overall operational efficiency and customer satisfaction of the Company.
- The operation middle platform is a customer-centric uniform business middle-office system, which enables a uniform account, uniform operation, uniform process, uniform internal control, uniform approval, or the "five uniforms". It also effectively solves the business separation of the information system, achieves a high degree of unification and coordination of various services, and supports quick response to the actual needs of customers, thereby enhancing the business operation efficiency and improving service quality.
- The development of big data platform realizes visualization of data assets, improves the data sharing, provides more efficient and standard data interface support standards for various upper-level data queries, data analysis, etc. Through data management and establishment of business models, it enables the visual presentation of various types of business data, helps business managers to quickly and comprehensively understand various types of business data, improves the Company's business analysis and evaluation capabilities, and enhances the efficiency and accuracy of business decisions.

- 
- Construction of one platform with two APPs
- To improve the Company's marketing system service support and promote the digital transformation of marketing service system, the Company continuously facilitates the development of "one platform with two APPs". In the project of "one platform with two APPs", "one platform" refers to the comprehensive financial service management platform (CRM system), "two APPs" refer to the APP for customers and the APP for business process of employees. The APP for customers provides customers with comprehensive financial services, including futures account opening, mobile sales hall business processing, investment research information checking and other functions; the APP for employees is a mobile marketing service platform, which facilitates service staff to understand customers' situation, carry out targeted service tasks for key customers and improve business development efficiency. While continuing to promote CRM development, the Company continuously diversifies the application scenarios of "two APPs" based on customer needs and business requirements, and enables collaboration and interaction with the big data platform.
- OTC Business Management System
- Since its launch, the OTC Business Management System independently developed by the Company has effectively supported the rapid development of OTC business through continuous iterations of the system, achieved favourable social and economic benefits, and gained extensive recognition from industrial customers. Through the continuous improvement of system functions, it has enabled the systematic and standardized operation of OTC business and enhanced market efficiency, and has now secured a leading position in the industry. The OTC Business Management System, which has its own intellectual property rights, won the third prize of the Financial Technology Development Award by the People's Bank of China and the 8th Securities and Futures Science and Technology Award – Outstanding.

9. In-depth implementation of investor education activities

Investor education is an important task for the protection of legitimate rights and interests of investors, and is also a fundamental task for the compliance and legal operation of futures companies. In 2023, the Company implemented the investor education work arrangement of the regulatory authorities, followed the principles of long-term, appropriateness, practicability and effectiveness, combined public awareness education with special education, and combined thematic publicity and education with continuous education, and organically integrated investor education into various business processes. The Company carried out in-depth investor education activities through a combination of online and offline approaches, strived to provide better services to the investors, and actively performed the functions and roles of the Company as a national investor education base by making investor education a long-term and fundamental task.

In 2023, based on the requirements of investor education of the regulatory authorities and industry associations, the Company organized propaganda activities such as 3.15, 5.15, the “Month of Education and Publicity for Protection of Rights and Interests of Financial Consumers” and the “Month of Propaganda Against Illegal Trading of Securities and Futures” to fulfill its social responsibility and facilitate the high-quality development of the capital market.



2023 Month of Education and Publicity for Protection of Rights and Interests of Financial Consumers at the Zhongtai Futures Investor Education Base

In 2023, the innovative and distinctive investment education activities organized by the Company, such as the “Investor Education Caravan along the Yellow River,” the “Moon Worship Ceremony during Mid-Autumn Festival” and the “Investor Education Activities in Inner Mongolia” received positive responses.

In 2023, the Company actively created various original investor education materials, including 255 pieces of articles with pictures, video, and animated content, which received a total of 562,600 views. We also organized over 140 investor education meetings and campus activities with nearly 10,000 audiences. One of our original investor education works, “The Futures Martial Arts Conference”, was honored with the title of “Investor Education Companion” in the 2023 “Dayan and Friends” investor education work competition of Dalian Commodity Exchange. Additionally, the Company was recognized as the “Investor Education Pioneer” by Zhengzhou Commodity Exchange for its investor education efforts.



