



# 中州证券

**Central China Securities Co., Ltd.**

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)

(2002年於中華人民共和國河南省成立的股份有限公司，中文公司名稱為「中原证券股份有限公司」，在香港以「中州证券」名義開展業務)

Stock Code 股份代號：01375



## 2024

中期報告

INTERIM REPORT

## IMPORTANT NOTICE

The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of contents of the interim report and that there is no false representation, misleading statement contained herein or material omission from this report, for which they will assume joint and several liabilities.

All Directors of the Company have attended the meeting of the Board.

This Interim Report is unaudited.

Mr. Lu Zhili, head of the Company, Mr. Guo Liangyong, the person in charge of accounting affairs and Ms. Han Xihua, the head of the accounting department, warrant that the financial statements set out in this report are true, accurate and complete.

The Company's profit distribution plan for the 2024 interim period as considered and approved at the twenty-eighth meeting of the Seventh Session of the Board is to distribute a cash dividend of RMB0.06 (tax inclusive) for every 10 shares. As of 30 June 2024, calculated based on the total share capital of the Company of 4,642,884,700 shares, the total cash dividend amounted to RMB27,857,308.20 (tax inclusive). No capital reserves will be converted into share capital and no bonus shares will be distributed by the Company.

The forward-looking statements in this report including future plans and development strategies do not constitute a substantive commitment of the Company to investors. Investors and related persons should understand the difference among plans, forecasts and commitments and be aware of investment risks.

There was no appropriation of funds of the Company by the controlling shareholder(s) or its related/connected parties for non-operating purposes during the Reporting Period.

The Company had made no guarantee to external parties against the stipulated decision making process during the Reporting Period.

There is no such situation in which more than half of the Directors cannot warrant the truthfulness, accuracy and completeness of this report disclosed by the Company.

This report has been prepared by the Company in both Chinese and English. In the event of any discrepancies between the English version and the Chinese version of this report, the Chinese version shall prevail.

In this report, the discrepancies in the decimal place between the sum of the amount of each sub-item and the grand total are due to rounding to the nearest integer.

## MATERIAL RISK ALERT

The Company's business and assets are mainly concentrated in Mainland China and are highly dependent on the overall domestic economic and market conditions. Changes in the domestic economic situation and fluctuations in the capital market will have significant impact on the Company's operating results.

The risks confronted by the Company mainly include: policy risk with adverse impact on the operation of securities companies due to changes in national macroeconomic policies and the regulatory measures, laws and regulations related to the securities industry, regulatory policies and trading rules, etc.; compliance risk of the Company being legally held accountable, subject to supervisory measures, given self-discipline penalties or suffering from loss of property or reputation arising from violation of laws, regulations or rules by the operation and management or licensed practices; market risk of losses in the Company's business due to adverse changes in market prices; credit risk resulting from losses due to defaults by financing parties, counterparties or issuers; operational risk resulting from losses caused by imperfect or faulty internal procedures, personnel, information technology systems and external events; liquidity risk that the Company cannot obtain sufficient funds in time at a reasonable cost to meet the maturing debts, fulfill other payment obligations and meet the capital needs of normal business; information technology risks that affect the Company's normal business due to hardware and software failures, communication failures, security breaches, insufficient emergency response capability of the disaster recovery system, etc., which in turn cause direct or indirect losses; reputational risk that the Company's actions or external events, and employees' violations of integrity regulations, professional ethics, business norms, industry rules and regulations, etc., leading to negative evaluations of the Company by investors, issuers, regulators, self-regulatory organizations, the public, the media, etc., thus damaging the Company's brand value and affecting its normal operations.

The Company has established and continuously improved its internal control system, compliance and comprehensive risk management system by establishing a scientific mechanism for risk identification, assessment, response, monitoring and reporting, and implementing risk management throughout the entire process of business decision-making to ensure that the Company's operations are conducted within the limits of measurable, controllable and tolerable risks. For the relevant risks faced by the Company in its operation, please refer to the relevant contents in "SECTION III MANAGEMENT DISCUSSION AND ANALYSIS V. OTHER DISCLOSURES (I) POTENTIAL RISKS" of this report.

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## DOCUMENTS AVAILABLE FOR INSPECTION

Text of the interim report bearing the signature of legal representative of the Company.

A copy of the financial report signed and sealed by the legal representative, the person in charge of financial affairs, and head of the accounting department of the Company.

Original copies of all documents and announcements of the Company disclosed on websites designated by the CSRC during the Reporting Period.

Interim reports published in other securities markets.

Other relevant information.



# SECTION 1 DEFINITIONS

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

## Definition of common words

Company, Parent Company or Central China Securities	Central China Securities Co., Ltd.
Group	the Company and its subsidiaries
Board	the Board of Directors of the Company
Director(s)	Director(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
Supervisor(s)	Supervisor(s) of the Company
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Corporate Governance Code	Part II of Appendix C1 to the Hong Kong Listing Rules
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
this report	this interim report
SSE	the Shanghai Stock Exchange
SSE Composite Index	composite stock price index of the SSE
SZSE	the Shenzhen Stock Exchange
SZSE Component Index	component stock price index of the SZSE
Wind Info	Wind Information Co., Ltd. (萬得信息技術股份有限公司)
IPO	the initial public offering
A Share(s)	domestic listed ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the SSE
H Share(s)	overseas listed foreign ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Hong Kong Stock Exchange
Reporting Period/the Period	the period from 1 January 2024 to 30 June 2024
End of the Reporting Period/end of the Period	30 June 2024
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)

## SECTION 1 DEFINITIONS

PRC or China	the People's Republic of China
Henan Provincial Government	Henan Provincial People's Government (河南省人民政府)
Henan Bureau of the CSRC	Henan Branch of the China Securities Regulatory Commission (中國證券監督管理委員會河南監管局)
New Third Board or NEEQ	National Equities Exchange and Quotations for medium and small-sized enterprises
Henan Investment Group	Henan Investment Group Co., Ltd. (河南投資集團有限公司)
Pingmei Shenma	China Pingmei Shenma Holding Group Co., Ltd. (中國平煤神馬控股集團有限公司)
Central China Futures	Central China Futures Co., Ltd. (中原期貨股份有限公司)
ZDKY Venture Capital	Zhongding Kaiyuan Venture Capital Management Co., Ltd. (中鼎開源創業投資管理有限公司)
Central China Blue Ocean or CCBO	Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)
Central China International	Central China International Financial Holdings Company Limited (中州國際金融控股有限公司)
Central China International Capital	Central China International Capital Limited
Central China International Securities	Central China International Securities Co., Limited
Equity Exchange Co.	Central China Equity Exchange Co., Ltd. (中原股權交易中心股份有限公司)
Yuxin Investment	Yuxin Investment Management (Shanghai) Co., Ltd. (豫新投資管理(上海)有限公司)
Kaiyuan Venture Capital	Henan Kaiyuan Venture Capital Fund Management Co., Ltd. (河南開元私募基金管理有限公司)
Articles of Association	the prevailing valid Articles of Association of the Company
Company Law	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
PBOC	the People's Bank of China
Securities Law	the Securities Law of the PRC (《中華人民共和國證券法》)
RMB	Renminbi, the lawful currency of the PRC, with the basic unit of "yuan"
HK\$	Hong Kong dollars and cents, the lawful currency of Hong Kong
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
%	per cent

# SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

## I. INFORMATION ABOUT THE COMPANY

Chinese name of the Company	中原证券股份有限公司
Chinese abbreviation of the Company	中原证券
English name of the Company	CENTRAL CHINA SECURITIES CO., LTD.
English abbreviation of the Company	CCSC
Legal representative of the Company	Lu Zhili
General manager of the Company	Li Zhaoxin

### Registered capital and net capital

Unit: Yuan Currency: RMB

	At the end of the Reporting Period	At the end of last year
Registered capital	4,642,884,700.00	4,642,884,700.00
Net capital	9,796,971,098.20	8,651,125,530.23

### Qualifications for each individual business of the Company

The business scope of the Company includes: securities brokerage; securities investment consulting; financial advisory related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin financing and securities lending; agency sale of securities investment funds; agency sale of financial products.

In addition, the Company also possesses the following business qualifications:

#### 1. Business qualifications approved or authorised by the CSRC:

Qualification for sponsoring institution for securities issuance and listing, qualification for IPO inquiry and placement business, qualification for stock lead underwriter business, qualification for sponsoring broker business, qualification for qualified investor business of block trading system, qualification for entrusted asset management business of NEEQ business, qualification for online securities entrustment business, qualification for open-end securities investment fund agency sales business, qualification for providing intermediary introduction business for futures companies, qualification for margin financing and securities lending business, qualification for bond pledge-style quotation repurchase business, qualification for financial advisory for merger and acquisition and restructuring of listed companies, qualification for sponsoring institution for equity division reform, and qualification for entrusted investment management business.

#### 2. Business qualifications approved by the EXCHANGE:

Qualification for agreed repurchase securities trading business, IPO price inquiry and placement business, stock pledge repurchase business, recommendation business and transfer business of the National Equities Exchange and Quotations, stock option brokerage business of the SSE, Hong Kong Stock Connect business of the SSE, Hong Kong Stock Connect business under Shenzhen-Hong Kong Stock Connect of the Shenzhen Stock Exchange, Shanghai Stock Exchange membership, Shenzhen Stock Exchange membership, Shanghai Stock Exchange "SSE 50ETF" participation in brokerage business, Shanghai Stock Exchange treasury bond buyout repurchase transaction qualification, warrant trading qualification, and first-class dealer qualification for the Integrated Electronic Platform for Fixed Income Securities of the SSE.

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### 3. Business qualifications approved by the Securities Association of China:

Qualification for underwriting of private placement bonds for small and medium-sized enterprises, pilot qualification for Internet securities business, membership of the Securities Association of China, pilot qualification for OTC market business and qualification for IPO inquiry targets.

### 4. Business qualifications approved by the PBOC:

National interbank lending business qualification and interbank bond trading qualification.

### 5. Other business qualifications:

Qualification for foreign exchange business, qualification for agency sale of financial products (approved by the Henan CSRC), qualification for registration of securities pledge as an agent, qualification for capital refinancing business, qualification for securities refinancing and securities lending business, qualification for market-making business in the inter-institutional private equity product quotation system, qualification for underwriting of debt financing instruments of non-financial enterprises in the inter-bank market, qualification for settlement participant of China Securities Depository and Clearing Corporation Limited, qualification for sponsoring brokerage business in the agency system, market-making business in the National Equities Exchange and Quotations, and asset securitization.

### The subsidiaries also have the following business qualifications:

Central China Futures: qualification for commodity futures brokerage business, qualification for financial futures brokerage business, and qualification for futures trading consulting business.

Central China International Securities: Qualification for securities trading business, advising on securities.

Central China International Capital: Qualification for securities trading business, advising on corporate finance.

ZDKY Venture Capital: Private equity investment fund, private equity investment FOF fund, venture capital fund and venture capital investment FOF fund.

Kaiyuan Venture Capital: Private equity investment fund, private equity investment FOF fund, venture capital fund and venture capital investment FOF fund.

Central China Blue Ocean: Direct investment business and fund business.



## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### II. CONTACT PERSONS AND CONTACT METHODS

	<b>Secretary to the Board</b>	<b>Representative of securities affairs</b>
Name	Guo Liangyong (acting secretary to the Board)	Zhao Jinqi
Address	9F, Pingmei Shenma Financial Assets Operation Center, Intersection of West Ruyi Road and Ruiyi River West Street 4, Jinshui District, Zhengzhou City, Henan Province, China (Postcode: 450018)	9F, Pingmei Shenma Financial Assets Operation Center, Intersection of West Ruyi Road and Ruiyi River West Street 4, Jinshui District, Zhengzhou City, Henan Province, China (Postcode: 450018)
Tel	0371-69177590 (Acceptance time: trading day 9:00-11:30 13:00-17:00)	0371-69177590 (Acceptance time: trading day 9:00-11:30 13:00-17:00)
Fax	0371-86505911	0371-86505911
Email address	zyzqdm@ccnew.com	zyzqzd@ccnew.com

### III. CHANGES IN BASIC INFORMATION

Registered address of the Company	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China
Change of the Company's registered address	Nil
Office address of the Company	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China
Postcode of the office address of the Company	450018
Website of the Company	<a href="https://www.ccnew.com">https://www.ccnew.com</a>
Email address	<a href="mailto:investor@ccnew.com">investor@ccnew.com</a>
Principal place of business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Enquiry index for changes during the Reporting Period	Nil

### IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Newspapers designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website for publishing the interim report	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Website designated by the Hong Kong Stock Exchange for publishing this report	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Place for inspection of interim report of the Company	9F, Pingmei Shenma Financial Assets Operation Center, Intersection of West Ruyi Road and Ruiyi River West Street 4, Jinshui District, Zhengzhou City, Henan Province, China
Enquiry index for changes during the Reporting Period	Nil

### V. SHARES OF THE COMPANY

<b>Class of Shares</b>	<b>Stock Exchange of Listing</b>	<b>Stock Name</b>	<b>Stock Code</b>	<b>Stock Abbreviation Before Change</b>
A Share	SSE	中原证券	601375	N/A
H Share	Hong Kong Stock Exchange	中州证券	01375	N/A

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VI. OTHER RELEVANT MATERIALS

Accounting firm engaged by the Company (domestic)	Name	ShineWing Certified Public Accountants (Special General Partnership)
	Office address	8/F, Block A, Fu Hua Mansion, No. 8 ChaoYang Men Beidajie, Dongcheng District, Beijing, China
	Names of signed accountants	Cui Weiwei (崔巍巍), Qi Xiaorui (齊曉瑞)
Legal adviser as to PRC laws	Beijing Junzhi Law Firm	
Legal advisors as to Hong Kong (PRC) Laws	Jingtian & Gongcheng LLP	
A Share Registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
H Share Registrar	Computershare Hong Kong Investor Services Limited	
Code of unified social credit	91410000744078476K	

### VII. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

#### (I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	The Reporting Period (January-June)	The corresponding period of last year	Increase/Decrease for the Reporting Period as compared with the corresponding period of last year (%)
Operating income	<b>1,198,670,567.05</b>	1,045,764,808.74	14.62
Net profit attributable to shareholders of the parent company	<b>201,265,120.05</b>	167,282,207.98	20.31
Net profit attributable to shareholders of the parent company after deducting non-recurring profit or loss	<b>197,291,564.12</b>	156,041,312.09	26.44
Net cash flows from operating activities	<b>856,846,780.21</b>	-564,121,298.87	N/A
Other comprehensive income	<b>6,960,345.18</b>	13,884,498.91	-49.87
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	At the end of the Reporting Period	As at the end of last year	Increase/Decrease as at the end of the Reporting Period as compared with the end of last year (%)
Total assets	<b>53,198,797,130.31</b>	51,701,683,772.46	2.90
Total liabilities	<b>38,923,940,463.36</b>	37,551,184,086.55	3.66
Accounts payable to brokerage clients	<b>12,328,816,339.92</b>	11,538,050,603.00	6.85
Equity attributable to shareholders of the parent company	<b>14,048,983,256.41</b>	13,902,762,596.08	1.05
Total equity	<b>14,274,856,666.95</b>	14,150,499,685.91	0.88
Total share capital	<b>4,642,884,700.00</b>	4,642,884,700.00	0.00
Net assets per share attributable to shareholders of parent company (RMB/share)	<b>3.03</b>	2.99	1.34

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### (II) Principal financial indicators

Principal financial indicators	The Reporting Period (January-June)	The corresponding period of last year	Increase/Decrease for the Reporting Period as compared with the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.04	0.04	0.00
Diluted earnings per share (RMB/share)	0.04	0.04	0.00
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	0.04	0.03	33.33
Weighted average return on net assets (%)	1.44	1.21	Increase by 0.23 percentage point
Weighted average return on net assets after deducting non-recurring profit or loss (%)	1.41	1.13	Increase by 0.28 percentage point

#### Explanation on principal accounting data and financial indicators of the Company

Weighted average return on net assets and earnings per share are calculated in accordance with the Rules for Information Disclosure and Reporting of Public Issuing Securities Companies No.9 -the Calculation and Disclosure of the Return on Net Assets and Earnings Per Share.

### (III) Net capital and risk control indicators of the parent company

Unit: Yuan Currency: RMB

	At the end of the Reporting Period	As at the end of last year
Net capital	9,796,971,098.20	8,651,125,530.23
Net assets	14,801,545,501.51	14,553,560,936.80
Sum of various risk capital provisions	3,003,042,408.77	3,478,418,949.24
Total on-and-off balance sheet assets	43,902,426,180.64	43,026,689,654.91
Risk coverage rate (%)	326.23	248.71
Capital leverage rate (%)	19.64	19.06
Liquidity coverage ratio (%)	196.82	198.96
Net stable funding ratio (%)	171.89	150.69
Net capital/net assets (%)	66.19	59.44
Net capital/liabilities (%)	38.76	35.19
Net assets/liabilities (%)	58.56	59.20
Proprietary equity securities and its derivatives/net capital (%)	7.38	7.57
Proprietary non-equity securities and its derivatives/net capital (%)	273.35	290.44
Amount of financing (securities lending inclusive)/net capital (%)	76.30	94.72

Note: During the Reporting Period, all major risk control indicators including the Company's net capital met the regulatory requirements.

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### VIII. NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amounts	Notes (if applicable)
Profits and loss on disposal of non-current assets, including the write-off of provision for impairment of assets	-676,240.71	
Government subsidies that are included in the current profit and loss, except for those that are closely related to the Company's normal business operations, in compliance with national policies and regulations, and in accordance with established standards, and have a continuing effect on the Company's profit or loss	5,768,173.00	Mainly due to the government subsidies
Other non-operating income/expenses other than the above items	132,760.86	
Less: amount of impact of income tax	1,306,173.29	
amount of impact of minority shareholder's equity (after tax)	-55,036.07	
<b>Total</b>	<b>3,973,555.93</b>	

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### I. PARTICULARS OF THE INDUSTRY WHICH THE COMPANY BELONGS TO AND THE PRINCIPAL BUSINESS ENGAGED BY THE COMPANY DURING THE REPORTING PERIOD

#### (I) Development of the industry which the Company belongs to during the Reporting Period

From the perspective of market environment, as of 28 June 2024, the A-share market benchmark indexes of SSE Composite Index, SZSE Composite Index, ChiNext Index, STAR 50, and BSE 50 changed by -0.25%, -7.10%, -10.99%, -16.42%, and -34.52% respectively from the beginning of the year. From the perspective of market trading activity, the stock-based trading volume of the two stock exchanges was RMB230.34 trillion in the first half of 2024, down 7.62% year-on-year. From the perspective of issuance in the primary market, the scale of equity financing in the industry amounted to RMB173 billion in the first half of 2024, down 61.82% year-on-year. 44 companies achieved IPO, with fund-raising of RMB32,493 million for initial public offerings, down 74.57% and 84.50% year-on-year, respectively. The refinancing funds amounted to RMB119,190.0 million, down 72.41% year-on-year. The total amount of bonds issued by various institutions was RMB37.99 trillion, up 11.32% year-on-year. (Source: Wind Info)

From the perspective of policy environment, in order to fully implement the essential instructions of the Central Finance Work Conference on “giving better play to the function of the capital market hub”, on 15 March 2024, the CSRC issued the “Opinion on Strengthening the Supervision of Securities Companies and Public Funds, and Accelerating the Construction of First-class Investment Banks and Investment Institutions (Trial)” (《關於加強證券公司和公募基金監管加快推進建設一流投資銀行和投資機構的意見(試行)》), which clarified the five-year goal and ten-year plan to build a modernized securities fund industry, and put forward clear guidance and specific measures for the securities industry in terms of its business philosophy, functioning, development mode and governance level. The Opinion specified that “the leading institutions should strive for excellence and strength, and small and medium-sized institutions will be encouraged to differentiate their development and operate with special characteristics, and to excel in combination with resource endowments and professional capabilities such as characteristics of shareholders, regional advantages, and talent reserves”. On 12 April 2024, the State Council issued “Several Opinions on Strengthening Supervision, Preventing Risks and Promoting the High-Quality Development of Capital Markets (Guo Fa) [2024] No. 10” (the New “National Nine Measures”) (《關於加強監管防範風險推動資本市場高質量發展的若干意見》(國發[2024]10號)(以下簡稱新“國九條”)), anchoring the goal of building a financially robust country, and further defining the general framework for the high-quality development of the capital market in the next 5 years, 10 years and the mid-century by focusing on how to promote the continuous improvement of the quality of major players in the capital market. To “strengthen the supervision of securities and fund institutions and promote the industry to stay true to its origin for excellence and strength”, the New “National Nine Measures” especially emphasized “supporting the core competitiveness of leading institutions through merger and acquisition, restructuring and organizational innovation, and encouraging the differentiated development and distinctive operation of small and medium-sized institutions”. The New “National Nine Measures” also put forward a package of requirements in terms of business philosophy, development mode, capacity building, access management and key business supervision of industry institutions. The New “National Nine Measures” as the programmatic document, together with the relevant regulations and implementation rules issued by the CSRC, exchanges and other relevant departments on the implementation of essential instructions of the Central Economic Work Conference, have jointly formed the “1+N” policy system for the development of China’s capital market in the coming period. As of the end of June 2024, the CSRC issued a series of supporting policy documents, such as strictly controlling the admission to issuance and listing, strengthening continuous supervision of listed companies, strictly enforcing the delisting system, serving high-level development of technology enterprises, and deepening the reform of the STAR Market. During the period, a series of cases of penalties targeting market entities for violation of laws and regulations have also been disclosed, making it clearer that the main lines of the policy are to strengthen supervision, prevent risks, and promote high quality development. It also put higher requirements on the capacity building, culture construction, and compliance risk control of securities companies.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Therefore, in view of the current market environment and policy environment, securities companies should correctly position their functions, properly handle the relationship between functionality and profitability, deeply understand the political nature and affinity to the people of capital market work, and fully grasp the connotation of high-quality development of capital market and securities industry on the basis of serving the real economy. Meanwhile, securities companies should aim at “first-class investment banks” that match with the goal of building a financially robust country. To that end, the securities companies should specialize in professionalism, and actively explore differentiated and distinctive development modes suitable for themselves for the continuous enhancement of investment banking and wealth management capabilities. Considering the cyclical characteristics of the securities industry’s operating results and the industry’s capital-intensive and talent-specialized features, it is expected that the securities industry will be under greater pressure for improvement of the overall profitability in the short term. At the same time, the industry is experiencing increasingly fierce competition as “not to advance is to go back, and advancing slowly is also to go back”. Leading securities companies show more advantages in terms of their asset size, market share, brand effect, technical reserves and talent teams, while the small and medium-sized securities companies are facing greater pressure and difficulty in overtaking or achieving differentiated development.

### (II) Principal business engaged by the Company during the Reporting Period

In the first half of 2024, the Company conscientiously implemented the spirit of the Central Financial Work Conference, the decisions and arrangements of the Henan Provincial Party Committee and Provincial Government, and the work requirements of regulatory authorities, adhered to the work tone of seeking progress while maintaining stability, based on the strategic carrier function positioning of Henan capital market, anchored the development goal of “first-class core business and leading regional market”, focused on the main business and core markets, focused on key tasks, actively responded to adverse effects such as market fluctuations, and promoted business development, strategy implementation, reform and optimization, cost reduction and efficiency increase, and risk mitigation work, and continuously enhanced core functions and core capabilities, achieved steady improvement in operating results and “double growth” in revenue and profit. The wealth management business adhered to the equal emphasis on management quality improvement and business efficiency improvement, promoted the standardization and intensification of online services for retail customers, built an integrated asset allocation service system with the perspective of buyers as the core, continuously improved the regional outlet management model, accelerated the concentration of counter business in the province, proactively responded to the market competition between the margin financing and securities lending businesses, comprehensively improved service quality and efficiency, and achieved a stable and improving market share. The self-operated investment business intensively studied the market and developed steadily, consolidated and enhanced the advantages of fixed-income investment, proactively grasped opportunities in the equity market, continuously improved the over-the-counter business strategy, accelerated the layout of bond sales and trading business, and the overall investment yield continued to maintain a high level. The investment banking business complied with changes in the market and regulatory environment, adhered to the two-wheel drive of “management+professionalism”, integrated business resources, optimized and adjusted the organizational structure, improved the assessment and evaluation mechanism, increased the expansion of bond business, focused on Henan’s “7+28+N” industrial chain to increase project reserves, and at the same time accelerated the integrated operation of corporate institutions and businesses to maintain stable operations. The asset management business strengthened the integration and overall operation, enhanced the investment management of existing asset management plans and new product establishment, and deeply integrated into the wealth management system with retail customers as the main group, and the brand effect of “Jingxing Steady Profit (景行穩利)” series initially appeared. The

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

stock pledge business adhered to synergistic positioning, deepened cooperation with wealth management, investment banking and other business lines, deepened the cultivation of core customers, steadily reduced the scale and business concentration, and achieved steady development. Central China Futures actively responded to changes in market policies, continued to optimize its business structure, steadily withdrew from basis trading and other businesses, focused on the main business of brokerage business, optimized and strengthened characteristic product services, made every effort to expand industrial customers, and achieved a new high in business scale. ZDKY Venture Capital accelerated the promotion of the “fund-led” action plan around “fundraising, investment, management and withdrawal”, increased the due diligence of high-quality projects, and promoted the withdrawal of existing projects through multiple channels. Based on the positioning of follow-up investment on the Science and Technology Innovation Board, Central China Blue Ocean strengthened internal resource integration and organizational structure adjustment, and continued to strengthen post-investment management and asset collection. Central China Equity Exchange focused on the incubation of small, medium and micro enterprises, accelerated the establishment of specialized and special new boards, and actively carried out financing and intelligence services. Central China International strengthened the positioning of “window+intermediary”, supported mainland enterprises to use overseas capital markets to accelerate their development, and helped many Henan enterprises such as Ruichang International and Zhongyuan Yuzi to raise funds smoothly.

### II. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

#### (I) Advantages of strategic carrier in Henan’s capital market

The Company thoroughly implemented the spirit of the Central Financial Work Conference, benchmarked the requirements of Henan Provincial Party Committee and Provincial Government on regional financial development, focused on supporting Henan’s economic and social development, strived to do a good job in the “five major works” of finance, earnestly fulfilled the responsibilities and missions of serving the development of the real economy and residents’ wealth management, consolidated and enhanced Henan’s status as a “base area”, followed the path of differentiated and characteristic development, and strengthened the strategic carrier function of Henan’s capital market.

#### (II) Advantages in integrated platform

By improving the retail and institutional customer service systems, the Company actively promotes the in-depth coordination of various business resources, and build an integrated business model of “One Customer” internally and “One Central China” externally, and at the same time gives full play to the role of digital empowerment, builds core business and management platforms, solidifies the integrated operation model, optimizes customer experience, improves operational efficiency, and comprehensively improves the full life cycle service capabilities for all kinds of customers.

#### (III) Advantage of A+H listing platforms

The Company is a securities company listed in Shanghai and Hong Kong, with certain brand and social influence, which is conducive to accelerating development through domestic and overseas capital markets and providing customers with comprehensive A+H capital market service solutions.

# SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

## III. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION

### 1. Securities brokerage business

#### Market environment

In the first half of 2024, dragged down by factors such as the global macro environment, the A-share market continued the volatile trend from the previous year. The SSE Composite Index closed at 2,967.40 points, down 0.25% from the end of last year, the SZSE Component Index 8,848.70 points, down 7.10% from the end of last year, and the ChiNext Index 1,683.43 points, down 10.99% from the end of last year. The stock-based trading volume of the two stock exchanges was RMB230.34 trillion, down 7.62% year-on-year, which further confirmed the weak trend of the market. (Source: Wind Info)

#### Business measures and performance

In the first half of 2024, the securities brokerage business of the Company aimed at promoting high-quality development by focusing on customers, taking the “four major strategies”, namely “professionalism, integration, platform and base” as the guide, and adhering to the development path of differentiation and specialization. Centering on the core task of providing value services for customers, the Company focused on core business and core customers, insisted on deepening the development of Henan Province and retail customers, and promoted the customer-centered organization restructuring. Meanwhile, the Company created professional services for customers at different levels for the purpose of realizing the integrated asset allocation service system with the buyer’s perspective as the core and for gradually entering the upward track. These efforts sought to promote the comprehensive development and transformation deepening of the wealth management business. Focusing on customers’ wealth management needs, the Company, relying on artificial intelligence (AI), big data and other new quality productive forces, conducted online and offline integration, in order to create differentiated services featuring “a wide range of intelligent services, personalized artificial services, and customized expert services”. The Company constructed a unified service brand, formulated the development plan of its retail customer service system and standardized and intensified service plan, optimized the service standards, and built a member growth system for wealth management customers. Meanwhile, the Company launched the integrated and refined operation of its customers online and offline, made great efforts to promote the optimization and upgrading of the “New Wealth Central China (新·財富中原)” service system, and steadily improved the satisfaction of the Company’s retail customer service. This helped drive the Company towards a new era of wealth management. The Company was honored with the Best Channel Cooperation Award in the inaugural “Wealth Management·Huazun Award (華尊獎)” by the CLS (財聯社) in 2024. The average monthly activity of “Caishengbao (財升寶)” App exceeded 1.1 million, and “Caishengbao (財升寶)” APP ranked 22nd among domestic securities companies in terms of DAU and MAU and other Internet operation indicators, denoting that the Company’s wealth management customer service capability and influence have been steadily improving. In terms of retail customer services, with the construction of an online and offline integrated wealth management system as the starting point, the Company, centering on customer needs, planned and organized a number of themed marketing activities such as the firm offer competition, “Caishengbao (財升寶)” App “good start (開門紅)” and “618 Wealth Festival (618 財富節)”, so as to promote the continuous increase in the number and satisfaction of the Company’s retail customers and consolidate the foundation for the development of the wealth management business. Focusing on customer needs, the Company, in order to better meet the needs of residents for wealth appreciation and preservation, continued to integrate research product resources, launched the currency+, fixed income+ and fixed income preferred asset allocation portfolios, and promoted the substantial growth in the sales of public funds. Meanwhile, the Company accelerated the development of the investment advisory business service system, and launched a wide range of investment advisory service products to enhance differentiated services (Source: qianfan.analysis.cn).

As of the end of the Reporting Period, the total number of the Company’s securities brokerage clients was 3,055,000, up 2.20% from the previous year. The sales of public funds reached RMB2,491 million, representing a year-on-year increase of 85.00%.



# SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

## Outlook for the second half of 2024

In the second half of 2024, the Company will adhere to the equal emphasis on improving the quality of its management and increasing the efficiency of its business, accelerate the construction of an integrated service system for its large retail business that is oriented to customer needs and creates value through services, and form a top-down business model upgrade driven by the innovation of management model. The Company will continue to consolidate its customer base, promote business quality and efficiency improvement, and actively promote the high-quality development of its wealth management business. The Company will explore and improve the regional outlet management model in the direction of base construction, promote integrated operation management in Zhengzhou, and initiate the establishment of new outlets in the blank areas of Zhengzhou municipal district and the preparation for the construction of Internet branches; the Company will explore customer value aspirations in-depth, coordinate the integration of resources such as products, talents, channels and technology relying on the Company's full business chain system, promote the construction of a standardized basic service system for retail customers, accelerate the construction of a large wealth management platform based on "Caishengbao (财升宝)" APP, and realize the construction of the online and offline integrated operation system for customers of the Company; the Company will further accelerate the cultivation of talents for front-end business and back-end management, strive to build a professional division of labor system for the team, and actively explore a new service mode for the investment advisory team, so as to solidify the foundation for building the core competitiveness of the wealth management business; guided by the needs of core customers, the Company will promote in-depth coordination of business resources such as securities and futures brokerage, securities margin trading, and asset management, create a mechanism for sharing channels and customer resources, unify product services, enhance the ability of specialized asset allocation, build a multi-level business service network to provide customers with professional and differentiated long-term service value, and further build a wealth management business ecology of "management-driven, professional support, and integrated linkage", in order to comprehensively improve service efficiency, and optimize customer experience with higher quality services.

## 2. Investment banking business

### Market environment

In the first half of 2024, slow global economic growth and increased market volatility put pressure on the investment banking business. The industry regulation was strengthened, prompting securities and investment banks to seek opportunities in serving new quality productive forces. This further enhanced the quality of practice and the level of internal control. In the first half of 2024, a total of 44 enterprises on the Shanghai and Shenzhen stock exchanges completed their initial listings, raising a total of RMB32,493 million, down 84.50% year on year. The refinancing funds raised by listed companies amounted to RMB119,190 million, down 72.41% year on year. There were 10 initial public offerings and listings on the Beijing Stock Exchange, raising a total of RMB2,006 million, down 75.30% year on year. There were 112 newly listed companies in the National Equities Exchange and Quotations for Medium and Small-sized Enterprises, and the total refinancing funds raised amounted to RMB5,901 million, down 41.96% year on year. The total amount of bonds issued by various institutions was RMB37.99 trillion, up 11.32% year on year. (Source: Wind Info)

### Business measures and performance

In the first half of 2024, the Company's investment banking business closely centered on the functional position as the "strategic carrier in Henan's capital market", closely followed the policy direction, implemented the Company's "N-nity" financial service mechanism, and strengthened its ability to serve the real economy of enterprises. According to the deployment of the "7+28+N" key industrial chain in Henan province, the Company actively applied for joining various industrial clusters, explored and accelerated the research and layout of the industrial chain, and continuously strengthened the professional team building, so as to promote the high-quality development of the Company's investment banking business. The Company insisted on improving quality and efficiency while focusing on projects, constantly improved the system, strengthened internal control management, and strictly controlled quality risks.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the Company completed 6 corporate bond projects and 1 financial bond project, with the joint lead underwriting amount of debt lead totaling RMB1,927 million. The Company completed 130 deputy lead underwriting and distribution projects of bonds, with a cumulative underwriting/distribution amount of RMB7,491 million. The Company completed 1 listing on the New Third Board. (Source: Wind Info)

### Outlook for the second half of 2024

In the second half of 2024, the Company's investment bank will follow the Company's strategic carrier function positioning of the Henan capital market, insist on focusing on key customers and provincial-managed enterprises, increase the province's efforts to serve the real economy and project reserves, and focus on tracking bond issuance in Henan Province, actively promote the issuance of existing bonds, and fully implement the Company's "base" strategy; the investment bank will coordinate all aspects of institutional business resources, promote the establishment and improvement of institutional customer service system, accelerate the construction of supporting systems and systems for institutional customer service mechanism, rely on the Company's "N-nity" working mechanism, take projects as the starting point, promote the transformation of investment banking business in an integrated manner, enrich the investment banking business model, and build an "integration" strategic goal; focusing on the development needs of new quality productive forces, the investment bank will improve our professional capabilities and comprehensive service capabilities, anchor special businesses to look for business opportunities to strengthen the development of debt business, vigorously develop mergers and acquisitions, income rights ABS, CMBS and other businesses, and give full play to the edge of the "platform-based" strategy. In addition, the investment bank will continue to optimise the line structure and team configuration, resolutely implement the Company's cost reduction and efficiency improvement plan, and strive to reduce expenses and costs.

### 3. Investment management business

#### (1) Asset management

##### *Market environment*

In the first half of 2024, under the guidance of the spirit of the Central Financial Work Conference, the asset management business of securities companies conscientiously implemented the "1 + N" series of policy requirements, actively improved functional positioning, enhanced core capabilities, strengthened risk prevention, and the ability to serve residents' wealth management needs has been steadily improved. As of the first half of 2024, the total scale of private equity asset management products of securities and futures operating institutions was RMB12.72 trillion (excluding social security funds and enterprise annuities), representing a decrease of RMB0.49 trillion compared with that in the same period last year. In terms of product types, the scale of single asset management plans accounted for 50.89%, the scale of collective asset management plans accounted for 49.11%, and the scale of collective asset management plans increased by 2.76% compared with that in the same period last year; affected by market conditions, the proportion of fixed-income products increased slightly, while the proportion of equity products decreased slightly. The number and scale of fixed-income products accounted for the largest proportion, at 45.64% and 74.75% respectively. (Source: Asset Management Association of China)

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### *Business measures and performance*

In the first half of 2024, in accordance with the Company's unified deployment, the asset management business earnestly promoted the "four major strategies", actively benchmarked against advanced institutions in the industry in terms of specialization, and continuously improved the professional capabilities of product research and development, investment strategy and risk control by formulating professional capabilities improvement plans for core positions, establishing various product investment research frameworks, and unifying various product risk control plans and other measures; in terms of integration, the Company continued to promote the integration of asset management business and wealth management business, gave full play to the synergy between the product side and the channel side, and steadily increased the scale of asset management compared with that at the end of 2023; in terms of platformisation, the Company continued to promote the institutionalisation, standardization and digitalization of asset management business through a series of measures such as sorting out institutional systems and optimizing business processes; in terms of base construction, the Company strengthened the expansion and service of customers in Henan Province, and built differentiated capabilities within the region.

As at the end of the Reporting Period, the Company managed a total of RMB4,194 million of asset management products (excluding special asset management plans), including one large collective currency collective asset management plan with a management scale of RMB2,501 million; 7 collective asset management plans with a management scale of RMB1,658 million; One standardized asset invested in a single asset management plan with a management scale of RMB36 million.

### *Outlook for the second half of 2024*

In the second half of 2024, the Company's asset management business will adhere to the working idea of improving professional capabilities to drive scale improvement, strengthen professional team building, enrich investment strategies, improve risk control capabilities, continue to enhance brand image, and increase the scale of asset management business. Firstly, we will implement the Company's integration strategy, deeply integrate the wealth management system focusing on retail customers, and develop in synergy with the investment advisory business of the wealth management line. Secondly, we will develop institutional customers in the province, make full use of the Company's localisation advantages, carry out comprehensive customised financial services around local enterprises and financial institutions, and better reflect the functional positioning of securities companies. Thirdly, we will enrich and improve the asset management product line to meet the wealth management needs of different customers. On the basis of existing fixed-income products, we will issue additional fixed-income or fixed-income + products with different debt maturities and different investment strategies to enrich and improve the fixed-income business product line.

### **(2) Private fund management**

The Company carried out its private fund management business through ZDKY Venture Capital (the Company's subsidiary) and its subsidiaries.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### *Market environment*

In the first half of 2024, China's equity investment market as a whole continued a downward trend. In terms of capital raising, the number and scale of newly raised funds reached 1,817 or RMB622,939 million, down by 49.2% and 22.6% year on year, respectively; in terms of investment, 3,033 cases occurred, down by 37.6% year on year, of which large investments of more than RMB1 billion are mainly in IT and semiconductor industries, which have certain industry status and influence, and the contribution of state-owned investment institutions accounted for 57.0%, basically unchanged from the same period in 2023; and in terms of withdrawal, a total of 746 cases occurred, down by 63.5% year on year. (Source: Zero2IPO Data)

### *Business measures and performance*

In the first half of 2024, ZDKY Venture Capital solidly implemented the "integration" strategy, strengthened operation management, and optimised the decision-making mechanism; steadily built the "platformisation" development goal of the private equity fund sector, developed and integrated internal and external resources, and optimised business synergy; implemented the "base" strategy, moved the registered place back to Henan, and actively promoted the establishment of parent funds, sub-funds and project investment reserves around the needs of local economic development; actively participated in project matchmaking meetings and financing roadshows to expand project reserves. ZDKY Venture Capital comprehensively sorted out the risk projects, strengthened the follow-up management of the risk projects according to the collection target this year, and recovered a total of RMB22,085,400 in the first half of the year.

As of the end of the Reporting Period, ZDKY Venture Capital and its subsidiaries managed a total of 16 private funds, with a private fund management scale of RMB6,300 million.

### *Outlook for the second half of 2024*

In the second half of 2024, ZDKY Venture Capital will seize the opportunity of establishing funds in various cities in Henan Province to assist the development of the industrial chain, promote the establishment of funds, and increase management scale. ZDKY Venture Capital will promote high-quality investment operations of funds, further strengthen and improve internal management, thoroughly implement structured cost reduction and efficiency improvement requirements, continuously optimise business teams, continue to improve investment research professional capabilities, establish differentiated and characteristic product lines, and promote parent funds and sub-funds establishment and project investment, continue to do a good job in risk resolution and asset recovery, and serve the real economy.

### **(3) Alternative investment**

The Company carried out its alternative investment business through its subsidiary, Central China Blue Ocean.

### *Market environment*

In the first half of 2024, the downward trend of the domestic equity investment market continued, and the fundraising, investment amount and scale in the primary market all fell sharply. With increasingly stringent regulation, capital recovery has become the main tone of primary market investment institutions. In terms of industry distribution, the new generation of information technology and advanced manufacturing continue to be popular, with health care and AI triggered a gold boom. In terms of withdrawal, the withdrawal channel for IPO has narrowed, and primary market investment institutions are exploring diversified withdrawal methods.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### *Business measures and performance*

In the first half of 2024, Central China Blue Ocean implemented the scheme of focusing on its main responsibilities and main businesses according to the strategic arrangement of the Company. On the one hand, it stepped up the recovery of inefficient assets, and 13 investment projects were withdrawn during the Reporting Period, with the investment amount recovered of RMB82.559 million. On the other hand, Central China Blue Ocean strengthened business collaboration with the Company's investment banks and research institutions, and conducted research and development around new energy, new materials and advanced manufacturing industries to make good preparations for follow-up investment in the STAR Market.

As of the end of the Reporting Period, Central China Blue Ocean had 44 projects under investment with a total scale of RMB2.163 billion.

### *Outlook for the second half of 2024*

In the second half of 2024, Central China Blue Ocean will continue to make great efforts to recover capital, explore methods for withdrawal of diversified projects, strengthen the collaboration with the Company's investment banking line, select high-quality projects for reserve, and prepare for the follow-up investment in the STAR Market. At the same time, Central China Blue Ocean will continue to strengthen post-investment management, increase the empowerment of the investees, support the development of real enterprises, and improve its profitability while better serving the real economy.

## 4. Proprietary trading

### **Market environment**

In the first half of 2024, equity investments were affected by the weak real estate market, the launch of favorable policies, the deterioration of geopolitics and the weaker-than-expected domestic economic data, with the SSE 50 rising by 2.95%, the SSE Composite Index falling by 0.25%, the SZSE Component Index falling by 7.10%, the ChiNext Index falling by 10.99%, the STAR 50 falling by 16.42%, and the BSE 50 falling by 34.52%. The overall performance of bond investments was strong, and the bond market experienced a transition from a "fast-bull" to a volatile trend. The China Bond New Composite Index (Full Price) rose by 3.76%. (Source: Wind Info)

### **Business measures and performance**

In the first half of 2024, in terms of the equity business, the equity investment of the Company adopted multi-strategy independent investment as its core principle, and the Company was committed to enhancing the stability of its revenue, and effectively reduced market risks through continuous optimization of its investment portfolio; in terms of its derivative business, the Company withstood the impact of policies and markets, continuously optimized the parameters of its models, strengthened the validity validation of its strategies, and expanded the scale of its revenue from equity investment. In terms of the fixed income investment business, we accurately grasped the market opportunities at the beginning of the year and gained substantial returns, laying a solid foundation for the Company's overall performance growth. In the face of the complicated market correction, we always maintained strategic focus and positions. The Company ensured high liquidity of assets and strict control of proprietary leverage indicators through scientific and reasonable asset allocation and meticulous risk control, effectively safeguarding the stable operation of the investment business.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### Outlook for the second half of 2024

In the second half of 2024, in terms of the equity business, we will focus on strengthening team building and implementing a refined management model to continuously enhance the core competitiveness and profitability of the equity investment business. In terms of the fixed income business, we will uphold the principle of stability to prevent any retracement of returns. We will continue to improve the compliance management system of our proprietary business and strengthen the risk monitoring and early warning mechanism. We will continue to invest in information technology and optimize business processes to improve efficiency, enhance data security and stability, and provide strong support for business development.

## 5. Credit business

### Market environment

In the first half of 2024, the performance of the securities trading market was polarized, with large-cap shares relatively stable and small-and mid-cap shares more volatile. The implementation of the New “National Nine Measures” and other policies further raised the standards for the shareholding reduction of major shareholders and delisting of listed companies, which posed new challenges to financial enterprises in controlling the risks of stock pledge repurchase business. As of the end of the Reporting Period, the balance of margin financing and securities lending amounted to RMB1.48 trillion market-wide, representing a decrease of 10.30% from the end of 2023. (Source: Wind Info)

### Business measures and performance

In the first half of 2024, in terms of customer service, the Company’s margin financing and securities lending business continued to enrich its service content to meet customers’ trading needs by steadily advancing the construction of its margin financing and securities lending customer service system; and in terms of risk management and control, the Company further strengthened the screening of risky securities and optimized the conversion rate of marginable securities and the concentration control scheme to strictly control the business risks and ensure stable business development. In terms of the stock-pledged repurchase business, we stayed on course for “service synergy” and the strategy of prudent and steady development. To do that, we took further cooperation with the Company’s wealth management, investment banking and other business segments and used the Company’s comprehensive resources and information advantages to explore new initiatives to support the development of the real economy, and continued to optimize our business structure to further reduce customer concentration.

As of the end of the Reporting Period, the balance of margin financing and securities lending reached RMB6,879 million, representing a decrease of 7.14% from the end of the previous year. The balance to be repurchased of the Company’s stock-pledged repurchase business was RMB1,394 million, down 11.74% from the end of the previous year. Of them, the balance to be repurchased under on-balance sheet stock-pledged repurchase business was RMB716 million, down 20.58% from the end of the previous year, and the average maintenance guarantee ratio was 176.59%; and the balance to be repurchased under off-balance sheet stock-pledged repurchase business was RMB679 million, unchanged from the same period of the previous year.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### Outlook for the second half of 2024

In the second half of 2024, in terms of the margin financing and securities lending business, the Company will actively implement its specialized strategy, strengthen business training, enhance the professional capabilities of its business personnel and help customers make good use of the margin financing and securities lending tools; in addition, the Company will practically strengthen risk control and continue to optimize the control measures for collaterals, underlying securities, concentration and other trading elements, so as to ensure that the level of risk control is commensurate with the scale of the business. In terms of the stock-pledged repurchase business, we will stay on course for “service synergy”. To do that, we will adhere to the guiding ideology of “stability”, enhance the professional team building, strengthen comprehensive risk management, and closely track changes in the market risk situation, so as to improve the foresight and proactivity of market risk management, and develop our business in a prudent and steady way.

### 6. Futures business

The Company carried out its futures business through Central China Futures, a subsidiary of the Company, and carried out its futures risk management business through Yuxin Investment, a subsidiary of Central China Futures.

#### Market environment

In the first half of 2024, influenced by a variety of factors such as slowing down of the global economic recovery, intensified differentiation among economies, continuous geopolitical conflicts and new changes in the monetary policies of various countries, and the trend of commodities diverged, and the futures market in China was characterized by a decline in the overall activity and changes in the rotation of segments. During the Reporting Period, the accumulated transaction volume in China's futures market was 3,460 million lots, down 12.43% year on year; the transaction amount was RMB281.51 trillion, up 7.40% year on year. (Source: China Futures Association)

#### Business measures and performance

In the first half of 2024, Central China Futures implemented the Company's “four major strategies”, focused on its main responsibilities and main businesses, optimized its business structure and resource allocation, concentrated on the development of brokerage business, enhanced its professional capabilities to cultivate the advantages of characteristic futures varieties. The futures brokerage business adhered to serving the real economy, and, based in Henan Province, deeply cultivated the service of the industrial chain of key varieties in chemical, ferrous and non-ferrous metals and agricultural products. Central China Futures promoted the “Zhongyuanhui (中原匯)” commodity research and brand building, refined its services for industrial customers and professional institutions; allocated resources to promote the standardization and onlineization of marketing services for retail customers and explore the online transformation and development of retail business. Central China Futures enhanced the level of integration and synergy with the Group's wealth management business line, achieving a year-on-year increase of 35.06% in the equity of customers' funds for IB business. The futures risk management business helped SMEs effectively manage price fluctuation risks and optimized the management of various business processes such as purchase, sales and inventory through conducting basis trading and warehouse receipt service.

As of the end of the Reporting Period, the futures brokerage business won 1,462 new customers and served a total of 38,300 customers, of which corporate customers increased by 13.97% year on year. The total number of transactions was 15,308,300 lots, representing a year-on-year decrease of 13.81%; the transaction amount was RMB1,447.257 billion, representing a year-on-year decrease of 9.09%; and the average daily customer equity was RMB2.601 billion, representing a year-on-year increase of 30.25%.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### Outlook for the second half of 2024

In the second half of 2024, Central China Futures will focus on deepening the construction of specialisation, characteristics and integration. Firstly, Central China Futures will further optimize resource allocation and focuses on the development of the brokerage business. Based in Henan and serving the real economy, Central China Futures will continue to build the commodity research service brand of Zhongyuanhui, focus on building the service sub-brands of Zhongyuan Industrial Journey (中原產業行), Zhongyuan Qilehui (中原期樂匯) and Zhongyuan Risk Manager (中原風險管理家), revise and improve the relevant measures for customer classification services, provide practical and detailed industrial customer services and professional institutional customer services, and enhance the characteristic advantages of key varieties such as soda ash, ferrosilicon, electrolytic aluminum, swine and peanuts. Secondly, Central China Futures will accelerate the online transformation and development of retail business, build a Central China online retail, and improve online customer operation and service capabilities. Thirdly, Central China Futures will select market-making products, optimise strategies, and steadily operate the market-making business of risk management subsidiaries. Fourthly, Central China Futures will improve the level of integration into coordinated and integrated development, accelerate the integration into the comprehensive financial service system of the companies of the Group, integrate into the wealth management business, actively seek synergy with investment banking, asset management and other businesses, give full play to synergistic and comprehensive service effects, and promote business development, promote the integration of basic operation and management of the Group, and improve the quality and efficiency of operation and management.

### 7. Overseas business

The Company carried out its overseas business through Central China International, a subsidiary of the Company, and subsidiaries of Central China International.

#### Market environment

In the first half of 2024, the total capital raised in the Hong Kong securities market reached HK\$65,213 million and the capital raised through IPO reached HK\$13,178 million, representing a decrease of 26.19% from the same period last year. There were 30 new listed companies in the first half of 2024, representing a decrease of 9.09% from 33 in the same period last year, and 153 new bonds were launched. During the Reporting Period, the sentiment of Hong Kong stocks turned positive and the performance of the Hang Seng Index rebounded, rising by 3.94%; and the Hang Seng TECH Index dropped by approximately 5.57%, which was a moderate performance in major global markets. (Source: Hong Kong Stock Exchange)

#### Business measures and performance

In the first half of 2024, in accordance with its strategic positioning of “window” + “platform”, Central China International focused on the development of investment banking and brokerage-related businesses and continued to deepen its business transformation. In terms of the securities business, Central China International continued to focus on the expansion of high-net-worth customers, major shareholders of listed companies and institutional customers, adding 14 new institutional and high-net-worth customers in the first half of the year. The investment banking business made significant breakthroughs. In terms of equity financing, four financial advisory projects and one placing agent project were completed in the first half of 2024. Two Hong Kong IPO underwriting projects and six financial advisory projects are under implementation. In terms of the bond capital market, in the first half of 2024, Central China International completed two joint bookrunner projects.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, the number of customers of Central China International's securities business was 8,690, representing an increase of 0.17% from the end of the previous year; the total assets under custody amounted to approximately HK\$2,577 million, and the accumulative trading volume of agency stocks and bonds amounted to approximately HK\$1,095 million; the total subscription amount of the public fund consignment business was approximately HK\$58 million; and the balance of the margin financial business was approximately HK\$113 million.

### Outlook for the second half of 2024

In the second half of 2024, Central China International will actively follow the Company's requirements on its development positioning, play the roles of "going out" and "bringing in" in serving the overall situation of cooperation between Hong Kong and Henan, and help enterprises in Henan Province realize high-quality development by utilizing the overseas capital market. In terms of the investment banking business, Central China International will focus on its core customers and actively develop various financial advisory and placing advisory projects, so as to enhance its influence in the Hong Kong's capital market. In terms of the brokerage business, Central China International will take the expansion of the stock custody business as an entry point to further tap more client resources and enhance its professional service capabilities. In terms of the bond issuance business, Central China International will focus on the Henan market and increase its participation in bond issuance projects in the Henan region. In terms of the investment business, Central China International will actively promote the resolution and write-off of risky projects, and continue to withdraw from stock investment.

## 8. Others

### Regional equity market business

The Company carried out its regional equity market business through Equity Exchange Co., a subsidiary of the Company.

### Market environment

In the first half of 2024, the General Office of the State Council issued the Certain Policies and Measures for Promoting the High-quality Development of Venture Capital (Guo Ban Fa [2024] No. 31) (《促進創業投資高質量發展的若干政策措施》(國辦發[2024]31號)); the CSRC issued the Sixteen Measures to Serve the High-level Development of Technology Enterprises in the Capital Market (《資本市場服務科技企業高水平發展的十六項措施》); five departments, including China National Intellectual Property Administration (CNIPA), the Ministry of Industry and Information Technology (MIIT), the PBOC, the General Administration of Financial Supervision and the CSRC, jointly issued the Implementation Plan for Patent Industrialization to Promote the Growth of Small-and Medium-sized Enterprises (Guo Zhi Fa Yun Zi [2024] No. 6) (《專利產業化促進中小企業成長計劃實施方案》(國知發運字[2024]6號)); seven departments, including the PBOC, the MOST, the NDRC, the MIIT, the General Administration of Financial Supervision, the CSRC, and the State Administration of Foreign Exchange (SAFE) jointly issued the Work Plan for a Solid Job in Science and Technology Finance (《關於扎實做好科技金融大文章的工作方案》); and the Henan Provincial People's Government issued the Measures for Supporting the Cultivation of Specialized, Advanced, Special and New Enterprises in Henan Province (Trial) (Decree No. 225 of the Henan Provincial People's Government) (《河南省專精特新企業培育支持辦法(試行)》(河南省人民政府令第225號)). The above policies are conducive to the further development of business in the Henan regional equity market.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### Business measures and performance

In the first half of 2024, the Equity Exchange Co. revised the construction plan of the construction program of the “Specialized, Advanced, Special and New” boards, and actively promoted the filing of the boards; orderly promoted the integration of local data resources, and completed the acceptance of blockchain innovation application pilot construction projects; further strengthened the function of financing and intelligence services, continued to carry out the “One Chain for One Month” investment and financing roadshow activities for Specialized, Advanced, Special and New Small and Medium-sized Enterprises in Henan Province, gave full play to the function of the “Yuzhahui (育智匯)” online platform for enterprises and organized and launched various forms of thematic training activities, so as to help enterprises to continuously improve their competitiveness; launched the registration and custody of private fund property shares and improved the registration and custody services; gave full play to the function of the exchange as a service base, initiated special actions for research and visit of high-quality enterprises, and actively promoted the “Green Channel” service of the New Third Board to enterprises; improved the comprehensive financial service model and deepened comprehensive financial services in local cities, and empowered county high-quality enterprises.

As of the end of the Reporting Period, the cumulative number of listed companies and enterprises under custody was basically flat with that of the previous year. The Equity Exchange Co. recorded an accumulative financing amount of RMB26,452 million, representing an increase of 1.36% over the end of the previous year, and recorded 104,745 million shares under custody, representing an increase of 24.36% over the end of the previous year.

### Outlook for the second half of 2024

In the second half of 2024, the Equity Exchange Co. will strive to obtain supporting policies for the “Specialized, Advanced, Special and New” Boards in the province, create a favorable policy environment and complete the preparatory work before the establishment of the Boards; do a good job in screening and matching high-quality projects, and continue to carry out the “One Chain for One Month” investment and financing roadshow activities; continue to give full play to the role of the capital market service base of the SSE and the Beijing Stock Exchange (NEEQ), strengthen coordination with the Company’s investment banking team to jointly screen and cultivate high-quality enterprises, actively promote enterprises to use the “green channel” of the NEEQ to achieve listing, and promote high-quality development of enterprises in higher-level capital markets.

# SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

## IV. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

### (I) Analysis on principal business

#### 1 Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Change rate (%)
Operating income	1,198,670,567.05	1,045,764,808.74	14.62
Operating cost	983,880,443.99	856,442,136.41	14.88
Net cash flows from operating activities	856,846,780.21	-564,121,298.87	N/A
Net cash flows from investing activities	127,267,936.50	1,581,370,855.91	-91.95
Net cash flows from financing activities	-400,958,659.73	492,744,842.84	-181.37

Among them, items with a change of more than 30% in the consolidated income statement are as follows:

Item	January-June 2024	January-June 2023	Change rate (%)	Explanation
Net fee income from asset management business	13,810,436.36	29,024,498.87	-52.42	Mainly due to the decrease in the income from asset management business of the Central China Futures subsidiary in the current period
Investment income (loss stated with "-")	675,775,506.06	465,620,838.47	45.13	Mainly due to the increase in investment income of financial instruments in the current period
Including: Investment income from associates and joint ventures	-27,503,805.08	-1,906,946.49	N/A	Mainly due to the decrease in investment income of some associates in the current period
Gains on changes in fair value (loss stated with "-")	-120,698,919.06	49,203,610.65	-345.31	Mainly due to the decrease in gains from changes in fair value of trading financial assets in the current period
Gains on foreign exchange (loss stated with "-")	-167,332.82	1,174,487.59	-114.25	Mainly due to changes in exchange rates in the current period
Other operating income	240,605,710.27	84,195,470.35	185.77	Mainly due to the increase in income from bulk commodity trading in the current period
Other income	5,368,173.00	16,330,186.88	-67.13	Mainly due to the decrease in government grants in the current period

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item	January-June 2024	January-June 2023	Change rate (%)	Explanation
Loss on impairment of credit	26,164,774.93	6,623,958.85	295.00	Mainly due to the increase in provision for impairment of margin accounts receivable in the current period
Other assets impairment losses	2,964,419.83	376,521.12	687.32	Mainly due to the increase in provision for impairment of inventory in the current period
Other operating costs	235,756,486.40	81,803,443.63	188.20	Mainly due to the increase in costs from bulk commodity trading in the current period
Non-operating income	1,598,648.85	692,374.81	130.89	Mainly due to the increase in incomes unrelated to the Company's daily activities in the current period
Income tax expenses	35,246,230.35	24,340,213.81	44.81	Mainly due to the increase in the profit before tax in the current period
Net profit attributable to non-controlling interests	-21,863,679.29	-3,552,695.49	N/A	Mainly due to the decrease in the profit or loss attributable to non-controlling shareholders from losses of certain subsidiaries in the current period
Other comprehensive income after tax	6,960,345.18	13,884,498.91	-49.87	Mainly due to the decrease in the translation differences of foreign currency financial statements in the current period

Reason for the change in operating income: mainly due to the increase in income from the investment business and bulk commodity trading in the current period.

Reason for the change in operating cost: mainly due to the increase in costs from bulk commodity trading in the current period.

During the Reporting Period, the Group achieved an operating income of RMB1,199 million, representing a year-on-year increase of 14.62%. Among them, revenue from the futures business amounted to RMB288 million, representing an increase of RMB149 million, mainly due to the increase in income from the sale of commodities by Yuxin Investment, a subsidiary of the Company in the current period; revenue from proprietary business amounted to RMB456 million, representing an increase of RMB108 million, mainly due to the increase in income from the investment business in the current period; revenue from the investment banking business amounted to RMB21 million, representing a decrease of RMB2 million; revenue from the securities brokerage business amounted to RMB321 million, representing a decrease of RMB8 million; revenue from the credit business amounted to RMB199 million, representing a decrease of RMB8 million; revenue from the overseas business amounted to RMB-0.1365 million, representing a decrease of RMB16 million, mainly due to the decrease in gain from the change of fair value of financial products held by Central China International in the current period; revenue from the investment management business amounted to RMB-2 million, representing a decrease of RMB33 million, mainly due to the decrease in income from equity investment in subsidiaries in the current period; revenue from the head office and others amounted to RMB-84 million, representing a decrease of RMB36 million, mainly due to the decrease in the income from fund investment of Equity Exchange Co. in the current period.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group's operating cost amounted to RMB984 million, representing a year-on-year increase of 14.88%. Among it, other operating costs amounted to RMB236 million, representing an increase of RMB154 million, mainly due to the increase in costs from bulk commodity trading by Yuxin Investment, a subsidiary of the Company in the current period; loss on impairment of credit amounted to RMB26 million, representing an increase of RMB20 million, mainly due to the increase in the provision for impairment of margin accounts receivable in the current period; and the business and administrative expenses amounted to RMB713 million, representing a decrease of RMB50 million, mainly due to the decrease in labor and other operating costs in the current period. The Company assesses the credit risk of each business in accordance with the principles of prudence and adequate provisioning and makes provision of impairment allowances through the expected credit loss model. The Company will continue to monitor changes in the market value of collateral and the creditworthiness of financiers, and carefully assess business risks. In the event of adverse factors such as a decline in the market value of collateral, the Company will make full provision for impairment for the current period in strict accordance with the China Accounting Standards for Business Enterprises and the Company's accounting policies.

During the Reporting Period, the Group realized a net profit attributable to shareholders of the parent company of RMB201 million, with an increase of RMB34 million, mainly due to the influences from the year-on-year increase of income from investment business and the year-on-year decrease in business and administrative expenses.

During the Reporting Period, Yuxin Investment, the Company's subsidiary, has seen a year-on-year increase in the sales income and sales costs and a low gross profit margin.

Reason for the change in net cash flows from operating activities: mainly due to the decrease in cash outflow resulting from the year-on-year decrease in investment in trading financial assets in the current period.

Reason for the change in net cash flows from investing activities: mainly due to the decrease in cash inflow resulting from the year-on-year decrease in cash received from the recovery of investments in the current period.

Reason for the change in net cash flows from financing activities: mainly due to the decrease in cash inflow resulting from the year-on-year decrease in cash received from bond issuance in the current period.

# SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

## (II) Analysis on assets and liabilities

### 1. Assets and liabilities

Unit: Yuan

Item	Amount at the end of the Period	Proportion of the amount at the end of the Period in total asset (%)	Amount at the end of the previous year	Proportion of the amount at the end of the previous year in total asset (%)	Change ratio of amount at the end of the Period VS amount at the end of the previous year (%)	Explanation
Cash and bank balances	10,695,892,142.46	20.11	9,977,189,628.79	19.30	7.20	Mainly due to the increase in client's capital deposit at the end of the Period
Clearing settlement funds	3,315,933,885.12	6.23	3,449,978,421.75	6.67	-3.89	Mainly due to the decrease in clearing settlement funds held on behalf of clients at the end of the Period
Margin accounts receivable	7,020,388,201.32	13.20	7,604,853,831.45	14.71	-7.69	Mainly due to the decrease in scale of margin accounts receivable at the end of the Period
Derivative financial assets	144,656,802.36	0.27	27,910,148.17	0.05	418.29	Mainly due to the impact of changes in OTC options at the end of the Period
Accounts receivables	642,861,932.80	1.21	421,115,609.11	0.81	52.66	Mainly due to the increase in relevant receivables from equity transfer at the end of the Period

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item	Amount at the end of the Period	Proportion of the amount at the end of the Period in total asset (%)	Amount at the end of the previous year	Proportion of the amount at the end of the previous year in total asset (%)	Change ratio of amount at the end of the Period VS amount at the end of the previous year (%)	Explanation
Financial assets held for trading	25,779,397,763.24	48.46	24,271,207,692.01	46.94	6.21	Mainly due to the increase in the scale of fund at the end of the Period
Other assets	272,645,678.48	0.51	433,042,189.06	0.84	-37.04	Mainly due to the decrease in deposits of futures trading at the end of the Period
Short-term loans	7,007,583.33	0.01	0.00	0.00	N/A	Mainly due to the increase in guaranteed loans at the end of the period
Short-term financing instruments payable	4,701,910,586.08	8.84	4,075,723,383.58	7.88	15.36	Mainly due to the remaining term of some bonds at the end of the Period is less than 1 year, and they are put into short-term financing accounts payable
Due to banks and other financial institutions	3,604,610,111.02	6.78	3,297,906,994.48	6.38	9.30	Mainly due to the increase in the amount of borrowings from banks and other financial institutions from refinancing at the end of the Period
Derivative financial liabilities	25,865,374.81	0.05	18,033,779.39	0.03	43.43	Mainly due to the impact of changes in stock return swap at the end of the Period

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item	Amount at the end of the Period	Proportion of the amount at the end of the Period in total asset (%)	Amount at the end of the previous year	Proportion of the amount at the end of the previous year in total asset (%)	Change ratio of amount at the end of the Period VS amount at the end of the previous year (%)	Explanation
Financial assets sold under repurchase agreements	10,772,168,938.00	20.25	10,602,387,479.57	20.51	1.60	Mainly due to the increase in scale of pledge-style repurchase business at the end of the Period
Accounts payable to brokerage clients	12,328,816,339.92	23.17	11,538,050,603.00	22.32	6.85	Mainly due to the increase in client's capital deposit at the end of the Period
Taxes payable	36,796,720.06	0.07	26,436,859.31	0.05	39.19	Mainly due to the increase in corporate income tax payable at the end of the Period
Bonds payable	3,876,323,737.62	7.29	4,721,201,165.26	9.13	-17.90	Mainly due to the remaining term of some bonds at the end of the Period is less than 1 year, and they are put into short-term financing accounts payable
Other liabilities	421,378,610.86	0.79	304,998,778.26	0.59	38.16	Mainly due to the increase in dividends payable at the end of the Period



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### Other explanations

#### (1) Assets

As at the end of June 2024, the total assets of the Group reached RMB53,199 million, increasing by RMB1,497 million or 2.90% from RMB51,702 million at the beginning of the year, which was mainly due to the increase in financial assets held for trading at the end of the Period. Among them, cash and bank balances, clearing settlement funds and refundable deposits accounted for 28.90% of the total assets; financial investment accounted for 49.27% of the total assets; margin accounts receivable accounted for 13.20% of the total assets; financial assets held under resale agreements accounted for 1.98% of the total assets; long-term equity investment accounted for 1.95% of the total assets; investment properties, fixed assets, construction in progress and right-of-use assets accounted for 1.01% of the total assets; deferred income tax assets, intangible assets and other assets accounted for 3.67% of the total assets. The Company has good asset quality and liquidity and a sound asset structure.

#### (2) Liabilities

As at the end of June 2024, the total liabilities of the Group reached RMB38,924 million, increasing by RMB1,373 million or 3.66% from RMB37,551 million at the beginning of the year, which was mainly due to the increase in accounts payable to brokerage clients at the end of the Period. Among them, the accounts payable to brokerage clients (including the accounts payable to brokerage clients in credit transactions) accounted for 31.67% of the total liabilities; financial assets sold under repurchase agreements accounted for 27.67% of the total liabilities; bonds payable and short-term financing instruments payable accounted for 22.04% of the total liabilities; due to banks and other financial institutions accounted for 9.26% of the total liabilities; financial liabilities held for trading and derivative financial liabilities accounted for 4.61% of the total liabilities; bank loans accounted for 0.02% of the total liabilities; employee benefits payable, tax payable and other liabilities accounted for 4.73% of the total liabilities.

As of 30 June 2024, the gearing ratio of the Group after deducting the accounts payable to brokerage clients (including the accounts payable to brokerage clients in credit transactions) and accounts payable to underwriting clients was 65.07%, with an increase of 0.30 percentage point as compared from the beginning of the year. (Note: Gearing ratio = (total liabilities – accounts payable to brokerage clients – accounts payable to underwriting clients)/(total assets – accounts payable to brokerage clients – accounts payable to underwriting clients))

### 2. Overseas assets

#### (1) Asset size

Among them: The overseas assets amounted to RMB1,233 million (Unit: Yuan Currency: RMB), accounting for 2.32% of the total assets.

#### (2) Major restricted assets at the end of the Reporting Period

Please refer to VI. "NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS 59. Assets with restricted ownership or use rights" under Section 8 "REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION" of this report.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (III) Analysis of investments

#### 1. Overall analysis on external equity investments

As of the end of the Reporting Period, the Group's long-term equity investment was RMB1,040 million, representing a decrease of RMB403 million or 27.93% compared with the end of the previous year, mainly due to the disposal of part of the equity of Central China Micro-lending during the period.

For financial assets measured at fair value, please refer to XI. "FAIR VALUE DISCLOSURES" under Section 8 "REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION" in this report.

### (IV) Material disposal of assets and equity interests

On 28 March 2024, the twenty-fourth meeting of the Seventh Session of the Board considered and approved the Proposal on Targeted Capital Reduction for Participating Subsidiaries (《關於對參股子公司定向減資的議案》), agreeing that Central China Blue Ocean, a wholly-owned subsidiary of the Company, would reduce its equity investment in Central China Micro-lending, its participating subsidiary, by way of targeted capital reduction.

On 10 May 2024, Central China Blue Ocean entered into the Targeted Capital Reduction Agreement (《定向減資協議》) with Central China Micro-lending. In June 2024, pursuant to the Targeted Capital Reduction Agreement, Central China Micro-lending has completed the industrial and commercial change registration and obtained the business license issued by the Administration for Market Regulation of Luohe City. Subsequently, Central China Blue Ocean and Central China Micro-lending will continue to fulfill the relevant obligations under the Targeted Capital Reduction Agreement.

For details of the above, please refer to the relevant announcements dated 29 March 2024, 11 May 2024 and 15 June 2024 (Announcement Nos. 2024-014, 2024-017 and 2024-020) disclosed on the website of the SSE.

### (V) Analysis of major subsidiaries and companies in which the Company has invested

#### Central China Futures Co., Ltd.

Registered address:	4F, Zhongyuan Guangfa Finance Building, 10 Business Outer Ring Road, Zhengzhou Area (Zhengdong New District), Henan Pilot Free Trade Zone, PRC
Date of incorporation:	18 April 1993
Registered capital:	RMB330 million
Shareholding proportion:	92.292%
Legal representative:	Yu Chunyan
Contact No.:	0371-68599199
Principal business:	Futures business.
Financial position:	As of 30 June 2024, the total assets and net assets amounted to RMB3,217 million and RMB468 million, respectively. In the first half of 2024, Central China Futures Co., Ltd. recorded operating income of RMB288 million and net profit of RMB6 million, respectively.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### Zhongding Kaiyuan Venture Capital Management Co., Ltd.

Registered address:	No. 501, Building 7#, Jinse Huafu Junyuan, Huanghe Road, Yancheng District, Luohe City, Henan Province, PRC
Date of incorporation:	8 February 2012
Registered capital:	RMB280 million
Shareholding proportion:	100%
Legal representative:	Song Guangming
Contact No.:	0371-69177108
Principal business:	Private equity investment fund management, venture capital investment fund management services.
Financial position:	As of 30 June 2024, the total assets and net assets amounted to RMB768 million and RMB371 million, respectively. In the first half of 2024, Zhongding Kaiyuan Venture Capital Management Co., Ltd. recorded operating income of RMB-64 million and net profit of RMB-51 million, respectively.
Reasons for the loss:	The value of certain projects invested by the fund decreased during the Reporting Period.

### Central China International Financial Holdings Company Limited

Registered address:	Office 1304, 13F, Tower one, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong, PRC
Date of incorporation:	29 October 2014
Registered capital:	HK\$1.8 billion
Shareholding proportion:	100%
Contact No.:	00852-25001375
Principal business:	Securities brokerage; provide advice for securities; margin financing; sponsorship underwriting; financial advisor; self-run investment and other capital market services.
Financial position:	As of 30 June 2024, the total assets and net assets of Central China International amounted to HK\$1,351 million and HK\$467 million, respectively. In the first half of 2024, its revenue and other income and net profit amounted to HK\$16 million and HK\$-47 million, respectively.
Reasons for the loss:	Impairment provisions were made for a single margin project due to market fluctuations, and the fair value valuation of financial assets held decreased during the Reporting Period.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### Central China Blue Ocean Investment Management Company Limited

Registered address:	West to Laodong Road and north to Hongteng Road, Weidu Industry Cluster Area, Xuchang City, Henan Province, PRC
Date of incorporation:	25 March 2015
Registered capital:	RMB3,200 million
Shareholding proportion:	100%
Legal representative:	Wu Yang
Contact No.:	0371-86503971
Principal business:	Using self-owned funds to invest in financial products, securities and equity.
Financial position:	As of 30 June 2024, the total assets and net assets amounted to RMB2.608 billion and RMB2.589 billion, respectively. In the first half of 2024, Central China Blue Ocean Investment Management Company Limited recorded operating income of RMB10 million and net profit of RMB-0.4 million, respectively.

### Central China Equity Exchange Co., Ltd.

Registered address:	23 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, PRC
Date of incorporation:	29 June 2015
Registered capital:	RMB350 million
Shareholding proportion:	36%
Legal representative:	Zhao Jizeng
Contact No.:	0371-61775086
Principal business:	Provide enterprises with services such as registration, custody, listing, transfer and financing of equity, creditor's rights and other equity assets; investment and asset management; financial advisory, corporate promotion, corporate presentation, training and advisory services. (For projects subject to approval according to law, business activities can only be carried out after approval from relevant authorities)
Financial position:	As of 30 June 2024, the total assets and net assets amounted to RMB310 million and RMB297 million, respectively. In the first half of 2024, Central China Equity Exchange Co., Ltd. recorded operating income of RMB-58 million and net profit of RMB-59 million, respectively.
Reason for the loss:	The fair value valuation of the fund investment held by Equity Exchange Co. decreased.

### (VI) Structured entities controlled by the Company

As of 30 June 2024, the Group merged 5 structured entities. For the structured entities that served as the manager or investment advisor of structured entities and hold product shares, the Company included the structured entities under the control of the Company into the scope of consolidated statements after comprehensively considering the investment decision rights of the Company, the variable return exposure and the use of investment decision power to influence variable return. Please refer to VIII. "EQUITY IN OTHER ENTITIES" under Section 8 "REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION" of this report for scope of consolidation of structured entities.

# SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

## V. OTHER DISCLOSURE

### (I) Potential risks

The Company's overall risk management was positioned as a prudent risk preference strategy. It always upholds the risk management concept of matching capital, risk and return in order to take moderate risks, achieve an optimal balance of business scale, profitability and risk tolerance, and bring sustainable and stable profit returns to shareholders. The Company continuously improved the organizational structure of risk management, improved the risk management system, strengthened the construction of the risk management information technology system, optimized the risk control index system, and enhanced the risk response mechanism, etc., as follows:

#### 1. Risk management framework

The comprehensive risk management framework of the Company is structured into four levels: Level 1, Board and Supervisory Committee; Level 2, Risk Control Committee, Audit Committee and Senior Management; Level 3, the risk control system consisting of the Risk Management Department, Compliance Management Department, Legal Service Department, and Internal Audit Department; and Level 4, the frontline risk control system consisting of all the departments, branch outlets, and subsidiaries of the Company.

#### 2. Risk management system

The Company has established a four-tier risk management system. The first-tier system is the overall risk management system; the second-tier system is the risk management system for various types of risks, various businesses, and subsidiaries; the third-tier system is the risk management monitoring rules for each business and product and the rules for various risk management tools; the fourth-tier system is the frontend risk management system of each business and subsidiary. The Company continued to perfect its risk management system and enrich its risk control methods.

#### 3. Risk execution information system

The Company has established and improved a risk management information technology system covering various risk types, departments, branches and subsidiaries. The risk management information system mainly includes a risk monitoring platform covering various types of business, and a comprehensive risk management system covering net capital, stress testing, various risks and subsidiaries. At the same time, the Company has established a system of internal bond rating, public opinion monitoring and the same business and same customer. Through the measurement, summary, early warning and monitoring of various risks, the Company accumulated true, accurate and complete internal and external data for risk identification, measurement, evaluation, monitoring and reporting, so as to meet the Company's overall risk management needs.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### 4. Risk response mechanism

The major risks faced by the Company include credit risks, market risks, liquidity risks, reputation risks, operational risks, compliance risks and information technology risks, etc. Details are as follows:

#### (1) Credit risk and policies

Credit risk refers to the risk of losses arising from a borrower, counterparty or issuer's failure to perform an agreement as agreed. Specifically in the following aspects: ratings downgrade or default of investment targets or counterparties; risk of failure to duly repay loans or securities upon expiry of product or customer contracts or when the maintenance guarantee ratio or performance guarantee ratio falls under the closing positions; and receivables due to settlement of brokerage business becoming bad debts. Currently, the Company's credit risk mainly comes from the bond investment, margin trading and securities lending, securities-backed lending, securities repurchases, over-the-counter derivatives business, bond-pledged repurchase brokerage business and the aforementioned related businesses carried out by its subsidiaries.

The Company's management of credit risk mainly includes: First, in terms of access management, for financing business, the Company set the access credit rating for borrowers and the selection criteria for guaranteed securities; for bond investment and trading business, the Company set credit rating access standards, and established bond pools and counterparty pools. Second, in terms of credit management, the Company set differentiated credit limits based on factors such as the credit and financial status of borrowers, issuers and counterparties, and conducted unified credit management for the same customer. Third, in terms of due diligence, the Company set up differentiated due diligence methods and contents for large-amount credit extension for financing business, major investment in credit bonds and large-amount equity investment. Fourth, in terms of hierarchical decision-making, the Company improved the three-tier decision-making system of business departments, business decision-making committees and executive committees. Fifth, in terms of duration management, the Company established a follow-up management and public opinion monitoring mechanism for the existing business, tracked, evaluated and monitored major events and negative public opinions of borrowers, counterparties and issuers, and classified the existing projects based on their risk levels.

During the Reporting Period, the Company continuously improved its credit risk control measures: First, in terms of access management, the Company strengthened the regional access control for stock pledge business, refined the access management of bond investment trading credit bonds, and improved the access standards for equity investment business; second, in terms of credit management, the Company tightened the concentration limit on equity investment and strengthened credit review for the margin business; third, in terms of due diligence, the Company improved the due diligence mechanism of equity investment business, refined the due diligence content, and standardized the requirements for due diligence reporting and working paper; fourth, in terms of hierarchical decision-making, the Company improved decision-making standards at all levels, and tightened the authorized amount of some businesses and subsidiaries; fifth, in terms of duration management, the Company focused on following up the post-investment management of equity investment projects. During the Reporting Period, the Company's credit risk was controllable as a whole.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (2) *Market risk and policies*

Market risk refers to the losses in the Company's business due to adverse changes in market prices. It consists of the price risk, interest rate risk, exchange rate risk, etc. Specifically: Price risk mainly refers to the risk of losses of the Company's on-balance and off-balance businesses due to unfavorable changes in the price of stocks and commodities. Interest rate risk refers to the risk of loss to the Company due to uncertainty of interest rate changes in the market. Exchange rate risk refers to the possibility that the Company may suffer losses from operating activities that involve holding or using foreign exchange due to changes in the exchange rate. The market risks currently faced by the Company are mainly centered on its proprietary business, asset management business, market making business and the aforementioned related businesses conducted by its subsidiaries.

The Company's management of market risk mainly includes: First, implement a strict investment authorization system. The management of the Company is responsible for breaking down and allocating business size and risk limits for equity securities proprietary trading, fixed income securities proprietary trading, asset management and OTC derivatives during the year within the authorization granted by the Board. Second, establish a management mechanism for the securities pool and black and white list database, clarify the access standards, and strictly manage the transactions in the pool. Third, establish a multi-index risk monitoring and evaluation system, set scale, concentration, risk limit, position control, risk exposure, stop loss and other risk control indicators, and use stress testing and sensitivity analysis to evaluate market risks. Fourth, establish a mark-to-market system with front and back office collaboration and dynamic monitoring in real time to ensure the implementation of risk management policies, strategies and risk control indicators and identify, monitor, warn, and report related risks so as to adopt risk control measures such as exposure reduction or hedging. Fifth, establish market risk measurement analysis models and tools, quantify and analyze market risks through risk measurement models such as VaR value, volatility, Beta, duration, convexity, DV01, Delta, Gamma and other indicators, and adjust business strategies in time to control market risks.

During the Reporting Period, the Company continued to strengthen its control measures for market risks: Firstly, the Company improved the risk identification, monitoring and emergency response control mechanism. Second, the Company optimized the risk limit indicators for fixed income proprietary business and improved the risk control program for bond sales and trading business. Third, the Company strengthened the management of the investment strategy of equity proprietary business and refined the risk control measures. Fourth, the Company formulated the rules of risk control for OTC derivative business, optimized the risk control indicators, and strengthened the control of the size and exposure. Fifth, the Company optimized the risk control system for equity proprietary business and OTC derivative business, and to promote the upgrading of the OTC derivative risk control system, and continuously improve the timeliness, accuracy and comprehensiveness of business data collection. During the Reporting Period, the Company's market risk was controlled within the scale and limits authorised by the Board.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (3) *Liquidity risk and policies*

Liquidity risk refers to the risk that the Company is unable to obtain sufficient funds in time at reasonable costs in order to repay maturing debts, comply with other payment obligations and satisfy the funding needs for carrying on normal business.

The Company's management of liquidity risk mainly includes: First, the Company strengthened capital position and cash flow management, adopted a significant amount of fund advance reservation model, strengthened the monitoring and management of a significant amounts of funds, scientifically predicted the cash flow gap in different periods in the future, and ensured the consistency of financing arrangements and business capital utilization. Second, the Company worked to expand financing channels, comprehensively use various financing methods, balance the distribution of debt maturity, improve the diversification and stability of financing, and avoid the repayment risk due to single financing channel or concentrated debt maturity. Third, the Company established a liquidity reserve fund operation and management mechanism, reasonably set the minimum holding scale of liquidity reserve fund and the allocation ratio of high-quality liquid assets, and held sufficient high-quality liquid assets to ensure that the Company can realize sufficient funds in a timely manner to deal with the funding gap under normal and stressed conditions. Fourth, the Company adopted a risk monitoring system with net capital and liquidity as the core, monitored risk control indicators, and used stress tests to assess the impact of business activities on the Company's liquidity. Fifth, the Company established and continued to improve the liquidity risk emergency response mechanism, and regularly carried out liquidity risk emergency drills to ensure the timeliness and effectiveness of the Company's response to liquidity crisis.

During the Reporting Period, the Company continued to strengthen liquidity risk management and control by establishing a combined monitoring mechanism and control tools for capital and liquidity risk indicators on the basis of reserving high-quality liquidity assets. First, the Company formulated scientific annual capital allocation and financing plans, continuously optimised the structure of asset allocation, and maintained a reasonable match between the maturity and scale of assets and liabilities. Second, the Company effectively implemented liquidity refinement management, strengthened the monitoring and control of the use of large amount of funds, tracked the business development and debt maturity in a timely manner, and regularly initiated the analysis of the capital shortfall projection and strengthened the cash flow management. Third, the Company strengthened the management of credit and maintenance of financing channels, and strengthened the control of the scale of short-term liabilities and comprehensively utilised a variety of financing tools to raise funds to ensure that there were sufficient liquidity reserves to meet the various funding needs. Fourth, the Company continued to strengthen the monitoring and control of liquidity supervisory indicators and layered management, and launched liquidity risk-specific stress tests to analyze and plan liquidity risk prevention measures in a targeted manner. Fifth, the Company revised its liquidity risk contingency plan and optimised its liquidity risk contingency disposal procedures and measures to further enhance its liquidity risk response capability. As at the end of the Reporting Period, the liquidity coverage ratio and net stable funding ratio of the Company were 196.82% and 171.89%, respectively, which were in compliance with the regulatory requirements. No material liquidity risk events occurred during the Reporting Period.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### **(4) Reputation risk and policies**

Reputation risk refers to the risk that investors, issuers, regulatory agencies, self-regulatory organizations, the public and the media may give negative evaluation to the Company due to the Company's behavior or external events, and our staff's violation of integrity regulations, professional ethics, business norms, rules and agreements and other related behaviors, which damage the brand value of the Company, adversely affect the normal operation of the Company and even impact the market stability and social stability. The Company's operational and management behaviors involving reputation risk mainly include: strategic planning or adjustments, changes in shareholding structure, internal organizational restructuring or changes in core personnel; business investment activities and the design, provision or promotion of products and services; significant deficiencies in internal control design, execution, and systematic control, or incidents of major operating losses; judicial events and regulatory investigations and penalties; inaccurate reports by the news media or inaccurate statements on the Internet; customer complaints and inappropriate statements or behaviors related to the Company; and improper statements or behaviors by staff members who have violated the provisions of integrity, professional ethics, business norms, and industry regulations and conventions.

The Company's management of reputation risk mainly includes: First, the Company established and improved the relevant policies on reputation risk management, and strengthened reputation risk management by optimizing the organizational structure, division of responsibilities, management process, emergency response mechanism, staff behavior regulation and reporting mechanism, etc. Second, the Company established and improved the reputation risk management system to identify, prudently assess, dynamically monitor, timely respond to and report reputation risks through effective public opinion monitoring means. Third, the Company bettered the mechanism for reporting and managing reputation risks. All departments, branches and subsidiaries of the Company prevented reputation risks and dealt with reputation risk events to maintain the Company's reputation and brand image. Fourth, the Company organised reputation risk training to cultivate awareness of reputation risk prevention of all staff.

During the Reporting Period, the Company managed the reputation risk by sticking to the principles of full staff in the whole process, prevention first, prudent management and rapid response. The Company prevented moral risks of securities practitioners to safeguard the image of the securities industry and market stability. First, the Company strengthened the monitoring of the Company's public opinion, focusing on preventing reputation risks arising from the conduct of employees and the quality of practice, and proactively resolved the reputation risks by means of risk event tracking management and strengthening media communication. Second, the Company optimised the reputation risk management system to enhance the efficiency of the handling of reputation risks by optimising the risk report management function of the system and perfecting the internal processes of event reporting and risk handling. Third, the Company formulated an emergency drill plan for reputation risk and organised relevant departments to carry out emergency drills for reputation risk in respect of its asset management business scenarios, in order to improve its ability to respond quickly and handle reputation risk effectively. During the Reporting Period, the Company's reputation risk was controllable as a whole.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (5) *Operational risk and policies*

Operational risk refers to the risk of loss caused by imperfect or faulty internal procedures, personnel, information technology systems, and external events. Operational risk involves all departments, branches and subsidiaries of the Company.

The Company's management of operational risks mainly includes: First, the Company formulated operational risk management methods and relevant rules to standardise the whole process of operational risk identification, assessment, control, monitoring, and reporting. Second, the Company developed effective operational risk identification and assessment procedures to proactively identify operational risks existing in the business, process, and system, and ensure that the internal operational risks of new businesses are fully assessed before they are launched. Third, the Company established key indicators of operational risk to monitor operational risks. Fourth, the Company collected and analysed operational risk loss data. Fifth, through the risk management system, the operational risk is measured and monitored, and a visual report of the operational risk is formed.

During the Reporting Period, the Company continued to perfect its control measures for operational risks. First, the Company amended the Company's operational risk management rules and related implementing rules around the Guidelines on Operational Risk Management for Securities Companies (《證券公司操作風險管理指引》). Second, the Company optimised its operational risk key risk indicators system and strengthened the operational risk monitoring of its subsidiaries and information technology systems. During the Reporting Period, the Company's operation risk was controllable as a whole.

### (6) *Compliance risk and policies*

Compliance risk refers to the risk of the Company being legally held accountable, subject to supervisory measures, given disciplinary sanction or suffering from loss of property or reputation arising from the violation of laws, regulations or rules by the Company or its personnel in their operation, management or practices.