“Investor Education Companion” by Dalian Commodity Exchange



“Investor Education Pioneer” by Zhengzhou Commodity Exchange

In the assessment of national securities and futures investor education bases in 2023, the investor education base of Zhongtai Futures was rated as “excellent” by the CSRC.

In the future, the Company will implement the regulatory requirements for investor education and protection publicity with higher standards, give full play to the functions and roles of its investor education base, strengthen the innovation of investor education products, improve the coverage and influence of investor education in national education, and convert futures knowledge into rational investment concepts and abilities, so as to facilitate the sustainable and healthy development of China’s futures market.

10. Optimizing the customer service system to enhance customer satisfaction

The Company adheres to focus on satisfying customers’ needs. It optimized its supporting system for customer services, improved its customer service systems, and enhanced its customer services capability, optimized its business procedures and strengthened business innovation to provide diversified services to customers in line with customers’ needs and for the purpose of asset allocation.

The Company proactively promotes the transformation of Internet business, vigorously developed the application of financial technology in customer acquisition and service, and built an online customer service system; develops a customer service system in customers’ consultation, return visits and services. By prioritizing customer needs, it provides customers with high-quality services and solves customer problems in a timely manner. Through communication with customers, we constantly optimize the Company’s system and procedures to create a customer-centric service system.

During the Reporting Period, the Company handled 19,180 customer phone calls and paid 7,843 return visits to customers with a customer satisfaction rate of 99.70%.

IV. ENVIRONMENTAL

The Group is a low-energy-consumption financial enterprise with slight pollution. The main impacts on the environment in the ordinary course of business of the Group are the consumption of paper, electricity and water and the emission of automobile exhausts. In the daily operations, the Group strictly abides by relevant state environmental protection laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》). The Company pays close attention to the risks of climate change and advocates all employees to practice green operations to continuously reduce environmental impact and help China to achieve the goal of green, low-carbon and circular economy. During the Reporting Period, there was no environmental protection issue and related litigation.

(I) Green Operation and Environmental Protection

With the increasingly severe impact of climate change, global warming and the frequent occurrence of abnormal weather, the Group has realised that it is a mandatory course and obligation for every enterprise to actively address climate risk issues. The Group actively guides all employees to practice energy saving and low carbon concepts to help address the global climate crisis.

The Group advocates green office, and actively adopts measures to reduce use of resources and energy consumption. The Group's use of resources mainly includes water consumption, electricity consumption and vehicles' gasoline consumption. The Group has implemented paperless electronic office procedures and systems, encouraging the use of double-sided printing to reduce the use of paper and saving office supplies. The Group has actively used video conferencing systems to reduce the number of business trips and made reasonable plans for business-purposed use of cars, maximizing resources conservation and building an environment-friendly enterprise. The Group designates property staff to inspect and turn off or turn down the night lighting system. Through the guidance and publicity of the Group, the employees of the Group actively adopted the electronic office processes and systems to deal with work matters in 2023. The Group also actively adopted teleconference or video conferencing to reduce unnecessary business trips.

The Group's emissions are mainly greenhouse gases generated from energy consumption as well as non-hazardous wastes such as sewage and wastes generated from daily office operations. Among which, greenhouse gas emissions are mainly carbon dioxide emissions from the following: (i) carbon dioxide emissions caused by gasoline combustion by business cars, and (ii) carbon dioxide emissions caused by consuming purchased electricity. Different from traditional production enterprises, the Group mainly engages in financial services. The current related emissions are discharged in the ordinary course of business and there is no excessive emission caused by excessive use of energy or other resources. The Group is committed to promoting energy conservation and emission reduction within the Group by shaping an environment-friendly corporate culture.

(II) 2023 Environmental Performance Indicators

Due to the availability and accuracy of data, the statistical scope of the environmental performance indicators in the Report include the Company's headquarters and Zhongtai Huirong Capital¹.

1. Emissions

| Indicator | Unit | 2023 data | 2022 data |
|--|--------------|-----------|-----------|
| Total greenhouse gas emissions ² | tonne | 320.71 | 243.85 |
| Per capita greenhouse gas emissions | tonne/person | 0.79 | 0.65 |
| Direct emissions (scope 1) | tonne | 10.46 | 7.95 |
| Total greenhouse gases generated by gasoline | tonne | 10.46 | 7.95 |
| Per capita greenhouse gases generated by gasoline | tonne/person | 0.03 | 0.02 |
| Indirect emissions (scope 2) | tonne | 310.25 | 235.90 |
| Total greenhouse gases generated by electricity consumption | tonne | 310.25 | 235.90 |
| Per capita greenhouse gases generated by electricity consumption | tonne/person | 0.76 | 0.63 |
| Generation of domestic sewage ³ | tonne | 2,454.25 | 2,285.28 |
| Per capita discharge of domestic sewage | tonne/person | 6.03 | 6.09 |
| Generation of hazardous wastes ⁴ | tonne | 0.49 | 0.37 |
| Per capita generation of hazardous wastes | tonne/person | 0.0012 | 0.0010 |
| Generation of non-hazardous wastes ⁵ | tonne | 1.21 | 1.07 |
| Per capita generation of non-hazardous wastes | tonne/person | 0.0030 | 0.0028 |

¹ Based on the statistical scope, the total number of employees at the end of the Reporting Period was 407.

² According to the business characteristics of the Group, the main emission is carbon dioxide contained in the greenhouse gases.

³ Referring to the National Standards of Urban Sewage Engineering Planning Specification (《國家標準城市排水工程規劃規範》), the figure was arrived at by adopting 0.85 as the discharge coefficient.

⁴ It is mainly due to the sulfur oxides generated by direct consumption of gasoline.

⁵ It is mainly due to office-generated paper waste and subscribed newspapers.

The Group's emissions of main hazardous waste are due to the direct use of gasoline (fossil energy), leading to the emission of sulfur oxides. The Group's procurement of gasoline-filling services for business vehicles and corporate business vehicles has actively responded to the Air Pollution Prevention Action Plan (《大氣污染防治行動計劃》) issued by the State Council of China. The Group procures gasoline satisfying environmental protection requirements to improve emission quality and reduce the negative impact on the environment. In terms of non-hazardous wastes discharge, the Group uniformly delivers the wastes to the waste collection station in relevant regions. Through paid recycling, environmental pollution can be reduced to improve the recycling of materials.

2. Use of resources

| Indicator | Unit | 2023 data | 2022 data |
|---|--------------|--------------|------------|
| Direct energy consumption | liter | 6,134 | 4,664 |
| Gasoline consumption | liter | 6,134 | 4,664 |
| Per capita gasoline consumption | liter/person | 15.07 | 12.44 |
| Indirect energy consumption | kWh | 1,030,630.18 | 924,897.84 |
| Office electricity consumption | kWh | 1,030,630.18 | 924,897.84 |
| Per capita office electricity consumption | kWh/person | 2,532.26 | 2,466.39 |
| Total amount of office copying paper and newspaper | tonne | 1.1 | 1.34 |
| Per capita office copying paper and newspaper consumption | tonne/person | 0.0027 | 0.0036 |
| Water consumption ⁶ | tonne | 2,887.35 | 2,688.56 |
| Per capita water consumption | tonne/person | 7.09 | 7.17 |
| Cartridge consumption | piece | 140 | 120 |
| Per capita cartridge consumption | piece/person | 0.34 | 0.32 |

Unlike traditional production enterprises, the Group is mainly engaged in financial services instead of specific production activities. Therefore, relevant regulations and related key performance indicators for packaging materials used in finished products are not applicable to the Group.

⁶ The water mainly comes from the municipal water supply, and there is no problem in sourcing suitable water.

(III) Practising Energy Saving and Emission Reduction by Attending Details

The Group actively advocates and practices environmental protection and green development concepts.

The Group is actively creating a paperless office environment, whereby the office automation management system (OA system) is used to publish announcements and notices, disseminate the Company's news, communicate policies and regulations, share research reports as well as standardize business processes and intra-group mailings, greatly improving the management efficiency, reducing operating costs and saving lots of paper for printing office documents. The Group encourages the use of double-sided paper for copying and printing at work. Paper that has been used on one side should be reused and recycled; clearly required that when use of paper is unavoidable, recycled paper should be preferred and made full use. The Group also replaced disposable cups with glass cups with the logo of the Group.