The Company's management of compliance risk mainly includes: First, the Company keeps track of laws, regulations and guidelines in a timely manner, and continuously improves the compliance management system based on the actual situation of the Company. At the same time, the Company supervises all units to formulate and revise their internal management system and improve their business process in a timely manner and actively carries out the construction of a compliance culture and improves the self-discipline mechanism. Second, the Company conducts compliance reviews of the Company's systems, major decisions, new products, new business plans, etc. Third, the Company provides compliance advice and consultation for the Company's management and various units, and supervises and reviews the compliance of management activities and strictly implements compliance assessment and accountability mechanisms. Fourth, the Company effectively plays the role of assessment-oriented and accountability and warning. Fifth, the Company performs internal and external reporting obligations in accordance with regulations. Sixth, the Company organises and promotes all units to carry out money laundering risk prevention and control work in accordance with the Company's anti-money laundering system. Seventh, the Company's Compliance Management Department strengthens the training and management of compliance administrators, and creates a team of compliance administrators with strong compliance awareness and professional capabilities. The Company timely identifies, evaluates and manages the relevant compliance risks in its operation and management through compliance consultation, compliance review, compliance inspection, compliance monitoring and other channels, and integrates compliance management into decision-making, execution, supervision, feedback and other links, and into the whole process of company operation and management.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company further strengthened the compliance management of various projects. First, the Company comprehensively sorted out and evaluated the existing systems, organised the preparation of the work plan for the establishment, modification and abolition of systems, and continued to promote system construction so as to build up a solid foundation for compliance. Second, the Company strengthened compliance management of key businesses such as wealth management, investment banking, investment and subsidiaries, and enhanced supervision and inspection of key areas such as investment behavior and anti-money laundering, so as to further improve its compliance risk prevention and control capabilities. Third, the Company further enhanced its compliance management and service support capabilities, promoted the construction of an intelligent compliance system platform, and optimised the functions and index system of the compliance monitoring system. Fourth, the Company promoted the construction of a compliance culture and launched in-depth compliance training to enhance the ability of staff to practice compliance. The Company launched extensive warnings and propaganda and firmly established the concept of “compliance creates value” to strengthen the internal constraints of compliance for the sound and sustainable development of the Company.

### **(7) Information technology risk and policies**

Information technology risk refers to hardware and software failure, communication failure, security loopholes, data leaked and insufficient emergency management capability of disaster recovery systems in the information technology systems, which may affect the Company’s ordinary business and result in direct or indirect losses.

The Company’s management of information technology risks mainly includes: First, ensure the investment in basic resources, strengthen the support capabilities of operating environments such as server rooms, networks, and virtualization, improve business efficiency, and ensure system security; Second, improve system management, establish a strong verification mechanism for change, rollback, and emergency operation processes, further strengthen change process control, and ensure reliable system changes; Third, actively build an application system monitoring and early warning system to achieve multi-faceted monitoring of operating system indicators, data backup, data recovery, service status, and system continuity, ensuring stable system operation; Fourth, manage the robustness of information systems well, conduct stress tests on important information systems, and scientifically evaluate system capacity and performance; Fifth, optimise the security management system, improve technical security protection measures, formulate a penetrative virus prevention system, carry out the construction of a security situation awareness system, enhance overall security capabilities, and ensure the safe, stable, and efficient operation of the system. Through the application of and the investment in information system business continuity system construction, new technology application, security reinforcement, infrastructure update and other aspects, the Company laid a solid foundation for the operation and maintenance of information system and further improved the stability of information system.

During the Reporting Period, the Company accelerated digital transformation, strengthened the construction of fintech capabilities, and enhanced technology to empower and improve risk response capabilities in business, supporting the Company’s high-quality development. First, promote the integration of information technology management functions, establish a subsidiary information technology penetration management mechanism, and strengthen overall control of information technology risks; second, establish information technology investment demonstration, architecture control mechanisms, and improve agile development management systems to reduce the risk of new technology applications; third, strengthen operational management, enhance network security protection, and reduce the risk of information system operations; fourth, based on data security assessment and classification, strengthen data application control, and enhance data risk response capabilities.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (II) EMPLOYEES, REMUNERATION POLICIES AND TRAINING

As of the end of the Reporting Period, the Group had 2,627 employees, including 2,304 employees of the Company and 323 employees of its subsidiaries. The Company amended and improved the annual incentive and restraint mechanism for each business line by signing the letter of responsibility for annual business objectives, strictly implemented performance appraisal, and improved performance distribution to fully mobilise the enthusiasm of cadres and staff. The Company's remuneration consists of basic salary, allowance, performance bonus and welfare. The welfare provided to employees includes basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, etc. In addition, the Company also formulated the corporate annuity programme, to further enhance the capability in providing corporate welfare.

The Company has formulated targeted training programmes to provide regular and continual training for the cadres and staff. The Company has prepared the annual training programme and organised a number of professional business training in the first half of 2024.

## SECTION 4 CORPORATE GOVERNANCE

### I. SUMMARY OF GENERAL MEETING

Session	Date of convening	Designated website for publication of the resolutions	Date of publication of the resolutions	Meeting resolution
2023 Annual General Meeting	20 June 2024	<a href="http://www.sse.com.cn/">http://www.sse.com.cn/</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	20 June 2024	Meeting resolution of the 2023 Annual General Meeting

#### Particulars of general meetings

The Company convened the 2023 Annual General Meeting on 20 June 2024, and considered and approved the Work Report of the Board for the Year of 2023, the Work Report of the Supervisory Committee for the Year of 2023, the Duty Report of Independent Directors for the Year of 2023, the Annual Report for the Year of 2023, the Proposal on the Election of Supervisors for the Seventh Session of the Supervisory Committee, the Profit Distribution Plan for the Year of 2023, the Final Financial Report for the Year of 2023, the Evaluations and Remuneration of the Directors for the Year of 2023, the Evaluations and Remuneration of the Supervisors for the Year of 2023, the Proposal on the Amendments to Articles of Association, the Proposal on the Amendments to Rules of Procedure for the Board of Directors, the Proposal on the Provision of Guarantee or Counter-guarantee for Central China International and Its wholly-owned Subsidiaries and the Authorization to Central China International to provide Guarantee or Counter-guarantee for its Wholly-owned Subsidiaries, and the Proposal on the Determination of the Business Scale and Affordable Risk Limits of Securities Proprietary Trading for the Year of 2024.

### II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Change
Li Zhaoxin	Chief Accountant, Person in-charge-of Finance Department	Ceased to act
Zhu Junhong	Chairlady of the Supervisory Committee Deputy general manager and Member of the Executive Committee	Elected Ceased to act
Li Feng	Deputy general manager	Appointed
Wang Xiaogang	Deputy general manager	Appointed
Guo Liangyong	Chief Financial Officer and Member of the Executive Committee	Appointed

#### Description of the Change of the Directors, Supervisors and Senior Management of the Company

1. On 9 January 2024, Mr. Li Zhaoxin ceased to serve as the Company's chief accountant and Ms. Zhu Junhong ceased to serve as the Company's deputy general manager according to the Circular of the People's Government of Henan Province on the Removal of Li Zhaoxin and Zhu Junhong from Their Duties received by the Company. Meanwhile, Ms. Zhu Junhong has applied to the Board of Directors of the Company for resignation as a member of the Executive Committee due to job changes. For details, please refer to the relevant announcement disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange on 8 January 2024 and the relevant announcement of the Company dated 9 January 2024 disclosed on the website of the SSE.

## SECTION 4 CORPORATE GOVERNANCE

- On 20 June 2024, the 2023 Annual General Meeting considered and approved the Proposal on the Election of Supervisors of the Seventh Session of the Supervisory Committee and the eighteenth Meeting of the Seventh Session of the Supervisory Committee considered and adopted the Proposal on the Election of the Chairman of the Supervisory Committee of the Company, and Ms. Zhu Junhong formally performed her duties as a Supervisor of the Company and the Chairlady of the Supervisory Committee of the Company as of 20 June 2024 until the expiry of the term of office of the Seventh Session of the Supervisory Committee of the Company. For details, please refer to the relevant announcement disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange on 20 June 2024 and the relevant announcement of the Company dated 21 June 2024 disclosed on the website of the SSE.
- On 18 June 2024, the Board of Directors of the Company agreed to appoint Mr. Li Feng and Mr. Wang Xiaogang as the deputy general manager of the Company in accordance with the guiding principles of the Circular of the People's Government of Henan Province on the Appointment of Li Feng and Wang Xiaogang issued by the People's Government of Henan Province and in conjunction with the needs of the Company's operation and development. Mr. Li Zhaoxin, the general manager, chairman member of the Executive Committee and responsible person for finance of the Company, applied to the Board of Directors of the Company on 17 June 2024 to resign from his concurrent duties as the responsible person for finance of the Company due to his work arrangements. Following the resignation, Mr. Li Zhaoxin will continue to serve as the general manager of the Company and the chairman of the Executive Committee. The Board of Directors of the Company has agreed to appoint Mr. Guo Liangyong as the Chief Financial Officer of the Company and a member of the Executive Committee to perform the duties as the responsible person for finance of the Company. For details, please refer to the relevant announcement disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange on 17 June 2024 and the relevant announcement of the Company dated 18 June 2024 disclosed on the website of the SSE.

### III. PROPOSAL FOR PROFIT DISTRIBUTION OR CAPITALISATION ISSUE

#### Declared interim proposal of profit distribution and capitalization of capital reserve into share capital

Unit: Yuan Currency: RMB

Whether to make profit distribution or capitalize capital reserve into share capital	Yes
Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (tax inclusive)	0.06
Capitalisation shares for every 10 shares (share)	0
Amount of cash dividend (tax inclusive)	27,857,308.20
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement during the year of distribution	201,265,120.05
Percentage of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	13.84
Amount of repurchased shares under cash included in cash dividend	0
Total amount of the dividend (tax inclusive)	27,857,308.20
Percentage of the total dividend amount of the net profit attributable to ordinary shareholders of the listed company in the consolidated financial statement (%)	13.84

### IV. SHARE OPTION INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPACT

There were not any share option incentive scheme, employee share scheme or other employee incentives of the Company.

# SECTION 5 SIGNIFICANT EVENTS

## I. PERFORMANCE OF UNDERTAKINGS

### (I) Undertakings by undertaking related parties including de facto controller, shareholders, related parties, acquirer and the Company made or subsisting during the Reporting Period

Background of undertakings	Undertaking party Type of undertakings	Undertaking party	Contents of undertakings	Date of undertakings	Any deadline for performance	Duration of undertakings	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
Undertakings in relation to the initial public offering	Non-competition	Henan Investment Group	Undertaking in relation to non-competition	Entering into the Non-competition Agreement with Central China Securities on 10 March 2014	Yes	Long-term	Yes		
	Non-competition	The Company	Undertaking in relation to non-competition	Entering into the Non-competition Agreement with Henan Investment Group on 10 March 2014	Yes	Long-term	Yes		
Undertaking in relation to refinancing	Others	The Company	Note	27 June 2022	Yes	3 years	Yes		

- Note: (1) For the three consecutive years from 2022 to 2024, the Company's investment in compliance risk control of each year shall not be less than 3% of the Company's operating income in the previous year;
- (2) For the three consecutive years from 2022 to 2024, the Company's investment in information technology of each year shall not be less than 6% of the Company's operating income in the previous year;
- (3) From 2022 to 2024, the Company shall disclose in its annual report the actual investment in compliance risk control and information technology.

## SECTION 5 SIGNIFICANT EVENTS

### II. Litigation and arbitration that are not disclosed in the interim announcement or have subsequent progress

Unit: Ten thousand Currency: RMB

During the Reporting Period:

Prosecution (petitioner)	Defendant (respondent)	Party bearing joint liability	Type of litigation	Background of litigation (arbitration)	Amount involved in litigation (arbitration)	Any estimated liabilities incurred in litigation and the amount	Development of litigation (arbitration)	Trial outcome of litigation and the influence	Enforcement of the judgment on litigation (arbitration)
Central China Securities	Shenwu Technology Group Corporation Limited* (神霧科技集團股份有限公司)	None	Contract dispute	Note 1	20,000.00	Note 1	Note 1	Note 1	Note 1
Central China Securities	Neogly Holdings Group Co. Ltd.* (新光控股集團有限公司)	None	Contract dispute	Note 2	20,000.00	Note 2	Note 2	Note 2	Note 2
Central China Securities	Shihezi Ruichen Equity Investment Partnership Enterprise (Limited Partnership)* (石河子市瑞晨股權投資合夥企業(有限合夥)), Tan Songbin (譚頌斌), Zhou Juan (周娟)	None	Contract dispute	Note 3	18,799.98	Note 3	Note 3	Note 3	Note 3
Central China Securities	Great Wall Film & Culture Company Group Limited* (長城影視文化企業集團有限公司, currently known as Zhejiang Qingfeng Yuansheng Culture Limited* (浙江清風原生文化有限公司))	None	Contract dispute	Note 4	20,000.00	Note 4	Note 4	Note 4	Note 4
Central China Securities	Kedi Food Group Co., Ltd.* (科迪食品集團股份有限公司)	None	Contract dispute	Note 5	43,165.83	Note 5	Note 5	Note 5	Note 5
Central China Blue Ocean	Henan Zhongyi Real Estate Co., Ltd. (河南中益置業有限公司), Ge Hongtao (葛洪濤), Xu Xianghong (徐香紅), Xu Zengcai (徐增才), Henan Zhongyi Heavy Industry Machinery and Technology Co., Ltd. (河南中益重工機械科技股份有限公司), Henan Zhongyi Engineering Survey Co., Ltd. (河南中益工程勘察有限公司), Henan Zhongyi Industrial Group Co., Ltd. (河南中益實業集團有限公司), Henan Zhongyi Property Services Co., Ltd. (河南中益物業服務有限公司), Zhengzhou Shengzhifeng Industrial Co., Ltd. (鄭州盛之峰實業有限公司)	None	Contract dispute	Note 6	10,580.88	Note 6	Note 6	Note 6	Note 6

Note 1: The Company filed a lawsuit against Shenwu Technology Group Corporation Limited\* (神霧科技集團股份有限公司) (hereinafter referred to as "Shenwu Group"), asserting the defendant's breach of securities-backed lending contract. After the first instance judgment issued by Henan High People's Court (hereinafter referred to as "Henan High People's Court") supported the lawsuit request of the Company, while Shenwu Group, the defendant, instituted an appeal. On 22 August 2019, the Company received the second trial judgment from the Supreme People's Court of the People's Republic of China (the "Supreme People's Court"), rejecting the appeal and upholding the original judgment. Henan High People's Court accepted the case for compulsory enforcement on 23 September 2019. On 10 September 2020, Zhengzhou Intermediate People's Court ("Zhengzhou Intermediate Court") ruled that "19,800,000 shares of \*ST Energy Conservation held by Shenwu Group shall be delivered to Central China Securities Co., Ltd. for a consideration of RMB18,849,600 to indemnify its claim for the equivalent amount". On 24 December 2020, Zhengzhou Intermediate Court issued an Enforcement Ruling, ruling to terminate the enforcement action. As of the end of the Reporting Period, there is no further progress in this case.



## SECTION 5 SIGNIFICANT EVENTS

Note 2: The Company filed a lawsuit against Neoglory Holdings Group Co. Ltd.\* (新光控股集團有限公司) (hereinafter referred to as “Neoglory Holdings”) for default in the share pledge repurchase contract. After the case was accepted by the Henan High People’s Court, the case was transferred to the jurisdiction of Jinhua Intermediate People’s Court as Neoglory Holdings applied for bankruptcy reorganization. The Jinhua Intermediate People’s Court accepted the bankruptcy and reorganization application on 25 April 2019, for which the Company has declared its credits. On 30 December 2019, the Company received a civil judgment issued by Jinhua Intermediate People’s Court, supporting the Company’s claim. On 28 June 2024, the Company received a ruling on the consolidated bankruptcy and reorganization plan of Neoglory Holdings Group and other 35 enterprises, which approved the implementation of the reorganization plan.

Note 3: The Company filed a lawsuit against Shihezi Ruichen Equity Investment Partnership Enterprise (Limited Partnership) (hereinafter referred to as “Ruichen Investment”), Tan Songbin and Zhou Juan, asserting the defendants’ breach of contract in the securities-backed lending business. On 22 January 2020, the Company received the civil judgment issued by the Supreme People’s Court, supporting the Company’s claim. Henan High People’s Court accepted the case for compulsory enforcement on 30 March 2020. Zhengzhou Intermediate People’s Court conducted the auction of 24,529,900 shares of Silver Age Sci & Tech, and the Company has received the full amount of RMB188,884,200 for the auction. On 6 April 2021, the Company received the Enforcement Ruling issued by Zhengzhou Intermediate People’s Court, which ruled to terminate the execution of this case because the Company and Ruichen Investment reached a settlement agreement and performed it for a long period of time. The Company reached a new settlement agreement with Ruichen Investment on 31 August 2021. On 16 February 2022, the Company received the Enforcement Ruling issued by the First People’s Court of Dongguan City, Guangdong Province, changing the Company as the application executor of (2021) Yue 1971 Zhi Hui No. 856 case. Due to the defendants’ failure to fulfill the settlement agreement, the Company filed an application for enforcement with the court on 16 November 2023, which was accepted by the court on 17 November 2023. On 22 December 2023, the Company received the enforcement proceeds of RMB6,662,500. As of January 2024, Ruichen Investment, as well as the other parties to the agreement, has completed the settlement agreement and the case is closed.

Note 4: The Company filed a lawsuit against Great Wall Film & Culture Company Group Limited (currently known as Zhejiang Qingfeng Yuansheng Culture Limited, hereinafter referred to as “Great Wall Film” or “Zhejiang Qingfeng”), asserting the defendant’s breach of securities-backed lending contract. On 5 December 2019, Henan High People’s Court issued a civil judgment, which supported the Company’s claims. After the case entered into compulsory enforcement procedure, Zhengzhou Intermediate People’s Court ruled that 50,400,000 shares of Great Wall Movie and Television Co., Ltd. (長城影視股份有限公司) (Stock Abbreviation: \*ST Great Wall) (Stock Code: 002071) held by Great Wall Film were valued at RMB71,542,800 and delivered to the Company to offset its equivalent creditor’s rights, and ruled to conclude this enforcement procedure.

In addition, the Company filed an enforcement objection lawsuit with Zhengzhou Intermediate People’s Court within the statutory period, requesting an order to add the defendants, Zhao Feifan (趙非凡) and Zhao Ruiyong (趙銳勇), as the persons to be executed in the execution case between the Company and the third party, Zhejiang Qingfeng; and to order the defendants, Zhao Feifan and Zhao Ruiyong, to assume joint and several liability for the debts owed to the Company by the third party, Zhejiang Qingfeng in the amount of RMB146,567,100. On 26 May 2021, the Company received a civil judgment issued by Zhengzhou Intermediate People’s Court, supporting the Company’s claim. As at the end of the Reporting Period, the case was under execution and there is no further progress.

## SECTION 5 SIGNIFICANT EVENTS

Note 5: The Company filed a lawsuit against Kedi Food Group Co., Ltd. (hereinafter referred to as “Kedi Group”), asserting the defendant’s breach of securities-backed lending contract. The first instance judgment issued by Zhengzhou Intermediate People’s Court supported the lawsuit request of the Company, while both Kedi Group and the Company refused to obey the first instance judgment and instituted an appeal. On 3 August 2020, the Company received a civil judgment by Henan High People’s Court, stating that Kedi Group was deemed to withdraw the appeal on its own account, and the Company’s withdrawal of the appeal was allowed. Zhengzhou Intermediate People’s Court accepted the case for compulsory enforcement on 24 August 2020. On 21 January 2021, Zhengzhou Intermediate People’s Court made an enforcement ruling. Because Shangqiu Intermediate People’s Court accepted the bankruptcy reorganization application of Kedi Group, it ruled to terminate the execution of Kedi Group, the subject. On 22 April 2022, Shangqiu Intermediate People’s Court approved the merger and reorganization plan of 10 companies including Kedi Group. In July 2022, according to the above restructuring plan, the Company received a total of RMB24,727,400 from the insolvency administrator of Kedi Group for partial cash settlement of privileged debts and cash settlement of ordinary debts. On 3 March 2023, 27,105,906 shares of Kedi Group were transferred to the Company. The Company received RMB8,470,600 from the insolvency administrator of Kedi Group on 30 June 2023, for partial cash settlement of privileged debts. On 1 July 2024, the Company received payment of RMB8,470,600 from the bankruptcy administrator of Kedi Food Group for the cash settlement of the senior creditors portion of the debt settlement, and as of the disclosure date of this report, the settlement of the debt in the bankruptcy reorganization plan of Kedi Food Group had been fulfilled.

Note 6: Central China Blue Ocean filed a lawsuit against Henan Zhongyi Real Estate Co., Ltd. (hereinafter referred to as “Zhongyi Real Estate”), asserting the defendant’s breach of financial entrusted wealth management contract. On 31 October 2019, Central China Blue Ocean received a civil judgment issued by Zhengzhou Intermediate People’s Court, which supported Central China Blue Ocean’s claims. Zhengzhou Intermediate People’s Court accepted the case for compulsory enforcement on 13 January 2020 and closed this case on 26 November 2020. In accordance with the corresponding procedures, Zhengzhou Intermediate People’s Court conducted an auction of two properties in the names of Xu Zengcai (徐增才) and Xu Xianghong (徐香紅), the persons being executed; and on 18 June 2021, Central China Blue Ocean received the amount of RMB2,443,100 for the execution of the distribution.

In addition, regarding the enforcement objection filed by Central China Blue Ocean against the seized property under the name of Zhongyi Real Estate in another case, the Zhengzhou High-tech Zone Court made the (2022) Yu 0191 Zhi Yi No. 32 Enforcement Ruling, ruling to reject the objection of Central China Blue Ocean, the dissenter. In August 2023, the Company submitted the application for enforcement resumption to the court, and received the ruling on enforcement resumption on 9 October. The Company obtained disposal rights to 51 sets of houses from Zhengzhou Intermediate People’s Court in November. On 1 December 2023, the Company submitted the Application for Valuation and Auction to the court, and on 2 January 2024, the court issued a ruling on valuation and auction. In March 2024, the Court selected an appraisal organization. Subsequently, Wang Pengfei (王鵬飛) and Ma Lihong (馬利紅), the outsiders of the case, filed enforcement objections respectively. On 29 April 2024, the Company received (2024) Yu 01 Zhi Yi No. 237 Enforcement Ruling served by the Court, in which the Court ruled to dismiss the objection application of the outsider, Ma Lihong (馬利紅). On 23 May 2024, Zhengzhou Intermediate People’s Court issued (2024) Yu 01 Zhi Yi No. 232 Enforcement Ruling, ruling to dismiss Wang Pengfei’s (王鵬飛) objection request.

## SECTION 5 SIGNIFICANT EVENTS

### III. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY THE LISTED COMPANY, THEIR DIRECTORS, SUPERVISORS, SENIOR MANAGERS, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS, AND PENALTIES AND RECTIFICATION IMPOSED ON THEM

On 29 February 2024, Henan Bureau of the CSRC issued the Decision on Taking Ordered Corrective Measures on Central China Securities Co., Ltd. ([2024] No. 13) (關於對中原證券股份有限公司採取責令改正措施的決定) ([2024]13號), which pointed out that in terms of organizational structure specification, the Company was in violation of the provisions of the agreement by the subsidiary Central China Blue Ocean's acquisition of 5% stake in Zhongyuan Small Loan, and the 39% shareholding in Central China Micro-lending held by Central China Blue Ocean was not regularized in accordance with regulatory requirements and the rectification of the private placement subsidiary was not well done.

On 24 April 2024, Henan Bureau of the CSRC issued the Decision on Taking Ordered Corrective Supervisory and Administrative Measures on Central China Securities Co., Ltd. ([2024] No. 28) (《關於對中原證券股份有限公司實施責令改正監督管理措施的決定》 ([2024]28號)), which pointed out that the Company had the following circumstances: failure to formulate a unified credit management system for parent and subsidiary companies and failure to prudently assess the risks of individual major investment projects; inadequate compliance risk control over overseas subsidiaries and alternative subsidiaries; provision of financial assistance to investors participating in the subscription of securities-backed lending business; commencement of the bond sales business and collection of the issuer's coupon interest premiums in advance of a sound compliance risk control system and failure to strictly implement the internal control requirements for reclassification of financial assets; inadequate management of employees' part-time employment, weaknesses in the control of employees' investment behavior; and failure to prevent employees from acting as a proxy for clients in financial management and there are incidents of integrity risk in the employment of individual employees.

On 24 April 2024, the Henan Securities Regulatory Bureau issued the "Decision on the Implementation of Supervision and Management Measures for Issuing Warning Letters to Zhu Jianmin" ([2024] No. 29) (《關於對朱建民實施出具警示函監督管理措施的決定》 ((2024)29號)), pointing out that Zhu Jianmin (now retired), the senior management in charge of the stock pledge business at that time, violated the provisions of Article 6, paragraph 1, of the "Trial Regulations on Compliance Management of Securities Companies" (《證券公司合規管理試行規定》第六條第一款), and decided to implement supervision and management measures of issuing warning letters.

On 30 April 2024, Henan Bureau of the CSRC and the Beijing Stock Exchange issued the Decision on the Measures of Issuing a Warning Letter to Central China Securities Co., Ltd. and Relevant Responsible Personnel ([2024] No. 34) (關於對中原證券股份有限公司及相關責任人員採取出具警示函措施的決定) ([2024]34號) and the Decision on the Self-regulatory Measures to Central China Securities Co., Ltd. and Relevant Responsible Entities (BZJGZXH [2024] No. 3) (《關於對中原證券股份有限公司及相關責任主體採取自律監管措施的決定》 (北證監管執行函[2024]3號)) to the Company respectively, pointing out that the Company and its sponsor representatives Chen Junyong and Zhang Penghao failed to carry out comprehensive verification and validation of the long-term prepayment of Funik during the due diligence of the listing project of Funik on the BSE. Chen Junyong and Zhang Penghao, the sponsors of the Company, are primarily responsible for it.

The Company attaches great importance to the aforesaid issues and has made every effort to rectify them by further strengthening the organizational structure of internal control management, improving the internal control management system, regulating the implementation of the responsibilities of the relevant parties, and enhancing internal accountability and treatment in order to practically strengthen the responsibilities of internal control management across the board and promote the Company's compliant and prudent operation. The Company has submitted the rectification report to Henan Bureau of the CSRC in a timely manner and completed the relevant rectification.

## SECTION 5 SIGNIFICANT EVENTS

### IV. CREDIBILITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

None of the Group, its controlling shareholder or de facto controller had unperformed enforceable court judgments, unpaid debts with larger sum at maturity or bad credibility record.

### V. MATERIAL RELATED TRANSACTIONS

#### (I) Related transactions in relation to the ordinary operations

##### 1. Matters that have been disclosed in the interim announcement, but have progress or changes in subsequent implementation

During the Reporting Period, the Company conducted related party transactions in the ordinary course of business in strict compliance with the Proposal on the Signing of Framework Agreement on Continuing Connected Transactions and the Setting of Annual Transaction Ceilings and Proposal on the Adjustment of the Annual Transaction Ceilings for Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business considered and approved at the fourth meeting of the Seventh Session of the Board of Directors, third meeting of the Seventh Session of the Supervisory Board, nineteenth meeting of the Seventh Session of the Board of Directors and thirteenth meeting of the Seventh Session of the Supervisory Board. The relevant implementation is as follows:

##### (1) *The related continuing connected transactions contemplated in the ordinary course of business with Henan Investment Group and its subsidiaries and associates*

###### 1 *Securities and financial products transactions*

Unit: Ten thousand Currency: RMB

Nature of transaction	Type of transaction	Estimated caps	Actual amount during the Reporting Period
Securities and financial products transactions	Total net cash inflow to the Group	1,050.00	0.00
	Total net cash outflow from the Group	12,000.00	0.00

###### 2 *Securities and financial services*

Unit: Ten thousand Currency: RMB

Nature of transaction	Type of transaction	Estimated caps	Actual amount during the Reporting Period
Securities and financial services	Revenue from the provision of securities and financial services to Henan Investment Group and its subsidiaries and associates	3,650.00	27.81

## SECTION 5 SIGNIFICANT EVENTS

### (2) *The continuing connected transactions with Equity Exchange Co.*

#### 1 *Securities and financial products transactions*

Unit: Ten thousand Currency: RMB

<b>Nature of transaction</b>	<b>Type of transaction</b>	<b>Estimated caps</b>	<b>Actual amount during the Reporting Period</b>
Securities and financial products transactions	Total net cash inflow to the Group	12,500.00	1,700.00
	Total net cash outflow from the Group	150.00	0.00

#### 2 *Securities and financial services*

Unit: Ten thousand Currency: RMB

<b>Nature of transaction</b>	<b>Type of transaction</b>	<b>Estimated caps</b>	<b>Actual amount during the Reporting Period</b>
Securities and financial services	Revenue from the provision of securities and financial services to Equity Exchange Co.	4,612.72	4.20
	Expenses incurred by the provision of securities and financial services to the Group	575.00	10.00

# SECTION 5 SIGNIFICANT EVENTS

## VI. MATERIAL CONTRACTS AND CONTRACT PERFORMANCE

### 1 Material guarantees honored and outstanding during the Reporting Period

Unit: Yuan Currency: RMB

Guarantees provided by the Company (excluding the guarantees to subsidiaries)

Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Amount of guarantee	Date of guarantee		Maturity date of guarantee	Type of guarantee	Main liabilities	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Amount overdue on guarantees	Counter-guarantees	Whether the guarantee is for a related party	Association relationship
				(date of signing Agreement)	Commencement date of guarantee										

Total amount of guarantees incurred during the Reporting Period (excluding the guarantees provided to subsidiaries)

Total balance of guarantees as at the end of the Reporting Period (A) (excluding the guarantees provided to subsidiaries)

Guarantees provided by the Company to subsidiaries

Total amount of guarantees provided to subsidiaries during the Reporting Period

Total balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B)

Total amount of guarantees provided by the Company (including the guarantees provided to subsidiaries)

Total amount of guarantees (A+B)

Percentage of total guarantees over the net assets of the Company (%)

Including:

Amount of guarantees provided to shareholders, de facto controller and their related parties (C)

Amount of debt guarantees directly or indirectly provided to the parties guaranteed with the gearing ratio exceeding 70% (D)

Total amount of guarantees exceeding 50% of net assets (E)

Total amount of the above three types of guarantees (C+D+E)

Explanations on outstanding guarantee which may assume joint and several liability for repayment

Explanations on guarantees

As at the end of the Reporting Period, the Company provided guarantee for the issuance of overseas bonds of not more than USD100 million by Wending Zhongyuan Company Limited, a special purpose entity wholly-owned by Central China International, with a corresponding guaranteed principal and interest amount of approximately RMB632,552,702.33 as at the end of the Reporting Period.

0

632,552,702.33

632,552,702.33

4.50

## SECTION 5 SIGNIFICANT EVENTS

### VII. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

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

The Company has been committed to maintaining a high-quality corporate governance to safeguard shareholders' interests and enhance enterprise values and accountability. During the Reporting Period, the Company has adopted and complied with the provisions as set out in Part 2 of the Corporate Governance Code Appendix C1 to the Hong Kong Listing Rules. The Company will continue to review and improve corporate governance practices to ensure it conforms to Corporate Governance Code.

#### (II) Compliance with Model Code

The Company has adopted the Model Code concerning the securities transactions by Directors and Supervisors. The Company has made specific inquiries to all the Directors and Supervisors for the compliance with the Model Code. All the Directors and Supervisors have confirmed that they were in full compliance with the standards set out in the Model Code during the Reporting Period.

#### (III) Purchase, sale or redemption of the listed securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares). At the end of the Reporting Period, the Company did not hold any treasury shares of the Company (as defined in the Hong Kong Listing Rules).

#### (IV) Review of the report

The Audit Committee and the management of the Company have reviewed the accounting policies adopted by the Company, discussed issues including internal control and financial reporting, and fully reviewed the financial statements, notes to the financial statements for the Reporting Period and this report. The Audit Committee considered that the preparation of such consolidated financial report was in conformity with applicable accounting standards and provisions and appropriate disclosures have been made. ShineWing Certified Public Accountants (Special General Partnership) has reviewed interim financial information in accordance with the China Accounting Standards for Business Enterprises.

#### (V) Events after the balance sheet date

For significant subsequent events, please refer to XIV. "EVENTS AFTER THE BALANCE SHEET DATE" under Section 8 "REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION".

#### (VI) List of Directors

As at the date of this report, the Board comprises Mr. LU Zhili as executive Director; Mr. LI Xingjia, Ms. ZHANG Qiuyun, Mr. TANG Jin and Mr. TIAN Shengchun as non-executive Directors; Ms. ZHANG Dongming, Mr. CHEN Zhiyong, Mr. TSANG Sung and Mr. HE Jun as independent non-executive Directors.

# SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

## I. CHANGES IN SHARE CAPITAL

### (I) Changes in shares

#### 1. Changes in shares

During the Reporting Period, there was no change in the total number of shares and share capital structure.

## II. SHAREHOLDERS

### (I) Total number of shareholders:

Total number of ordinary shareholders as at the end of the Reporting Period 119,690  
Among which: 119,654 holders of A shares; 36 registered holders of H shares

### (II) Shareholdings of the top ten shareholders, the top ten holders of tradable shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: Share

#### Shareholdings of the top ten shareholders (excluding share lending through refinancing)

Name of shareholders (Full name)	Changes during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen		Nature of shareholders
					Status of shares	Number	
HKSCC Nominees Limited	-300	1,195,156,550	25.74	0	Nil		Overseas legal person
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	0	822,983,847	17.73	0	Nil		State-owned legal person
Anyang Iron & Steel Group Co., Ltd. (安陽鋼鐵集團有限公司)	0	177,514,015	3.82	0	Pledged	65,000,000	State-owned legal person
Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司)	16,063,300	146,949,207	3.17	0	Nil		State-owned legal person
China Pingmei Shenma Holdings Group Co., Ltd. (中國平煤神馬控股集團有限公司)	0	63,694,267	1.37	0	Nil		State-owned legal person



## SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### Shareholdings of the top ten shareholders (excluding share lending through refinancing)

Name of shareholders (Full name)	Changes during the Reporting Period	Number of shares held as at the end of the Period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen		Nature of shareholders
					Status of shares	Number	
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 國泰中證全指證券公司交易型開放式指數證券投資基金)	2,591,700	61,618,432	1.33	0	Nil		Others
Zheng Yu (鄭宇)	0	51,003,190	1.10	0	Nil		Domestic natural person
Anyang Economic Development Group Co., Ltd.	0	48,824,693	1.05	0	Pledged	24,412,346	State-owned legal person
Henan Railway Construction & Investment Group Co., Ltd. (河南省鐵路建設投資集團有限公司)	0	47,239,915	1.02	0	Nil		State-owned legal person
China Construction Bank Corporation — Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 華寶中證全指證券公司交易型開放式指數證券投資基金)	1,991,700	40,963,871	0.88	0	Nil		Others

## SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

### Shareholdings of the top ten shareholders not subject to trading moratorium (excluding share lending through refinancing)

Name of shareholders	Number of tradable shares not subject to trading moratorium	Type and number of shares	
		Type	Number
HKSCC Nominees Limited	1,195,156,550	Overseas-listed foreign shares	1,195,156,550
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	822,983,847	RMB-denominated ordinary shares	822,983,847
Anyang Iron & Steel Group Co., Ltd.	177,514,015	RMB-denominated ordinary shares	177,514,015
Jiangsu SOHO Holdings Group Co., Ltd.	146,949,207	RMB-denominated ordinary shares	146,949,207
China Pingmei Shenma Holdings Group Co., Ltd. (中國平煤神馬控股集團有限公司)	63,694,267	RMB-denominated ordinary shares	63,694,267
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 國泰中證全指證券公司交易型開放式指數證券投資基金)	61,618,432	RMB-denominated ordinary shares	61,618,432
Zheng Yu (鄭宇)	51,003,190	RMB-denominated ordinary shares	51,003,190
Anyang Economic Development Group Co., Ltd. (安陽經濟開發集團有限公司)	48,824,693	RMB-denominated ordinary shares	48,824,693
Henan Railway Construction & Investment Group Co., Ltd.	47,239,915	RMB-denominated ordinary shares	47,239,915
China Construction Bank Corporation — Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 華寶中證全指證券公司交易型開放式指數證券投資基金)	40,963,871	RMB-denominated ordinary shares	40,963,871

Explanation on related party or concert party relationship among the above shareholders

The Company is not aware of any related party relationship among the above-mentioned shareholders or whether they are parties acting in concert as defined in the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》).

Note 1: To the best knowledge of the Company, as of the end of the Reporting Period, in addition to the 822,983,847 A shares of the Company directly held by it, Henan Investment Group Co., Ltd. also held 46,733,000 H shares of the Company through its wholly-owned subsidiary, Dahe Paper (Hong Kong) Co., Limited, and held 153,840,000 H shares of the Company through Stock Connect's Southbound trading, totaling 1,023,556,847 shares of the Company, accounting for 22.05% of the total issued shares of the Company.

Note 2: To the best of the Company's knowledge, in July 2024, Anyang Economic Development Group Co., Ltd. (安陽經濟開發集團有限公司) has released all pledged shares.

## SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Shareholders holding more than 5% of shares, top ten shareholders and top ten shareholders of shares not subject to selling restrictions participating in the lending and borrowing of shares in the refinancing business

Unit: Share

**Shareholders holding more than 5% of shares, top ten shareholders and top ten shareholders of shares not subject to selling restrictions participating in the lending and borrowing of shares in the refinancing business**

Name of shareholders (Full name)	Shareholding of ordinary accounts and credit accounts at the beginning of the period		Share lending through refinancing at the beginning of the period (not yet returned)		Shareholding of ordinary accounts and credit accounts at the end of the period		Share lending through refinancing at the end of the period (not yet returned)	
	Total	Percentage	Total	Percentage	Total	Percentage	Total	Percentage
	quantity	(%)	quantity	(%)	quantity	(%)	quantity	(%)
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 國泰中證全指證券公司交易型開放式指數證券投資基金)	59,026,732	1.27	883,000	0.02	61,618,432	1.33	664,500	0.01
China Construction Bank Corporation — Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 華寶中證全指證券公司交易型開放式指數證券投資基金)	38,972,171	0.84	1,317,700	0.03	40,963,871	0.88	856,200	0.02

### III. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY OF ITS ASSOCIATED CORPORATIONS

As of 30 June 2024, based on the information acquired by the Company and to the knowledge of the Directors, none of the Directors, Supervisors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

As of 30 June 2024, none of the Directors, Supervisors or their respective spouses or children under the age of 18 was granted the right to acquire benefits by means of acquisition of Shares in or debentures of the Company or had exercised any such right; nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, Supervisors or their respective spouses or children under the age of 18 to acquire such right in any other corporation.

### IV. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 30 June 2024, to the knowledge of the Directors of the Company after making reasonable inquiries, the following persons (other than Directors, Supervisors or chief executives of the Company) have the following interests or short positions in shares or underlying shares required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name	Class of shares	Nature of interests	Number of shares held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued A Shares/H Shares of the Company (%)	Long position/ Short position/ Lending pool
Henan Investment Group Co., Ltd.	A Shares	Beneficial owner	822,983,847	17.726	23.872	Long position
	H Shares	Beneficial owner/ Interests in corporations controlled by substantial shareholders	200,573,000 <sup>Note</sup>	4.320	16.779	Long position
Anyang Iron & Steel Group Co., Ltd.	A Shares	Beneficial owner	177,514,015	3.823	5.149	Long position
Shanghai Wealspring Asset Management Co., Ltd.	H Shares	Investment manager	156,209,000	3.364	13.068	Long position

Note: To the best knowledge of the Company, as of the end of the Reporting Period, in addition to the 822,983,847 A shares of the Company directly held by it, Henan Investment Group Co., Ltd. also held 46,733,000 H shares of the Company through its wholly-owned subsidiary, Dahe Paper (Hong Kong) Co., Limited, and held 153,840,000 H shares of the Company through Stock Connect's Southbound trading, totaling 1,023,556,847 shares of the Company, accounting for 22.05% of the total issued shares of the Company.

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

# SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

## I. CORPORATE BONDS (ENTERPRISE BONDS INCLUSIVE) AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

### (I). Corporate bonds (enterprise bonds inclusive)

#### 1. Basic information of corporate bonds

Unit: 100 million Currency: RMB

Name of bonds	Abbreviation	Code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Lead underwriter	Trustee	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there are risks of termination of listing and trading
2021 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	21 Central China 01	175736.SH	4 March 2021	5 March 2021	N/A	5 March 2024	10	4.03	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Donghai Securities Co., Ltd.	Donghai Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2021 Non-publicly-Subordinated Bonds (Tranche 1) of Central China Securities Co., Ltd.	21 Central China C1	197241.SH	21 October 2021	22 October 2021	N/A	22 October 2024	11	4.70	Interest on an annual basis and the principal repayable upon maturity in full	SSE	None	Huaxi Securities Co., Ltd.	Issuance to professional investors	One-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2022 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	22 Central China 01	185321.SH	23 February 2022	24 February 2022	N/A	24 February 2025	20	3.20	Interest on an annual basis and the principal repayable upon maturity in full	SSE	CSC Financial Co., Ltd.	CSC Financial Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2022 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	22 Central China C1	137909.SH	14 October 2022	17 October 2022	N/A	17 October 2025	5	3.30	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Haitong Securities Company Limited	Haitong Securities Company Limited	Issuance to professional institutional investors	One-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2023 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	23 Central China 01	115016.SH	10 March 2023	13 March 2023	N/A	13 March 2026	10	3.68	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2023 Corporate Bonds Publicly Issued to Professional Investors (Tranche 2) of Central China Securities Co., Ltd.	23 Central China 02	115506.SH	9 June 2023	12 June 2023	N/A	14 June 2024	10	2.61	The principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

Name of bonds	Abbreviation	Code	Date of issuance	Value date	Latest resale date after 31 August 2024	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Lead underwriter	Trustee	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there are risks of termination of listing and trading
2023 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	23 Central China C1	115809.SH	17 August 2023	18 August 2023	N/A	18 August 2026	5	3.70	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Haitong Securities Company Limited	Haitong Securities Company Limited	Issuance to professional institutional investors	One-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 Central China 01	240528.SH	24 January 2024	25 January 2024	N/A	25 January 2027	7	2.90	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2024 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 Central China C1	240999.SH	3 June 2024	4 June 2024	N/A	4 June 2027	10	2.44	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Haitong Securities Company Limited	Haitong Securities Company Limited	Issuance to professional institutional investors	One-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
CCNFH 4 03/2025	Wending Zhongyuan	XS2420031523	16 March 2022	22 March 2022	N/A	22 March 2025	US\$88 million	4%	Semi-annual payment of interest and repayment of principal upon maturity	OTC trading	Central China International Securities Co., Limited, CMB International Capital Limited, CCB International Limited, CNCB (Hong Kong) Capital Limited, CMB Wing Lung Bank, China Galaxy International Securities (Hong Kong) Co., Limited, TFI Securities and Futures Limited	CMB Wing Lung (Trustee) Limited	None	OTC trading	No

### 2. Adjustment of credit rating results

Shanghai Brilliance Credit Rating & Investors Service Co, Ltd. issued the bond rating report on “24 Central China C1” on 28 April 2024, maintaining the AAA rating for the Company’s entity credit and AA+ rating for its bonds credit, with a stable rating outlook. Shanghai Brilliance Credit Rating & Investors Service Co, Ltd. issued the tracking rating report on “22 Central China C1” and “23 Central China C1” on 21 May 2024, maintaining the AAA rating for the Company’s entity credit and AA+ rating for its bonds credit, with a stable rating outlook.

### 3. Change and execution in guarantees, debt service plans and other debt service guarantees during the Reporting Period and their impact

Current status	Implementation	Change or not
The bonds were issued on an secured basis during the Reporting Period	Normal	No
The debt service plans were normal during the Reporting Period	Note 1	No
The other debt service guarantees were normal during the Reporting Period	Note 2, Note 3	No

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

Note 1: Debt service plans: The debt repayment plans of “21 Central China C1”, “22 Central China 01”, “22 Central China C1”, “23 Central China 01”, “23 Central China C1”, “24 Central China 01” and “24 Central China C1” are the same: The interest is paid once a year in the duration of the bonds, and the principal is paid upon maturity in full. The interest of “Wending Zhongyuan” is paid semi-annually in the duration of the bonds, and the principal is paid upon maturity in full.

Note 2: Debt service guarantees:

- (1) Corporate bonds: During the Reporting Period, the Company continued to strengthen the development of wealth management business, investment banking and investment business, securities proprietary business, capital intermediary and other businesses, boasting strong solvency and cash acquisition ability. The Company carried out fund management in strict accordance with the financial system, continuously optimized the asset and liability management according to the debt structure, strengthened the liquidity management, formulated annual and stage fund use plans, prepared the debt service funds in full and timely and made payments on time. Meanwhile, the Company protected the interests of bondholders by giving full play to the role of trustee, strictly implementing the Rules of the Bondholders’ Meeting, maintaining good liquidity, and establishing the solvency task force. During the Reporting Period, the annual interest payment of “22 Central China 01” was made on 26 February 2024, and the interest was paid in full as scheduled; “21 Central China 01” matured on 5 March 2024, and the principal and interest were paid in full as scheduled; the annual interest payment of “23 Central China 01” was made on 13 March 2024, and the interest was paid in full as scheduled; “23 Central China 02” matured on 14 June 2024, and the principal and interest were paid in full as scheduled; “Wending Zhongyuan” matures on 22 March 2025 and interest was paid in full on 22 September 2022, 22 March 2023, 22 September 2023 and 22 March 2024 on a timely basis. The Company was not expected to be unable to pay the principal and interest of the bonds on schedule and did not fail to pay the principal and interest of the bonds on schedule at maturity. Therefore, it did not increase the proportion of arbitrary surplus reserves and the proportion of general risk reserves, nor did it take such debt repayment protection measures as not distributing profits to shareholders, suspending the implementation of capital expenditure projects such as major overseas investment, acquisition and merger, reducing or suspending the salary and bonus of directors and senior management, and not transferring the main responsible personnel.
- (2) Subordinated bonds: During the Reporting Period, the Company protected the interests of bondholders by continuously improving the corporate governance structure and risk control system, giving full play to the role of bond trustee, strictly implementing the Rules of the Bondholders’ Meeting, designating special personnel to take charge of the repayment of principal and interest and making strict information disclosure. During the Reporting Period, there were no annual interest payments or redemption of subordinated bonds. The Company was not expected to be unable to pay the principal and interest of the bonds on schedule and did not fail to pay the principal and interest of the bonds on schedule at maturity. Therefore, it did not increase the proportion of arbitrary surplus reserves and the proportion of general risk reserves, nor did it take such debt repayment protection measures as not distributing profits to shareholders, suspending the implementation of capital expenditure projects such as major overseas investment, acquisition and merger, reducing or suspending the salary and bonus of directors and senior management, and not transferring the main responsible personnel.

Note 3: Other relevant situations: With regard to the implementation of other debt repayment protection measures, the Company strictly complied with the laws and regulations, engaged Huaxi Securities Co., Ltd, CSC Financial Co., Ltd, Haitong Securities Company Limited, Shenwan Hongyuan Securities Co., Ltd., CMB Wing Lung (Trustee) Limited as the bond trustees, protected the interests of bondholders in accordance with the signed “Bond Management Agreement”, and strictly implemented the fund management plans and information disclosure requirements. The above measures are consistent with the prospectus.

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### (II). Proceeds from the corporate bonds

**Bond code: 240528.SH Bond abbreviation: 24 Central China 01**

#### 1. Basic information

Unit: 100 million Currency: RMB

2024 Corporate Bonds Publicly Issued to  
Professional Investors (Tranche 1) of  
Central China Securities Co., Ltd.

##### Full name of the bond

Whether it is a specialized type of bond	No
Total funds raised	7.00
Balance of funds raised at the end of the Reporting Period	0.00
Balance of the special account for funds raised at the end of the Reporting Period	0.00

#### 2. Changes and adjustments of the use of proceeds

Intended use of proceeds (please list in full) The proceeds of the bonds, net of issuance costs, are intended to be used to repay interest-bearing debt.

Whether to change and adjust the use of proceeds No

#### 3. Actual use of proceeds (excluding temporary replenishment)

Unit: 100 million Currency: RMB

Actual amount of proceeds utilized during the Reporting Period	7.00
3.1.1 Amount of interest-bearing debt repayment (excluding corporate bonds)	2.56
3.1.2 Repayment of interest-bearing debt (excluding corporate bonds)	Repayment of RMB256 million of income certificates issued by the Company
3.2.1 Amount of repayment of corporate bonds	4.44
3.2.2 Repayment of corporate bonds	Repayment of interest of RMB64 million on 22 Central China 01 and repayment of principal and interest of RMB380 million on 21 Central China 01
3.3.1 Amount of liquidity replenishment	0.00
3.3.2 Liquidity replenishment	None
3.4.1 Amount invested in fixed asset projects	0.00
3.4.2 Investment in fixed asset projects	None
3.5.1 Amount of equity investments, debt investments or asset acquisitions	0.00
3.5.2 Equity investments, debt investments or asset acquisitions	None
3.6.1 Amount of other uses	0.00
3.6.2 Specifics of other uses	None



## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### 4. Use of proceeds for specific projects

4.1	Whether the proceeds will be used for fixed asset investment projects or other specific projects such as equity investment, debenture investment or asset acquisition	No
4.2	Whether there were any significant changes in the project during the Reporting Period or it may affect the plan for investment and utilization of the proceeds	No
4.3	Whether the net income of the project at the end of the Reporting Period has decreased by more than 50% as compared with that disclosed in the prospectus and other documents, or whether any other material unfavorable events have occurred during the Reporting Period that may affect the actual operation of the project	No
4.4	Other matters requiring disclosure for project construction	None

### 5. Temporary replenishment

The proceeds raised during the Reporting Period were not used for temporary replenishment of liquidity.

### 6. Compliance of fund raising

Actual use of proceeds as at the end of the Reporting Period (including actual use and temporary replenishment)	For repayment of interest-bearing liabilities
Whether the actual use is consistent with the intended use (including the intended use in the prospectus and the use after compliance change)	Yes
Whether the management and use of cash accounts raised during the Reporting Period were compliance or not	Yes
Whether the use of proceeds complied with regulations on local government debt management	N/A

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

**Bond code: 240999.SH Bond abbreviation: 24 Central China C1**

### 1. Basic information

Unit: 100 million Currency: RMB

Full name of the bond	2024 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.
Whether it is a specialized type of bond	No
Total funds raised	10.00
Balance of funds raised at the end of the Reporting Period	0.00
Balance of the special account for funds raised at the end of the Reporting Period	0.00

### 2. Changes and adjustments of the use of proceeds

Intended use of proceeds	The proceeds of the bonds, net of issuance costs, are intended to be used to repay interest-bearing debt.
Whether to change and adjust the use of proceeds	No

### 3. Actual use of proceeds (excluding temporary replenishment)

Unit: 100 million Currency: RMB

Actual amount of proceeds utilized during the Reporting Period	10.00
3.1.1 Amount of interest-bearing debt repayment (excluding corporate bonds)	0.00
3.1.2 Repayment of interest-bearing debt (excluding corporate bonds)	None
3.2.1 Amount of repayment of corporate bonds	10.00
3.2.2 Repayment of corporate bonds	Repayment of RMB1,000 million principal of 23 Central China 02
3.3.1 Amount of liquidity replenishment	0.00
3.3.2 Liquidity replenishment	None
3.4.1 Amount invested in fixed asset projects	0.00
3.4.2 Investment in fixed asset projects	None
3.5.1 Amount of equity investments, debt investments or asset acquisitions	0.00
3.5.2 Equity investments, debt investments or asset acquisitions	None
3.6.1 Amount of other uses	0.00
3.6.2 Specifics of other uses	None

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### 4. *Use of proceeds for specific projects*

4.1	Whether the proceeds will be used for fixed asset investment projects or other specific projects such as equity investment, debenture investment or asset acquisition	No
4.2	Whether there were any significant changes in the project during the Reporting Period or it may affect the plan for investment and utilization of the proceeds	No
4.3	Whether the net income of the project at the end of the Reporting Period has decreased by more than 50% as compared with that disclosed in the prospectus and other documents, or whether any other material unfavorable events have occurred during the Reporting Period that may affect the actual operation of the project	No
4.4	Other matters requiring disclosure for project construction	None

### 5. *Temporary replenishment*

The proceeds raised during the Reporting Period were not used for temporary replenishment of liquidity.

### 6. *Compliance of fund raising*

Actual use of proceeds as at the end of the Reporting Period (including actual use and temporary replenishment)	For repayment of interest-bearing liabilities	
Whether the actual use is consistent with the intended use (including the intended use in the prospectus and the use after compliance change)		Yes
Whether the management and use of cash accounts raised during the Reporting Period were compliance or not		Yes
Whether the use of proceeds complied with regulations on local government debt management		N/A

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### (III). Significant events relating to the Company's bonds during the Reporting Period

#### 1. Non-operating current account and capital borrowings

- (1). Balance of non-operating current account and capital borrowings

At the beginning of the Reporting Period, the balance of the Company's consolidated accounts receivable for current account and capital borrowings to other parties that are not directly attributable to production and operations (hereinafter referred to as non-operating current account and capital borrowings): RMB0.00 billion;

During the Reporting Period, there was not any non-compliance with the relevant covenants or undertakings in the prospectus in respect of non-operating current account and capital borrowings

At the end of the Reporting Period, the total amount of uncollected non-operating current account and capital borrowings: RMB0.00 billion

- (2). Breakdown of non-operating current account and capital borrowings

At the end of the Reporting Period, uncollected non-operating current accounts and capital borrowings of the Company's consolidated accounts as a percentage of the net assets of the consolidated accounts: 0.00%; Not exceeding 10% of the net assets of the combined accounts

- (3). Implementation of payback arrangements disclosed in previous Reporting Periods: The Company does not involve non-operating current account and capital borrowings and related payback arrangements.

#### 2. Debt position

- (1). Interest-bearing debt and changes therein

##### 1.1 Debt structure of the Company

At the beginning of the Reporting Period and at the end of the Reporting Period, the Company's (non-consolidated) interest-bearing debt balance amounted to RMB22,069 million and RMB22,322 million, respectively, with a year-on-year change of 1.15% in the balance of interest-bearing debt during the Reporting Period.

Unit: 100 million Currency: RMB

Type of interest-bearing debt	Overdue	Expiry time	Over 6 months	Total amount	Percentage of interest-bearing debt (%)
		Within 6 months (inclusive)			
Corporate credit bonds		11.64	57.43	69.07	30.94
Bank loans					
Loans from non-bank financial institutions					
Other interest-bearing debt		152.88	1.28	154.16	69.06
Total		164.52	58.71	223.22	100.00

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

Note: Interest-bearing debt includes short-term loans, Short-term financing instruments payable, due to banks and other financial institutions, financial assets sold under repurchase agreements, bonds payable; the Company's corporate credit bonds including corporate bonds, subordinated bonds, and overseas US dollar bonds; the balance of the bond includes accrued interest, same below.

At the end of the Reporting Period, among the Company's corporate credit bonds in existence, the balance of corporate bonds amounted to RMB6,907 million, the balance of enterprise bonds amounted to RMB0 billion, the balance of non-financial corporate debt financing instruments amounted to RMB0 billion, and a total of RMB1,148 million of corporate credit bonds were due for maturity or resale within the period from September to December 2024 to make repayments.

### 1.2 Interest-bearing debt structure of the Company's consolidated accounts

At the beginning of the Reporting Period and at the end of the Reporting Period, the balance of the Company's interest-bearing debt within the scope of the Company's consolidated financial statements amounted to RMB22,697 million and RMB22,962 million, respectively, and there was a year-on-year change of 1.17% in the balance of the Company's interest-bearing debt during the Reporting Period.

Unit: 100 million Currency: RMB

Type of interest-bearing debt	Expiry time		Total amount	Percentage of interest-bearing debt (%)	
	Overdue	Within 6 months (inclusive)			Over 6 months
Corporate credit bonds		11.71	63.69	75.39	32.83
Bank loans		0.00	0.07	0.07	0.03
Loans from non-bank financial institutions					
Other interest-bearing debt		152.88	1.28	154.16	67.14
Total		164.59	65.03	229.62	100.00

At the end of the Reporting Period, among the Company's corporate credit bonds of consolidated accounts in existence, the balance of corporate bonds amounted to RMB6,907 million, the balance of overseas US dollar bonds amounted to RMB633 million, the balance of enterprise bonds amounted to RMB0 billion, the balance of non-financial corporate debt financing instruments amounted to RMB0 billion, and a total of RMB1,155 million of corporate credit bonds were due for maturity or resale within the period from September to December 2024 to make repayments.

### 1.3 Overseas bonds

As at the end of the Reporting Period, the balance of overseas bonds issued within the scope of the Company's consolidated statements amounted to RMB633 million, including principal RMB626 million and interest RMB7 million, and the balance of overseas bonds maturing within September to December 2024 amounted to RMB7 million, for the interest paid on overseas bonds.

- (2). At the end of the Reporting Period, the Company and its subsidiaries had not interest-bearing debt or corporate credit bonds with overdue amounts exceeding RMB10 million

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### (3). Major liabilities and reasons for changes

Unit: Yuan Currency: RMB

Liabilities	Balance at the end of the period	Balance in 2023	Percentage of change (%)	If the percentage of change exceeds 30%, state the reason
Short-term loans	7,007,583.33	0.00	N/A	Mainly due to the increase in guaranteed loans at the end of the period
Short-term financing instruments payable	4,701,910,586.08	4,075,723,383.58	15.36	
Due to banks and other financial institutions	3,604,610,111.02	3,297,906,994.48	9.30	
Derivative financial liabilities	25,865,374.81	18,033,779.39	43.43	Mainly due to the effect of changes in income swaps etc. at the end of the period
Financial assets sold under repurchase agreements	10,772,168,938.00	10,602,387,479.57	1.60	
Accounts payable to brokerage clients	12,328,816,339.92	11,538,050,603.00	6.85	
Taxes payable	36,796,720.06	26,436,859.31	39.19	Mainly attributable to the increase in enterprise income tax payable at the end of the period
Bonds payable	3,876,323,737.62	4,721,201,165.26	-17.90	
Other liabilities	421,378,610.86	304,998,778.26	38.16	Mainly attributable to the increase in dividend payable at the end of the period

## SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

### (IV). Key accounting data and financial indicators

Unit: Yuan Currency: RMB

Principal indicators	At the end of the Reporting Period	As at the end of last year	Increase/decrease as at the end of the Reporting period as compared with the end of last year (%)	The reason of the change
Current ratio	1.64	1.69	-2.96	
Quick ratio	1.64	1.69	-2.96	
Gearing ratio (%)	65.07	64.77	0.46	
	The Reporting Period (January-June)	The corresponding period of last year	Increase/Decrease for the Reporting period as compared with the corresponding period of last year (%)	The reason of the change
Net profit after non-recurring profit or loss	197,291,564.12	156,041,312.09	26.44	Mainly due to the increase in net profit
Debt-to-EBITDA ratio	2.32	2.02	14.85	
Interest coverage ratio	1.72	1.59	8.18	
Cash interest coverage ratio	8.35	-1.9	N/A	It was mainly attributable to the decrease in cash outflows as a result of the year-on-year decrease in investments in financial assets for trading during the period.
EBITDA interest coverage ratio	1.93	1.76	9.66	
Loan repayment ratio (%)	100	100	0.00	
Interest payment ratio (%)	100	100	0.00	

# SECTION 8 REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## Review Report

XYZH/2024BJAB2B0850  
Central China Securities Co., Ltd.

### To the Shareholders of Central China Securities Co., Ltd.:

We have reviewed the attached financial statements of Central China Securities Co., Ltd. (hereinafter referred to as the "Company"), including the consolidated and the Company's balance sheet as at June 30th, 2024, the consolidated and the Company's income statement, the consolidated and the Company's cash flow statement, the consolidated and the Company's change of equity statement for the period from January to June 2024, and notes to the financial statements. The preparation and fair presentation of these financial statements are the responsibility of the management of the Company. Our responsibility is to issue a review report on these financial statements based on the implementation of the review work.

We have carried out the review business in accordance with the provisions of the Review Standards for Chinese Certified Public Accountants No. 2101 — Review of Financial Statements. The standard requires us to plan and implement the review to obtain limited assurance about whether the financial statements are free from material misstatement. The review is limited primarily to making enquiries of relevant personnel of the Company and performing analytical procedures on financial data, and provides a lesser degree of assurance than an audit. We have not conducted an audit and therefore do not express an audit opinion.

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

ShineWing Certified Public Accountants (LLP)

Chinese Certified Public Accountant: Cui weiwei

Chinese Certified Public Accountant: Qi xiaorui

Beijing, China  
August 30th, 2024



# CONSOLIDATED BALANCE SHEET

June 30th, 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	June 30th, 2024	December 31st, 2023
<b>Assets:</b>			
Cash and bank balances	VI. 1	10,695,892,142.46	9,977,189,628.79
Including: Client's capital deposit		8,919,476,068.13	8,158,103,606.55
Clearing settlement funds	VI. 2	3,315,933,885.12	3,449,978,421.75
Including: Client's reserve funds		3,153,376,380.06	3,326,385,837.63
Margin accounts receivable	VI. 3	7,020,388,201.32	7,604,853,831.45
Derivative financial assets	VI. 4	144,656,802.36	27,910,148.17
Refundable deposits	VI. 5	1,364,900,624.49	1,086,792,208.93
Accounts receivable	VI. 6	642,861,932.80	421,115,609.11
Financial assets held under resale agreements	VI. 7	1,055,564,573.45	1,010,201,346.03
Financial investment:			
Financial assets held for trading	VI. 8	25,779,397,763.24	24,271,207,692.01
Debt investments	VI. 9	115,318,191.84	120,370,451.85
Other debt investments	VI. 10	317,460,156.28	410,921,462.71
Investments in other equity instruments	VI. 11	1,400,000.00	1,400,000.00
Long-term equity investments	VI. 12	1,039,966,974.91	1,443,058,245.16
Investment properties	VI. 13	23,963,881.89	24,481,026.28
Fixed assets	VI. 14	180,233,973.31	184,463,914.69
Construction in progress	VI. 15	203,155,227.10	189,352,396.39
Right-of-use assets	VI. 16	131,125,070.04	162,370,774.73
Intangible assets	VI. 17	272,871,575.66	282,630,372.07
Deferred income tax assets	VI. 18	613,791,719.19	593,075,296.91
Goodwill	VI. 19	7,268,756.37	7,268,756.37
Other assets	VI. 20	272,645,678.48	433,042,189.06
<b>Total assets</b>		<b>53,198,797,130.31</b>	<b>51,701,683,772.46</b>

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30th, 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	June 30th, 2024	December 31st, 2023
<b>Liabilities:</b>			
Short-term loans	VI. 23	7,007,583.33	
Short-term financing instruments payable	VI. 24	4,701,910,586.08	4,075,723,383.58
Due to banks and other financial institutions	VI. 25	3,604,610,111.02	3,297,906,994.48
Financial liabilities held for trading	VI. 26	1,767,863,089.60	1,389,611,181.03
Derivative financial liabilities	VI. 4	25,865,374.81	18,033,779.39
Financial assets sold under repurchase agreements	VI. 27	10,772,168,938.00	10,602,387,479.57
Accounts payable to brokerage clients	VI. 28	12,328,816,339.92	11,538,050,603.00
Employee benefits payable	VI. 29	580,501,160.89	515,503,839.70
Taxes payable	VI. 30	36,796,720.06	26,436,859.31
Accounts payable	VI. 31	654,069,610.19	873,013,344.30
Contract liabilities	VI. 32	6,070,321.87	7,881,833.37
Bonds payable	VI. 33	3,876,323,737.62	4,721,201,165.26
Lease liabilities	VI. 34	125,333,374.66	159,674,911.48
Deferred income tax liabilities	VI. 18	15,224,904.45	20,759,933.82
Other liabilities	VI. 35	421,378,610.86	304,998,778.26
<b>Total liabilities</b>		<b>38,923,940,463.36</b>	<b>37,551,184,086.55</b>
<b>Shareholders' equity:</b>			
Share capital	VI. 36	4,642,884,700.00	4,642,884,700.00
Capital reserve	VI. 37	6,272,989,406.58	6,269,993,825.68
Other comprehensive income	VI. 38	70,655,415.96	63,695,070.78
Surplus reserve	VI. 39	1,002,549,897.12	1,002,549,897.12
General risk reserve	VI. 40	1,682,241,714.74	1,681,171,705.39
Undistributed profits	VI. 41	377,662,122.01	242,467,397.11
Total equity attributable to shareholders of the parent company		14,048,983,256.41	13,902,762,596.08
Non-controlling interests		225,873,410.54	247,737,089.83
<b>Total shareholders' equity:</b>		<b>14,274,856,666.95</b>	<b>14,150,499,685.91</b>
<b>Total liabilities and shareholders' equity</b>		<b>53,198,797,130.31</b>	<b>51,701,683,772.46</b>

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED INCOME STATEMENT

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2024	Jan-June 2023
<b>I. Total operating income</b>		<b>1,198,670,567.05</b>	1,045,764,808.74
Net interest income	VI. 42	<b>78,626,368.95</b>	74,549,752.14
Including: Interest income		<b>388,806,227.22</b>	408,776,946.69
Interest expenses		<b>310,179,858.27</b>	334,227,194.55
Net fee and commission income	VI. 43	<b>319,162,088.55</b>	354,691,731.73
Including: Brokerages business		<b>248,077,408.62</b>	266,688,348.59
Investment banking		<b>25,574,336.50</b>	24,912,750.46
Assets management		<b>13,810,436.36</b>	29,024,498.87
Investment income (loss stated with "-")	VI. 44	<b>675,775,506.06</b>	465,620,838.47
Including: Investment income from associates and joint ventures		<b>-27,503,805.08</b>	-1,906,946.49
Gains on changes in fair value (loss stated with "-")	VI. 45	<b>-120,698,919.06</b>	49,203,610.65
Gains on foreign exchange (loss stated with "-")		<b>-167,332.82</b>	1,174,487.59
Other operating income	VI. 46	<b>240,605,710.27</b>	84,195,470.35
Gains from assets disposal (loss stated with "-")	VI. 47	<b>-1,027.90</b>	-1,269.07
Other income	VI. 48	<b>5,368,173.00</b>	16,330,186.88
<b>II. Total operating cost</b>		<b>983,880,443.99</b>	856,442,136.41
Taxes and surcharges	VI. 49	<b>6,350,184.94</b>	5,153,706.85
Business and administrative expenses	VI. 50	<b>712,644,577.89</b>	762,484,505.96
Loss on impairment of credit	VI. 51	<b>26,164,774.93</b>	6,623,958.85
Other assets impairment losses	VI. 52	<b>2,964,419.83</b>	376,521.12
Other operating costs	VI. 53	<b>235,756,486.40</b>	81,803,443.63
<b>III. Operating profit (loss stated with "-")</b>		<b>214,790,123.06</b>	189,322,672.33
Add: Non-operating income	VI. 54	<b>1,598,648.85</b>	692,374.81
Less: Non-operating expenses	VI. 55	<b>1,741,100.80</b>	1,945,320.84
<b>IV. Profit before tax (loss stated with "-")</b>		<b>214,647,671.11</b>	188,069,726.30
Less: Income tax expenses	VI. 56	<b>35,246,230.35</b>	24,340,213.81
<b>V. Net profit (net loss stated with "-")</b>		<b>179,401,440.76</b>	163,729,512.49
<b>(I) Classified by continuity of operations</b>			
1. Net profit from continuing operations (net loss stated with "-")		<b>179,401,440.76</b>	163,729,512.49
2. Net profit from discontinued operations (net loss stated with "-")			
<b>(II) Classified by ownership</b>			
1. Net profit attributable to owners of the parent company (net loss stated with "-")		<b>201,265,120.05</b>	167,282,207.98
2. Net profit attributable to non-controlling interests (net loss stated with "-")		<b>-21,863,679.29</b>	-3,552,695.49

# CONSOLIDATED INCOME STATEMENT (CONTINUED)

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2024	Jan-June 2023
<b>VI. Other comprehensive income after tax</b>		<b>6,960,345.18</b>	13,884,498.91
Items attributable to owners of the parent company		<b>6,960,345.18</b>	13,884,498.91
(I) Not to be reclassified subsequently to profit or loss			
(II) To be reclassified subsequently to profit or loss		<b>6,960,345.18</b>	13,884,498.91
1. Items that will be reclassified to profit or loss under equity method		<b>523,188.92</b>	-1,853,847.39
2. Changes in fair value of other debt investments		<b>3,361,315.14</b>	16,915,051.72
3. Provision for credit losses on other debt investments		<b>-54,815.97</b>	-18,512,206.01
4. Translation differences of foreign currency financial statements		<b>3,130,657.09</b>	17,335,500.59
Items attributable to non-controlling interests			
<b>VII. Total comprehensive income</b>		<b>186,361,785.94</b>	177,614,011.40
Items attributable to owners of the parent company		<b>208,225,465.23</b>	181,166,706.89
Items attributable to non-controlling interests		<b>-21,863,679.29</b>	-3,552,695.49
<b>VIII. Earnings per share (EPS):</b>			
(I) Basic EPS (RMB/share)	VI. 57	<b>0.04</b>	0.04
(II) Diluted EPS (RMB/share)		<b>0.04</b>	0.04

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED CASH FLOW STATEMENT

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2024	Jan-June 2023
<b>I. Cash flows from operating activities:</b>			
Cash receipt from interest, fees and commissions		956,650,910.54	964,284,802.33
Net increase in due to banks and other financial institutions		305,000,000.00	100,000,000.00
Net increase of repurchase business		171,913,373.69	3,996,450,440.32
Net decrease in margin accounts receivable		553,881,460.85	
Cash received from brokerage clients		790,765,736.92	914,560,706.85
Other cash received related to operating activities	VI. 58	491,641,379.44	442,219,152.56
<b>Subtotal of cash inflows from operating activities</b>		<b>3,269,852,861.44</b>	<b>6,417,515,102.06</b>
Net increase of financial instruments held for trading		673,280,991.34	4,882,769,475.62
Cash payments of interest, fees and commissions		320,333,680.54	286,084,845.13
Net increase of resale business		40,143,454.27	225,404,527.66
Net increase in margin accounts receivable			154,122,518.30
Cash payments to and on behalf of employees		443,390,258.14	705,961,140.31
Cash payments of taxes		88,531,000.32	118,623,137.57
Other cash payments related to operating activities	VI. 58	847,326,696.62	608,670,756.34
<b>Subtotal of cash outflows from operating activities</b>		<b>2,413,006,081.23</b>	<b>6,981,636,400.93</b>
<b>Net cash flows from operating activities</b>	VI. 58	<b>856,846,780.21</b>	<b>-564,121,298.87</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from investment recovery		144,734,675.77	1,623,923,798.52
Cash received from investment income		33,010,006.11	61,244,637.74
Cash received from disposal of fixed assets, intangible assets and other long-term assets		1,527,034.40	318,099.56
<b>Subtotal of cash inflows from investing activities</b>		<b>179,271,716.28</b>	<b>1,685,486,535.82</b>
Cash payments to acquire fixed assets, intangible assets and other long-term assets		52,003,779.78	104,115,679.91
<b>Subtotal of cash outflows from investing activities</b>		<b>52,003,779.78</b>	<b>104,115,679.91</b>
<b>Net cash flows from investing activities</b>		<b>127,267,936.50</b>	<b>1,581,370,855.91</b>
<b>III. Cash flows from financing activities:</b>			
Cash received from loans		7,000,000.00	7,867,100.00
Cash received from issuance of bonds		3,235,689,711.12	5,893,945,356.85
<b>Subtotal of cash inflows from financing activities</b>		<b>3,242,689,711.12</b>	<b>5,901,812,456.85</b>
Cash repayments of borrowings		3,414,765,922.00	5,040,407,862.92
Cash payments for distribution of dividends or profit or interest expenses		190,083,721.49	213,674,358.27
Including: Cash payments of subsidiaries to non-controlling shareholders as distribution of dividends or profit			
Other cash payments related to financing activities	VI. 58	38,798,727.36	154,985,392.82
<b>Subtotal of cash outflows from financing activities</b>		<b>3,643,648,370.85</b>	<b>5,409,067,614.01</b>
<b>Net cash flows from financing activities</b>		<b>-400,958,659.73</b>	<b>492,744,842.84</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>-167,332.82</b>	<b>1,174,487.59</b>
<b>V. Net increase in cash and cash equivalents</b>		<b>582,988,724.16</b>	<b>1,511,168,887.47</b>
<b>Add: Opening balance of cash and cash equivalents</b>		<b>13,393,530,130.84</b>	<b>13,297,323,968.54</b>
<b>VI. Closing balance of cash and cash equivalents</b>	VI. 58	<b>13,976,518,855.00</b>	<b>14,808,492,856.01</b>

Legal representative:  
Lu Zhili

Officer in charge of accounting:  
Guo Liangyong

Head of accounting department:  
Han Xihua

# CONSOLIDATED CHANGE OF EQUITY STATEMENT

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Jan-June 2024								
	Equity attributable to shareholders of the parent company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
<b>I. Balance at the end of prior year</b>	4,642,884,700.00	6,269,993,825.68	63,695,070.78	1,002,549,897.12	1,681,171,705.39	242,467,397.11	13,902,762,596.08	247,737,089.83	14,150,499,685.91
Add: Changes in accounting policies									
Correction of prior-period errors									
Others									
<b>II. Balance at the beginning of current period</b>	4,642,884,700.00	6,269,993,825.68	63,695,070.78	1,002,549,897.12	1,681,171,705.39	242,467,397.11	13,902,762,596.08	247,737,089.83	14,150,499,685.91
<b>III. Increase or decrease in the current period</b>		2,995,580.90	6,960,345.18		1,070,009.35	135,194,724.90	146,220,660.33	-21,863,679.29	124,356,981.04
1. Total comprehensive income			6,960,345.18			201,265,120.05	208,225,465.23	-21,863,679.29	186,361,785.94
2. Shareholder's inputs and decreases in capital									
(1) Ordinary shares invested by shareholders									
(2) Capital contributed by holders of other equity instruments									
(3) Amount of share-based payment included in shareholders' equity									
(4) Others									
3. Profit distribution					1,070,009.35	-66,070,395.15	-65,000,385.80		-65,000,385.80
(1) Appropriation to surplus reserve									
(2) Appropriation to general risk reserve					1,070,009.35	-1,070,009.35			
(3) Distribution to shareholders						-65,000,385.80	-65,000,385.80		-65,000,385.80
(4) Others									
4. Internal carry-forward of shareholders' equity									
(1) Transfer of capital reserve to share capital									
(2) Transfer of surplus reserve to share capital									
(3) Surplus reserve to cover loss									
(4) Others									
5. Others		2,995,580.90					2,995,580.90		2,995,580.90
<b>IV. Balance at the end of current period</b>	4,642,884,700.00	6,272,989,406.58	70,655,415.96	1,002,549,897.12	1,682,241,714.74	377,662,122.01	14,048,983,256.41	225,873,410.54	14,274,856,666.95

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# CONSOLIDATED CHANGE OF EQUITY STATEMENT (CONTINUED)

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Jan-June 2023								
	Equity attributable to shareholders of the parent company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
<b>I. Balance at the end of prior year</b>	4,642,884,700.00	6,304,933,461.30	62,923,244.73	942,510,767.79	1,593,318,760.87	211,258,110.35	13,757,829,045.04	449,544,528.41	14,207,373,573.45
Add: Changes in accounting policies									
Correction of prior-period errors									
Others									
<b>II. Balance at the beginning of current period</b>	4,642,884,700.00	6,304,933,461.30	62,923,244.73	942,510,767.79	1,593,318,760.87	211,258,110.35	13,757,829,045.04	449,544,528.41	14,207,373,573.45
<b>III. Increase or decrease in the current period</b>									
1. Total comprehensive income		-35,121,903.43	13,884,498.91		1,106,475.45	133,675,539.63	113,544,610.56	-193,982,642.06	-80,438,031.50
2. Shareholder's inputs and decreases in capital		-35,121,903.43				167,282,207.98	181,166,706.89	-3,552,695.49	177,614,011.40
(1) Ordinary shares invested by shareholders								-156,700,000.00	-156,700,000.00
(2) Capital contributed by holders of other equity instruments									
(3) Amount of share-based payment included in shareholders' equity									
(4) Others		-35,121,903.43					-35,121,903.43	-33,729,946.57	-68,851,850.00
3. Profit distribution					1,106,475.45	-33,606,668.35	-32,500,192.90		-32,500,192.90
(1) Appropriation to surplus reserve									
(2) Appropriation to general risk reserve					1,106,475.45	-1,106,475.45			
(3) Distribution to shareholders						-32,500,192.90	-32,500,192.90		-32,500,192.90
(4) Others									
4. Internal carry-forward of shareholders' equity									
(1) Transfer of capital reserve to share capital									
(2) Transfer of surplus reserve to share capital									
(3) Surplus reserve to cover loss									
(4) Others									
5. Others									
<b>IV. Balance at the end of current period</b>	4,642,884,700.00	6,269,811,557.87	76,807,743.64	942,510,767.79	1,594,425,236.32	344,933,649.98	13,871,373,655.60	255,561,886.35	14,126,935,541.95

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY BALANCE SHEET

June 30th, 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	June 30th, 2024	December 31st, 2023
<b>Assets:</b>			
Cash and bank balances		<b>8,768,694,647.78</b>	8,550,531,169.86
Including: Client's capital deposit		<b>8,133,544,257.91</b>	7,730,567,433.48
Clearing settlement funds		<b>2,677,613,400.22</b>	2,680,558,952.00
Including: Client's reserve funds		<b>2,239,949,445.80</b>	2,457,296,427.57
Margin accounts receivable		<b>6,940,462,444.17</b>	7,477,731,878.81
Derivative financial assets		<b>144,656,802.36</b>	27,801,748.17
Refundable deposits		<b>397,023,673.32</b>	399,505,469.12
Accounts receivable		<b>305,971,304.74</b>	323,798,652.74
Financial assets held under resale agreements		<b>1,055,564,573.45</b>	966,171,800.30
Financial investment:			
Financial assets held for trading		<b>23,567,195,651.62</b>	21,760,263,800.20
Other debt investments		<b>317,460,156.28</b>	410,921,462.71
Long-term equity investments	XVII. 1	<b>4,676,207,083.94</b>	4,826,207,083.94
Investment properties		<b>20,671,070.51</b>	21,153,862.58
Fixed assets		<b>165,865,420.65</b>	169,060,819.16
Construction in progress		<b>203,155,227.10</b>	189,352,396.39
Right-of-use assets		<b>112,187,049.01</b>	138,989,177.50
Intangible assets		<b>269,320,439.01</b>	279,498,159.36
Deferred income tax assets		<b>401,265,470.33</b>	391,274,709.40
Other assets		<b>92,023,121.32</b>	261,409,676.97
<b>Total assets</b>		<b>50,115,337,535.81</b>	48,874,230,819.21

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**



# COMPANY BALANCE SHEET (CONTINUED)

June 30th, 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	June 30th, 2024	December 31st, 2023
<b>Liabilities:</b>			
Short-term financing instruments payable		4,069,357,883.75	4,075,723,383.58
Due to banks and other financial institutions		3,604,610,111.02	3,297,906,994.48
Financial liabilities held for trading		1,354,841,696.18	811,046,276.67
Derivative financial liabilities		25,859,474.81	18,033,779.39
Financial assets sold under repurchase agreements		10,772,168,938.00	10,601,958,426.84
Accounts payable to brokerage clients		10,039,881,283.17	9,736,870,859.14
Employee benefits payable		557,960,543.13	486,377,132.41
Taxes payable		35,882,057.52	17,144,733.87
Accounts payable		633,605,174.40	858,784,459.23
Contract liabilities		2,702,075.45	2,018,113.19
Bonds payable		3,876,323,737.62	4,093,649,002.32
Lease liabilities		106,535,324.75	136,547,358.56
Deferred income tax liabilities		9,847,194.23	438,286.06
Other liabilities		224,216,540.27	184,171,076.67
<b>Total liabilities</b>		<b>35,313,792,034.30</b>	34,320,669,882.41
<b>Shareholders' equity:</b>			
Share capital		4,642,884,700.00	4,642,884,700.00
Capital reserve		6,606,160,370.84	6,606,160,370.84
Other comprehensive income		4,809,359.03	1,502,859.86
Surplus reserve		1,002,549,897.12	1,002,549,897.12
General risk reserve		1,611,641,875.89	1,610,571,866.54
Undistributed profits		933,499,298.63	689,891,242.44
<b>Total shareholders' equity:</b>		<b>14,801,545,501.51</b>	14,553,560,936.80
<b>Total liabilities and shareholders' equity</b>		<b>50,115,337,535.81</b>	48,874,230,819.21

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY INCOME STATEMENT

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2024	Jan-June 2023
<b>I. Total operating income</b>		<b>986,132,109.49</b>	884,141,476.38
Net interest income	XVII. 2	<b>63,291,923.95</b>	77,405,411.59
Including: Interest income		<b>355,637,260.85</b>	392,328,341.98
Interest expenses		<b>292,345,336.90</b>	314,922,930.39
Net fee and commission income	XVII. 3	<b>277,423,048.01</b>	288,354,797.73
Including: Brokerages business		<b>216,477,371.25</b>	221,593,355.15
Investment banking		<b>22,472,530.42</b>	24,197,178.83
Assets management		<b>13,659,261.49</b>	13,982,484.13
Investment income (loss stated with "-")	XVII. 4	<b>513,782,054.22</b>	409,418,855.83
Including: Investment income from associates and joint ventures			
Gains on changes in fair value (loss stated with "-")		<b>120,519,493.63</b>	90,457,957.52
Gains on foreign exchange (loss stated with "-")		<b>33,275.58</b>	270,871.95
Other operating income		<b>5,825,440.66</b>	2,030,524.36
Gains from assets disposal (loss stated with "-")		<b>72.87</b>	
Other income		<b>5,256,800.57</b>	16,203,057.40
<b>II. Total operating cost</b>		<b>630,164,284.63</b>	679,773,615.86
Taxes and surcharges		<b>5,625,274.41</b>	4,236,640.24
Business and administrative expenses	XVII. 5	<b>634,190,307.05</b>	669,055,633.77
Loss on impairment of credit		<b>-10,134,088.90</b>	5,885,697.02
Other assets impairment losses			
Other operating costs		<b>482,792.07</b>	595,644.83
<b>III. Operating profit (loss stated with "-")</b>		<b>355,967,824.86</b>	204,367,860.52
Add: Non-operating income		<b>650,875.87</b>	584,485.15
Less: Non-operating expenses		<b>1,320,219.43</b>	1,468,853.27
<b>IV. Profit before tax (loss stated with "-")</b>		<b>355,298,481.30</b>	203,483,492.40
Less: Income tax expenses		<b>45,620,029.96</b>	27,466,143.92
<b>V. Net profit (net loss stated with "-")</b>		<b>309,678,451.34</b>	176,017,348.48
Net profit from continuing operations (net loss stated with "-")		<b>309,678,451.34</b>	176,017,348.48
Net profit from discontinued operations (net loss stated with "-")			
<b>VI. Other comprehensive income after tax</b>		<b>3,306,499.17</b>	-1,597,154.29
(I) Not to be reclassified subsequently to profit or loss			
(II) To be reclassified subsequently to profit or loss		<b>3,306,499.17</b>	-1,597,154.29
1. Items that will be reclassified to profit or loss under equity method			
2. Changes in fair value of other debt investments		<b>3,361,315.14</b>	16,915,051.72
3. Provision for credit losses on other debt investments		<b>-54,815.97</b>	-18,512,206.01
4. Translation differences of foreign currency financial statements			
<b>VII. Total comprehensive income</b>		<b>312,984,950.51</b>	174,420,194.19

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY CASH FLOW STATEMENT

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2024	Jan-June 2023
<b>I. Cash flows from operating activities:</b>			
Cash receipt from interest, fees and commissions		785,475,502.37	833,330,487.16
Net increase in due to banks and other financial institutions		305,000,000.00	100,000,000.00
Net increase of repurchase business		172,390,000.00	4,162,148,428.58
Net decrease in margin accounts receivable		529,287,584.05	
Cash received from brokerage clients		303,010,424.03	577,680,914.05
Other cash received related to operating activities		219,102,921.40	365,265,885.87
<b>Subtotal of cash inflows from operating activities</b>		<b>2,314,266,431.85</b>	<b>6,038,425,715.66</b>
Net increase of financial instruments held for trading		965,183,489.19	5,159,525,882.94
Cash payments of interest, fees and commissions		227,611,764.87	256,064,591.10
Net increase of resale business		84,173,000.00	219,465,132.60
Net increase in margin accounts receivable			139,207,546.75
Cash payments to and on behalf of employees		386,419,693.07	633,022,006.16
Cash payments of taxes		63,065,622.93	98,926,391.17
Other cash payments related to operating activities		186,185,248.96	163,617,560.85
<b>Subtotal of cash outflows from operating activities</b>		<b>1,912,638,819.02</b>	<b>6,669,829,111.57</b>
<b>Net cash flows from operating activities</b>	XVII. 6	<b>401,627,612.83</b>	<b>-631,403,395.91</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from investment recovery		244,755,538.20	1,430,367,196.38
Cash received from investment income		8,412,628.64	40,894,637.74
Cash received from disposal of fixed assets, intangible assets and other long-term assets		140,266.06	689,222.13
<b>Subtotal of cash inflows from investing activities</b>		<b>253,308,432.90</b>	<b>1,471,951,056.25</b>
Cash payments to acquire fixed assets, intangible assets and other long-term assets		49,908,983.72	70,751,679.13
<b>Subtotal of cash outflows from investing activities</b>		<b>49,908,983.72</b>	<b>70,751,679.13</b>
<b>Net cash flows from investing activities</b>		<b>203,399,449.18</b>	<b>1,401,199,377.12</b>
<b>III. Cash flows from financing activities:</b>			
Cash received from loans			
Cash received from issuance of bonds		3,234,746,000.00	5,889,241,000.00
<b>Subtotal of cash inflows from financing activities</b>		<b>3,234,746,000.00</b>	<b>5,889,241,000.00</b>
Cash repayments of borrowings		3,413,260,000.00	4,971,323,000.00
Cash payments for distribution of dividends or profit or interest expenses		181,853,308.87	223,825,602.91
Including: Cash payments of subsidiaries to non-controlling shareholders as distribution of dividends or profit			
Other cash payments related to financing activities		31,007,246.38	37,847,377.62
<b>Subtotal of cash outflows from financing activities</b>		<b>3,626,120,555.25</b>	<b>5,232,995,980.53</b>
<b>Net cash flows from financing activities</b>		<b>-391,374,555.25</b>	<b>656,245,019.47</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>33,275.58</b>	<b>270,871.95</b>
<b>V. Net increase in cash and cash equivalents</b>	XVII. 6	<b>213,685,782.34</b>	<b>1,426,311,872.63</b>
<b>Add: Opening balance of cash and cash equivalents</b>		<b>11,203,798,588.51</b>	<b>11,487,978,273.17</b>
<b>VI. Closing balance of cash and cash equivalents</b>		<b>11,417,484,370.85</b>	<b>12,914,290,145.80</b>

Legal representative:  
Lu Zhili

Officer in charge of accounting:  
Guo Liangyong

Head of accounting department:  
Han Xihua

# COMPANY CHANGE OF EQUITY STATEMENT

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Jan-June 2024						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	
<b>I. Balance at the end of prior year</b>	4,642,884,700.00	6,606,160,370.84	1,502,859.86	1,002,549,897.12	1,610,571,866.54	689,891,242.44	14,553,560,936.80
Add: Changes in accounting policies							
Correction of prior-period errors							
Others							
<b>II. Balance at the beginning of current period</b>	4,642,884,700.00	6,606,160,370.84	1,502,859.86	1,002,549,897.12	1,610,571,866.54	689,891,242.44	14,553,560,936.80
<b>III. Increase or decrease in the current period</b>			3,306,499.17		1,070,009.35	243,608,056.19	247,984,564.71
1. Total comprehensive income			3,306,499.17			309,678,451.34	312,984,950.51
2. Shareholder's inputs and decreases in capital							
(1) Ordinary shares invested by shareholders							
(2) Capital contributed by holders of other equity instruments							
(3) Amount of share-based payment included in shareholders' equity							
(4) Others							
3. Profit distribution					1,070,009.35	-66,070,395.15	-65,000,385.80
(1) Appropriation to surplus reserve							
(2) Appropriation to general risk reserve					1,070,009.35	-1,070,009.35	
(3) Distribution to shareholders						-65,000,385.80	-65,000,385.80
(4) Others							
4. Internal carry-forward of shareholders' equity							
(1) Transfer of capital reserve to share capital							
(2) Transfer of surplus reserve to share capital							
(3) Surplus reserve to cover loss							
(4) Others							
5. Others							
<b>IV. Balance at the end of current period</b>	4,642,884,700.00	6,606,160,370.84	4,809,359.03	1,002,549,897.12	1,611,641,875.89	933,499,298.63	14,801,545,501.51

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# COMPANY CHANGE OF EQUITY STATEMENT (CONTINUED)

Jan-June 2024 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Jan-June 2023						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	
<b>I. Balance at the end of prior year</b>	4,642,884,700.00	6,606,160,370.84	4,145,228.54	942,510,767.79	1,524,335,145.01	468,406,423.99	14,188,442,636.17
Add: Changes in accounting policies							
Correction of prior-period errors							
Others							
<b>II. Balance at the beginning of current period</b>	4,642,884,700.00	6,606,160,370.84	4,145,228.54	942,510,767.79	1,524,335,145.01	468,406,423.99	14,188,442,636.17
<b>III. Increase or decrease in the current period</b>			-1,597,154.29		1,106,475.45	142,410,680.13	141,920,001.29
1. Total comprehensive income			-1,597,154.29			176,017,348.48	174,420,194.19
2. Shareholder's inputs and decreases in capital							
(1) Ordinary shares invested by shareholders							
(2) Capital contributed by holders of other equity instruments							
(3) Amount of share-based payment included in shareholders' equity							
(4) Others							
3. Profit distribution					1,106,475.45	-33,606,668.35	-32,500,192.90
(1) Appropriation to surplus reserve							
(2) Appropriation to general risk reserve					1,106,475.45	-1,106,475.45	
(3) Distribution to shareholders						-32,500,192.90	-32,500,192.90
(4) Others							
4. Internal carry-forward of shareholders' equity							
(1) Transfer of capital reserve to share capital							
(2) Transfer of surplus reserve to share capital							
(3) Surplus reserve to cover loss							
(4) Others							
5. Others							
<b>IV. Balance at the end of current period</b>	4,642,884,700.00	6,606,160,370.84	2,548,074.25	942,510,767.79	1,525,441,620.46	610,817,104.12	14,330,362,637.46

Legal representative:  
**Lu Zhili**

Officer in charge of accounting:  
**Guo Liangyong**

Head of accounting department:  
**Han Xihua**

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## I. GENERAL INFORMATION

Central China Securities Co., Ltd. (hereinafter referred to as “the Company”) was established on October 25th, 2002, with the approval of the reply on *Approving the Opening of Central China Securities Co., Ltd.* (Zheng Jian Ji Gou Zi [2002] No. 326) of China Securities Regulatory Commission, based on the merger and reorganization of the securities business department of Henan Finance Securities Company and Anyang Trust and Investment Company, combined with other qualified companies to increase capital and shares. The Company was registered with the Henan Administration for Industry and Commerce on November 8th, 2002, with a registered capital of RMB1,033.79 million. After the establishment of the Company, according to the Opening Reply of the China Securities Regulatory Commission, the Company acquired securities assets such as the securities business department and securities service department of Henan Securities.