The Group has formulated a corporate system and related notices stating that in purchasing and applying electrical equipment in the workplace, we should comprehensively evaluate the power consumption and select nationally certified low-energy appliances. The Group's offices shall use energy-saving lamps for lighting. When there is sufficient light, lamps will be turned on at intervals for maximum reduction of electricity consumption. The Group also has designated personnel whose duty is to check if all appliances are turned off during non-working hours except those necessary to keep normal operation of the Group. The management of equipment in the information technology rooms has been strengthened. Low-energy consumption and high-efficiency equipment will replace high-energy consumption and low-efficiency equipment, subject to normal functioning. The Group comprehensively promotes a system of 26-degree air conditioning in summer and 24-degree air conditioning in winter. For necessary office equipments such as printers, copiers, fax machines and shredders, the Group has formulated and adopted a networked sharing and idle-time shutdown system. The Group prohibits the use of non-office appliances with high-power consumption.

The Group has slogans at prominent locations in washrooms and pantries of all departments and branches of the headquarters to promote environmental protection and water conservation for all employees. All departments and branches are required to designate specialized personnel to conduct regular inspections to prevent water wastage caused by equipment failure. In 2023, the Company had no excessive use and waste of water.

The Company has established a specific vehicle-use system and strictly controls the use of vehicles through mileage fuel consumption registration. Centralized management and unified deployment of the Company's vehicles and drivers will improve the vehicle-use efficiency and reduce energy consumption and pollutant emissions. The system clearly requires that during non-office and holiday periods, all vehicles shall be parked in the designated parking lot, except for those on work-related duties. The Company actively promotes the use of environmentally-friendly or public transport when employees are on business trips and encourages employees to use shared transportation for travelling within the same city while ensuring safety.

During the Reporting Period, the Company did not encounter any environmental incidents and did not receive any complaints, penalties and sanctions due to environmental pollution.

V. SOCIAL

(I) Employment Management

In the handling of termination of employment, the Group has complied with the Labor Law of the PRC, the Labor Contract Law of the PRC and the relevant provisions of signed labor contract and applicable labor regulations. The Group has established standardized employee recruitment and termination procedures. The Group adheres to the principle of “equal opportunities, fair competition, comprehensive assessment and merit-based hiring” during the recruitment procedures, and has established a comprehensive internal assessment and performance appraisal mechanism to ensure fair promotion opportunities for employees. Employees enter into a labor contract with the Group at the beginning of employment, and the working hours of the Group’s employees are in compliance with requirements of relevant laws and regulations. The Group gives adequate regard to the legitimate rights and interests of employees. If an employee decides to terminate the employment for personal reasons, he/she can submit application for termination of employment. After the completion of termination procedures, he/she can terminate the employment with the Group. When the Group proposes termination or suspension of labor relationship with any employee, it would fulfill relevant obligations in accordance with relevant laws and regulations.

The Group formulates recruitment plans and recruits talents based on actual business needs and development requirements and in accordance with overall planning. The Group strictly verifies the identity documents, academic credentials and other information of the applicants to confirm whether the candidates are of legal age for employment and eliminate child labor, and rejects the applicants if they do not meet the employment requirements. The Group enters into labor contracts with all employees and regulates the remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits and welfare of all positions, and is determined to prevent child labor and forced labor, which will be promptly dealt with in accordance with the requirements of laws and regulations once discovered. The Group is in strict compliance with labor regulatory requirements. The Group does not hire child labor and forced labor, and provides employees with reasonable holidays. During the Reporting Period, the Group had no non-compliance with labor standards such as hiring child labor and forced labor.