On January 15th, 2008, with the approval of the China Securities Regulatory Commission, the registered capital of the Company was changed from RMB1,033.79 million to RMB2,033.5157 million.

On June 10th, 2008, the China Securities Regulatory Commission approved Henan Investment Group to acquire 196,704,200 shares of the Company held by Henan Construction Investment Corporation (accounting for 9.673% of the registered capital) and 715,253,600 shares of the Company held by Henan Economic and Technological Development Corporation (accounting for 35.173% of the registered capital). After the equity change, Henan Investment Group held a total of 911,957,800 shares of the Company (accounting for 44.846% of the registered capital of the Company).

On September 22nd, 2011, the China Securities Regulatory Commission approved Bohai Industrial Investment Fund Management Co., Ltd. (on behalf of Bohai Industrial Investment Fund) to hold more than 5% equity of the Company and received 608 million shares held by XJ Group Co., Ltd. (accounting for 29.899% of the registered capital of the Company).

On June 25th, 2014, the Company issued 598,100,000 H shares and listed them on the Main Board of the Hong Kong Stock Exchange, with a par value of RMB1 per share at an issue price of HK\$2.51 per H share, stock abbreviation: CCSC, stock code: 01375. According to the *Reply on Issues Related to the Management of State-owned Equity and the Transfer of State-owned Shares of Central China Securities Co., Ltd.* (Guo Zi Chan Quan [2013] No. 1070) issued by the State-owned Assets Supervision and Administration Commission of the State Council, after the Company completes the issuance, The state-owned shareholders Henan Investment Group, Angang Group, Pingmei Shenma, Anyang Economic Development, Jiangsu Suhao, Shenhua Group, Jiaozuo Economic Development, Shenzhen Guangsheng and Hebi Construction Investment respectively transferred 40,994,778 shares, 8,842,345 shares, 3,738,231 shares, 2,432,074 shares, 1,348,575 shares, 884,166 shares, 678,113 shares, 449,525 shares and 442,193 shares held by them to the National Social Security Fund Council. The above nine transferred 59,810,000 shares held by the National Social Security Fund Council. On October 28th, 2014, the Company completed the industrial and commercial change registration of registered capital at Henan Administration for Industry and Commerce, and the registered capital increased to RMB2,631,615,700.00.

On August 3rd, 2015, the Company completed the non-public issuance of 592,119,000 H shares, with a par value of RMB1 per share at the allocation price of HK \$4.28 per H share. On August 14th, 2015, the Company completed the procedures of industrial and commercial change registration with the Henan Administration for Industry and Commerce, with the share capital of the Company increased to RMB3,223,734,700.00.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## I. GENERAL INFORMATION (continued)

On November 18th, 2016, the Company issued no more than 700,000,000 shares ordinary shares with a par value of RMB1 per share. According to *Implementation Measures for the Transfer of Certain State-owned Shares in the Domestic Securities Market to Enrich the National Social Security Fund (Cai Qi [2009] No.94)* issued by CSRC and *Approval on the Management Plan of Central China Securities Co., Ltd. Issuing A-Shares of State-owned Equity and the Transfer of State-owned Shares (Yu Guo Zi Chan Quan [2015] No.26)* issued by the SASAC of Henan Province, of the 700,000,000 shares to be issued under this issuance, state-owned shareholders Henan Investment Group, Anyang Iron & Steel Group, China Pingmei Shenma Energy Chemical Group Co., Ltd., Anyang Economic Development Group Co., Ltd, Jiangsu Soho Holding Group Co., Ltd., Henan Shenhua Group Co., Ltd, Jiaozuo Economic and Technological Development Co., Ltd., Shenzhen Guangsheng Investment Development Co., Ltd. and Hebi Economic Construction Investment Group Co., Ltd. would transfer their 47,979,175 shares, 10,348,840 shares, 4,375,124 shares, 2,846,433 shares, 1,578,336 shares, 1,034,804 shares, 793,645 shares, 526,112 shares and 517,531 shares (70,000,000 shares in total), respectively, to National Council for Social Security Fund.

On January 3rd, 2017, the Company's A shares were listed on the Shanghai Stock Exchange. On February 16th, 2017, the Company completed the registration of industrial and commercial change of registered capital in Henan Provincial Administration for Industry and Commerce, and the registered capital increased to RMB3,923,734,700.

From February 12th, 2018, the Company repurchased some H shares in the form of on-site share repurchase. On May 18th, 2018, the repurchase of the Company's H shares was completed. The Company has repurchased 54,664,000 H-shares on a cumulative basis. On July 11th, 2018, the Company completed the procedures of industrial and commercial change registration and obtained the business license reissued by the Henan Administration for Industry and Commerce. The registered capital changed to RMB3,869,070,700.

On July 30th, 2020, the Company completed the non-public issuance of 773,814,000 A shares, with a par value of RMB1 per share and an issue price of RMB4.71 per A-share. On September 4th, 2020, the Company completed the industrial and commercial change registration of the registered capital in Henan Administration for Industry and Commerce, and the registered capital increased to RMB4,642,884,700.

The Company now holds a business license with a unified social credit code of 91410000744078476K.

As of June 30th, 2024, the Company has issued a total of 4,642.8847 million shares with a registered capital of RMB4,642.8847 million. The registered address is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China, and its headquarters address is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China. The parent company is Henan Investment Group Co., Ltd., and the actual controller of the Group is Henan Provincial Department of Finance.

The Company belongs to the financial industry. The business scope of the Company and its subsidiaries (hereinafter referred to as "the Group") includes: brokerage business (securities brokerage, wealth management, and distribution of financial products), investment banking business (equity financing, financial adviser, and bond financing), credit business (margin trading business, stock-pledged repurchase business and agreed repurchase securities trading business), investment management business (asset management, direct investment, and fund management), futures business, proprietary trading business, overseas business and other business of headquarters (equity trading center and research business, etc.).

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## I. GENERAL INFORMATION (continued)

As of June 30th, 2024, the Company had 76 approved and opened securities business departments; 30 approved branches; 5 second-level holding subsidiaries, namely, Central China Futures Co., Ltd. (referred to as "Central China Futures"), Zhongding Kaiyuan Venture Capital Management Co., Ltd. (referred to as "Zhongding Kaiyuan"), Central China Equity Exchange Co., Ltd. (referred to as "Equity Exchange"), Central China International Financial Holdings Co., Ltd. (referred to as "Central China International"), Central China Blue Ocean Investment Management Co., Ltd. (referred to as "Central China Blue Ocean"); 9 third-level holding subsidiaries, namely, Yuxin Investment Management (Shanghai) Co., Ltd. (referred to as "Yuxin Investment"), Henan Kaiyuan Venture Capital Private Equity Fund Management Co., Ltd. (referred to as "Kaiyuan Venture Capital Private Equity"), Central China International Holdings Co., Ltd. (referred to as "Central China International Holdings"), Central China International Securities Co., Ltd. (referred to as "Central China International Securities"), Central China International Futures Co., Ltd. (referred to as "Central China International Futures"), Central China International Investment Co., Ltd. (referred to as "Central China International Investment"), Central China International Financing Co., Ltd. (referred to as "Central China International Financing"), Wending Zhongyuan Company Limited and Central China International Financial Group Ltd. (referred to as "Central China International Financial Group").

## II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of the Group's consolidated financial statements includes subsidiaries and structured entities that are directly or indirectly controlled.

For details, please refer to "VIII. Interests in other entities" in the notes.

## III. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

### 1. Basis for the preparation

The Company's financial statements have been prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the *Accounting Standards for Business Enterprises (ASBE)* issued by the Ministry of Finance and related regulations, and the disclosure requirements under the *Rules Governing the Preparation of Information Disclosure by Companies Issuing Public Securities No. 15 — General Requirements for Financial Reports* of the China Securities Regulatory Commission, the Listing Rules of the Stock Exchange of Hong Kong and the *Hong Kong Companies Ordinance*, based on the accounting policies and estimates described in "Note IV. Significant accounting policies and accounting estimates".

### 2. Going concern

The Company has a recent history of profitable operations supported by financial resources and considers it reasonable to prepare its financial statements on a going concern basis.



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates: The specific accounting policies and accounting estimates formulated by the Company in accordance with the actual production and operation characteristics include customer transaction and settlement funds, financial instruments, securities underwriting business, entrusted asset management business, financing and securities financing business, buying back and selling repurchase payments, and revenue recognition.

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

The financial statements prepared by the Company comply with the requirements of *Accounting Standards for Business Enterprises* and truly and completely present the consolidated financial position and financial position of the Company as of June 30th, 2024, the consolidated results of its operations, and the results of its operations for the period from January – June 2024, and its consolidated cash flows and cash flows.

### 2. Accounting period

The accounting period of the Company is from January 1st to December 31st of the calendar year.

### 3. Functional currency

The functional currency of the Company's accounts is Renminbi (RMB), and the foreign subsidiaries' accounts are recorded in the currencies of the primary economic environments in which the subsidiaries operate and are translated into RMB for the purpose of preparing the financial statements.

### 4. Accounting basis and valuation principles

The Company's accounting is based on the accrual basis of accounting and on the historical cost principle, except for financial assets held for trading, other debt investments, and financial liabilities held for trading, which are measured at fair value.

### 5. Methodology for determining materiality criteria and basis for selection

The Group determines the materiality of financial information in terms of both the nature and the amount of the item in accordance with the specific environment in which it operates. In determining the materiality of the nature of an item, the Group mainly considers factors such as whether the item is an ordinary activity in nature and whether it significantly affects the Group's financial position, results of operations and cash flows; In determining the materiality of the magnitude of an item's amount, the Group considers the proportion of the item's amount to the amount of directly related items such as total assets, total liabilities, total shareholders' equity, total operating revenues, total operating expenses, net income, total comprehensive income, etc., or to the amount of the item listed separately in the statements to which it belongs.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 6. Accounting for business combinations under common control and not under common control

Assets and liabilities acquired by the Company as a consolidator in a business combination under common control are measured at the book value of the consolidated party in the consolidated statements of the ultimate controlling party at the date of consolidation. The difference between the book value of the net assets acquired and the book value of the consideration paid for the combination is adjusted to capital reserves; if capital reserves are not sufficient to offset the difference, retained earnings are adjusted.

Identifiable assets, liabilities, and contingent liabilities of the acquiree acquired in a business combination not under common control are measured at fair value at the acquisition date. The cost of the combination is the sum of the fair value of cash or non-cash assets paid, liabilities issued or assumed, and equity securities issued by the Company to obtain control over the acquiree at the date of purchase, and each directly related expense incurred in the business combination (for business combinations achieved in stages through multiple transactions, the cost of the combination is the sum of the costs of each individual transaction). If the cost of combination is greater than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference is recognized as goodwill; if the cost of combination is less than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the fair value of each identifiable asset, liability, and contingent liability acquired in the combination, and the fair value of non-cash assets of consolidation consideration or equity securities issued are first reviewed, and if, after the review, the cost of combination is still less than the share of the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference is recognized as non-operating income in the period of the combination.

### 7. Method for preparation of the consolidated financial statements

The Company includes all controlled subsidiaries and structured entities in its consolidated financial statements.

In preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary and the Company are not consistent, the necessary adjustments are made to the financial statements of the subsidiary in accordance with the Company's accounting policies or accounting periods.

All significant internal transactions, transaction balances, and unrealized profits within the scope of consolidation are eliminated in the preparation of the consolidated financial statements. The shares of owners' equity of subsidiaries that are not attributable to the parent company and the shares of net profit or loss, other comprehensive income, and total comprehensive income for the period that are attributable to non-controlling interests are presented in the consolidated financial statements under "non-controlling interests, gains or losses on non-controlling interests, other comprehensive income attributable to non-controlling interests and total comprehensive income attributable to non-controlling interests", respectively.

For subsidiaries acquired through business combinations under common control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the period of consolidation. When preparing the comparative consolidated financial statements, the relevant items in the prior year's financial statements are adjusted as if the reporting entity formed by the combination had existed since the point at which control by the ultimate controlling party began.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 7. Method for preparation of the consolidated financial statements (continued)

For a subsidiary acquired through a business combination not under common control, the results of operations and cash flows are included in the consolidated financial statements from the date the Company obtains control. In preparing the consolidated financial statements, the financial statements of subsidiaries are adjusted on the basis of the fair value of each identifiable asset, liability, and contingent liability determined at the date of purchase.

Where the Company partially disposes of its long-term equity investment in a subsidiary without loss of control, for the difference between the disposal price and the share of the subsidiary's net assets calculated on a continuing basis from the purchase date or the combination date corresponding to the disposal of the long-term equity investment, the capital premium or equity premium shall be adjusted in the consolidated financial statements, or the retained earnings shall be adjusted if the capital reserves are insufficient to be written down.

If the Company loses control over an investee due to, for example, the disposal of a portion of an equity investment, the remaining equity interest shall be remeasured at its fair value at the date of the loss of control in the preparation of the consolidated financial statements. The difference between the sum of the consideration obtained from the disposal of equity interest and the fair value of the remaining equity interest and the share of the original subsidiary's net assets continuously calculated from the date of purchase or the date of consolidation based on the original shareholding ratio is included in investment gains and losses in the period in which control is lost, and goodwill is also written down. Other comprehensive income, etc. related to original equity investments in the subsidiary is transferred to current investment gains and losses when control is lost.

When the Company disposes of its equity investment in a subsidiary in stages through multiple transactions until it loses control over the subsidiary, if each transaction of disposing of equity investment in the subsidiary until it loses control over the subsidiary belongs to a package deal, each transaction shall be accounted for as a single transaction of disposing of the subsidiary and losing control of the subsidiary; provided, however, that the difference between the price of each disposal prior to the loss of control and the share of the subsidiary's net assets corresponding to the investment disposed of is recognized in the consolidated financial statements as other comprehensive income and transferred to investment gains and losses for the period of the loss of control when control is lost.

### 8. Cash and cash equivalents

Cash in the Group's cash flow statement represents cash on hand and deposits that are readily available for disbursement. Cash equivalents in the cash flow statement are investments that are held for a short period of time, are highly liquid, can be easily converted to known amounts of cash, and are subject to an insignificant risk of changes in value.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 9. Methods of accounting for foreign currency operations

#### (1) Foreign currency operations

The Group's foreign currency operations translate foreign currency amounts into Renminbi amounts at rates approximating the spot rates at the date of the operations. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at the balance sheet date. The resulting translation differences are recognized directly in profit or loss for the current period, except for the exchange differences arising from special borrowings in foreign currencies for the acquisition or production of assets eligible for capitalization, which are treated in accordance with the principle of capitalization. Non-monetary items measured in foreign currencies at historical cost are still using the spot exchange rate at the date of the transaction, without changing their RMB amounts. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using spot exchange rates at the date when the fair value is determined, and the resulting differences are recognized in profit or loss or other comprehensive income, depending on the nature of the non-monetary item.

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

Assets and liabilities in the balance sheet are translated using the spot exchange rate at the balance sheet date; items in equity, except for "undistributed profits", are translated using the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction. Differences arising from the translation of foreign-currency financial statements in accordance with the above translation are recognized in other comprehensive income.

Upon disposal of a foreign operation, the difference in the translation of the financial statements of the foreign currency related to that foreign operation presented in the balance sheet under the item of other comprehensive income is transferred from the item of other comprehensive income to profit or loss for the period in which the disposal occurs; On disposal of a portion of an equity investment or other reasons that result in a decrease in the proportionate interest in a foreign operation but without a loss of control over the foreign operation, the translation differences in the foreign currency statements relating to the portion of the foreign operation disposed of will be attributed to minority interests and will not be transferred to profit or loss for the current period. Upon disposal of a foreign operation as part of an associate or joint venture, the difference in translation of the foreign currency statement relating to that foreign operation is transferred to profit or loss for the period of disposal in proportion to the disposal of that foreign operation.

### 10. Financial assets and financial liabilities

A financial instrument is a contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

#### (1) Initial recognition and measurement of financial instruments

A financial asset or a financial liability is recognized when the Group becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value on initial recognition. For financial assets or financial liabilities at fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial assets or financial liabilities, the related transaction costs are included in the initial recognition amount.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial assets and financial liabilities (continued)

#### (2) Classification of financial assets

Based on the Company's business model for managing the assets and the characteristics of the contractual cash flows of the asset, financial assets are classified into the following three categories:

Financial assets measured at amortized cost;

Financial assets at fair value through other comprehensive income;

Financial assets at fair value through profit or loss.

The classification of financial assets depends on the business model of how the Group manages its assets and the characteristics of the cash flow of the assets.

Business model reflects how the Company manages the financial assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets, cash flows arising from the sale of financial assets, or both. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.

The cash flow characteristics of the financial assets represent the cash flow characteristics that the financial instrument contracts agree to and reflect the economic characteristics of related financial assets. The characteristic of contractual cash flow that is consistent with basic lending agreements means the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The principal means the fair value at the initial recognition. Interest includes consideration for the time value of money, the credit risk associated with the outstanding principal amount in a particular period, and other basic borrowing risks, costs, and profits. The Group classified it into financial assets measured at amortized cost and financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income. The contractual cash flow characteristics are consistent with the basic lending arrangements.

When the Group modifies its business model for managing financial assets, it will reclassify all the impacted financial assets and make adjustments prospectively starting from the date of reclassification. The Group is not allowed to adjust its gains, losses (including impairment losses or gains), or interests retroactively. The reclassification date is the first date of the reporting period after the business model is modified as a result of the reclassification of financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial assets and financial liabilities (continued)

#### (2) Classification of financial assets (continued)

The classification requirements for debt instruments assets and equity instruments assets are described below:

##### 1) Debt Instruments

It means that from the issuer's perspective, the instrument meets the definition of financial debt. Based on a business model for managing the financial assets and the characteristics of the contractual cash flows of the financial assets, the Group classifies its debt instruments into one of the following three measurement categories:

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent SPPI and that are not designated as at FVPL, are measured at amortized cost.

**Fair value through other comprehensive income:** Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent SPPI and that are not designated as at FVPL, are measured at FVOCI.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL.

In addition, if the accounting mismatch can be eliminated or significantly reduced during initial recognition, the Group can designate financial assets as financial assets measured at fair value and whose changes are included in the current profit and loss. Once the designation is made, it shall not be revoked.

##### 2) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective. The financial assets held by the Group are equity instruments provided that the following conditions are met simultaneously:

- A. The financial instrument shall not include the contractual obligation to deliver cash or other financial assets to other parties or exchange financial assets or financial liabilities with other parties under potentially adverse conditions.
- B. In the future, the financial instruments must be settled with the issuer's own equity instruments. If it is a non-derivative instrument, the financial instrument should not include the contractual obligation to deliver a variable amount of its own equity instruments for settlement; if it is a derivative instrument, the issuer can only exchange a fixed amount of its own equity instrument for a fixed amount cash or other financial assets to settle the financial instruments.

The Group's equity instrument investments are all classified as financial assets measured at fair value and their changes are included in profit or loss, except for financial assets that have been irrevocably designated as measured at fair value and the changes of which are included in other comprehensive income. The Company's policy on the above-mentioned designation is to designate equity instrument investments that are not for the purpose of obtaining investment income to be measured at fair value and their changes are included in other comprehensive income.

For financial assets with embedded derivatives, when determining whether the contractual cash flow is only for principal and interest payments, analyze it as a whole.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial assets and financial liabilities (continued)

#### (3) Classification of financial liabilities

Financial liabilities are classified as liabilities measured at amortized cost, except:

- 1) Financial liabilities at FVPL: It includes financial liabilities held for trading (including derivative instruments belonging to financial liabilities) and financial liabilities designated at the initial recognition as measured at fair value and whose changes are recorded into profit and loss.
- 2) Financial liabilities that are recognized because the transfer of financial assets does not meet the conditions for derecognition or the continuous involvement method is applied for accounting. When the transfer does not meet the conditions for derecognition, the Group recognizes the financial liabilities according to the consideration received from the transfer and recognizes all expenses arising from the liabilities in subsequent periods.
- 3) Financial guarantee contracts and loan commitments.

#### (4) Subsequent measurement of financial instruments

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

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the amount on the maturity date and; (iii) deducting accumulated provision for credit impairment (only applicable to financial assets).

The actual interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability in the expected duration into the book balance of the financial asset or the amortized cost of the financial liability. In determining the actual interest rate, the Group will estimate the expected cash flow on the basis of taking into account all contractual terms of a financial asset or financial liability (such as prepayments, rollover, call options, or other similar options, etc.), but it shall not take into account expected credit losses.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for: (i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and (ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost. If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross book balance.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial assets and financial liabilities (continued)

#### (4) Subsequent measurement of financial instruments (continued)

##### 2) *Financial assets measured at fair value through other comprehensive income*

Debt instruments: The gains or losses from financial assets that are classified as fair value and whose changes are included in other comprehensive income, except for impairment losses or gains and exchange gains and losses, are included in other comprehensive income until the financial asset is derecognized or reclassified. However, the financial asset interest calculated using the actual interest rate method is included in the current profit and loss. When such financial assets are derecognized, the accumulated gains or losses previously included in other comprehensive income should be transferred out of other comprehensive income and included in the current profit and loss.

Equity instruments: The equity instrument investments that are held for purposes other than to generate investment returns are designated as FVOCI, the changes in the fair value of the financial assets are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings. Dividend income as return on investment is recognized when the Group determines that the right to receive is established and included in the current profit and loss. Only when the following conditions are met can the enterprise recognize the dividend income and record it into the current profit and loss: (i) the right of the enterprise to receive dividends has been established; (ii) the economic benefits related to dividends are likely to flow into the enterprise; (iii) the amount of dividends can be measured reliably.

##### 3) *Financial assets or liabilities measured at fair value through profit or loss*

The Group will include the gains or losses on financial assets or financial liabilities at fair value through profit or loss into the current profits or losses, unless the financial assets or financial liabilities fall into one of the following circumstances:

- a. It is part of the hedging relationship specified in "*China Accounting Standards for Business Enterprises No. 24 — Hedging Accounting*";
- b. It is a financial liability designated to be measured at fair value and its changes are included in the current profits and losses. According to Article 68 of the *Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments*, the changes in the fair value of the liability caused by the changes in the Group's own credit risk shall be included in other comprehensive income. Other changes in the fair value of the financial liabilities are included in the current profits and losses. When the financial liability is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial assets and financial liabilities (continued)

#### (5) Impairment of financial assets

The Group according to the basis of expected credit losses, performs impairment accounting treatment on the following financial assets and recognizes loss provisions:

- 1) Financial assets measured at amortized cost and debt investments measured at fair value with changes recognized in other comprehensive income;
- 2) Lease receivable;
- 3) Contract assets;
- 4) Financial guarantee contracts and loan commitments that the Group issued except financial liabilities at fair value through profit or loss.

Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among them, the cash flows of the financial assets purchased or originated by the Group with credit impairment shall be discounted at the effective interest rate adjusted by the credit of the financial assets.

For receivables that do not contain significant financing components, the Group applies a simplified measurement approach and measures the provision for losses at an amount equal to the expected credit losses over the entire duration of the receivables. Generally, the Group measures the provision for losses on the basis of a portfolio of credit risk characteristics. If a customer's credit risk profile is significantly different from that of other customers in the portfolio, or if there is a significant change in the customer's credit risk profile, the provision for loss is made on an individual basis for the receivable from that customer.

For financial assets other than those mentioned above that are measured using the simplified measurement approach, the Group evaluates the expected credit losses in conjunction with forward-looking information and recognizes the related loss provision at each balance sheet date. The measurement of expected credit losses reflects the following elements: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial assets and financial liabilities (continued)

#### (5) Impairment of financial assets (continued)

For financial instruments whose impairment losses are measured using the ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months' ECL if the credit risk of that financial instrument has not increased significantly since initial recognition;

Stage 2: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk of that financial instrument has increased significantly since initial recognition, which is not yet deemed to be credit-impaired;

Stage 3: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the financial instrument is credit-impaired.

By comparing the risk of default on the balance sheet date with the risk of default on the initial recognition date, the Group determines the relative change of the risk of default during the expected duration of the financial instrument, so as to evaluate whether the credit risk of the financial instrument has increased significantly since the initial recognition. In determining whether the credit risk has increased significantly since the initial recognition, the Group considers reasonable and evidence-based information, including forward-looking information, that can be obtained without unnecessary additional cost or effort. Information considered by the Group includes:

- The debtor fails to pay the principal and interest on the due date of the contract;
- A serious deterioration in the external or internal credit rating (if any) of a financial instrument that has occurred or is expected;
- A serious deterioration of the debtor's business results that has occurred or is expected;
- Changes in the existing or anticipated technical, market, economic, or legal environment that would materially and adversely affect the debtor's ability to repay the Group.

According to the nature of financial instruments, the Group evaluates whether the credit risk increases significantly based on a single financial instrument or a combination of financial instruments. When evaluating on the basis of a portfolio of financial instruments, the Group may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings. If overdue by more than 30 days, the Group determines that the credit risk of the financial instrument has significantly increased.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial assets and financial liabilities (continued)

#### (5) Impairment of financial assets (continued)

The Group evaluates whether financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income are credit impaired at the balance sheet date. When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset that has experienced credit impairment. Evidence of credit impairment of a financial asset includes the following observable information:

- Significant financial difficulties of the issuer or debtor;
- Breaches of contract by the debtor, such as default or late payment of interest or principal;
- The Group, out of economic or contractual considerations relating to the debtor's financial difficulties, gives the debtor concessions that would not be made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- Financial difficulties of the issuer or debtor lead to the disappearance of an active market for the financial asset.

An investment in a debt instrument measured at fair value and its change recorded in other comprehensive income shall recognize its loss provision in other comprehensive income and record impairment loss or gain into current profit and loss, and shall not reduce the book value of the financial asset listed in the balance sheet.

In the previous accounting period, the provision for loss has been measured according to the amount equivalent to the expected credit loss in the whole duration of the financial instrument, but on the current balance sheet date, the financial instrument no longer belongs to the situation of a significant increase in credit risk since initial recognition. On the balance sheet date of the current period, the Group measures the loss provision of the financial instrument according to the amount equivalent to the expected credit loss in the next 12 months, and the reversal amount of the loss provision is included in the current profit or loss as impairment gain.

For the financial assets purchased or derived from which credit impairment has occurred, the Group shall, at the balance sheet date, recognize only the accumulated changes in the expected credit losses over the entire period since the initial recognition as provisions for losses. At each balance sheet date, the Group records the changes in expected credit losses throughout the period as impairment losses or gains in the current profit and loss.

The Group's judgment criteria for a significant increase in credit risk, the definition of credit-impaired assets that have occurred, and assumptions of ECL. For details, please refer to Note X. 2 of this report.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial assets and financial liabilities (continued)

#### (6) Recognition basis and measurement for transfer of financial assets

A financial asset is derecognized when one of the following criteria is satisfied: (i) termination of the contractual right to receive cash flows from the financial asset; (ii) the financial asset has been transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial asset; and (iii) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has not retained control.

The Group has neither transferred nor retained almost all the risks and rewards and the Group has not given up control over the financial assets, the relevant financial assets shall be recognized according to the extent of their continued involvement in the transferred financial assets, and the relevant liabilities should be recognized accordingly.

If the overall transfer of financial assets meets the conditions for the termination of recognition, the balance between the book value of the transferred financial assets, the sum of the consideration received as a result of the transfer, and the cumulative amounts of the changes in fair value originally booked into other comprehensive income shall be included in the current profit or loss.

If the partial transfer of financial assets meets the conditions for derecognition, the overall book value of the transferred financial assets shall be apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the sum of the consideration received due to the transfer and the cumulative number of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part. The difference between the above-mentioned carrying amount and the apportioned carrying amount shall be included in the current profit and loss.

#### (7) Determination method of fair value of financial assets and financial liabilities

- 1) If there is an active market for a financial instrument, the quoted market price in the active market is used to determine its fair value. In an active market, the financial assets that the Company has held or the financial liabilities to be assumed take the fair value of the corresponding assets or liabilities at the current bid price; The current asking price of the financial assets to be purchased or the financial liabilities undertaken by the Company shall be taken as the fair value of the corresponding assets or liabilities. If there are no current bids or asking prices for financial assets or financial liabilities, but there has been no significant change in the economic environment after the latest trading date, the market price of the latest transaction is used to determine the fair value of the financial asset or financial liability. When the economic environment has changed significantly since the latest trading day, the current price or interest rate of similar financial assets or financial liabilities shall be referenced to adjust the market price of the latest transaction to determine the fair value of the financial asset or financial liability. The Company has sufficient evidence to show that the market quotation is not at fair value and made appropriate adjustments to the recent-traded market quotations to determine the fair value of the financial asset or financial liability.
- 2) If there is no active market, the Group establishes fair value by using valuation techniques. The valuation techniques include reference to prices used in recent market transactions by parties who are familiar with the situation and voluntary transactions, reference to the current fair value of other financial assets that are substantially the same, discounted cash flow method, and option pricing models.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 11. Margin trading & short selling business

Margin trading & short selling business refers to the business in which the Group lends funds to clients for buying securities or lends securities to them for sale and the corresponding collaterals are provided by clients. The Group's margin trading & short selling activity is divided into financing activity and securities lending activity.

As for the funds lent, the receivable claim and the corresponding interest income should be confirmed. The provision for impairment of funds lent by the Company is confirmed with reference to the financial assets measured at amortized cost in the impairment of financial assets. For details, please refer to Note IV.10.

As for securities lending activity, the securities lent are not derecognized in accordance, and the corresponding interest income is recognized.

When the Company carries out margin trading & short selling and buys and sells securities on behalf of clients, such activity is credited as securities brokerage activity.

### 12. Client transaction settlement funds

Client transaction settlement funds are accounted separately from the Company's own funds, and a separate account is set up for accounting in "monetary funds" and other projects. The Company's client transaction settlement funds received by the Company's agent trading in securities are fully deposited in the Company's designated bank account, recognized as a liability, and settled with the customer. The Company accepts the client's entrustment to buy and sell securities through the stock exchange agent. When clearing with the customer, if the total transaction value of the purchased securities is greater than the total transaction value of the sold securities, the difference between the transaction price of the securities purchased and sold on the liquidation date, plus withholding stamp tax and the customer commissions and other fees charged reduce the client's transaction settlement funds; if the total transaction value of the purchased securities is less than the total transaction value of the sold securities, the difference between the transaction price of the securities purchased and sold on the liquidation date, the reduction of withholding stamp taxes and commissions that should be charged to the client, etc. Handling fees increase customer transaction settlement funds. The commission fee income of the Company acting as a proxy for the purchase and sale of securities of the client shall be recognized when the liquidation of the above-mentioned purchase and sale of securities is settled with the client. The Company settles interest uniformly with customers and increases customer transaction settlement funds.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 13. Accounting method for SRA (Sale and Repurchase Agreement) and PRA (Purchase and Resale Agreement)

PRA transaction refers to the purchase of related assets (including bonds and notes) from counterparties at a fixed price under a contract or agreement, and the resale of the same financial products at agreed prices on the expiration date of the contract or agreement. Purchase for resale is recorded according to the amount actually paid when buying and resale-related assets and listed in "purchase of financial assets for resale" in the balance sheet.

SRA transaction refers to the sale of related assets (including bonds and notes) to counter-parties at a fixed price under a contract or agreement, and the repurchase of the same financial products at agreed prices on the expiration date of the contract or agreement. The payments actually paid for selling and repurchasing of relevant assets are recorded and are listed under the item "Financial assets sold under repurchase agreement" of the balance sheet. The financial products sold are still listed in the Group's balance sheet according to the original classification and are accounted for in accordance with the relevant accounting policies.

Interest income and expenses arising from PRA and SRA transactions are recognized at the effective interest rate during the period of resale or repurchase. If the difference between the actual interest rate and the agreed contractual interest rate is small, interest income and expenses are calculated according to the contractual interest rate.

According to the performance guarantee ratio of the contract, the Company's stock pledge repurchase business fully considers the credit status, the duration of the contract and the liquidity of the secured securities, restricted sales, concentration, volatility, performance guarantee, and other factors to set up different warning line and closing positions. The closing position is not less than 130%.

Stage 1: the stock-pledged repurchase business that maintains a guarantee ratio greater than the closing position and is not overdue;

Stage 2: the stock-pledged repurchase business that maintains a guarantee ratio greater than 100% and less than or equal to the closing position, or the principal and interest are overdue, less than 90 days;

Stage 3: the stock-pledged repurchase business that maintains a guarantee ratio less than or equal to 100%, or the principal and interest are overdue, more than 90 days.

For the financial assets which are mentioned before in stage 1 and stage 2, the Company uses the risk parameter mode method, including key parameters such as default probability, default loss rate, and credit risk exposure to evaluate the impairment reserve; for the financial assets in stage 3, the management has considered the forward-looking factors and made corresponding impairment provision by estimating the future cash flow relating to the financial asset. The main factors considered by the Company in calculating the default loss rate are: the market value of the collateral, the liquidity and the disposal cycle, the credit status of the financier, and the repayment ability, etc.

For details of "Provisions for impairment of other financial assets purchased and resale agreement", please refer to Note IV.10.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 14. Long-term equity investments

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

The Group bases its judgment of joint control on the fact that all participants or a combination of participants collectively control the arrangement and that the policies of the activities related to the arrangement must be unanimously agreed by those participants who collectively control the arrangement.

The Group is generally considered to have significant influence over an investee when it owns more than 20% (inclusive) but less than 50% of the voting rights in the investee, either directly or indirectly through a subsidiary. If the Company holds less than 20% of the voting rights in the investee, it needs to judge whether it has significant influence over the investee by also taking into account the facts and circumstances such as having representatives on the board of directors or similar authority of the investee, or participating in the process of formulating financial and operating policies of the investee, or having significant transactions with the investee, or sending management personnel to the investee, or providing key technical information to the investee.

An investee unit over which control is formed is a subsidiary of the Group. For long-term equity investments acquired through a business combination under common control, at the date of combination, the share of the book value of the net assets of the combined party in the consolidated statements of the ultimate controlling party is used as the initial investment cost of the long-term equity investment. If the book value of the net assets of the combined party at the date of combination is negative, the cost of long-term equity investments is determined at zero. For long-term equity investments acquired through a business combination not under common control, the cost of the combination is used as the initial investment cost.

In contrast to the long-term equity investments acquired through business combination mentioned above, for long-term equity investments acquired by paying cash, the actual purchase price paid is used as the investment cost; for long-term equity investments acquired by issuing equity securities, the fair value of equity securities issued is used as the investment cost; for long-term equity investments invested by investors, the value agreed in the investment contract or agreement is used as the investment cost.

The Group accounts for its investments in subsidiaries using the cost method and its investments in joint ventures and associates using the equity method.

For long-term equity investments accounted for by the cost method for subsequent measurement, the book value of the cost of long-term equity investments is increased by the fair value of the cost amount paid for the additional investment and the related transaction costs incurred when the additional investment is made. Cash dividends or profits declared by the investee are recognized as investment income at the amount entitled.

For long-term equity investments accounted for under the equity method for subsequent measurement, the book value of long-term equity investments is increased or decreased accordingly with changes in the owners' equity of the investee. In particular, the share of net profit or loss in the investee is recognized based on the fair value of each identifiable asset, etc. of the investee at the time the investment is acquired, in accordance with the Company's accounting policies and accounting periods, and after offsetting the portion of the gain or loss from internal transactions with associates and joint ventures that is attributable to the investors in proportion to the shareholding.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 14. Long-term equity investments (continued)

The difference between the book value and the actual acquisition price of long-term equity investments disposed of is recognized as investment income in the current period. If a long-term equity investment accounted for by the equity method is recognized in equity as a result of changes in the equity of the investee other than net profit or loss, the portion of the investment that was previously recognized in equity is transferred to the current period's investment profit or loss in proportion to the amount of the investment when the investment is disposed of.

If control over the original subsidiary is lost due to the disposal of a portion of the equity investment or for other reasons, the remaining equity interest is remeasured at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of equity interest and the fair value of the remaining equity interest and the share of the original subsidiary's net assets continuously measured from the date of purchase based on the original shareholding ratio is recognized as investment income in the period in which control is lost, and goodwill is offset accordingly. Other comprehensive income related to the original equity investment in the subsidiary is transferred to current investment income when control is lost.

If transactions of the step-by-step disposal of equity to loss of controlling interest are not a package deal, the Group accounts for each transaction separately. If they are a package deal, each transaction is accounted for as a transaction in which a subsidiary was disposed of and control was lost, but the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity interest disposed of in each transaction before the loss of control is recognized as other comprehensive income and is transferred to profit or loss in the period when control is lost.

### 15. Investment properties

Investment properties include buildings that have been leased out.

Investment properties are initially measured at their cost. The cost of the purchased investment real estate includes the purchase price, relevant taxes and fees, and other expenses directly attributable to the asset; The cost of self-construction of an investment real estate consists of the necessary expenses incurred before the construction of the asset reaches its intended serviceable state.

Subsequent to initial recognition, the Group adopts the cost model to account for its investment properties. The average life method is used for depreciation or amortization according to the expected service life and net salvage.

The estimated useful life, depreciation rate, and estimated residual value rate of investment properties are as follows:

Type of assets	Estimated useful life (Years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Business buildings	40.00	5.00	2.38

When the use purpose of investment properties is changed for self-use, the investment properties will be converted into fixed assets or intangible assets from the date of change. When the use purpose of self-use property is changed to earn rent or capital appreciation, the fixed assets or intangible assets will be converted into investment properties from the date of change. When conversion occurs, the book value before conversion is converted into account value.



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 15. Investment properties (continued)

When an investment property is disposed of, or is permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the investment properties shall be terminated. The amount of the disposal income of the investment properties sold, transferred, scrapped, or damaged shall be included in the current profits or losses after deducting the book value and relevant taxes and fees.

### 16. Fixed assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year with more than RMB2,000.

Fixed assets include operating houses, non-business houses, simple houses, buildings, machinery and equipment, power equipment, transportation equipment, electronic equipment, communications equipment, electrical equipment, security and defense equipment, office equipment, as the value of the recorded costs at the time of acquisition, including the purchase price and import duties and other related taxes and fees, as well as other expenses incurred before the fixed assets reach the intended use status can be directly attributed to the asset; Consisting of the necessary expenditure incurred before the asset is constructed to its intended use, the fixed assets invested by the investor shall be recorded at the value agreed upon in the investment contract or agreement, but the value agreed upon in the contract or agreement shall be recorded at fair value.

If the subsequent expenditures related to fixed assets, including repair expenditures and renovation expenditures, meet the conditions for the recognition of fixed assets, they shall be included in the cost of fixed assets, and the book value of the replaced part shall be terminated. If the fixed assets fail to meet the conditions for recognition, they shall be recorded into the current profits or losses when they occur.

The Group shall make depreciation for all the fixed assets except the fixed assets which have been fully depreciated but are still in use and the land which is separately priced and recorded. Depreciation is calculated using the life average method, and according to the use of the cost of the relevant assets or current expenses.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 16. Fixed assets (continued)

The estimated useful life, residual value proportions, and the annual depreciation rates of fixed assets by categories are as follows:

Type of assets	Estimated useful life (Years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Business buildings	40.00	5.00	2.38
Non-business buildings	35.00	5.00	2.71
Makeshift house	5.00	5.00	19.00
Structures	20.00	5.00	4.75
Machinery equipment	10.00	5.00	9.50
Power equipment	15.00	5.00	6.33
Communication equipment	5.00	5.00	19.00
Electronic equipment	5.00	5.00	19.00
Electrical equipment	5.00	5.00	19.00
Security equipment	5.00	5.00	19.00
Office facilities	5.00	5.00	19.00
Other transport facilities	8.00	5.00	11.88

At the end of each year, the Group shall review the expected service life, expected net residual value, and depreciation method of the fixed assets. If there is any change, it will be treated as an accounting estimate change.

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

### 17. Construction in progress

Construction in progress is measured at actual costs incurred. Self-employed construction work is measured by direct materials, direct wages, direct construction costs, etc.; outsourced construction work is measured by the price of work to be paid, etc.; and the cost of equipment installation work is determined on the basis of the value of the equipment installed, installation costs, and expenditures incurred for commissioning. The cost of construction in progress also includes borrowing costs and exchange gains and losses that should be capitalized.

For construction in progress, all expenses incurred before the asset reaches the expected usable state shall be regarded as the entry value of fixed assets. If the construction in progress has reached the expected serviceable state, but the completion settlement has not been handled, from the date of reaching the expected serviceable state, it shall be transferred into fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the Company's fixed assets depreciation policy. After the completion settlement is handled, the original estimated value is adjusted according to the actual cost, but the accrued depreciation amount is not adjusted.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 18. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary costs, and exchange differences incurred on foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction, or production of assets eligible for capitalization begin to be capitalized when expenditures for the assets have been incurred, borrowing costs have been incurred, and the acquisition, construction, or production activities necessary to bring the assets to their intended usable or saleable condition have begun, and capitalization ceases when the assets acquired, constructed or produced that qualify for capitalization reach their intended usable or saleable condition. Other borrowing costs are recognized as expenses in the period in which they are incurred.

Interest expenses actually incurred in the current period on special borrowings are capitalized, net of interest income earned on unused borrowed funds deposited in banks or investment income earned on temporary investments; general borrowings are capitalized based on the weighted-average amount of accumulated asset expenses in excess of the portion of special borrowings multiplied by the capitalization rate of the general borrowings occupied. The capitalization rate is determined based on the weighted-average interest rate of general borrowings.

Assets eligible for capitalization are assets such as fixed assets, investment properties, and inventories that require a significant period of time (usually more than one year) for acquisition, construction, or production activities to reach their intended use or saleable condition.

If there is an unusual interruption in the acquisition, construction, or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs is suspended until the acquisition, construction, or production of the asset resumes.

### 19. Intangible assets

Intangible assets of the Group, including land-use rights, trading seats and software, etc., which are measured at the actual cost at the time of acquisition. For the purchased intangible assets, the actual cost is the actual payment price and other related expenses. The actual cost of the intangible assets invested by the investor shall be determined at the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is not fair, the actual cost shall be determined at the fair value.

The land-use right acquired is averagely amortized according to the service life of the land-use right. The trading seat fee, software, and others acquired are amortized according to the shortest of the excepted service life, the benefit period stipulated in the contract and the effective life stipulated by law. The amortized amount is included in the relevant asset cost and current profit and loss.

The estimated service life and amortization method of intangible assets with limited-service life are reviewed at the end of each year, and if it changes, it is treated as a change in accounting estimates. At the end of each year, the estimated service life of intangible assets with uncertain service life is reviewed. If there is evidence that the service life of intangible assets is limited, the service life should be estimated and amortized during that period.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 20. Impairment of long-term non-financial assets

Long-term equity investments, investment properties, fixed assets, construction in progress, and intangible assets with limited useful life are tested for impairment if there is any indication that the assets may be impaired at the statement of financial position date. For goodwill and intangible assets with uncertain service life, impairment tests shall be conducted at the end of each year regardless of whether there is any indication of impairment. If it is difficult to test the recoverable amount of a single asset, the test shall be based on the asset group or combination of the asset group to which the asset belongs.

If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, an allowance for impairment and an impairment loss is recognized in accordance with the difference. The provision for the aforesaid assets is recognized, it shall not be reversed in subsequent accounting periods. The recoverable amount of an asset is the higher between the net value of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset.

The signs of impairment are as follows:

- (1) The market price of assets has fallen sharply in the current period, and the decline is significantly higher than the expected decline due to the passage of time or normal use.
- (2) There is an adverse impact on the Company due to the change in the economic, technological, and legal environment in which the enterprise operates.
- (3) The market interest rate or other market investment return rate has increased in the current period, which affects the discount rate of the enterprise to calculate the present value of the expected future cash flow of the asset, resulting in a substantial reduction in the asset's recoverable amount.
- (4) There is evidence that the asset has become obsolete or its entity has been damaged.
- (5) Assets have been or will be idled, terminated, or planned for disposal in advance.
- (6) The evidence in the internal report of the Company indicates that the economic performance of the asset has been lower or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is much lower (or higher) than the expected.
- (7) Other signs that assets may have been impaired.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 21. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets, liabilities, and contingent liabilities of the acquirer at the date of acquisition.

Goodwill related to subsidiaries is listed separately in consolidated financial statements, while goodwill related to associates and joint ventures is included in the book value of long-term equity investments.

Goodwill is listed separately in the financial statements, with the impairment test performed once a year, whether there is any sign of impairment. During the impairment test, the book value of goodwill is allocated to the asset group or group of asset groups expected to benefit from the synergies of the business combination. If the test results indicate that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of the impairment loss is offset by the book value of goodwill allocated to the asset group or combination of assets group and then proportional to the book value of other assets except goodwill to offset the book value of other assets.

### 22. Long-term deferred expenses

The long-term deferred expenses of the Group refer to the expenses that have been paid but should be borne in the current and future periods with an amortization period of more than 1 year (excluding 1 year), which are amortized evenly in the benefit period. If the long-term deferred expenses are no longer beneficial to the subsequent accounting periods, the unamortized balance is then transferred to profit or loss for the period.

### 23. Employee benefits

The Group recognizes employee benefits payable as a liability in the accounting period in which the services are rendered by the employees and includes the cost of the related assets and expenses according to the beneficiaries of the services rendered by the employees. Compensation due to the termination of employment relationships with employees is recognized in profit or loss for the period.

Employee benefits consist primarily of short-term benefits, post-employment benefits, termination benefits, other long-term employee benefits, and other expenses related to the acquisition of services provided by employees.

Short-term benefits refer to the employee benefits that the Company needs to pay in full within twelve months after the end of the annual reporting period in which employees provide related services, excluding post-employment benefits and termination benefits. The Group recognizes the short-term salary payable as a liability during the accounting period when the employees provide services and includes them in the relevant asset costs and expenses based on the beneficiaries of the services provided by the employees.

Post-employment benefits refer to various forms of benefits and welfare provided by the Group after the employee retires or dissolves the labor relationship with the Group in order to obtain the services provided by the employee, except short-term benefits and dismissal welfare. The Group's post-employment benefit plans are defined contribution plans. The defined contribution plan for post-employment benefits is mainly for participation in the social basic pension insurance and unemployment insurance organized by the labor and social security agencies. During the accounting period in which an employee provides services for the Group, the amount that should be paid according to the defined contribution plan shall be recognized as liabilities and included in the current profits or losses or the cost of related assets.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 23. Employee benefits (continued)

Termination benefits mainly include compensation for the Group's decision to terminate an employee's employment relationship with an employee before the expiration of the employee's employment contract, regardless of the employee's willingness to do so, and compensation for encouraging employees to voluntarily accept layoffs before the expiration of the employee's employment contract. The Group reasonably anticipates and recognizes employee benefit liabilities arising from termination benefits in accordance with the terms of the termination plan and recognizes them in profit or loss for the current period.

The Group provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement welfare refers to the wages and social insurance premiums paid to employees who have not reached the retirement age stipulated by the state and voluntarily quit their jobs with the approval of the Company's management. The Company pays internal retirement benefits to employees who have retired from the date of the start of the internal retirement arrangements until the employees reach the normal retirement age. For early retirement benefits, the Group conducts accounting treatments in accordance with termination benefits. When the relevant confirmation conditions for termination benefits are met, the wages and social insurance premiums to be paid for early retirement employees during the period from the employee's stop of service to the normal retirement date being confirmed as liabilities are included in the current profit and loss at one time. Differences caused by changes in actuarial assumptions of early retirement benefits and adjustments to welfare standards are included in the current profits or losses when they occur.

Other long-term employee benefits include long-term paid absences, long-term disability benefits, and long-term profit-sharing plans.

The employees of the Group participate in the enterprise annuity plan established by the Group in accordance with the relevant policies of the national enterprise annuity system on the basis of participating in the social basic pension insurance. The expenses required for the annuity shall be paid jointly by the Group and the employees. The Company's total contribution is 8% of the employee's total salary for the previous year, and the employee's individual contribution is 2% of the employee's total salary for the previous year.

If the Group decides to terminate the labor relationship with the employee before the expiration of the employee's labor contract or puts forward compensation suggestions to encourage the employee to accept the layoff voluntarily, if the Group has formulated a formal plan to terminate the labor relationship or put forward a voluntary layoff proposal and will implement it soon, at the same time, the Group cannot unilaterally withdraw the plan to terminate the labor relationship or layoff proposal. The estimated liabilities arising from compensation for the termination of labor relations with employees shall be recognized and included in the current profits or losses.

Regarding the internal retirement plan implemented by the Group, the dismissal benefit will be dealt same as the termination benefit, because this part of employees no longer brings economic benefit to the enterprise. When the early retirement plan meets the recognition conditions specified in the employee benefits standards, according to the provisions of the internal retirement plan, the period from the day when the employee stops providing services to the normal retirement date, the Group's planned retirement salary and social insurance premiums, etc., are confirmed as the estimated liabilities, which are included in the current profits and losses.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 24. Provisions

The Company recognizes a provision for operations related to external guarantees, discounting of commercial acceptance bills, pending litigation or arbitration, product quality guarantees, and other contingencies if the following conditions are met: the obligation is a present obligation assumed by the Company; it is probable that the performance of the obligation will result in an outflow of economic benefits from the enterprise; and the amount of the obligation can be measured reliably.

The provision is initially measured on the basis of the best estimate of the expenditure required to meet the related current obligation, taking into account factors such as risk, uncertainty, and time value in money, which are related to contingencies. Where the effect of the time value of money is material, the best estimate is determined by discounting the relevant future cash outflows. The book value of provisions is reviewed at each balance sheet date and adjusts the book value to reflect the current best estimate if any changes occur.

If all or part of the expenditure required to settle the estimated liability is expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the book value of the estimated liability.

### 25. General risk reserve and transaction risk reserve

According to *Financial Rules for Financial Enterprises and Notice on the 2007 Annual Report of Securities Company* (SFC [2007] No.320), the Company and its subsidiaries calculate the general risk reserve according to 10% of after-tax profit (reducing make-up losses) for the year. According to the *Operational Guidelines for the Application of the Opinions on Regulating Asset Management Business of Financial Institutions to the Large Collection Asset Management Business of Securities Companies* (China Securities Regulatory Commission Announcement [2018] No. 39) and the *Provisions on Liquidity Risk Management of Publicly Offered Open-End Securities Investment Funds provide for a risk reserve for asset management operations*; According to the *Interim Provisions for the Supervision of Important Money Market Funds*, a risk reserve for fund sales operations is provided; In accordance with the *provisions of the Securities Law* and the CSRC [2007] No 320, the transaction risk reserve shall be withdrawn according to 10% of the current net profit after making up the loss.

In order to reduce the repayment risk of bonds, the proportion of discretionary surplus reserve and the proportion of general risk reserve is increased during the duration of bonds, which is withdrawn according to 5% of the current net profit after making up the loss, as deliberated and approved by the 14th meeting of the 4th board of directors and the 6th extraordinary general meeting of shareholders in 2013. The general risk reserve shall be withdrawn according to 11% of the current net profit after making up the loss. In case of failure to pay the principal and interest of the bond on schedule or failure to pay the principal and interest of the bond on schedule at maturity, the Company will withdraw the discretionary surplus reserve according to 10% of the current net profit after making up the loss during the remaining duration of the bond, and the general risk reserve according to 12% of the current net profit after making up the loss.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 25. General risk reserve and transaction risk reserve (continued)

According to the *Interim Provisions on the Supervision of Important Money Market Funds*, (China Securities Regulatory Commission Announcement [2023] No. 42) jointly issued by the China Securities Regulatory Commission Announcement and the People's Bank of China, fund sales organizations shall establish a risk reserve mechanism for important money market funds, and the proportion of the risk reserve to be provided from all sales revenue of important money market funds shall not be less than 20% per month, and the balance of the risk reserve can no longer be withdrawn when the balance of the risk reserve reaches 0.25% of the retained size of the sales of important money market funds as of the end of the previous quarter.

### 26. Revenue recognition principles

The revenue of the Group is recognized when the customer obtains the control rights of the relevant commodities (referring to the commodities or services) by performing the performance obligations of the contract. To gain control over the relevant goods means that the customer can dominate the use of the goods and get almost all the economic benefits from them.

Performance obligation means the transfer of the Group's commitment to the customer that clearly distinguishes between goods or services. Both express commitments in the contract and commitments that the customer reasonably expects the Group to perform at the time the contract is entered into based on the Group's publicly announced policies, specific statements, or past practices.

The Group evaluates the contract at the beginning of the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation should be performed within a certain period of time or at a certain point. If one of the following conditions is met, the contract obligations shall be fulfilled within a certain period of time; otherwise, the performance of a contractual obligation at a certain point:

- The customer concurrently receives and consumes the benefits provided by the entity's performance as the entity performs.
- The customer can control the goods that are under construction during the Group's contract execution.
- The entity's performance does not create an asset with an alternative use and the entity has a right to payment for performance completed to date.

For the performance obligations performed within a certain period of time, the Group recognizes the revenue according to the performance progress within that period of time. When the performance schedule cannot be reasonably determined, if the costs incurred by the Group are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance schedule can be reasonably determined. For the performance obligation performed at a certain time point, the Group recognizes the revenue when the customer obtains control over the relevant goods.

The Group has transferred the goods or services to customers and has the right to receive consideration (and the right depends on factors other than the passage of time). As a contract asset, the impairment is based on ECL. The right of the Group to charge the customer unconditionally (only depends on the passage of time) is listed as a receivable. The Group's obligation to transfer the goods or services, because the Group received or got receivable from the customer's consideration, which should be listed as contract liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 26. Revenue recognition principles (continued)

The specific accounting policies relating to the Group's main business to revenue are as follows:

#### (1) Handling fee and commission income

The handling fee income from buying and selling securities on behalf of customers shall be recognized on the trading day of securities trading.

The income from securities underwriting shall be recognized when the Company completes the performance obligations in the underwriting contract.

The income from the asset management business of the entrusted customer, when the entrusted management contract expires and is settled with the entrusting unit, the profit or loss that should be enjoyed by the Company is calculated according to the proportion specified in the contract and recognized as the current gain or loss. If the contract stipulates that the Company charges management fees and performance compensation fees in accordance with the agreed proportions, the management fees and performance compensation gains shall be confirmed in installments.

The income from issuance recommendation, financial consulting business, and investment consulting business shall be recognized during the performance of the Company's performance obligations or at the time of completion of the performance obligations according to the terms of the contract.

#### (2) Interest income

When the relevant income can be measured reliably and relevant economic benefits can be received, the interest income is recognized according to the time of fund utilization and the agreed interest rate. If there is little difference between the actual interest rate and the contractual interest rate, the interest income shall be calculated according to the contractual interest rate.

The financial assets held under resale agreements due in the current period, the difference between the resale price and the purchase price shall be recognized as the income in the current period; If there is no maturity in the current period, the interest accrued and withdrawn at the end of the period shall be recognized as the current income according to the amortized cost and the actual interest rate; if there is a small difference between the actual interest rate and the contractual interest rate, the income shall be recognized as the current income according to the contractual interest rate.

#### (3) Investment income

The Group recognizes the difference between the fair value of the financial assets held for trading and the initial book value at the time of disposal as investment income and adjusts the gain or loss from changes in fair value. Upon disposal of other debt investments, the difference between the sum of the price obtained and the cumulative changes in fair value previously recognized directly in other comprehensive income and the book value of the financial asset is recognized in investment income.

For long-term equity investments accounted for by the cost method, cash dividends or profits declared by the investee are recognized as investment income for the current period; for long-term equity investments accounted for by the equity method, investment income is recognized on the basis of the investee's share of net profit realized or adjusted net profit.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 26. Revenue recognition principles (continued)

#### (4) Spot market trading revenue and service revenue

Yuxin Investment Management Co., Ltd, a subsidiary of the Company, is involved with spot market trading revenue and service revenue. For spot market trading revenue, the contacts between Yuxin and its customers usually stipulate only the performance obligation of transferring goods. After comprehensively considering various issues, revenue was recognized at the time when every single performance obligation was performed. These issues include: obtaining the present right to receive payment for the goods, the transfer of the major risk and reward of the goods' ownership, the transfer of the legal ownership of goods, the physical transfer of goods, the reception of goods by the customer; For service revenue, we recognize revenue when the service is transferred and the amount of payment could be measured reliably.

#### 27. Accounting method for the client asset management business

The Company's customer asset management business includes collective asset management business, single asset management business, and special asset management business. The Company is entrusted to operate a collective asset management business, single asset management business, and special asset management business, with custody customers or collective plans as the main body, independent establishment of accounts, independent accounting, and not listing in the Company's financial statements.

#### 28. Government grants

The government grants relating to assets means the government grants which are obtained by the Group for purchasing or other long-term assets. The government grants relating to revenue means the except the government grants related assets. If the grant's target is not clearly specified in the government documents, the Group will make judgments according to the above principle of distinction. If it is difficult to distinguish, the whole is classified as a government subsidy relating to income.

If the government grant is a monetary asset, it is measured according to the amount actually received. For the grant paid according to a fixed standard, or there is evidence at the end of the year that can meet the relevant conditions specified in the financial support policy and is expected to receive financial support funds, which are measured according to the amount actually receivable. If the government grant is a non-monetary asset, it should be measured at its fair value. If its fair value cannot be obtained reliably, it shall be measured at its nominal amount (RMB1.00).

The government grants related to the asset shall be recognized as deferred income, and the government grants related to the asset shall be recognized as deferred income and be recorded into the current profit and loss in stages within the service life of the relevant asset.

When the related assets are sold, transferred, scrapped, or destroyed before the end of their useful lives, the related unallocated balance of deferred revenue is transferred to profit or loss in the period of disposal of the asset.

Government grants related to revenue that compensate for related costs or losses in subsequent periods are recognized as deferred revenue and recognized in current profit or loss in the period in which the related costs or losses are recognized. Government grants related to day-to-day business are included in other gains or charged against related costs, based on the substance of economic operations. Government grants not related to day-to-day business are included in non-operating income.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Government grants (continued)

When the Group receives a policy preferential loan subsidy, it is distinguished between cases in which the finance disburses the subsidy funds to the lending bank and cases in which the finance disburses the subsidy funds directly to the Group, and the accounting is treated according to the following principles:

- (1) If the treasury disburses the discounted funds to the lending bank, which provides the loan to the Group at the policy preferential interest rate, the Group uses the actual amount of the loan received as the recorded value of the loan and calculates the related borrowing costs based on the principal of the loan and the policy preferential interest rate (or uses the fair value of the loan as the recorded value of the loan and calculates the borrowing costs according to the effective interest rate method, the difference between the actual amount received and the fair value of the loan is recognized as deferred income. Deferred income is amortized over the life of the borrowing using the effective interest method, less related borrowing costs).
- (2) The treasury disburses the discounted funds directly to the Group, and the corresponding discount is offset against the related borrowing costs.

The Group's recognized government grants that are required to be returned are accounted for in the current period in which they are required as follows:

- 1) If the book value of relevant assets is offset at initial recognition, the book value of assets shall be adjusted.
- 2) Where a related deferred income exists, the carrying amount of the related deferred income is reduced and the excess is recognized in profit or loss in the current period.
- 3) In other cases, they are recognized directly in profit or loss for the current period.

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

The Group's deferred tax assets and deferred tax liabilities are recognized on the basis of the difference between the tax bases of assets and liabilities and their book values (temporary difference). For deductible losses and tax credits that can be offset against taxable income in subsequent years in accordance with the provisions of the tax law, a corresponding deferred tax asset is recognized as if they were temporary differences. Deferred tax assets and deferred tax liabilities are measured at the balance sheet date at the tax rates that apply in the period in which the asset is expected to be recovered or the liability settled.

The Group recognizes deferred tax assets arising from deductible temporary differences to the extent that the taxable income used to offset against the deductible temporary differences is likely to be obtained. The book value of deferred tax assets recognized should be written down when it is probable that sufficient taxable income will not be available to offset the deferred tax assets in future periods. The write-downs are reversed when it is probable that sufficient taxable income will be available.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 30. Leases

At the inception of a contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one of the parties to the contract has given up the right to control the use of one or more identified assets for a specified period of time in exchange for consideration. To determine whether the contract cedes the right to control the use of the identified assets for a certain period of time, the Group assesses whether the customer under the contract is entitled to receive substantially all of the economic benefits arising from the use of the identified assets during the period of use and has the right to dominate the use of the identified assets during that period of use.

If a contract contains several separate leases at the same time, the Group splits the contract and accounts for each separate lease separately. The right to use an identified asset constitutes a separate lease under the contract if the following conditions are all met:

- ① The lessee may profit from the use of the asset alone or in conjunction with other resources that are readily available;
- ② The asset is not highly dependent or highly related to other assets in the contract.

Where a contract contains both lease and non-lease components, the Group accounts for the lease and non-lease components separately when it acts as a lessor or lessee.

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

The types of assets leased by the Group are mainly houses and buildings.

##### 1) Initial measurement

At the inception date of a lease, the Group recognizes the right to use the leased asset over the lease term as a right-of-use asset and the present value of the outstanding lease payments as a lease liability, except for short-term leases and leases of low-value assets. In calculating the present value of the lease payments, the Group uses the interest rate implicit in lease as the discount rate; if the interest rate implicit in lease cannot be determined, the lessee's incremental borrowing rate shall be used as the discount rate.

The lease term is the period during which the Group has the right to use the leased asset and the right is non-cancellable. Where the Group has a renewal option, i.e. the right to elect to renew the lease of the asset, and it is reasonably certain that the option will be exercised, the lease term also includes the period covered by the renewal option. Where the Group has a termination option, i.e. the right to elect to terminate the lease of the asset, but it is reasonably certain that the option will not be exercised, the lease term includes the period covered by the termination option. Where a significant event or change within the Group's control occurs, and it affects whether the Group is reasonably certain that it will exercise the corresponding option, the Group reassesses whether it is reasonably certain that it will exercise the option to renew the lease, the option to purchase, or the option not to exercise the option to terminate the lease.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 30. Leases (continued)

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

##### 2) Subsequent measurement

The Group depreciates right-of-use assets using the straight-line method. If it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Group depreciates the leased assets over their remaining useful lives. If it is not reasonably certain that ownership of a leased asset will be obtained at the end of the lease term, the Group depreciates the asset over the shorter of the lease term or the remaining useful life of the leased asset. The Group calculates the interest expenses on lease liabilities at a fixed periodic rate for each period of the lease, and recognizes them in the current profit or loss.

Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss when they are actually incurred.

Subsequent to the commencement date of the lease term, when there is a change in the substantially fixed payments, a change in the amount expected to be payable for the residual value of the guarantee, a change in the index or rate used to determine the lease payments, a change in the appraisal of, or the actual exercise of, an option to purchase, an option to renew or an option to terminate, the Group remeasures the lease liability based on the present value of the lease payments as a result of the change and adjusts the book value of the right-of-use assets accordingly. If the book value of the right-of-use assets has been reduced to zero but the lease liabilities are subject to further reduction, the Group recognizes the remaining amount in current profit or loss.

##### 3) Lease changes

A lease change refers to a change of lease scope, lease consideration or lease term other than the original contract terms, including adding or terminating the right to use one or more leased assets, extending or shortening the lease term stipulated in the contract, etc.

If there is a change in the lease and the following conditions are met, the Group will treat the lease change as a separate lease for accounting purposes:

- ① The lease change expands the scope of the lease by increasing the right to use one or more of the leased assets;
- ② The increased consideration is equivalent to the separate price of the expanded part of the lease adjusted for the circumstances of that contract.

When a lease change is not accounted for as a separate lease, the Group re-determines the lease term on the effective date of the lease change and re-measures the lease liability by discounting the changed lease payment amount using the revised discount rate. In calculating the present value of the changed lease payments, the Group uses the interest rate implicit in the lease for the remaining lease term as the discount rate. If the interest rate implicit in the lease for the remaining lease term cannot be determined, the Group uses the interest rate of the Group's incremental borrowing on the effective date of the lease change as the discount rate.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 30. Leases (continued)

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

#### 3) Lease changes (continued)

In respect of the effect of the above adjustments to lease liabilities, the Group distinguishes between the following scenarios for accounting purposes:

- ① When a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Group reduces the book value of the right-of-use asset to reflect the partial termination or complete termination of the lease. The Group recognizes gains or losses related to partial or complete termination of leases in profit or loss for the period.
- ② For other lease changes, the Group adjusts the book value of right-of-use assets accordingly.

#### 4) Short-term leases and leases of low-value assets

On the commencement date of the lease term, the Group recognizes leases with a lease term not exceeding 12 months and not including purchase options as short-term leases; Leases with lower value when a single leased asset is a brand new asset are recognized as low-value asset leases. Where the Group subleases or expects to sublease leased assets, the original lease is not recognized as a lease of a low-value asset. The Group elects not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Lease payments are charged to the cost of the related assets or to current profit or loss on a straight-line basis in each period during the lease term, and contingent rentals are charged to current profit or loss as incurred.

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

Leases that transfer substantially all the risks and rewards associated with ownership of the leased asset at the inception date of the lease are finance leases, while all other leases are operating leases. The Group's leases are all operating leases.

As the lessor of operating leases, rental income from operating leases is recognized as current profit or loss on a straight-line basis in each period during the lease term, and contingent rentals are recognized in current profit or loss when they are actually incurred.

### 31. Income tax accounting

The balance sheet liability method is used for income tax accounting. Income tax expenses include current income taxes and deferred income taxes. Except that the current income tax and deferred income tax related to transactions and events directly included in shareholders' equity are included in shareholders' equity, and the book value of goodwill is adjusted by deferred income tax generated from the business combination, the remaining current income tax and deferred income tax expenses or income are included in current profits or losses.

Current income tax is the amount due to the tax authorities for transactions and events occurring in the current period, as determined by the enterprise in accordance with tax regulations; deferred income tax is the difference between the amount of deferred income tax assets and deferred income tax liabilities that should be recognized under the balance sheet liability method at the end of the period relative to the amount originally recognized.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 32. Hedging accounting

On the basis of the hedging relationship, the Company classifies hedging into fair value hedges, cash flow hedges, and hedges of a net investment in a foreign operation.

- (1) For hedging instruments that satisfy all the following conditions, hedge accounting is applied for accounting treatment. a) The hedging relationship is comprised of only qualifying hedging instruments and hedged items; b) Prior to hedging, the Company has formally designated the hedging instruments and the hedged items, and prepared the documentation regarding hedging relationships and risk management strategy and objectives for undertaking the hedging; c) The hedging relationship meets the hedge effectiveness requirements.

A hedge that meets all the following conditions is regarded as being in accordance with hedge effectiveness requirements.

- i. There is an economic relationship between the hedged item and the hedging instrument, which makes the values of the hedging instruments and the hedged items generally move in the opposite direction because of the same hedged risk.
- ii. The effect of credit risk does not dominate the value changes that result from the economic relationship between the hedged item and the hedging instruments.
- iii. The hedge ratio of the hedging relationship is the ratio of the quantity of the hedged item that the Company hedges to the quantity of the hedging instrument that the Company uses. However, that ratio shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument, which would cause hedge ineffectiveness and may result in an accounting result that is inconsistent with the purpose of hedge accounting.

### (2) Accounting for fair value hedges

- a) Gains or losses arising from hedging instruments shall be included in the profit or loss of the current period. If the hedging instrument hedges the non-tradable equity instrument investment (or its components) that is selected to be measured at fair value and its change is included in other comprehensive income, the gains or losses generated by the hedging instrument are included in other comprehensive income.
- b) Gains or losses of the hedged item arising from the hedged risk exposure are included in the profit or loss of the current period, and the book value of the hedged item that is not measured at fair value should be adjusted. If the hedged item is a financial asset (or its component) measured at fair value and its change is included in other comprehensive income, the profit or loss generated from the hedged risk exposure is included in the profit or loss of the current period, and its book value has been measured at fair value, no adjustment is needed; If the hedged item is non-tradable equity instrument investment (or its components) that are measured at fair value and its change is included in other comprehensive income, as the gains or losses arising from the hedged risk exposure are included in other comprehensive income, its book value has been measured at fair value and no adjustment is needed.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 32. Hedging accounting (continued)

#### (2) Accounting for fair value hedges (continued)

If the hedged item is an unrecognized definite commitment (or its component), the accumulated change in fair value caused by the hedged risk after the designation of the hedging relationship shall be recognized as an asset or liability, and the relevant gains or losses shall be included in the profits and losses of each relevant period. When the commitment is delivered and assets or liabilities recognized, the initial recognized amount of the asset or liability should be adjusted to include the fair value cumulative change of the recognized hedged item.

If the hedged item is a financial instrument (or its component) measured at amortized cost, the adjustment to the book value of the hedged item shall be based on the actual interest rate recalculated on the amortization date, and included in profit or loss. The amortization can start from the adjustment date, but not later than the time point when the adjustment to hedging gains and losses of the hedged item is terminated. If the hedged item is a financial asset (or its component) measured at fair value and its change is included in other comprehensive income, the accumulatively recognized hedging gains or losses shall be amortized in the same way and included in the current profit and loss, but the book value of the financial asset (or its component) shall not be adjusted.

#### (3) Accounting for cash flow hedges

- a) The effective part of the gain or loss generated by the hedging instrument shall be recognized in other comprehensive income as cash flow hedge reserve. The amount of cash flow hedge reserve should be measured as the lower of the following two:
  - i. the cumulative gain or loss on the hedging instrument from the inception of the hedge.
  - ii. the present value of the cumulative change in the expected future cash flows of the hedged item from the inception of the hedge. The amount of the cash flow hedge reserve recognized in the other comprehensive income during each accounting period is the change in the cash flow hedge reserve for the accounting period.
- b) Any remaining gain or loss on the hedging instrument (other than the gain or loss included in other comprehensive income) is regarded as ineffective and shall be recognized in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 32. Hedging accounting (continued)

#### (3) Accounting for cash flow hedges (continued)

- c) The amount that has been accumulated in the cash flow hedge reserve shall be accounted for as follows:
  - i. If the hedged item is an expected transaction that will subsequently result in the recognition of a non-financial asset or non-financial liability or the expected transaction of a non-financial asset or a non-financial liability becomes a definite commitment for which fair value hedge accounting is applied, the Company shall remove that amount from the cash flow hedge reserve in other comprehensive income, and reallocate it to the initial recognized value of the asset or the liability.
  - ii. For cash flow hedges other than those covered by the previous rule, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the periods during which the hedged expected future cash flows affect profit or loss.
  - iii. If cash flow hedge reserve in other comprehensive income is a loss and the Company expects that all or part of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

#### (4) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, shall be accounted for similarly to cash flow hedges:

- a) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income. The gain or loss of the hedging instrument in other comprehensive income shall be reclassified to profit or loss on the disposal or partial disposal of the foreign operation.
- b) The ineffective portion shall be recognized in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 32. Hedging accounting (continued)

#### (5) Termination of hedge accounting

In case of any of the following circumstances, the application of hedge accounting shall be terminated:

- a) the management objective has changed, and the hedging relationship no longer meets the risk management objective;
- b) the hedging instrument or instruments have expired, sold or terminated, or executed;
- c) there is no longer an economic relationship between the hedged item and the hedging instrument, or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- d) The hedging relationship does not satisfy other conditions of undertaking hedge accounting. If rebalancing of the hedging relationship applies, the Company shall consider rebalancing the hedging relationship first and subsequently assess whether the hedging relationship satisfies the conditions of undertaking hedge accounting.

The termination of hedge accounting may affect the hedging relationship or part of it, if only part of it is affected, hedge accounting still applies to the remaining.

#### (6) Option to designate a credit exposure as measured at fair value

When the credit risk exposure of a financial instrument (or its components) is managed by using a credit derivative instrument measured at fair value through current profit and loss, the financial instrument (or its components) can be designated as a financial instrument measured at fair value with its changes included in the current profit and loss at, before or after the time of initial recognition, and written records shall be kept at the same time while the following conditions shall be met simultaneously:

- a) the subject of the financial instrument's credit exposure (for example, the borrower, or the holder of a loan commitment) matches the subject of the credit derivative;
- b) The repayment level of financial instruments is consistent with the repayment level of the instruments to be delivered according to the terms of credit derivatives.

### 33. Segment information

The Group determines its operating segments based on its internal organizational structure, management requirements, and internal reporting system, while the report segment is determined based on the operating segment. An operating segment is a component of the Group that meets the following conditions simultaneously: the component is able to generate income and incur expenses in its day-to-day business; the Company's management is able to periodically evaluate the operating results of the component in order to decide on the allocation of resources to it and evaluate its performance; the Group has access to accounting information on the financial position, operating results and cash flows of the component, with inter-segment transfer prices determined by reference to market prices.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 34. Held for sale and terminated operations

#### (1) Held-for-sale assets

When the group recovers its book value mainly through the sale rather than continuous use of a non-current asset or disposal group, the non-current asset or disposal group is classified as held for sale.

Disposal group refers to a group of assets disposed of as a whole through sale or other means in a transaction, as well as the liabilities directly related to these assets transferred in the transaction.

The Group classifies non-current assets or disposal groups that meet the following conditions as held for sale:

- a) The non-current asset or disposal group is immediately available for sale in its current condition, in accordance with the practice of selling such assets or disposal groups in similar transactions;
- b) A sale is extremely likely to occur where the Company has resolved on a plan of sale and has entered into legally binding purchase agreements with other parties. The sale is expected to be completed within a year.

The group makes initial measurements and subsequent measurements on the non-current assets held for sale (excluding financial assets and deferred income tax assets) or disposal group according to the lower of the book value and the net amount after the fair value minus the selling expenses. The difference between the book value and the net amount after the fair value minus the selling expenses is recognized as an asset impairment loss and included in the current profits or losses.

#### (2) Terminate operations

The Group will discontinue operations as defined by a separately distinguishable component that meets one of the following conditions and that has been disposed of or classified as held for sale by the Group:

- a) The component represents a separate principal operation or a separate principal area of operation.
- b) The component is part of an associated plan to dispose of a separate principal operation or a separate principal area of operation.
- c) This component is a subsidiary acquired specifically for resale.

For terminated operations reported in the current period, the Group reports the profit and loss from continuing operations and the profit or loss from discontinued operations separately in the current period's income statement. At the same time, in the income statement of the comparative period, the information previously reported as continuing operation profits or losses is restated as the discontinued operation profits or losses of the comparable accounting period.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 35. Significant accounting judgments and estimates

During the preparation of the financial statements, the Company's management will make judgments, estimates, and assumptions which will have an impact on the application of accounting policies and the amount of assets, liabilities, revenue, and expenses. The reality may differ from these estimates. Management continuously evaluates the judgment of the key assumptions and uncertainties involved in the estimation. The impact of a change in accounting estimates is recognized during the change period and in future periods.

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

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

The Group recognizes a provision for impairment on the basis of debt investments, other debt investments, financing operations (including margin trading and short selling, agreed repurchase, stock-pledged repurchase, etc.), and currency market disposals (loans) of funds or securities, receivable, etc.

Based on the classification and nature of the above financial assets, combined with its own risk management practices and the relevant requirements of impairment guidelines, the Group comprehensively considers the time value of money and relevant past events that can be obtained without unnecessary additional costs or efforts on the balance sheet date on the basis of probability-weighted average, to establish an expected credit loss model to measure the impairment loss of the above financial instruments based on the reasonable and reliable information predicted by the current and future economic conditions. The relevant assumptions, parameters, data sources, and measurement procedures of the expected credit loss model require the Group to make professional judgments. Changes in the assumptions of these relevant factors will have an impact on the calculation results of the expected credit loss of financial instruments.

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

The Group's judgment criteria for a significant increase in credit risk, the definition of credit-impaired assets that have occurred, and assumptions of ECL. For details, please refer to Note X. 2 of this report.

#### (2) Impairment provision of goodwill

The goodwill is tested at least annually for impairment. The recoverable amount of the asset group and asset group combination that includes goodwill is the present value of its expected future cash flow, and its calculation requires the use of accounting estimates.

If management revises the gross profit margin used in the calculation of future cash flows of asset groups and asset group combinations, and the revised gross profit margin is lower than the currently used gross profit margin, the Group shall make provision for impairment of goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 35. Significant accounting judgments and estimates (continued)

#### (2) Impairment provision of goodwill (continued)

If management revises the pre-tax discount rate used for discounting cash flows, and the revised pre-tax discount rate is higher than the currently used discount rate, the Group shall provide additional impairment for goodwill.

If the actual gross profit margin or pre-tax discount rate is higher or lower than the management's estimate, the Group cannot reverse the impairment loss for goodwill that has been accrued.

#### (3) Recognition of deferred income tax assets

The estimation of deferred income tax assets needs to estimate the taxable income and applicable tax rates in future years. The realization of deferred income tax assets depends on whether the Group is likely to obtain sufficient taxable income in the future. Future changes in tax rates and the reversal time of temporary differences may also affect income tax expenses (income) and the balance of deferred income tax. Changes in the above estimates may result in important adjustments to deferred income tax.

#### (4) Useful life of fixed assets and intangible assets

At least, at the end of the year, the Group reviews the estimated useful life of fixed assets and intangible assets. The estimated service life is determined by the management based on the historical experience of similar assets, with reference to the commonly used estimates in the same industry, combined with the expected technical updates. When the previous estimates have changed significantly, the depreciation expenses and amortization expenses in the future period shall be adjusted accordingly.

#### (5) Determining the scope of consolidation

All facts and circumstances must be considered when assessing whether the Group controls the invested enterprise as an investor. The definition of control includes the following three elements: 1) the power of the investor to the investee; 2) the variable return enjoyed by the investee in the relevant business; and 3) the ability to use the power of the investee to influence the amount of its return. If one or more of the three control elements mentioned above change, the Group will reassess whether control still exists.

For structured entities (such as funds and asset management plans) managed by the Group, the Group will assess whether its maximum exposure to the structured entities, together with the variable returns generated by its administrator's compensation, is significant enough to indicate that the Group has control over the structured entities. If the Group has control over the structured entity under management, the structured entity will be included in the consolidated scope of the consolidated financial statements.

### 36. Changes in significant accounting policies and accounting estimates

#### (1) Changes in significant accounting policies

There is no change in significant accounting policies in the Company during the reporting period.

#### (2) Changes in significant accounting estimates

There is no change in significant accounting estimates in the Company during the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## V. TAXATION

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	16.5%, 25%
Value added tax	The taxable amount is calculated by multiplying the taxable sales revenue by the applicable tax rate/collection rate and deducting the balance of input tax allowed to be deducted in the current period	3%~13%
Urban maintenance and construction tax	Turnover tax payable	5%, 7%
Educational surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

Description of income tax rates of different taxpayers:

In accordance with the provisions of the *Enterprise Income Tax Law of the People's Republic of China* and the *Announcement of the State Administration of Taxation on Printing and Distributing the "Measures for the Administration of the Collection of Corporate Income Tax Collection for Cross-Regional Operations"* (State Administration of Taxation Announcement No. 57 of 2012), the Company implements the corporate income tax collection and management measures of "unified calculation, hierarchical management, on-site prepayment, consolidated liquidation, and fiscal adjustment".

According to the *Enterprise Income Tax Law of the People's Republic of China*, the Company applies the enterprise income tax rate of 25% from January 1st, 2008; Central China International Holdings Co., Ltd. and its subsidiaries in Hong Kong apply the comprehensive profits tax rate of 16.5% in accordance with the relevant provisions of the Hong Kong Special Administrative Region.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

#### (1) Details

Item	June 30th, 2024			December 31st, 2023		
	Functional currency	Exchange rate (Note 1)	RMB amount	Functional currency	Exchange rate	RMB amount
<b>Cash on hand</b>			<b>73,308.46</b>			121,206.68
RMB	59,959.82	1.0000	59,959.82	61,459.82	1.0000	61,459.82
HKD	10,272.85	0.9127	9,375.82	61,428.47	0.9062	55,667.71
CAD	760.00	5.2274	3,972.82	760.00	5.3673	4,079.15
<b>Deposits in bank</b>			<b>10,486,620,512.51</b>			9,686,435,108.53
<b>Deposit account</b>			<b>1,567,144,444.38</b>			1,528,331,501.98
RMB	1,015,115,894.74	1.0000	1,015,115,894.74	1,292,799,921.32	1.0000	1,292,799,921.32
USD	64,773,783.25	7.1268	461,629,736.42	23,930,918.82	7.0827	169,495,480.87
HKD	98,742,231.26	0.9127	90,120,059.63	72,556,523.38	0.9062	65,752,172.61
AUD	47,322.42	4.7650	225,491.42	47,292.37	4.8484	229,292.51
EUR	6,951.71	7.6617	53,261.93	6,951.65	7.8592	54,634.42
CAD	0.04	5.2274	0.21	0.04	5.3673	0.22
THB	0.15	0.1952	0.03	0.15	0.2074	0.03
<b>Client fund deposit</b>			<b>8,919,476,068.13</b>			8,158,103,606.55
RMB	8,796,885,716.13	1.0000	8,796,885,716.13	8,091,817,817.52	1.0000	8,091,817,817.52
USD	2,004,669.73	7.1268	14,286,878.07	2,559,690.14	7.0827	18,129,513.23
HKD	118,665,330.60	0.9127	108,303,473.93	53,139,718.59	0.9062	48,156,275.80
<b>Other cash</b>			<b>209,198,321.49</b>			290,633,313.58
RMB	209,198,321.49	1.0000	209,198,321.49	290,633,313.58	1.0000	290,633,313.58
<b>Total</b>			<b>10,695,892,142.46</b>			9,977,189,628.79

In which, details of Margin trading and short selling business are shown in the table below:

Item	June 30th, 2024			December 31st, 2023		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
<b>Corporate credit capital</b>			<b>68,452,366.10</b>			5,015,052.38
RMB	68,452,366.10	1.0000	68,452,366.10	4,853,442.33	1.0000	4,853,442.33
HKD				178,334.24	0.9062	161,610.05
<b>Client credit capital</b>			<b>675,761,653.93</b>			482,766,712.67
RMB	557,502,538.96	1.0000	557,502,538.96	418,406,075.91	1.0000	418,406,075.91
USD	1,638,300.65	7.1268	11,675,841.07	2,475,623.70	7.0827	17,534,099.98
HKD	116,780,551.67	0.9127	106,583,273.90	51,672,371.81	0.9062	46,826,536.78
<b>Total</b>			<b>744,214,020.03</b>			487,781,765.05

Note 1: The disclosed discount rates are rounded to four decimal places, while the actual discount rates are rounded to six decimal places, and there may be trailing differences in the discounting relationships. Other similar disclosures in this report are the same.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Cash and bank balances (continued)

(2) As of June 30th, 2024, the Group's cash which was deposited overseas was RMB663,532,651.31, mainly due to deposits made by Hong Kong subsidiaries.