The Group attaches importance to effective two-way communication with its employees and conducts pre-departure interviews with all departing employees to learn more about the internal and external factors affecting the departure of employees, and strives to fundamentally improve potential management problems, enhance employee satisfaction and help employees grow together with the Company. During the Reporting Period, the Group's employee turnover rate was 18.22%, and the employee turnover rates by gender, region and age are as follows:

Employee turnover rate by gender:

| | |
|-----------------------------------|--------|
| Turnover rate of male employees | 11.44% |
| Turnover rate of female employees | 6.78% |

Employee turnover rate by region:

| | |
|---|--------|
| Turnover rate of employees in mainland China | 18.22% |
| Turnover rate of employees in Hong Kong, Macau, Taiwan and abroad | 0% |

Employee turnover rate by age:

| | |
|--|-------|
| Turnover rate of employees aged 30 and below | 8.92% |
| Turnover rate of employees aged 31-50 | 8.24% |
| Turnover rate of employees aged above 50 | 1.06% |

1. Employee employment performance indicators

| | Indicator | Unit | 2023 data | 2022 data |
|---|-------------------------------------|--------|-----------|-----------|
| Total of employees¹ | | person | 767 | 735 |
| By gender | Male | person | 464 | 432 |
| | Female | person | 303 | 303 |
| By employment type | Contract employee | person | 767 | 735 |
| | Others | person | 0 | 0 |
| By age group | Under 30 years | person | 211 | 218 |
| | 30-50 years | person | 533 | 492 |
| | Over 50 years | person | 23 | 25 |
| By education level | Master's degree and above | person | 219 | 197 |
| | Undergraduate | person | 487 | 471 |
| | College degree and below | person | 61 | 67 |
| By region | Mainland China | person | 767 | 735 |
| | Hong Kong, Macau, Taiwan and abroad | person | 0 | 0 |
| Number of employment discrimination cases | | case | 0 | 0 |
| Labor contract signing rate | | % | 100 | 100 |

¹ Calculation is based on the total number of employees of the Group.

2. Staff remuneration and benefits

The remuneration of the Company comprises basic salary, performance-based salary, sales commission, bonus and various allowances and employees' benefits. In accordance with applicable laws and regulations of the PRC, the Company signs labor contracts with each employee to establish an employment relationship. The labor contract sets out the contract term, job responsibilities and location, working hours and rest days, remuneration, social insurance, labor protection, working conditions and occupational hazard prevention, labor discipline and compliance with regulations, employee training, termination, renewal, and economic compensation of the labor contract.

In accordance with applicable laws and regulations of the PRC, the Company provides employees with various social insurance benefits (including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, and maternity insurance), housing provident fund, enterprise annuity, and supplementary medical insurance, and fully contributes to the above-mentioned social insurance and supplementary medical insurance, housing provident fund, and enterprise annuity in accordance with the regulations.

3. Employee welfare assurance system

| | |
|---------------------|---|
| Basic benefits | <ul style="list-style-type: none">• Pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund |
| Health and care | <ul style="list-style-type: none">• Employee mutual aid fund• Caring on birthdays and festivals• Themed educational activities• Health checkup |
| Long-term insurance | <ul style="list-style-type: none">• Company annuity plans• Supplementary medical insurance |

(II) Health and Safety

The Group adheres to people-oriented approach, cares for the well-being and safety of employees, continuously optimizes employees' health protection mechanism, while earnestly implementing safety-related drills, education and training.

1. Caring for employees

The Group organizes annual medical examination for employees at Grade III Class A hospitals, providing supplementary medical protection for all employees and ensuring the health of employees. In accordance with the Labor Law, the Social Insurance law and the requirements of local regulations in the PRC, the Group enters into labor contracts with its employees to establish labor relations in compliance with relevant laws and regulations, and makes full contributions to social insurance (pension insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance) and housing provident fund. It also establishes a corporate annuity system to further optimize the pension assurance system and improve the retirement benefits for employees. The Group fully protects the legitimate rights and interests of employees and strictly enforces statutory holidays and vacations in accordance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and relevant laws and regulations, including paid annual leave, leave of absence, sick leave, work injury leave, marriage leave, bereavement leave, maternity leave and paternity leave.