(3) As of June 30th, 2024, the Group has restricted bank deposits totaling RMB24,658,255.44, mainly due to the Company carrying out asset management business and risk reserves deposited in banks. Details are as follows:

Item	June 30th, 2024	December 31st, 2023
Risk reserve for asset management business	24,658,255.44	23,487,092.38
Deposit for Banker's acceptance bill		4,250,000.00
<b>Total</b>	<b>24,658,255.44</b>	<b>27,737,092.38</b>

### 2. Clearing settlement funds

Item	June 30th, 2024			December 31st, 2023		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
<b>Corporate reserve funds</b>			<b>162,557,505.06</b>			<b>123,592,584.12</b>
RMB	162,535,270.26	1.0000	162,535,270.26	123,592,573.15	1.0000	123,592,573.15
HKD	24,350.00	0.9127	22,223.76			
USD	1.55	7.1268	11.04	1.55	7.0827	10.97
<b>Client's ordinary reserve funds</b>			<b>2,844,329,229.85</b>			<b>2,984,987,457.62</b>
RMB	2,836,752,239.51	1.0000	2,836,752,239.51	2,976,767,216.44	1.0000	2,976,767,216.44
USD	868,643.44	7.1268	6,190,648.07	1,016,803.58	7.0827	7,201,714.72
HKD	1,518,979.57	0.9127	1,386,342.27	1,123,928.47	0.9062	1,018,526.46
<b>Client's credit reserve funds</b>			<b>309,047,150.21</b>			<b>341,398,380.01</b>
RMB	309,047,150.21	1.0000	309,047,150.21	341,398,380.01	1.0000	341,398,380.01
<b>Total</b>			<b>3,315,933,885.12</b>			<b>3,449,978,421.75</b>



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 3. Margin accounts receivable

#### (1) By categories

Item	June 30th, 2024	December 31st, 2023
<b>Domestic</b>		
Including: Individual	<b>6,911,452,782.35</b>	7,440,114,286.25
Institution	<b>50,907,422.63</b>	60,146,266.68
Less: Provision for impairment	<b>21,897,760.81</b>	22,528,674.12
<b>Subtotal</b>	<b>6,940,462,444.17</b>	7,477,731,878.81
<b>Overseas</b>		
Including: Individual	<b>62,004,463.47</b>	61,454,752.90
Institution	<b>94,335,405.45</b>	119,347,366.55
Less: Provision for impairment	<b>76,414,111.77</b>	53,680,166.81
<b>Subtotal</b>	<b>79,925,757.15</b>	127,121,952.64
<b>Total book value</b>	<b>7,020,388,201.32</b>	7,604,853,831.45

#### (2) Details of collateral

Category of collateral	June 30th, 2024	December 31st, 2023
Cash	<b>349,798,499.41</b>	300,734,425.68
Bonds	<b>60,624,538.26</b>	101,840,928.12
Stocks	<b>16,020,418,090.89</b>	18,373,982,388.47
Funds	<b>410,622,785.90</b>	455,642,504.79
<b>Total</b>	<b>16,841,463,914.46</b>	19,232,200,247.06

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Derivative financial instruments

#### (1) June 30th, 2024

Category	Hedging instruments			Non-hedging instruments		
	Nominal value	Fair value Asset	Liability	Nominal value	Fair value Asset	Liability
Commodity futures	5,402,880.00		139,380.00	410,605,147.39	3,852,235.00	5,654,966.83
Less: Deductible temporary receipts and payments			139,380.00		3,852,235.00	5,654,966.83
Interest rate swaps				100,710,000,000.00	78,515,135.26	
Less: Deductible temporary receipts and payments					78,515,135.26	
National debt futures				7,005,745,216.20	15,813,751.00	
Less: Deductible temporary receipts and payments					15,813,751.00	
Stock index futures				473,160,255.00		12,228,532.64
Less: Deductible temporary receipts and payments						12,228,532.64
Stock return swap				590,221,749.54		24,714,864.81
Over the counter options				5,914,065,894.75	143,270,002.36	
Exchange-trade options				341,454,158.00	1,386,800.00	1,150,510.00
<b>Total</b>	<b>5,402,880.00</b>			<b>115,445,252,420.88</b>	<b>144,656,802.36</b>	<b>25,865,374.81</b>

#### (2) December 31st, 2023

Category	Hedging instruments			Non-hedging instruments		
	Nominal value	Fair value Asset	Liability	Nominal value	Fair value Asset	Liability
Commodity futures				292,288,544.53		207,540.07
Less: Deductible temporary receipts and payments						207,540.07
Interest rate swaps				97,020,000,000.00	19,621,428.21	
Less: Deductible temporary receipts and payments					19,621,428.21	
National debt futures				11,958,508,900.72	25,318,985.30	
Less: Deductible temporary receipts and payments					25,318,985.30	
Stock index futures				78,284,604.62	683,024.62	
Less: Deductible temporary receipts and payments					683,024.62	
Stock return swap				408,292,672.54		9,086,154.39
Over the counter options				1,461,300,652.51	27,202,732.17	6,763,945.00
Exchange-trade options				181,602,870.46	707,416.00	2,183,680.00
<b>Total</b>				<b>111,400,278,245.38</b>	<b>27,910,148.17</b>	<b>18,033,779.39</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5. Refundable deposits

Item	June 30th, 2024			December 31st, 2023		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
<b>Trading margin</b>			<b>1,334,609,651.54</b>			<b>1,070,568,192.53</b>
RMB	1,333,654,435.54	1.0000	1,333,654,435.54	1,069,619,293.53	1.0000	1,069,619,293.53
HKD	500,000.00	0.9127	456,340.00	500,000.00	0.9062	453,110.00
USD	70,000.00	7.1268	498,876.00	70,000.00	7.0827	495,789.00
<b>Credit margin</b>			<b>8,255,724.83</b>			<b>6,640,165.20</b>
RMB	8,255,724.83	1.0000	8,255,724.83	6,640,165.20	1.0000	6,640,165.20
<b>Performance bonds</b>			<b>22,035,248.12</b>			<b>9,583,851.20</b>
RMB	22,035,248.12	1.0000	22,035,248.12	9,583,851.20	1.0000	9,583,851.20
<b>Total</b>			<b>1,364,900,624.49</b>			<b>1,086,792,208.93</b>

### 6. Accounts receivable

#### (1) By categories

Item	June 30th, 2024	December 31st, 2023
Stock-pledged repurchase receivable (Note 1)	<b>634,712,442.78</b>	634,712,442.78
Receivables from clients' liquidation	<b>3,826,950.88</b>	312,806.75
Management fee receivable	<b>57,096,549.59</b>	59,191,389.33
Fees and commission receivable	<b>13,602,129.53</b>	15,894,472.71
Receivables from clients' financing	<b>5,832,797.37</b>	5,832,797.37
Over the counter trade receivable	<b>290,855,431.89</b>	308,673,293.60
Receivables from disposal of stocks (Note 2)	<b>156,039,977.32</b>	54,528,480.00
Debt asset package receivable (Note 2)	<b>136,374,761.56</b>	
Others	<b>15,827,331.88</b>	13,189,163.47
Less: Provision for bad debts (According to the simplified model)	<b>671,306,440.00</b>	671,219,236.90
<b>Book value of accounts receivable</b>	<b>642,861,932.80</b>	421,115,609.11

Note 1: Based on the result of court enforcement after the stock-pledged mortgage financing breached the contract, the Company transferred the unpaid repayment part to the accounts receivable. As of June 30th, 2024, the balance of the stock-pledged repurchase receivable is RMB634,712,442.78, and the amount of bad debt provision is RMB626,241,864.08, accounting for 98.67% of the balance of stock-pledged repurchase receivable. The stock-pledged repurchase receivable with no bad debt provisions made amounted to RMB8,470,578.70, and was recovered in the July of 2024.

Note 2: Central China Blue Ocean Investment Management Co., Ltd. reduced its equity investment in a holding subsidiary, Henan Central China Micro-Lending Co., Ltd. by way of directed capital reduction, which was paid in the form of cash and assets, and the disposal of equity receivables and debt assets receivable packages were formed for the aforesaid matters.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. Accounts receivable (continued)

#### (2) By evaluation methods

Item	June 30th, 2024			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Separate provision for bad debts	821,026,550.30	62.47	664,473,417.99	80.93
<b>Subtotal</b>	<b>821,026,550.30</b>	<b>62.47</b>	<b>664,473,417.99</b>	<b>80.93</b>
Combination provision for bad debts				
Including: Within 1 year	463,660,380.01	35.29	2,318,301.90	0.50
1-2 years	10,144,543.58	0.77	507,227.18	5.00
2-3 years	8,591,931.91	0.65	859,193.19	10.00
3-4 years	5,532,417.13	0.42	1,106,483.43	20.00
4-5 years	2,822,293.10	0.22	846,687.93	30.00
More than 5 years	2,390,256.77	0.18	1,195,128.38	50.00
<b>Subtotal</b>	<b>493,141,822.50</b>	<b>37.53</b>	<b>6,833,022.01</b>	
<b>Total</b>	<b>1,314,168,372.80</b>	<b>100.00</b>	<b>671,306,440.00</b>	

Item	December 31st, 2023			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Separate provision for bad debts	671,457,717.69	61.47	664,481,581.87	98.96
<b>Subtotal</b>	<b>671,457,717.69</b>	<b>61.47</b>	<b>664,481,581.87</b>	<b>98.96</b>
Combination provision for bad debts				
Including: Within 1 year	387,171,516.49	35.44	1,935,857.58	0.50
1-2 years	12,279,555.30	1.12	613,977.77	5.00
2-3 years	10,558,081.99	0.97	1,055,808.20	10.00
3-4 years	5,802,760.96	0.53	1,160,552.20	20.00
4-5 years	2,805,737.56	0.26	841,721.27	30.00
More than 5 years	2,259,476.02	0.21	1,129,738.01	50.00
<b>Subtotal</b>	<b>420,877,128.32</b>	<b>38.53</b>	<b>6,737,655.03</b>	
<b>Total</b>	<b>1,092,334,846.01</b>	<b>100.00</b>	<b>671,219,236.90</b>	

- (3) Among the balance of accounts receivable at the end of the period, the amount receivable from shareholder units holding more than 5% (including 5%) of the voting shares of the Company was RMB3,481,828.10, mainly for the accrued receivable of asset management fee income.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. Accounts receivable (continued)

#### (4) Accounts receivable of the top five closing balances, grouped by party in arrears

Name of entity	Balance as of June 30th, 2024	As a percentage of the balance of accounts receivable (%)	Balance of bad debt provision	Nature or content of payment	Aging
Entity 1	266,909,515.10	20.31	258,438,936.40	Stock-pledged receivables	1-2 years
Entity 2	181,150,400.00	13.78	181,150,400.00	Stock-pledged receivables	3-4 years
Entity 3	128,457,200.00	9.77	128,457,200.00	Stock-pledged receivables	3-4 years
Entity 4	101,511,497.32	7.72	507,557.49	Equity transfer fund	Within 1 year
Entity 5	58,195,327.68	4.43	58,195,327.68	Stock-pledged receivables	1-2 years
<b>Total</b>	<b>736,223,940.10</b>	<b>56.01</b>	<b>626,749,421.57</b>	<b>—</b>	

### 7. Financial assets held under resale agreements

#### (1) By business categories

Item	June 30th, 2024	December 31st, 2023
Agreed repurchase securities	460,677.13	3,009,369.26
Stock-pledged repurchase	722,955,935.64	904,184,979.44
Bond-pledged repurchase	533,485,153.64	305,392,570.51
Less: Provision for impairment	201,337,192.96	202,385,573.18
<b>Total</b>	<b>1,055,564,573.45</b>	<b>1,010,201,346.03</b>

#### (2) By categories of financial assets

Item	June 30th, 2024	December 31st, 2023
Stocks	723,416,612.77	907,194,348.70
Bonds	533,485,153.64	305,392,570.51
Less: Provision for impairment	201,337,192.96	202,385,573.18
<b>Book value</b>	<b>1,055,564,573.45</b>	<b>1,010,201,346.03</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7. Financial assets held under resale agreements (continued)

#### (3) By collateral categories

Category of collateral	Fair value as at June 30th, 2024	Fair value as at December 31st, 2023
Stocks	1,274,898,001.43	1,850,388,342.63
Bonds		
<b>Total</b>	<b>1,274,898,001.43</b>	<b>1,850,388,342.63</b>
Including: Collateral that can be sold or re-collateralized		
Including: Collateral that has been sold or has been pledged again		

Note: For the Treasury bond reverse repo transaction operated through the exchange, because it is automatically matched by the exchange and guarantees the full value of the collateral, it is impossible to know the information of the counterparty pledge pool. Therefore, the fair value of the collateral mentioned above does not include the fair value of the collateral asset obtained by the exchange's Treasury bond reverse repo. As of June 30th, 2024, and December 31st, 2023, the amount of the above-mentioned exchange's Treasury bond reverse repo by the Company and the Company's subsidiaries was RMB5,334,840,000 and RMB3,052,580,000, respectively.

#### (4) Stock-pledged repurchase by residual maturity

Remaining period	June 30th, 2024	December 31st, 2023
Within 1 month		
1-3 months	149,081,216.45	82,041,490.51
3 months to 1 year	326,241,061.61	575,688,817.67
More than 1 year		
Overdue	247,633,657.58	246,454,671.26
<b>Total</b>	<b>722,955,935.64</b>	<b>904,184,979.44</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 7. Financial assets held under resale agreements (continued)

#### (5) By impairment stages of stock-pledged repurchases

Item	June 30th, 2024			Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Book balance	475,322,278.06		247,633,657.58	722,955,935.64
Provision for impairment	959,383.23		200,376,119.07	201,335,502.30
<b>Book value</b>	<b>474,362,894.83</b>		<b>47,257,538.51</b>	<b>521,620,433.34</b>
<b>The value of Collateral</b>	<b>1,200,684,545.43</b>		<b>72,574,435.00</b>	<b>1,273,258,980.43</b>

Item	December 31st, 2023			Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Book balance	657,730,308.18		246,454,671.26	904,184,979.44
Provision for impairment	1,972,693.89		200,407,826.69	202,380,520.58
<b>Book value</b>	<b>655,757,614.29</b>		<b>46,046,844.57</b>	<b>701,804,458.86</b>
<b>The value of Collateral</b>	<b>1,759,639,551.63</b>		<b>83,393,185.00</b>	<b>1,843,032,736.63</b>

### 8. Financial assets held for trading

#### (1) By categories

Category	June 30th, 2024				Total initial cost
	Financial assets classified as at fair value through profit or loss	Fair value Financial assets designated as at fair value through profit or loss	Total fair value	Initial cost Financial assets designated as at fair value through profit or loss	
Bonds	19,991,021,007.93		19,991,021,007.93	20,099,446,828.55	20,099,446,828.55
Public offering of fund	3,100,027,941.78		3,100,027,941.78	3,117,356,307.86	3,117,356,307.86
Stocks	718,576,890.11		718,576,890.11	1,213,086,231.15	1,213,086,231.15
Bank financial products	38,226,797.94		38,226,797.94	38,000,000.00	38,000,000.00
Asset management products of securities companies	646,594,575.31		646,594,575.31	669,637,729.12	669,637,729.12
Private funds and partnerships	1,144,752,050.68		1,144,752,050.68	1,018,393,302.26	1,018,393,302.26
Others	140,198,499.49		140,198,499.49	146,219,272.87	146,219,272.87
<b>Total</b>	<b>25,779,397,763.24</b>		<b>25,779,397,763.24</b>	<b>26,302,139,671.81</b>	<b>26,302,139,671.81</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 8. Financial assets held for trading (continued)

#### (1) By categories (continued)

Category	December 31st, 2023		Total fair value	Financial assets classified as at fair value through profit or loss	Initial cost	Total initial cost
	Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss				
Bonds	19,651,578,605.94		19,651,578,605.94	19,786,150,062.56		19,786,150,062.56
Public offering of fund	1,304,685,499.45		1,304,685,499.45	1,333,420,172.28		1,333,420,172.28
Stocks	840,279,124.07		840,279,124.07	1,081,097,145.65		1,081,097,145.65
Bank financial products	58,508,802.33		58,508,802.33	58,000,000.00		58,000,000.00
Asset management products of securities companies	772,615,727.08		772,615,727.08	773,994,916.53		773,994,916.53
Private funds and partnerships	1,150,034,991.40		1,150,034,991.40	1,037,348,358.90		1,037,348,358.90
Others	493,504,941.74		493,504,941.74	459,200,000.00		459,200,000.00
<b>Total</b>	<b>24,271,207,692.01</b>		<b>24,271,207,692.01</b>	<b>24,529,210,655.92</b>		<b>24,529,210,655.92</b>

Note: "Others" mainly are trust plans, asset management plans, and future asset management plans.

#### (2) Financial assets held for trading with restricted realization

Item	Reasons	Book value as of June 30th, 2024	Book value as of December 31st, 2023
Bonds	Pledged for repurchase financing, pledged for bond lending	<b>11,897,002,429.21</b>	10,797,226,684.80
Bonds	Bonds default	<b>16,535,910.29</b>	29,405,934.81
Bonds	Non-transferable until maturity	<b>5,000,000.00</b>	5,000,000.00
Asset management products of securities companies	Undue underlying trust assets	<b>1,196,100.00</b>	1,196,100.00
Asset management products of securities companies	Exit not allowed during the lock-in or closed period	<b>39,562,703.86</b>	13,050,487.72
Public offering of the fund	Securities financed	<b>4,184,435.08</b>	2,661,822.87
Stocks	Restricted to sale	<b>26,016,401.55</b>	23,750,347.80



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9. Debt investments

#### (1) Details of debt investments

Category	June 30th, 2024			
	Initial cost	Interest	Provision for impairment	Book value
Trust plans	190,519,333.72		99,324,018.49	91,195,315.23
Private placement bonds	157,458,647.29		157,458,647.29	
Asset management plans	183,069,573.63		158,946,697.02	24,122,876.61
<b>Total</b>	<b>531,047,554.64</b>		<b>415,729,362.80</b>	<b>115,318,191.84</b>

Category	December 31st, 2023			
	Initial cost	Interest	Provision for impairment	Book value
Trust plans	190,725,846.42		93,447,439.61	97,278,406.81
Private placement bonds	156,556,487.87		156,556,487.87	
Asset management plans	182,038,742.06		158,946,697.02	23,092,045.04
<b>Total</b>	<b>529,321,076.35</b>		<b>408,950,624.50</b>	<b>120,370,451.85</b>

#### (2) Details of impairment provisions

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Balance as of January 1st, 2024			408,950,624.50	408,950,624.50
Current book balance of debt investments as of January 1st, 2024	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Increase			5,876,578.88	5,876,578.88
Transfer back				
Write off				
Translation differences of foreign currency financial statements			902,159.42	902,159.42
<b>Balance as of June 30th, 2024</b>			<b>415,729,362.80</b>	<b>415,729,362.80</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. Other debt investments

#### (1) By Categories

Category	June 30th, 2024				Cumulative provision for impairment
	Initial cost	Interest	Changes in fair value	Book value	
National bonds	150,809,548.29	2,534,958.90	867,067.61	154,211,574.80	
Local government bonds	157,555,669.84	325,081.48	5,367,830.16	163,248,581.48	177,580.94
<b>Total</b>	<b>308,365,218.13</b>	<b>2,860,040.38</b>	<b>6,234,897.77</b>	<b>317,460,156.28</b>	<b>177,580.94</b>

Category	December 31st, 2023				Cumulative provision for impairment
	Initial cost	Interest	Changes in fair value	Book value	
National bonds	201,421,761.58	2,994,587.69	328,738.42	204,745,087.69	
Local government bonds	158,223,077.29	2,129,617.48	1,078,672.71	161,431,367.48	198,011.19
Corporate bonds	42,966,626.88	1,432,647.54	345,733.12	44,745,007.54	52,657.70
<b>Total</b>	<b>402,611,465.75</b>	<b>6,556,852.71</b>	<b>1,753,144.25</b>	<b>410,921,462.71</b>	<b>250,668.89</b>

#### (2) Details of impairment provisions

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Balance as of January 1st, 2024	250,668.89			250,668.89
Current book balance of other debt investments as of January 1st, 2024	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Increase				
Transfer back	24,559.59			24,559.59
Write off				
Others	-48,528.36			-48,528.36
<b>Balance as of June 30th, 2024</b>	<b>177,580.94</b>			<b>177,580.94</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. Other debt investments (continued)

#### (3) Other debt investments with restricted realization

Item	Reasons	Book value as of June 30th, 2024	Book value as of December 31st, 2023
Local government bonds	Pledged for repurchase financing	144,600,883.53	
National bonds	Pledged for refinancing business	80,912,621.24	42,292,691.53

### 11. Investments in other equity instruments

#### (1) Separate presentation of other equity instruments

Item	June 30th, 2024	December 31st, 2023
Future membership	1,400,000.00	1,400,000.00
<b>Total</b>	<b>1,400,000.00</b>	<b>1,400,000.00</b>

#### (2) Additional information about other equity instruments

According to the *Implementation Rules for the Financial Treatment of Futures Companies issued by the China Futures Association*, the Company's subsidiaries list futures membership as investments in other equity instruments.

### 12. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	June 30th, 2024	December 31st, 2023
By long-term equity investments calculated by the equity method	1,075,843,902.76	1,478,891,569.69
<b>Total long-term equity investments</b>	<b>1,075,843,902.76</b>	<b>1,478,891,569.69</b>
Less: Provision for impairment of long-term equity investments	35,876,927.85	35,833,324.53
<b>Net value of long-term equity investments</b>	<b>1,039,966,974.91</b>	<b>1,443,058,245.16</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Long-term equity investments (continued)

#### (2) Investments in associates

Investee	Opening book value	Additional investment	Reducing investment	Investment gains and losses recognized under the equity method	Increase/decrease in current period			Declare cash dividends or profits	Provision for impairment	Others	Closing book value	Closing balance of impairment provision (Note 1)
					Other comprehensive income adjustment	Other changes in equity						
Henan Asset Management Co., Ltd.	696,317,592.86			33,365,344.68	523,188.92		-24,597,377.47				705,608,748.99	
Henan Central China Micro-Lending Co., Ltd. (Note 2)	352,334,659.17	354,508,857.52		2,174,198.35								
Henan Shengtong Juyuan Venture Capital Fund (Limited Partnership)	76,167,902.19		-28,031,697.86		1,752,801.75						49,889,006.08	
Henan Jinding Shengyuan Equity Investment Fund (Limited Partnership)	51,076,381.30		-19,701,693.26		1,202,161.73						32,576,849.77	
Luoyang Kaiyuan Technology Innovation Venture Capital Fund (Limited Partnership)	35,790,550.66		-276,821.48								35,513,729.18	
Henan Dahe Caifang Media Holding Co., Ltd.	32,698,312.28		205,797.61								32,904,109.89	
Henan Liying Environmental Protection Technology Co., Ltd.	32,106,960.36			79,557.93							32,186,518.29	
Minquan County Innovation Industry Investment Fund (Limited Partnership)	29,968,894.11		-9,934,374.67								20,034,519.44	
Xinxiang Zhongding Technology Achievement Transformation Fund (Limited Partnership)	19,951,277.90		-1,952,947.31								17,998,330.59	
CSI Jiaotong Fund Management Co., Ltd.	19,457,390.37		-1,905,157.76								17,552,232.61	
Henan Zhonglian Equipment Manufacturing Technology Research Center Co., Ltd.	19,021,635.71										19,021,635.71	
Zhongyuan Environmental Capital Technology Co., Ltd.	16,046,950.18										16,046,950.18	
Luoyang Desheng Biotechnology Co., Ltd.	12,577,745.47										11,699,183.67	
Zhengzhou Dahe Zhixin Technology Co., Ltd.	12,158,167.88			-878,561.80							12,158,167.88	
Luoyang Guohong Industry Development Investment Fund (Limited Partnership)	11,044,727.86		143,395.24								11,188,123.10	
Hebi Magnesium Trading Center Co., Ltd.	8,908,735.15		-80,422.92								8,828,312.23	
Weihui Zhongding Innovation Equity Investment Fund Partnership (Limited Partnership)	3,985,419.04		-19,586.73								3,965,832.31	

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Long-term equity investments (continued)

#### (2) Investments in associates (continued)

Investee	Opening book value	Additional investment	Reducing investment	Investment gains and losses recognized under the equity method	Increase/decrease in current period			Declare cash dividends or profits	Provision for impairment	Others	Closing book value	Closing balance of impairment provision (Note 1)
					Other comprehensive income adjustment	Other changes in equity						
Henan Jiaoliang Rongmei Information Technology Co., Ltd.	3,968,039.42			-31,419.26						3,936,620.16		
Hebi Jingkai Electronic Industry Development Fund Partnership (Limited Partnership)	1,968,316.71			-18,371.52						1,949,945.19		
Puyang Chuangying Industrial Investment Fund Co., Ltd.	1,664,755.93			-617,520.72		40,617.42				1,087,852.63	3,389,755.50	
Luohu Huarui Permanent Magnetic Material Co., Ltd.	1,500,000.00									1,500,000.00		
Zhengzhou Majia Agricultural Technology Co., Ltd.	1,376,024.42									1,376,024.42		
Zhengzhou Nongtao E-commerce Co., Ltd.	1,005,916.36									1,005,916.36	12,473,406.77	
Tangyin County Innovation Industry Investment Fund (Limited Partnership)	984,343.22			-24.11						984,319.11		
Henan Investment Realistic Communication Co., Ltd.	737,546.61			-23,499.49						714,047.12		
Henan Dudu Computer Technology Co., Ltd.	240,000.00									240,000.00	492,987.23	
Henan Ruida Pharmaceutical Technology Co., Ltd.											5,059,488.46	
Shangcai Fengtuo Agriculture and Forestry Technology Co., Ltd.											4,946,823.89	
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.											3,354,112.56	
2242257 Ontario Inc.											6,160,353.44	
<b>Total</b>	1,443,058,245.16		354,508,857.52	-27,503,805.08	523,188.92	2,995,580.90	-24,597,377.47			1,039,966,974.91	35,876,927.85	

Note 1: On June 30th, 2024, the Group believes that there are no new provisions for impairment.

Note 2: The Group disposed part of its equity interest in Henan Central China Micro-Lending Co., Ltd. during the period, and its shareholding was reduced from 39% to 7.576%, which no longer has significant influence and was adjusted for as financial assets held for trading.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. Investment properties

Item	Buildings and structures	Total
<b>I. Original book value</b>		
1. Opening balance	43,909,920.74	43,909,920.74
2. Increase		
3. Decrease		
4. Closing balance	43,909,920.74	43,909,920.74
<b>II. Accumulated depreciation and amortization</b>		
1. Opening balance	19,428,894.46	19,428,894.46
2. Increase	517,144.39	517,144.39
(1) Accrual or amortization	517,144.39	517,144.39
3. Decrease		
4. Closing balance	19,946,038.85	19,946,038.85
<b>III. Provision for impairment</b>		
1. Opening balance		
2. Increase		
3. Decrease		
4. Closing balance		
<b>IV. Book value</b>		
1. Closing book value	23,963,881.89	23,963,881.89
2. Opening book value	24,481,026.28	24,481,026.28

On June 30th, 2024, and December 31st, 2023, the Group believes that no provision for impairment of investment properties is needed.

On June 30th, 2024, and December 31st, 2023, the Group has no investment properties that have not completed the property rights certificate yet.

### 14. Fixed assets

#### (1) Book value

Item	June 30th, 2024	December 31st, 2023
Original value of fixed assets	511,465,804.28	520,142,181.72
Less: Accumulative depreciation	331,231,830.97	335,678,267.03
Less: Provision for impairment		
<b>Total book value of fixed assets</b>	<b>180,233,973.31</b>	184,463,914.69

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 14. Fixed assets (continued)

#### (2) Changes in the increase or decrease of fixed assets

Item	Buildings and structures	Electrical equipment	Transport facilities	Others	Total
<b>I. Original book value</b>					
1. Opening balance	160,970,835.42	316,729,209.39	20,774,850.90	21,667,286.01	520,142,181.72
2. Increase		14,884,493.52		41,592.53	14,926,086.05
(1) Acquisition		14,884,493.52		41,592.53	14,926,086.05
(2) Transferred in from investment properties					
3. Decrease		20,330,427.03	2,321,123.07	969,579.90	23,621,130.00
(1) Disposal or scrap		20,330,427.03	2,321,123.07	969,579.90	23,621,130.00
4. Translation differences of foreign currency financial statements		14,156.54	3,949.50	560.47	18,666.51
5. Closing balance	160,970,835.42	311,297,432.42	18,457,677.33	20,739,859.11	511,465,804.28
<b>II. Accumulative depreciation</b>					
1. Opening balance	71,252,018.46	229,684,590.74	19,003,045.04	15,738,612.79	335,678,267.03
2. Increase	2,195,714.45	13,894,824.52	147,279.96	718,381.20	16,956,200.13
(1) Accrual	2,195,714.45	13,894,824.52	147,279.96	718,381.20	16,956,200.13
(2) Transferred in from investment properties					
3. Decrease		18,205,693.28	2,274,528.28	937,633.33	21,417,854.89
(1) Disposal or scrap		18,205,693.28	2,274,528.28	937,633.33	21,417,854.89
4. Translation differences of foreign currency financial statements		10,816.24	3,943.46	459.00	15,218.70
5. Closing balance	73,447,732.91	225,384,538.22	16,879,740.18	15,519,819.66	331,231,830.97
<b>III. Provision for impairment</b>					
1. Opening balance					
2. Increase					
3. Decrease					
4. Closing balance					
<b>IV. Book value</b>					
1. Closing book value	87,523,102.51	85,912,894.20	1,577,937.15	5,220,039.45	180,233,973.31
2. Opening book value	89,718,816.96	87,044,618.65	1,771,805.86	5,928,673.22	184,463,914.69

(3) The depreciation of the fixed asset recognized in the period is RMB16,956,200.13.

(4) On June 30th, 2024, the Group has no fixed assets temporarily idle.

(5) On June 30th, 2024, the Group has no fixed assets that have not completed the title certificate.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 15. Construction in progress

Item	June 30th, 2024		December 31st, 2023			
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Office building construction	203,155,227.10		203,155,227.10	189,352,396.39		189,352,396.39
<b>Total</b>	<b>203,155,227.10</b>		<b>203,155,227.10</b>	189,352,396.39		189,352,396.39

### 16. Right-of-use assets

Item	Buildings and structures	Total
<b>I. Original book value</b>		
1. Opening balance	343,961,624.64	343,961,624.64
2. Increase	351,817.03	351,817.03
(1) Rent in	351,817.03	351,817.03
3. Decrease	16,996,248.81	16,996,248.81
(1) Lease expired	16,996,248.81	16,996,248.81
4. Translation differences of foreign currency financial statements	204,034.02	204,034.02
5. Closing balance	327,521,226.88	327,521,226.88
<b>II. Accumulative depreciation</b>		
1. Opening balance	181,590,849.91	181,590,849.91
2. Increase	31,689,997.50	31,689,997.50
(1) Accrual	31,689,997.50	31,689,997.50
3. Decrease	16,996,248.81	16,996,248.81
(1) Lease expired	16,996,248.81	16,996,248.81
4. Translation differences of foreign currency financial statements	111,558.24	111,558.24
5. Closing balance	196,396,156.84	196,396,156.84
<b>III. Book value</b>		
1. Closing book value	131,125,070.04	131,125,070.04
2. Opening book value	162,370,774.73	162,370,774.73

On June 30th, 2024, and December 31st, 2023, the Group believes that no provision for impairment of right-of-use assets is needed.



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 17. Intangible assets

#### (1) Details of intangible assets

Item	Computer software	Seat fee	Land-use right	Others	Total
<b>I. Original book value</b>					
1. Opening balance	509,776,051.68	28,937,110.00	105,480,246.53	2,344,188.67	646,537,596.88
2. Increase	25,078,239.00				25,078,239.00
3. Decrease					
4. Translation differences of foreign currency financial statements	1,938.00	3,230.00			5,168.00
5. Closing balance	534,856,228.68	28,940,340.00	105,480,246.53	2,344,188.67	671,621,003.88
<b>II. Accumulated amortization</b>					
1. Opening balance	307,642,440.35	28,467,333.24	25,710,809.70	2,086,641.52	363,907,224.81
2. Increase	33,484,340.87	16,666.76	1,318,503.06	20,754.72	34,840,265.41
3. Decrease					
4. Translation differences of foreign currency financial statements	1,938.00				1,938.00
5. Closing balance	341,128,719.22	28,484,000.00	27,029,312.76	2,107,396.24	398,749,428.22
<b>III. Provision for impairment</b>					
1. Opening balance					
2. Increase					
3. Decrease					
4. Closing balance					
<b>IV. Book value</b>					
1. Closing book value	193,727,509.46	456,340.00	78,450,933.77	236,792.43	272,871,575.66
2. Opening book value	202,133,611.33	469,776.76	79,769,436.83	257,547.15	282,630,372.07

(2) The depreciation of the intangible assets recognized in the period is RMB34,840,265.41.

(3) On June 30th, 2024, and December 31st, 2023, the Group has no significant intangible assets used as collateral or guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 18. Deferred income tax assets and deferred income tax liabilities

#### (1) Deferred income tax assets before offset

Item	June 30th, 2024		December 31st, 2023	
	Deductible Temporary difference	Deferred income tax assets	Deductible Temporary difference	Deferred income tax assets
Provision for impairment of assets	1,380,422,194.86	335,242,965.86	1,358,748,760.27	329,894,415.12
Employee benefits payable	486,678,102.84	121,669,525.71	349,319,436.56	87,329,859.14
Changes in fair value of financial assets held for trading and derivative financial instruments	379,387,692.46	83,205,664.83	465,050,918.74	98,748,012.97
Underwriting income and expenditure to be carried forward	3,708,805.40	927,201.35	3,024,843.12	756,210.78
Accrued expenses	40,691,227.08	10,172,806.77	30,444,853.96	7,611,213.49
Changes in fair value of financial liabilities held for trading	7,842,241.52	1,960,560.38	728,081.24	182,020.31
Futures risk reserve	422,299.44	105,574.86	422,299.44	105,574.86
Others	391,926,159.54	90,987,716.62	448,505,375.39	105,182,023.24
<b>Total</b>	<b>2,691,078,723.14</b>	<b>644,272,016.38</b>	<b>2,656,244,568.72</b>	<b>629,809,329.91</b>

#### (2) Deferred income tax liabilities before offset

Item	June 30th, 2024		December 31st, 2023	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of financial assets held for trading and derivative financial instruments	40,039,413.04	10,009,853.26	32,545.72	8,136.43
Changes in fair value of other debt investments	6,234,897.77	1,558,724.44	1,753,144.24	438,286.06
Others	136,546,495.76	34,136,623.94	228,190,177.32	57,047,544.33
<b>Total</b>	<b>182,820,806.57</b>	<b>45,705,201.64</b>	<b>229,975,867.28</b>	<b>57,493,966.82</b>

#### (3) Net amount of deferred income tax assets and deferred income tax liabilities after offset

Item	Closing offset amount between deferred income tax assets and liabilities	Closing balance of deferred income tax assets or liabilities after offset	Opening offset amount between deferred income tax assets and liabilities	Opening balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	30,480,297.19	613,791,719.19	36,734,033.00	593,075,296.91
Deferred income tax liabilities	30,480,297.19	15,224,904.45	36,734,033.00	20,759,933.82

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 19. Goodwill

#### (1) Original value of goodwill

Investee	December 31st, 2023	Business combination in current period	Increase	Decrease		June 30th, 2024
			Translation differences of foreign currency financial statements	Disposal	Others	
Central China Futures Co., Ltd. (Note 1)	7,268,756.37					7,268,756.37
Central China International Financing Co., Ltd. (Note 2)	15,279,078.91		108,917.09			15,387,996.00
<b>Total</b>	<b>22,547,835.28</b>		<b>108,917.09</b>			<b>22,656,752.37</b>

Note 1: In 2007, the Company acquired 55.68% equity of Central China Futures Co., Ltd. (formerly known as "Yuliang Futures Brokerage Co., Ltd.") through a business combination not under common control. The excess of the combination cost over the fair value of the identifiable assets and liabilities of Central China Futures Co., Ltd. obtained on a pro-rata basis was recognized as goodwill related to Central China Futures Co., Ltd.

Note 2: Central China International, a subsidiary of the Company, acquired 100% equity interests in Central China International Financing (formerly known as "Pan Asia Corporate Finance Limited") through a business combination not under common control in 2016 with a merger consideration of HKD24,416,272.00. The fair value of the identifiable net assets of Central China International Financing as at the date of combination was HKD7,556,040.59, and the difference of HKD16,860,231.41 was recorded as goodwill after being translated into RMB at the exchange rate as at June 30th, 2024.

#### (2) Provision for impairment of goodwill

Investee	December 31st, 2023	Accrual	Increase	Decrease		June 30th, 2024
			Translation differences of foreign currency financial statements	Disposal	Others	
Central China Futures Co., Ltd. Central China International Financing Co., Ltd.	15,279,078.91		108,917.09			15,387,996.00
<b>Total</b>	<b>15,279,078.91</b>		<b>108,917.09</b>			<b>15,387,996.00</b>

The main cash flows generated by the above investees are independent of the other subsidiaries of the Company, and the Company separately manages the above subsidiaries. Therefore, each subsidiary constitutes an asset group and the goodwill formed by business combinations is allocated to the corresponding subsidiaries for impairment test. The recoverable amount of the Company's goodwill is determined by the method of estimating the present value of future cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 19. Goodwill (continued)

#### (2) Provision for impairment of goodwill (continued)

The Company has made a full provision for impairment of the goodwill arising from the acquisition of Central China International Financing, and the Company's management deems that no provision for impairment is necessary for the goodwill arising from the acquisition of Central China Futures.

The Company estimates the present value of the future cash flows of the asset group based on the financial budgets and applicable discount rates for the next few years in accordance with the development plan of Central China Futures and the development trend of the industry. The cash flows of the years after exceeding the financial budgets are judged by the growth rate of the stability period, which is not greater than the long-term average growth rate of the business in relation to the asset group. The forecast period used by the Company is five years. The pre-tax discount rate on cash flows used for the asset group of Central China Futures is 13.00% and the growth rate of operating income for the stability period is 0%. The discount rate and weighted average growth rate reflect the specific risks and long-term growth expectations of the related asset group. Other key assumptions used to forecast the estimate of the recoverable amount relating to cash inflows or outflows include forecast income and income margin. The estimate is determined based on the asset group's past performance and management's expectations of market changes. During the forecast period, the asset group of Central China Futures has an income growth rate of 10% and a profit margin of 7.09%. During the stability period, the profit margin of the asset group of Central China Futures is 9.63%. The recoverable amount of the asset group of Central China Futures is greater than its book value, which means no impairment has occurred.

### 20. Other assets

#### (1) Details

Item	June 30th, 2024	December 31st, 2023
Other receivables	64,218,290.86	230,943,169.55
Debt assets	21,742,744.13	12,165,744.13
Deferred expenses	5,441,021.80	18,304,952.02
Long-term deferred expenses	39,134,498.03	45,879,186.91
Pending underwriting expenses	307,938.50	305,805.01
Bulk commodity inventory	125,006,318.74	107,365,768.25
Clearing margin receivable	10,050,140.19	10,049,604.49
Others	6,744,726.23	8,027,958.70
<b>Total</b>	<b>272,645,678.48</b>	433,042,189.06

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 20. Other assets (continued)

#### (2) Other receivables

##### 1) Details

Item	June 30th, 2024	December 31st, 2023
Prepayments	73,465,394.59	74,968,817.81
Cash pledge	14,213,385.90	16,663,113.31
Deposits	1,788,000.00	163,001,703.94
Others	22,598,739.98	24,893,433.98
Less: Provision for bad debts	47,847,229.61	48,583,899.49
<b>Book value</b>	<b>64,218,290.86</b>	<b>230,943,169.55</b>

##### 2) By evaluation methods

Item	June 30th, 2024			December 31st, 2023		
	Book balance	Provision for bad debts	Proportion (%)	Book balance	Provision for bad debts	Proportion (%)
Separate provision for bad debts	44,160,361.51	39,241,759.96	88.86	204,148,644.82	39,246,978.29	19.22
<b>Subtotal</b>	<b>44,160,361.51</b>	<b>39,241,759.96</b>	<b>88.86</b>	<b>204,148,644.82</b>	<b>39,246,978.29</b>	<b>19.22</b>
Combination provision for bad debts						
Including: Within 1 year	32,896,693.39	164,508.47	0.50	34,932,277.65	174,661.39	0.50
1-2 years	10,886,549.02	544,327.46	5.00	12,906,541.63	645,327.08	5.00
2-3 years	6,372,006.91	637,200.69	10.00	8,740,365.98	874,036.60	10.00
3-4 years	3,628,127.76	725,625.54	20.00	4,410,274.42	882,054.88	20.00
4-5 years	2,635,419.76	790,625.93	30.00	2,168,207.63	650,462.29	30.00
More than 5 years	11,486,362.12	5,743,181.56	50.00	12,220,756.91	6,110,378.96	50.00
<b>Subtotal</b>	<b>67,905,158.96</b>	<b>8,605,469.65</b>		<b>75,378,424.22</b>	<b>9,336,921.20</b>	
<b>Total</b>	<b>112,065,520.47</b>	<b>47,847,229.61</b>		<b>279,527,069.04</b>	<b>48,583,899.49</b>	

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 20. Other assets (continued)

#### (3) Long-term deferred expenses

Item	December 31st, 2023	Increase	Amortized	Translation differences of foreign currency financial statements	June 30th, 2024
Decoration expenses, etc.	45,879,186.91	2,458,254.41	9,203,614.95	671.66	<b>39,134,498.03</b>
<b>Total</b>	45,879,186.91	2,458,254.41	9,203,614.95	671.66	<b>39,134,498.03</b>

#### (4) Entrusted loans

Item	June 30th, 2024	December 31st, 2023
Entrusted loans	<b>22,135,377.29</b>	22,135,377.29
Less: Provision for impairment	<b>22,135,377.29</b>	22,135,377.29
<b>Book value</b>		

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 21. Securities lending

Item	June 30th, 2024	December 31st, 2023
<b>Securities lending</b>	<b>4,282,583.08</b>	3,676,678.87
— Financial assets held for trading	<b>4,184,435.08</b>	2,661,822.87
— Securities received through refinancing	<b>98,148.00</b>	1,014,856.00
Total amount of securities received through refinancing	<b>819,634.00</b>	1,828,500.00

As of June 30th, 2024, and December 31st, 2023, the Company had no significant securities lending business contracts overdue.

### 22. Statement of provision for impairment of assets

#### (1) By changing details

Item	December 31st, 2023	Increase	Decrease Reversal	Other transfer-out	Translation differences of foreign currency financial statements	June 30th, 2024
Provision for impairment of lending funds	76,208,840.93	21,971,405.38			131,626.27	<b>98,311,872.58</b>
Provision for bad debts of accounts receivable	671,219,236.90	79,953.87			7,249.23	<b>671,306,440.00</b>
Provision for bad debts of other receivables	48,583,899.49		740,328.45		3,658.57	<b>47,847,229.61</b>
Provision for impairment of financial assets held under resale agreements	202,385,573.18	8,808.92	1,057,189.14			<b>201,337,192.96</b>
Provision for impairment of debt investments	408,950,624.50	5,876,578.88			902,159.42	<b>415,729,362.80</b>
Provision for impairment of other debt investments	250,668.89		24,559.59	48,528.36		<b>177,580.94</b>
Provision for impairment of other assets	10,070,146.72	50,105.06				<b>10,120,251.78</b>
Provision for impairment of entrusted loans	22,135,377.29					<b>22,135,377.29</b>
<b>Subtotal of provision for credit impairment of financial instruments and other items</b>	<b>1,439,804,367.90</b>	<b>27,986,852.11</b>	<b>1,822,077.18</b>	<b>48,528.36</b>	<b>1,044,693.49</b>	<b>1,466,965,307.96</b>
Provision for impairment of long-term equity investments	35,833,324.53				43,603.32	<b>35,876,927.85</b>
Provision for impairment of inventory	386,465.61	2,964,419.83		115,059.88		<b>3,235,825.56</b>
Provision for impairment of goodwill	15,279,078.91				108,917.09	<b>15,387,996.00</b>
<b>Subtotal of provision for impairment of other assets</b>	<b>51,498,869.05</b>	<b>2,964,419.83</b>		<b>115,059.88</b>	<b>152,520.41</b>	<b>54,500,749.41</b>
<b>Total</b>	<b>1,491,303,236.95</b>	<b>30,951,271.94</b>	<b>1,822,077.18</b>	<b>163,588.24</b>	<b>1,197,213.90</b>	<b>1,521,466,057.37</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 22. Statement of provision for impairment of assets (continued)

#### (2) Expected credit loss provisions for financial instruments and other items

Item	June 30th, 2024			Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Provision for impairment of lending funds	22,022,060.14	3,925.98	76,285,886.46	98,311,872.58
Provision for bad debts of accounts receivable		6,833,022.01	664,473,417.99	671,306,440.00
Provision for bad debts of other receivables		8,605,469.65	39,241,759.96	47,847,229.61
Provision for impairment of financial assets held under resale agreements	961,073.89		200,376,119.07	201,337,192.96
Provision for impairment of debt investments			415,729,362.80	415,729,362.80
Provision for impairment of other debt investments	177,580.94			177,580.94
Provision for impairment of other assets (Note)		152,475.01	9,967,776.77	10,120,251.78
Provision for impairment of entrusted loans			22,135,377.29	22,135,377.29
<b>Total</b>	<b>23,160,714.97</b>	<b>15,594,892.65</b>	<b>1,428,209,700.34</b>	<b>1,466,965,307.96</b>

Note: Provision for impairment of other receivables is shown separately and is not included in the provision for impairment of other assets.