2. Safeguarding the health and safety of employees

The Group earnestly implements instructions of the higher-level authorities about production safety, fully implements the principal responsibility of the Group's production safety, strengthened internal enterprise management and carried out safety and stability maintenance work to provide employees with a safe and healthy working environment. During the pandemic prevention and control period, the Group resolutely devoted to pandemic prevention and control, actively fulfilled its principal responsibilities. It adopted flexible office ways and maintained pandemic monitoring and disinfection of key areas, subject to financial security and safety of people. It adheres to the principle of "precaution comes first with active prevention", and established a sound system and improved measures to fulfil its responsibilities. It earnestly implemented the work approach on fire-fighting of "precaution comes first with a combination of prevention and fighting", and strengthened training of all employees on fire-fighting knowledge and management of internal fire-fighting facilities and equipment. It has formulated emergency response measures, held production safety emergency rescue drills and amended and constantly improved emergency plans. In accordance with the principles of "one post with two responsibility" and "territorial management", the Group comprehensively identified the stability risks by properly handling letters and visits, formulated a "zero report" reporting system and timely handled various kinds of emergencies to prevent incidents which affect social stability. It has also enhanced security and fire safety awareness of employees through organization of staff safety training and assessment methods. During the Reporting Period, the Group has not experienced any incidents involving information technology system, security and health and safety responsibilities.

3. Employee rights and interests performance indicators

| Indicator | Unit | 2023 data | 2022 data | 2021 data |
|--|--------|-----------|-----------|-----------|
| Social insurance coverage ratio | % | 100 | 100 | 100 |
| Number of work-related fatalities | person | 0 | 0 | 0 |
| Ratio of work-related injuries | % | 0.13 | 0 | 0 |
| Lost days due to work-related injuries | day | 0 | 0 | 0 |

4. Organizing various cultural and sports activities

During the Reporting Period, the Company organized employees to participate in the 5th Zhongtai Securities Employee Sports Games and achieved our best team performance to date, securing the sixth place. Our selected work, “Ten Thousand Miles of Spring Breeze”, won the first prize in the Zhongtai Securities Culture and Art Performance. We organized and carried out the “Promoting Development with Concerted Efforts, Striving for a New Journey” walking event, actively participated in over 20 activities including the 5th Provincial Trade Union New Media Original Works Competition, the 4th Youth Networking Activity of Member Units of Shandong Financial Association, and the “Destined to Be with You, A Date with Zhongtai Securities” by Zhongtai Securities, demonstrating the diverse talents and positive spirit and image of our employees. We also organized various traditional holiday events around important festivals such as New Year’s Day, Lantern Festival, Dragon Boat Festival, Qixi Festival, and Mid-Autumn Festival. The organization and implementation of these cultural and sports activities further enriched the employees’ spiritual and cultural life, strengthened the cohesion, combativeness, and unity within the Company, and laid a solid foundation for everyone to work together and strive towards achieving the Company’s annual business goals.



Organized employees to participate in the 5th Zhongtai Securities Employee Sports Games



“Promoting Development with Concerted Efforts, Striving for a New Journey” walking event

(III) Development and Training

During the Reporting Period, focusing on talent development and cultivation, the Company trained the staff's thinking habits, built a curriculum system, and promoted the construction of a learning organization. We continuously paid attention to improving the professional capability of cadres and employees, constantly improved and enriched the Company's curriculum system, and caused the Company's E-Learning learning platform to play a role as the "main position". Firstly, we continuously enriched our curriculum system, improved the knowledge structure of employees, strengthened training and assessment, gradually realized the systematization and standardization of on-line learning, made best use of the convenient and efficient learning platform to hold 69 routine trainings and produce 72 micro-courses. Secondly, we organized a series of training on the Qihang Plans (啟航計劃) in 2023. Through three special training projects, namely "Future Marketing Service Stars Special Session", "Future Function Professionals Special Session (未來職能專才專場)" and "New Employees Special Session in 2023", we organized off-line training activities with rich contents and in various forms to help employees fully understand the Company, further familiarize themselves with and master relevant business knowledge, improve their post competence and professional quality, and effectively apply such knowledge to their daily work. Thirdly, we carried out targeted and practical training projects, organized six Qihang Plans and advanced experience sharing meetings of business entities in form of key and pilot projects in batches, exchange and train outstanding and advanced business entities, conducted benchmarking discussions on advanced experience and practices, and formulated improvement measures in light of the actual situation of each employee to achieve the purpose of improving and enhancing business development.



2023 Qihang Plans – Future Marketing Service Stars Special Session



2023 Qihang Plans – Future Function Professionals Special Session

1. Employee training indicators

| | Indicator | Unit | 2023 data | 2022 data |
|---|-----------------------|--------------|-----------|-----------|
| Percentage of trained employees by gender | Male | % | 60.5 | 58.8 |
| | Female | % | 39.5 | 41.2 |
| Percentage of trained employees by employee category | Senior management | % | 1.7 | 1.4 |
| | Middle management | % | 12.9 | 11.2 |
| | Entry level employees | % | 85.4 | 87.4 |
| Average number of training hours per employees by gender | Male | hours/person | 33.8 | 90.36 |
| | Female | hours/person | 51.8 | 147.91 |
| Average number of training hours per employees by employee category | Senior management | hours/person | 24 | 24 |
| | Middle management | hours/person | 36 | 36 |
| | Entry level employees | hours/person | 48 | 48 |

(IV) Supply Chain Management

Due to its business nature, as a financial institution, the main suppliers of the Group include law firms, accounting firms, asset valuers, information technology companies and suppliers of office supplies etc. The Group is fair and just when conducting procurement activities. In the selection of partners, the Group would fully consider the business reputation of suppliers and whether they had any illegal acts, non-compliance and significant legal disputes in the past, and at the same time, conduct effective qualification assessment on suppliers against specific standards such as their ability, experience, qualification, reputation, financial condition and quality assurance system.

During the Reporting Period, the Group was not aware of any significant actual or potential negative impact of suppliers in respect of business ethics, environmental protection, etc.

(V) Active Participation in Rural Revitalization Services and Social Responsibility Works

The Group persisted in fulfilling its corporate social responsibility, actively responded to the initiative of the futures industry to comprehensively promote rural revitalization and contribute to common prosperity, and contributed to the national strategy of rural revitalization with practical actions in “insurance + futures” professional assistance, pair-up assistance, industrial assistance, consumption-driven assistance and employment assistance. In the 2022-2023 rural revitalization evaluation conducted by rural revitalization, the Company ranked second among 140 futures companies in the industry. For pair-up assistance, industrial assistance and consumption-driven assistance, the Company provided comprehensive support to rural revitalization places to consolidate and expand the achievements in poverty alleviation. Firstly, the Company cooperated with various units such as the Organization Department of the Shandong Provincial Party Committee, the Development and Reform Commission of Shandong Province, the State-owned Assets Supervision and Administration Commission of Shandong Province, and the Finance Department of Shandong Province to carry out pair-up assistance and collaborative activities in Party building with the designated villages served by the “first secretaries”, and signed 32 framework agreements for pair-up assistance with rural revitalization places such as Junye County, Yinan County and Yishui County in Shandong Province, and conducted 46 sessions of Party building and pair-up assistance collaborative activities. Secondly, the Company applied a total of RMB850,000 in industrial project assistance funds to rural revitalization places, including Shigatse City of Xizang Autonomous Region, Juye County of Shandong Province, Yinan county and Yishui County of Shandong Province, so as to further enhance the self-development ability of rural revitalization areas through industrial assistance. We assisted development of featured industrial projects in those areas, to spur local employment and increase farmers’ income, thereby continuously promoting rural revitalization efforts to achieve new benefits. Thirdly, the Company purchased agricultural products of more than RMB470,000 from rural revitalization areas in Huachuan County, Heilongjiang Province. At the same time, leveraging on our technical advantage, we assisted local enterprises in establishing sales platforms, and took various measures in promoting rural revitalization.

VI. INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE INDICATORS

| Subject Areas, aspects, general disclosures and key performance indicators | | Disclosure |
|--|--|--|
| Subject Area A: Environmental | | |
| Aspect A1: Emissions | | |
| General Disclosure | | IV. (I) Green Operation and Environmental Protection IV. (II) 2023 Environmental Performance Indicators |
| A1.1 | The types of emissions and respective emissions data | IV. (II) 2023 Environmental Performance Indicators |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) | IV. (II) 2023 Environmental Performance Indicators |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) | IV. (II) 2023 Environmental Performance Indicators |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) | IV. (II) 2023 Environmental Performance Indicators |
| A1.5 | Description of emissions target(s) set and steps taken to achieve them | IV. (II) 2023 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction by Attending Details |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them | IV. (II) 2023 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction by Attending Details |

| Subject Areas, aspects, general disclosures and key performance indicators | | Disclosure |
|--|--|--|
| Aspect A2: Use of Resources | | |
| General Disclosure | | IV. (I) Green Operation and Environmental Protection IV. (II) 2023 Environmental Performance Indicators |
| A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000 s) and intensity (e.g. per unit of production volume, per facility) | IV. (II) 2023 Environmental Performance Indicators |
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility) | IV. (II) 2023 Environmental Performance Indicators |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them | IV. (II) 2023 Environmental Performance Indicators IV. (III) Practising Energy Saving and Emission Reduction by Attending Details |
| A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them | This indicator is not applicable as the Company operates in finance industry |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced | This indicator is not applicable as the Company operates in finance industry |

| Subject Areas, aspects, general disclosures and key performance indicators | | Disclosure |
|--|---|--|
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosure | | IV. (III) Practising Energy Saving and Emission Reduction by Attending Details |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them | IV. (III) Practising Energy Saving and Emission Reduction by Attending Details |
| Aspect A4: Climate Change | | |
| General Disclosure | | IV. (I) Green Operation and Environmental Protection |
| A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them | IV. (I) Green Operation and Environmental Protection |
| Subject Area B: Social | | |
| Aspect B1: Employment | | |
| General Disclosure | | V. (I) Employment Management |
| B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region | V. (I) Employment Management |
| B1.2 | Employee turnover rate by gender, age group and geographical region | V. (I) Employment Management |
| Aspect B2: Health and Safety | | |
| General Disclosure | | V. (II) Health and Safety |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year | V. (II) Health and Safety |
| B2.2 | Lost days due to work injury | V. (II) Health and Safety |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored | V. (II) Health and Safety |

| Subject Areas, aspects, general disclosures and key performance indicators | | Disclosure |
|--|--|--|
| Aspect B3: Development and Training | | |
| General Disclosure | | V. (III) Development and Training |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management) | V. (III) Development and Training |
| B3.2 | The average training hours completed per employee by gender and employee category | V. (III) Development and Training |
| Aspect B4: Labor Standards | | |
| General Disclosure | | V. (I) Employment Management |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour | V. (I) Employment Management |
| B4.2 | Description of steps taken to eliminate such practices when discovered | V. (I) Employment Management |
| Aspect B5: Supply Chain Management | | |
| General Disclosure | | V. (IV) Supply Chain Management |
| B5.1 | Number of suppliers by geographical region | This indicator is not applicable as the Company operates in finance industry |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored | This indicator is not applicable as the Company operates in finance industry |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored | This indicator is not applicable as the Company operates in finance industry |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored | This indicator is not applicable as the Company operates in finance industry |

| Subject Areas, aspects, general disclosures and key performance indicators | | Disclosure |
|--|---|--|
| Aspect B6: Product Responsibility | | |
| General Disclosure | | III. (IV) Compliant and Stable Operations |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons | This indicator is not applicable as the Company operates in finance industry |
| B6.2 | Number of products and service related complaints received and how they are dealt with | III. (IV) Compliant and Stable Operations |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights | III. (IV) Compliant and Stable Operations |
| B6.4 | Description of quality assurance process and recall procedures | This indicator is not applicable as the Company operates in finance industry |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored | III. (IV) Compliant and Stable Operations |
| Aspect B7: Anti-corruption | | |
| General Disclosure | | III. (IV) Compliant and Stable Operations |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases | III. (IV) Compliant and Stable Operations |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored | III. (IV) Compliant and Stable Operations |
| B7.3 | Description of anti-corruption training provided to directors and staff | III. (IV) Compliant and Stable Operations |

| Subject Areas, aspects, general disclosures and key performance indicators | | Disclosure |
|--|--|--|
| Aspect B8: Community Investment | | |
| General Disclosure | | V. (V) Active Participation in Rural Revitalization Services and Social Responsibility Works |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport) | V. (V) Active Participation in Rural Revitalization Services and Social Responsibility Works |
| B8.2 | Resources contributed (e.g. money or time) to the focus area | V. (V) Active Participation in Rural Revitalization Services and Social Responsibility Works |