Item	December 31st, 2023			Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Provision for impairment of lending funds	22,529,094.73	301,016.11	53,378,730.09	76,208,840.93
Provision for bad debts of accounts receivable		6,737,655.03	664,481,581.87	671,219,236.90
Provision for bad debts of other receivables		9,336,921.20	39,246,978.29	48,583,899.49
Provision for impairment of financial assets held under resale agreements	1,977,746.49		200,407,826.69	202,385,573.18
Provision for impairment of debt investments			408,950,624.50	408,950,624.50
Provision for impairment of other debt investments	250,668.89			250,668.89
Provision for impairment of other assets		102,369.95	9,967,776.77	10,070,146.72
Provision for impairment of entrusted loans			22,135,377.29	22,135,377.29
<b>Total</b>	<b>24,757,510.11</b>	<b>16,477,962.29</b>	<b>1,398,568,895.50</b>	<b>1,439,804,367.90</b>



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 23. Short-term loans

Category	June 30th, 2024	December 31st, 2023
Guaranteed loans (Note 1)	7,007,583.33	
<b>Total</b>	<b>7,007,583.33</b>	

Note 1: As of June 30th, 2024, short-term loans represented working capital loans of Yuxin Investment Management (Shanghai) Co., Ltd., a subsidiary of Central China Securities, from China EVERBRIGHT BANK Company Limited, which was guaranteed by Henan Wan Zhuang Anyang Logistics Park Co., Ltd. on a joint and several basis, with an amount of RMB7 million, a term from March 26th, 2024 to March 25th, 2025, and an interest rate of 3.90%.

### 24. Short-term financing instruments payable

Category	Par value		Bond maturity	Issuing amount		Book balance as of December 31st,			Book balance as of June 30th, 2024
	(RMB10,000)	Interest start date		(RMB10,000)	Coupon rate	2023	Increase	Decrease	
21 Central China 01 (Note 1)	100,000	March 5th, 2021	3 years	100,000	4.03%	1,033,273,352.46	7,026,647.54	1,040,300,000.00	
21 Central China C1 (Note 2)	110,000	October 22nd, 2021	3 years	110,000	4.70%	1,110,196,388.80	25,779,178.07		1,135,975,566.87
22 Central China 01 (Note 3)	200,000	February 24th, 2022	3 years	200,000	3.20%		2,022,223,030.05		2,022,223,030.05
23 Central China 02 (Note 4)	100,000	June 12th, 2023	368 days	100,000	2.61%	1,014,468,720.61	11,846,279.39	1,026,315,000.00	
WENDING ZHONGYUAN (Note 5)	USD8,800	March 22nd, 2022	3 years	USD10,000	4.00%		632,552,702.33		632,552,702.33
Income securities issued certificate (Note 6)	90,620.70	January 4th, 2024 to June 28th, 2024	14-182 days	90,620.70	1.55%-3.88%	917,784,921.71	1,418,551,423.99	1,425,177,058.87	911,159,286.83
<b>Total</b>						4,075,723,383.58	4,117,979,261.37	3,491,792,058.87	4,701,910,586.08

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 24. Short-term financing instruments payable (continued)

Note 1: According to the resolution of the Company's third extraordinary general meeting of shareholders in 2015, the Company was approved by the China Securities Regulatory Commission on the Approval of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Qualified Investors (Zheng Jian Xu Ke [2019] No. 326), the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB3 billion to qualified investors. On March 4th, 2021, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 4.03%.

Note 2: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to non-publicly issue subordinated bonds with a total amount of no more than RMB3 billion to qualified investors in accordance with the Shanghai Stock Exchange's Letter on No Objection to the Listing and Transfer of Non-public Issuance of Subordinated Corporate Bonds by Central China Securities Co., Ltd. (SSE Letter [2020] No. 544), and the effective date of the SSE Letter was extended from March 2021 to December 2021 in accordance with the requirements of the notice of the Shanghai Stock Exchange. On October 21st, 2021, the Company issued the bonds of RMB1.1 billion in 2021, with a maturity of 3 years and a coupon rate of 4.70%.

Note 3: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved by the China Securities Regulatory Commission on the Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 39), and the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB2 billion to professional investors. On February 23rd, 2022, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 3.20%.

Note 4: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 2533). On June 9th, 2023, the Company issued bonds of RMB1 billion, with a maturity of 368 days and a coupon rate of 2.61%.

Note 5: Wending Zhongyuan Company Limited, a subsidiary of the Company, issued dollar bonds of USD100 million with a coupon rate of 4% on March 22nd, 2022, after the tenth meeting of the sixth session of the Board of Directors of the Company and the first extraordinary general meeting of shareholders in 2019 deliberated and approved the Proposal on the General Authorization of the Company to Issue Domestic and Overseas Debt Financing Instruments. The Company provided joint and several liability guarantees.

Note 6: As of June 30th, 2024, the Company's deposited income securities issued certificates consisted of Jinyi Series income securities issued certificates of RMB422,469,381.32 and Zunyi Series income securities issued certificates of RMB488,689,905.51, with maturity of 14 to 182 days and interest rates ranging from 1.55% to 3.88%.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 25. Due to banks and other financial institutions

#### (1) Categories

Item	June 30th, 2024	December 31st, 2023
Due to banks	3,000,782,222.15	2,995,916,161.16
Capital from refinancing	603,827,888.87	301,990,833.32
<b>Total</b>	<b>3,604,610,111.02</b>	<b>3,297,906,994.48</b>

#### (2) Residual maturity of capital from refinancing

Item	June 30th, 2024		December 31st, 2023	
	Balance	Interest rate range	Balance	Interest rate range
Within 1 month	303,371,138.87	2.42%~2.63%	201,886,111.10	3.50%
1-3 months				
3 months to 1 year	300,456,750.00	2.03%	100,104,722.22	2.90%
<b>Total</b>	<b>603,827,888.87</b>		<b>301,990,833.32</b>	

### 26. Financial liabilities held for trading

Category	June 30th, 2024		Total
	Financial liabilities classified as at fair value through profit or loss	Fair value Financial liabilities designated as at fair value through profit or loss	
Bonds (Note 1)	946,476,052.34		946,476,052.34
Structured entities included in the scope of consolidation which are classified as financial liabilities at fair value through profit or loss (Note 2)	413,021,393.42		413,021,393.42
Income securities issued certificate pegged to stock indexes (Note 3)	408,365,643.84		408,365,643.84
<b>Total</b>	<b>1,767,863,089.60</b>		<b>1,767,863,089.60</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 26. Financial liabilities held for trading (continued)

Category	Financial liabilities classified as at fair value through profit or loss	December 31st, 2023	Total
		Fair value Financial liabilities designated as at fair value through profit or loss	
Bonds (Note 1)	307,843,920.49		307,843,920.49
Structured entities included in the scope of consolidation which are classified as financial liabilities at fair value through profit or loss (Note 2)	578,564,904.36		578,564,904.36
Income securities issued certificate pegged to stock indexes (Note 3)	503,202,356.18		503,202,356.18
<b>Total</b>	<b>1,389,611,181.03</b>		<b>1,389,611,181.03</b>

Note 1: As of June 30th, 2024, the Group sold bonds to other financial institutions for financing operations.

Note 2: In the consolidated financial statements, the Group classifies financial liabilities arising from the consolidation of structured entities as financial liabilities held for trading as the Group has the obligation to make payments to other investors on the maturity date of the structured entities based on the net book value and the relevant terms of the structured entities.

Note 3: As of June 30th, 2024, the Group sold income securities issued certificates to other financial institutions for financing operations.

### 27. Financial assets sold under repurchase agreements

#### (1) By business categories

Item	June 30th, 2024	December 31st, 2023
Outright repurchase		429,052.73
Pledge-style repurchase	<b>10,772,168,938.00</b>	10,601,958,426.84
<b>Total</b>	<b>10,772,168,938.00</b>	10,602,387,479.57

#### (2) By subject categories

Item	June 30th, 2024	December 31st, 2023
Bonds	<b>10,772,168,938.00</b>	10,602,387,479.57
<b>Total</b>	<b>10,772,168,938.00</b>	10,602,387,479.57

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 27. Financial assets sold under repurchase agreements (continued)

#### (3) Collateral information of financial assets sold under repurchase agreements

Category of collateral	Fair value as at June 30th, 2024	Fair value as at December 31st, 2023
Bonds	11,715,703,431.10	11,493,240,612.92
<b>Total</b>	<b>11,715,703,431.10</b>	<b>11,493,240,612.92</b>

### 28. Accounts payable to brokerage clients

#### (1) Details

Item	June 30th, 2024	December 31st, 2023
<b>General brokerage business</b>		
Including: Individual	10,534,665,792.99	9,962,778,842.88
Institution	957,127,008.40	870,758,790.03
<b>Subtotal</b>	<b>11,491,792,801.39</b>	<b>10,833,537,632.91</b>
<b>Credit business</b>		
Including: Individual	826,990,036.04	687,968,937.04
Institution	10,033,502.49	16,544,033.05
<b>Subtotal</b>	<b>837,023,538.53</b>	<b>704,512,970.09</b>
<b>Total</b>	<b>12,328,816,339.92</b>	<b>11,538,050,603.00</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 29. Employee benefits payable

#### (1) Categories

Item	December 31st, 2023	Increase	Decrease	June 30th, 2024
Short-term benefits	463,717,581.22	446,490,160.04	400,652,884.29	<b>509,554,856.97</b>
Post-employment benefit — defined contribution plans	51,716,711.53	59,999,535.60	40,839,985.92	<b>70,876,261.21</b>
Termination benefits	69,546.95	1,897,883.69	1,897,387.93	<b>70,042.71</b>
<b>Total</b>	<b>515,503,839.70</b>	<b>508,387,579.33</b>	<b>443,390,258.14</b>	<b>580,501,160.89</b>

#### (2) Short-term benefits

Item	December 31st, 2023	Increase	Decrease	June 30th, 2024
Salaries, bonuses, allowances and subsidies	320,180,167.85	359,062,626.80	325,779,738.21	<b>353,463,056.44</b>
Employee welfare	46,307.85	19,906,365.72	19,952,173.57	<b>500.00</b>
Social insurance premiums	2,087.70	22,670,038.47	21,028,983.02	<b>1,643,143.15</b>
Including: Medical insurance	1,853.60	19,226,435.18	19,226,435.18	<b>1,853.60</b>
Work-related injury insurance	39.00	381,607.51	381,607.51	<b>39.00</b>
Maternity insurance	195.10	1,114,188.35	1,114,188.35	<b>195.10</b>
Supplementary medical insurance		1,940,366.78	299,311.33	<b>1,641,055.45</b>
Others		7,440.65	7,440.65	
Housing funds		29,571,648.03	29,571,648.03	
Labor union and employee education costs	143,489,017.82	15,279,481.02	4,320,341.46	<b>154,448,157.38</b>
<b>Total</b>	<b>463,717,581.22</b>	<b>446,490,160.04</b>	<b>400,652,884.29</b>	<b>509,554,856.97</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 29. Employee benefits payable (continued)

#### (3) Post-employment benefit — defined contribution plans

Item	December 31st, 2023	Increase	Decrease	June 30th, 2024
Basic pension insurance	3,902.40	37,309,950.64	37,309,950.64	<b>3,902.40</b>
Unemployment insurance	97.50	1,519,488.24	1,519,488.24	<b>97.50</b>
Enterprise annuity	51,712,711.63	21,170,096.72	2,010,547.04	<b>70,872,261.31</b>
<b>Total</b>	<b>51,716,711.53</b>	<b>59,999,535.60</b>	<b>40,839,985.92</b>	<b>70,876,261.21</b>

Note: The Company and the domestic subsidiaries make contributions to basic pension insurance (the "Pension Insurance Plan") in accordance with the relevant regulations of the local government. The subsidiaries of the Company in Hong Kong such as Central China International Financial Holdings Co., Ltd. make contributions to the Mandatory Provident Fund (the "MPF Plan") in accordance with the Mandatory Provident Fund Schemes Ordinance of Hong Kong. The Company and the domestic subsidiaries have established the enterprise annuity plans (the "Enterprise Annuity Plans") in accordance with the relevant policies of the domestic enterprise annuity system.

As of June 30th, 2024, under the pension insurance plan and MPF plan, the Group has not had any relevant forfeiture of contributions. Under the enterprise annuity plan, the Group retains the confiscated contributions in the enterprise annuity public account in accordance with the domestic enterprise annuity policy and the Group's enterprise annuity management system, which will be enjoyed by employees who are still in the enterprise annuity plan. Forfeited contributions will not be used to offset future contributions and will not reduce current and future contribution levels.

### 30. Taxes payable

Item	June 30th, 2024	December 31st, 2023
Enterprise income tax	<b>27,979,064.88</b>	8,458,155.39
Individual income tax	<b>4,258,105.15</b>	15,673,639.63
Value added tax	<b>2,986,607.00</b>	807,251.57
Urban maintenance and construction tax	<b>629,221.92</b>	549,135.56
Educational surcharge	<b>547,513.22</b>	490,403.86
Property tax	<b>297,422.37</b>	294,440.00
Land use tax	<b>52,642.81</b>	52,642.81
Others	<b>46,142.71</b>	111,190.49
<b>Total</b>	<b>36,796,720.06</b>	26,436,859.31

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 31. Accounts payable

Item	June 30th, 2024	December 31st, 2023
Open-end fund liquidation	240,489,597.23	356,512,718.52
Securities liquidation	21,553,865.78	3,254,604.40
Bank custody fee	3,843,361.67	4,594,888.40
Over the counter options payable	386,411,384.62	494,958,985.70
Others	1,771,400.89	13,692,147.28
<b>Total</b>	<b>654,069,610.19</b>	<b>873,013,344.30</b>

### 32. Contract liabilities

Item	June 30th, 2024	December 31st, 2023
Fee and commission advances	3,224,014.23	2,469,798.59
Trade advances	2,846,307.64	5,412,034.78
<b>Total</b>	<b>6,070,321.87</b>	<b>7,881,833.37</b>

### 33. Bonds payable

Category	Par value (RMB10,000)	Interest start date	Bond maturity	Issuing amount (RMB10,000)	Coupon rate	Book balance as of December 31st, 2023	Increase	Decrease	Book balance as of June 30th, 2024
22 Central China 01 (Note 1)	200,000	February 24th, 2022	3 years	200,000	3.20%	2,054,143,260.14	9,856,739.86	2,064,000,000.00	
22 Central China C1 (Note 2)	50,000	October 17th, 2022	3 years	50,000	3.30%	503,435,616.39	8,227,397.24		511,663,013.63
23 Central China 01 (Note 3)	100,000	March 13th, 2023	3 years	100,000	3.68%	1,029,176,975.09	18,452,202.78	36,800,000.00	1,010,829,177.87
23 Central China C1 (Note 4)	50,000	August 18th, 2023	3 years	50,000	3.70%	506,893,150.70	9,224,657.55		516,117,808.25
24 Central China 01 (Note 5)	70,000	January 25th, 2024	3 years	70,000	2.90%		708,285,418.73		708,285,418.73
24 Central China C1 (Note 6)	100,000	June 4th, 2024	3 years	100,000	2.44%		1,001,804,931.51		1,001,804,931.51
WENDING ZHONGYUAN (Note 7)	USD8,800	March 22nd, 2022	3 years	USD10,000	4.00%	627,552,162.94	9,773,405.06	637,325,568.00	
Income securities issued certificate (Note 8)	12,742	June 4th, 2024 to June 25th, 2024	1,092 days	12,742	2.85%-3.00%		127,623,387.63		127,623,387.63
<b>Total</b>						4,721,201,165.26	1,893,248,140.36	2,738,125,568.00	<b>3,876,323,737.62</b>



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 33. Bonds payable (continued)

Note 1: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved by the China Securities Regulatory Commission on the Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 39), and the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB2 billion to professional investors. On February 23rd, 2022, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 3.20%.

Note 2: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 2213). On October 14th, 2022, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 3.30%.

Note 3: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 2533). On March 10th, 2023, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 3.68%.

Note 4: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 2213). On August 17th, 2023, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 3.70%.

Note 5: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019 and the Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 2533) by the China Securities Regulatory Commission, the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors. On January 24th, 2024, the Company issued bonds of RMB700 million, with a maturity of 3 years and a coupon rate of 2.90%.

Note 6: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors (Zheng Jian Xu Ke [2022] No. 2213). On June 3rd, 2024, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 2.44%.

Note 7: Wending Zhongyuan Company Limited, a subsidiary of the Company, issued dollar bonds of USD100 million with a coupon rate of 4% on March 22nd, 2022, after the tenth meeting of the sixth session of the Board of Directors of the Company and the first extraordinary general meeting of shareholders in 2019 deliberated and approved the Proposal on the General Authorization of the Company to Issue Domestic and Overseas Debt Financing Instruments. The Company provided joint and several liability guarantees.

Note 8: As of June 30th, 2024, the Company's deposited income securities issued certificates consisted of Jinyi Series income securities issued certificates of RMB127,623,387.63, with a maturity of 1,092 days and interest rates ranging from 2.85% to 3.00%.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 34. Lease liabilities

Item	June 30th, 2024	December 31st, 2023
Lease liabilities	125,333,374.66	159,674,911.48
Including: Lease liabilities due within one year	59,947,620.09	66,335,598.42
<b>Total</b>	<b>125,333,374.66</b>	<b>159,674,911.48</b>

The items leased by the Group are mainly houses and buildings. The Group rents houses and buildings as office space and office space leasing usually lasts for a period of 1 to 5 years.

### 35. Other liabilities

#### (1) Details

Item	June 30th, 2024	December 31st, 2023
Other payables	233,601,622.27	224,003,199.09
Receipts in advance	74,499,105.53	38,153,283.30
Dividends payable	66,103,001.98	1,071,386.42
Futures risk reserve	36,189,395.88	34,714,760.36
Investor Protection Fund	9,956,773.49	6,002,456.29
Others	1,028,711.71	1,053,692.80
<b>Total</b>	<b>421,378,610.86</b>	<b>304,998,778.26</b>

#### (2) Other payables

Item	June 30th, 2024	December 31st, 2023
Equity transfer fund	14,919,494.21	14,813,893.20
Warranty deposit (Note 1)	42,133,220.00	50,260,864.00
Withholding supervision fees, rent, utilities, etc.	59,719,331.22	49,499,181.81
Non-monetary offset against treasury futures margin	49,185,823.31	48,414,991.31
Others	67,643,753.53	61,014,268.77
<b>Total</b>	<b>233,601,622.27</b>	<b>224,003,199.09</b>

Note 1: The pledge amount of the credit warehouse receipt set by the Company's subsidiaries for warehouse receipt pledge financing business is RMB29,400,280.00, and the book value of the pledged bulk commodity inventory set by the Company's subsidiaries for warehouse receipt pledge financing business is RMB14,597,519.33.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 35. Other liabilities (continued)

#### (3) Futures risk reserve

The Company's subsidiary, Central China Futures, according to the Provisional Regulations on the Financial Management of Commodity Futures Trading, accrues the futures risk reserve based on 5% of the net income of the futures brokerage service fee income minus the futures exchange service fee payable and includes it to the current profit or loss. When the risk reserve is used to make up for losses due to its own reasons or to write off uncollectible advances for risk losses in accordance with the regulations, the balance of the futures risk reserve is offset.

### 36. Share capital

Item	December 31st, 2023	Increase/decrease (+, -)			Subtotal	June 30th, 2024
		Issued new shares	Bonus shares	Shares transferred from reserves		
Total share capital	4,642,884,700.00					4,642,884,700.00

### 37. Capital reserve

Item	December 31st, 2023	Increase	Decrease	June 30th, 2024
Premium on share capital	6,540,294,251.22			6,540,294,251.22
Other capital reserves	-270,300,425.54	2,995,580.90		-267,304,844.64
<b>Total</b>	<b>6,269,993,825.68</b>	<b>2,995,580.90</b>		<b>6,272,989,406.58</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 38. Other comprehensive income

Item	Opening balance of OCI attributable to shareholders of the parent company	Amount incurred in current period				Attributable to the parent company after tax	Attributable to non-controlling interests after tax	Closing balance of OCI attributable to shareholders of the parent company
		Amount incurred before income tax	Less: Transfer to profit or loss for current period from those included in OCI in prior period	Less: Income tax expenses	Total			
OCI to be reclassified subsequently to profit or loss	63,695,070.78	8,603,597.96	541,086.38	1,102,166.40	6,960,345.18	6,960,345.18	70,655,415.96	
Including: Changes in fair value of other debt investments	1,314,858.20	4,974,311.54	492,558.02	1,120,438.38	3,361,315.14	3,361,315.14	4,676,173.34	
Provision for credit impairment of other debt investments	188,001.66	-24,559.59	48,528.36	-18,271.98	-54,815.97	-54,815.97	133,185.69	
OCI that will be reclassified to profit or loss under equity method	1,735,028.56	523,188.92			523,188.92	523,188.92	2,258,217.48	
Translation differences of foreign currency financial statements	60,457,182.36	3,130,657.09			3,130,657.09	3,130,657.09	63,587,839.45	
<b>Total</b>	63,695,070.78	8,603,597.96	541,086.38	1,102,166.40	6,960,345.18	6,960,345.18	70,655,415.96	

### 39. Surplus reserve

Item	December 31st, 2023	Increase	Decrease	June 30th, 2024
Statutory reserve	773,314,682.01			773,314,682.01
Discretionary reserve	229,235,215.11			229,235,215.11
<b>Total</b>	1,002,549,897.12			1,002,549,897.12

### 40. General risk reserve

Item	December 31st, 2023	Increase	Decrease	June 30th, 2024
General risk reserve	912,610,825.48	1,070,009.35		913,680,834.83
Transaction risk reserve	768,560,879.91			768,560,879.91
<b>Total</b>	1,681,171,705.39	1,070,009.35		1,682,241,714.74

General risk reserves include the general risk reserves and transaction risk reserves provided by the Company and its subsidiaries. For details, please refer to "Note IV. 25".

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 41. Undistributed profits

Item	January-June 2024	January-June 2023
<b>Undistributed profits as at the end of prior period</b>	<b>242,467,397.11</b>	211,258,110.35
Adjusted		
<b>Undistributed profits as at the beginning of the period</b>	<b>242,467,397.11</b>	211,258,110.35
Add: Net profit attributable to owners of the parent company	<b>201,265,120.05</b>	167,282,207.98
Less: Statutory reserve		
Discretionary reserve		
General risk reserve	<b>1,070,009.35</b>	1,106,475.45
Transaction risk reserve		
Distribution of ordinary share dividends	<b>65,000,385.80</b>	32,500,192.90
<b>Undistributed profits as at the end of the period</b>	<b>377,662,122.01</b>	344,933,649.98

### 42. Net interest income

Item	January-June 2024	January-June 2023
<b>Interest income</b>	<b>388,806,227.22</b>	408,776,946.69
Including: Interest income from cash and bank balances and clearing settlement funds	<b>127,424,123.00</b>	120,364,768.40
Interest income from margin trading business	<b>234,927,959.07</b>	237,416,611.15
Interest income from financial assets held under resale agreements	<b>20,264,956.73</b>	28,911,236.23
Including: Interest income from agreed repurchase	<b>105,314.55</b>	264,701.40
Interest income from stock pledge repurchase	<b>16,102,016.54</b>	26,235,957.96
Interest income from debt investments		350,000.00
Interest income from other debt investments	<b>4,715,816.31</b>	19,758,596.05
Others	<b>1,473,372.11</b>	1,975,734.86
<b>Interest expenses</b>	<b>310,179,858.27</b>	334,227,194.55
Interest expenses of loans	<b>202,482.54</b>	
Interest expenses of income securities issued certificate	<b>11,428,811.62</b>	27,892,590.31
Interest expenses of due to banks and other financial institutions	<b>13,611,727.44</b>	7,732,193.19
Including: Interest expenses of refinancing	<b>5,646,092.86</b>	5,402,166.00
Interest expenses of financial assets sold under repurchase agreements	<b>120,663,873.39</b>	127,484,662.28
Interest expenses of accounts payable to brokerage clients	<b>13,732,333.80</b>	14,543,153.98
Interest expenses of bonds payable	<b>138,845,996.40</b>	143,709,159.32
Including: Interest expenses of subordinated bonds	<b>45,461,470.97</b>	52,672,545.54
Bond lending	<b>6,613,467.40</b>	5,891,953.75
Others	<b>5,081,165.68</b>	6,973,481.72
<b>Net interest income</b>	<b>78,626,368.95</b>	74,549,752.14

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 43. Net fee and commission income

#### (1) Details

Item	January-June 2024	January-June 2023
Net income of securities brokerage business	<b>217,762,077.48</b>	223,478,180.60
— Securities brokerage business income	<b>280,766,242.90</b>	305,068,911.50
— Funds received as agent of stock exchange	<b>274,096,551.85</b>	298,237,230.10
Leasing of trading units and seats	<b>24,706.09</b>	15,408.99
Sales agent of financial products	<b>6,529,422.07</b>	6,790,355.31
— Securities brokerage business expenses	<b>63,004,165.42</b>	81,590,730.90
— Funds received as agent of stock exchange	<b>62,971,005.62</b>	81,571,463.72
Sales agent of financial products	<b>573.27</b>	34.80
Net income of futures brokerage business	<b>30,315,331.14</b>	43,210,167.99
— Futures brokerage business income	<b>88,652,713.16</b>	69,847,581.76
— Futures brokerage business expenses	<b>58,337,382.02</b>	26,637,413.77
Net income of investment banking business	<b>25,574,336.50</b>	24,912,750.46
— Investment banking business income	<b>25,577,923.26</b>	25,950,486.31
— Securities underwriting business	<b>17,517,295.95</b>	17,061,150.88
Securities sponsorship business		3,490,566.03
Financial advisory business	<b>8,060,627.31</b>	5,398,769.40
— Investment banking business expenses	<b>3,586.76</b>	1,037,735.85
— Securities underwriting business	<b>3,586.76</b>	1,037,735.85
Securities sponsorship business		
Financial advisory business		
Net income of asset management business	<b>13,810,436.36</b>	29,024,498.87
— Asset management business income	<b>13,810,436.36</b>	29,024,498.87
— Asset management business expenses		
Net income of fund management business	<b>6,209,204.30</b>	5,463,599.47
— Fund management business income	<b>6,242,396.02</b>	5,616,555.18
— Fund management business expenses	<b>33,191.72</b>	152,955.71
Net income of investment consulting business	<b>21,122,186.39</b>	22,780,011.73
— Investment consulting business income	<b>21,122,186.39</b>	22,780,011.73
— Investment consulting business expenses		
Net income of other fees and commissions	<b>4,368,516.38</b>	5,822,522.61
— Other fee and commission income	<b>4,428,352.00</b>	5,827,336.54
— Other fee and commission expenses	<b>59,835.62</b>	4,813.93
<b>Total</b>	<b>319,162,088.55</b>	354,691,731.73
<b>Including: Total fee and commission income</b>	<b>440,600,250.09</b>	464,115,381.89
<b>Total fee and commission expenses</b>	<b>121,438,161.54</b>	109,423,650.16

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 43. Net fee and commission income (continued)

#### (2) Net income from financial advisory business

Net income from financial advisory business	January-June 2024	January-June 2023
Net income from mergers and acquisitions financial advisory business — domestic listed company		188,679.24
Net income from mergers and acquisitions financial advisory business — others	<b>292,452.84</b>	547,169.81
Others	<b>7,768,174.47</b>	4,662,920.35
<b>Total</b>	<b>8,060,627.31</b>	5,398,769.40

### 44. Investment income

#### (1) By categories

Item	January-June 2024	January-June 2023
Income from long-term equity investments calculated by equity method	<b>-27,503,805.08</b>	-1,906,946.49
Income from disposal of long-term equity investments	<b>49,414.27</b>	-7,738.48
Investment income from financial instruments	<b>703,229,896.87</b>	467,535,523.44
Including: Income generated during the holding period	<b>442,673,776.55</b>	349,418,222.55
Including: Financial assets held for trading	<b>300,735,230.36</b>	335,176,046.37
Financial liabilities held for trading	<b>141,938,546.19</b>	14,242,176.18
Income from disposal of financial instruments	<b>260,556,120.32</b>	118,117,300.89
Including: Financial assets held for trading	<b>352,957,261.29</b>	79,305,442.66
Other debt investments	<b>557,818.94</b>	26,638,027.79
Derivative financial instruments	<b>-60,054,422.26</b>	28,340,456.86
Financial liabilities held for trading	<b>-32,904,537.65</b>	-16,166,626.42
<b>Total</b>	<b>675,775,506.06</b>	465,620,838.47

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 44. Investment income (continued)

#### (2) Statement of investment income from financial instruments held for trading

Financial instruments held for trading		January-June 2024
Financial assets classified as at fair value through profit or loss	Income during the holding period	<b>300,735,230.36</b>
	Income from disposal	<b>352,957,261.29</b>
Financial assets designated as at fair value through profit or loss	Income during the holding period	
	Income from disposal	
Financial liabilities classified as at fair value through profit or loss	Income during the holding period	<b>141,938,546.19</b>
	Income from disposal	<b>-32,904,537.65</b>
Financial liabilities designated as at fair value through profit or loss	Income during the holding period	
	Income from disposal	

### 45. Gains on changes in fair value

Item	January-June 2024	January-June 2023
Financial assets held for trading	<b>-201,708,510.03</b>	52,370,343.77
Including: Financial assets designated as at fair value through profit or loss		
Financial liabilities held for trading	<b>-7,114,160.25</b>	-5,061,735.87
Including: Financial liabilities designated as at fair value through profit or loss		
Derivative financial instruments	<b>88,123,751.22</b>	1,895,002.75
<b>Total</b>	<b>-120,698,919.06</b>	49,203,610.65

### 46. Other operating income

Item	January-June 2024	January-June 2023
Commodity sales income	<b>236,630,872.15</b>	81,857,062.15
Penalty interest income from stock pledge business	<b>2,669,221.42</b>	
Rental income	<b>1,022,573.86</b>	1,426,658.58
Other income	<b>283,042.84</b>	911,749.62
<b>Total</b>	<b>240,605,710.27</b>	84,195,470.35

### 47. Gains from assets disposal

Item	January-June 2024	January-June 2023
Non-current asset disposal income	<b>-1,027.90</b>	-1,269.07
Including: Fixed asset disposal income	<b>-1,027.90</b>	-1,269.07
<b>Total</b>	<b>-1,027.90</b>	-1,269.07



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 48. Other income

Item	January-June 2024	January-June 2023
Withholding fee refunds	5,306,531.31	8,880,550.18
Government grants	61,641.69	7,449,636.70
<b>Total</b>	<b>5,368,173.00</b>	16,330,186.88

### 49. Taxes and surcharges

Item	January-June 2024	January-June 2023
Urban maintenance and construction tax	2,778,453.96	2,097,602.16
Educational surcharge	1,991,641.61	1,528,244.32
Others	1,580,089.37	1,527,860.37
<b>Total</b>	<b>6,350,184.94</b>	5,153,706.85

### 50. Business and administrative expenses

Item	January-June 2024	January-June 2023
Employee expenses	508,387,579.33	525,056,992.24
Amortization of intangible assets	34,840,265.41	28,111,402.53
Depreciation of right-of-use assets	31,689,997.50	38,018,421.74
Electronic equipment operating fees	30,758,545.23	40,092,520.44
Depreciation of fixed assets	16,956,200.13	16,439,506.60
Securities Investor Protection Fund	9,533,593.01	6,263,364.72
Amortization of long-term deferred expenses	9,203,614.95	8,616,328.93
Advertising fees	8,754,639.05	16,920,561.81
Member fees	7,061,898.75	7,013,694.64
Communication fees	5,684,237.35	8,559,902.57
Property management fees	5,666,420.12	5,776,394.51
Information fees	5,229,284.63	6,193,793.99
Consulting fees	4,507,318.10	11,996,384.14
Rental fees	3,838,454.72	1,587,659.25
Others	30,532,529.61	41,837,577.85
<b>Total</b>	<b>712,644,577.89</b>	762,484,505.96

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 51. Loss on impairment of credit

Item	January-June 2024	January-June 2023
Provision for bad debts	-660,374.58	6,919,776.79
Provision for impairment of debt investments	5,876,578.88	
Provision for impairment of other debt investments	-24,559.59	-42,308.21
Provision for impairment of lending funds	21,971,405.38	841,618.74
Provision for impairment of buying back the sale of financial assets	-1,048,380.22	-1,192,688.88
Provision for impairment of risk reserve receivable	50,105.06	97,560.41
<b>Total</b>	<b>26,164,774.93</b>	<b>6,623,958.85</b>

### 52. Other assets impairment losses

Item	January-June 2024	January-June 2023
Provision for impairment of inventory	2,964,419.83	376,521.12
<b>Total</b>	<b>2,964,419.83</b>	<b>376,521.12</b>

### 53. Other operating costs

Item	January-June 2024	January-June 2023
Costs of commodity sold	235,170,474.09	81,045,826.42
Investment property depreciation	517,144.39	623,863.19
Others	68,867.92	133,754.02
<b>Total</b>	<b>235,756,486.40</b>	<b>81,803,443.63</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 54. Non-operating income

#### (1) Details

Item	January-June 2024	January-June 2023	Amount included in non-recurring profit or loss
Gains on non-current assets disposal	202,928.89	154,668.35	202,928.89
Government grants	500,000.00	500,000.00	500,000.00
Others	895,719.96	37,706.46	895,719.96
<b>Total</b>	<b>1,598,648.85</b>	692,374.81	1,598,648.85

#### (2) Details of government grants

Item	January-June 2024	Source and basis	Asset-related/ revenue-related
Units with Outstanding Contributions to the Development of the Financial Industry in Zhengdong New Area	500,000.00	Circular on Rewarding Units with Outstanding Contributions to the Development of the Financial Industry in Zhengdong New Area in 2022-Zhengdongwen [2023] No.18	Revenue-related
<b>Total</b>	<b>500,000.00</b>		

### 55. Non-operating expenses

Item	January-June 2024	January-June 2023	Amount included in non-recurring profit or loss
Losses on non-current assets disposal	878,141.70	1,360,627.22	878,141.70
Others	862,959.10	584,693.62	862,959.10
<b>Total</b>	<b>1,741,100.80</b>	1,945,320.84	1,741,100.80

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 56. Income tax expenses

#### (1) Income tax expenses

Item	January-June 2024	January-June 2023
Current income tax expenses	62,168,284.68	38,546,264.07
Deferred income tax expenses	-26,922,054.33	-14,206,050.26
<b>Total</b>	<b>35,246,230.35</b>	24,340,213.81

#### (2) Reconciliation of accounting profit to income tax expenses

Item	January-June 2024
Profit before tax	214,647,671.11
Tax at the applicable tax rate	53,661,917.78
Effect of different tax rates applicable to subsidiaries	3,594,325.71
Effect of prior income tax reconciliation	15,603,233.05
Effect of non-taxable incomes	-51,353,989.62
Effect of non-deductible costs, expenses, and losses	4,368,298.65
Impact of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	9,372,444.78
Others	
<b>Income tax expenses</b>	<b>35,246,230.35</b>

### 57. Earnings per share

Item	January-June 2024	January-June 2023
Net profit attributable to owners of the parent company	201,265,120.05	167,282,207.98
Non-recurring net profit and loss attributable to owners of the parent company	3,973,555.93	11,240,895.89
Net profit attributable to owners of the parent company after deducting non-recurring gains and losses	197,291,564.12	156,041,312.09
Weighted average number of ordinary shares outstanding	4,642,884,700.00	4,642,884,700.00
Basic earnings per share	0.04	0.04
Basic earnings per share after deducting non-recurring gains and losses	0.04	0.03

As of January 1st, 2024, and June 30th, 2024, the Company had no potential dilutive ordinary shares, thus diluted earnings per share are the same as basic earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 58. Items of the cash flow statement

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

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

Item	January-June 2024	January-June 2023
Liquidation		102,591,548.06
Government grants	5,868,173.00	16,830,186.88
Other operating income	240,605,710.27	84,195,470.35
Increase in receipts in advance	36,345,822.23	4,589,375.92
Increase in deposits payable	161,213,703.94	
Over the counter options payable		200,449,999.15
Others	47,607,970.00	33,562,572.20
<b>Total</b>	<b>491,641,379.44</b>	<b>442,219,152.56</b>

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

Item	January-June 2024	January-June 2023
Liquidation	97,723,859.91	
Increase in refundable deposits	278,111,846.89	131,515,774.20
Decrease in other costs		62,507,088.64
Payment of business and administrative expenses	111,566,920.57	146,241,853.92
Other operating costs	235,239,342.01	81,179,580.44
Increase in inventories	20,365,180.31	28,363,548.00
Decrease in over-the-counter transactions	90,729,739.37	
Change in transfers payable		88,512,701.61
Others	13,589,807.56	70,350,209.53
<b>Total</b>	<b>847,326,696.62</b>	<b>608,670,756.34</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 58. Items of the cash flow statement (continued)

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

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

Item	January-June 2024	January-June 2023
Cash payments for acquiring minority shareholders' equity		110,520,406.50
Cash payments to repay lease liabilities	<b>38,798,727.36</b>	44,464,986.32
<b>Total</b>	<b>38,798,727.36</b>	154,985,392.82

##### 2) Changes in liabilities arising from financing activities

Item	Opening balance	Increase during the year		Decrease during the year		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term loans		<b>7,000,000.00</b>	<b>73,558.33</b>	65,975.00		7,007,583.33
Short-term financing instruments payable	4,075,723,383.58	<b>1,407,326,000.00</b>	<b>2,710,653,261.37</b>	3,491,792,058.87		4,701,910,586.08
Bonds payable	4,721,201,165.26	<b>1,828,363,711.12</b>	<b>64,884,429.24</b>	112,991,609.62	2,625,133,958.38	3,876,323,737.62
Lease liabilities	159,674,911.48		<b>4,457,190.54</b>	38,798,727.36		125,333,374.66
Dividends payable	1,071,386.42		<b>65,031,615.56</b>			66,103,001.98
<b>Total</b>	8,957,670,846.74	<b>3,242,689,711.12</b>	<b>2,845,100,055.04</b>	3,643,648,370.85	2,625,133,958.38	8,776,678,283.67

##### (3) Notes to the presentation of cash flows on a net basis

The cash flows related to the Company's main businesses, such as lending funds, borrowing funds, repurchase, investment and trading, are frequent and large cash inflows and outflows. The presentation of the above cash flows on a net basis is more indicative of their impact on the Company's ability to pay and solvency, and is more useful for evaluating the Company's ability to pay and solvency, and for analyzing the Company's future cash flows. Therefore, the Company presents the relevant cash flows generated from the above businesses on a net basis.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 58. Items of the cash flow statement (continued)

#### (4) Supplementary information on consolidated cash flow statement

Item	January-June 2024	January-June 2023
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	179,401,440.76	163,729,512.49
Add: Loss on impairment of credit	26,164,774.93	6,623,958.85
Other asset impairment losses	2,964,419.83	376,521.12
Depreciation of investment properties and fixed assets	17,473,344.52	17,063,369.79
Right-of-use assets depreciation	31,689,997.50	38,018,421.74
Amortization of intangible assets	34,840,265.41	28,111,402.53
Amortization of long-term deferred expenses	9,203,614.95	8,616,328.93
Losses on disposal of fixed assets, intangible assets, and other long-term assets (or revenue: "-")	676,240.71	1,207,227.94
Gains and losses on changes in fair value (or revenue: "-")	120,698,919.06	-49,203,610.65
Interest expenses	150,477,290.56	171,554,391.26
Exchange losses (or revenue: "-")	167,332.82	-1,174,487.59
Investment losses (or revenue: "-")	22,180,755.56	-44,831,938.87
Decrease in deferred income tax assets (or increase: "-")	-20,266,586.56	-11,953,734.97
Increase in deferred income tax liabilities (or decrease: "-")	-6,655,467.75	-2,252,315.29
Decrease of operating receivables (or increase: "-")	503,584,226.78	-370,782,259.11
Increase of operating payable (or decrease "-")	-215,753,788.87	-519,224,087.04
Net cash flow from operating activities	856,846,780.21	-564,121,298.87
<b>2. Significant investing and financing business not related to cash receipts and payments:</b>		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets rented under finance leases		
<b>3. Net increase/(decrease) in cash and cash equivalents:</b>		
Closing balance of cash	13,976,518,855.00	14,808,492,856.01
Less: Opening balance of cash	13,393,530,130.84	13,297,323,968.54
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash equivalent and cash	582,988,724.16	1,511,168,887.47

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 58. Items of the cash flow statement (continued)

#### (5) Cash and cash equivalents

Item	June 30th, 2024	June 30th, 2023
Cash	<b>13,976,518,855.00</b>	14,808,492,856.01
Including: Cash on hand	<b>73,308.46</b>	114,362.15
Bank deposits available for payment	<b>10,452,011,706.75</b>	11,871,208,254.27
Other cash	<b>209,198,321.49</b>	13,521,231.56
Clearing settlement funds	<b>3,315,235,518.30</b>	2,923,649,008.03
Cash equivalents		
Including: Bond investment maturing within three months		
Cash and cash equivalents at the end of the period	<b>13,976,518,855.00</b>	14,808,492,856.01

#### (6) Monetary funds and clearing settlement funds not classified as cash and cash equivalents

Item	June 30th, 2024	June 30th, 2023	Reasons for not classified as cash and cash equivalents
Accrued interest	<b>10,648,917.14</b>	4,427,320.04	Not yet due for collection
Risk reserve for asset management business	<b>24,658,255.44</b>	22,268,076.81	Restricted rights of use
Deposit for Banker's acceptance bill		5,000,000.00	Restricted rights of use
Funds frozen		3,247,000.00	Restricted rights of use
<b>Total</b>	<b>35,307,172.58</b>	34,942,396.85	—



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Item	Book value as of June 30th, 2024	Reasons
Cash and bank balances	24,658,255.44	Risk reserve account for asset management business
Financial assets held for trading	11,897,002,429.21	Pledged for repurchase financing, pledged for bond lending
	16,535,910.29	Bonds default
	26,016,401.55	Restricted shares
	4,184,435.08	Securities financed
	5,000,000.00	Non-transferable during lifetime
	1,196,100.00	Undue underlying trust assets
	39,562,703.86	Exit not allowed during the lock-in or closed period
Other debt investments	80,912,621.24	Pledged for refinancing business
	144,600,883.53	Pledged for repurchase financing
Other assets	14,597,519.33	Warranty deposit

### 60. Entrusted asset management business

Item	Collective asset management business	Single asset management business	Special asset management business
Product quantity at the end of the period	8.00	1.00	2.00
Number of clients at the end of the period	48,352.00	1.00	9.00
Including: Individual clients	48,306.00		
Institutional clients	46.00	1.00	9.00
Entrusted funds at the beginning of the period	4,647,641,052.88	26,000,000.00	1,014,491,556.30
Including: Own capital investment	14,800,000.00		150,202,340.74
Individual clients	2,164,482,118.51	10,000,000.00	
Institutional clients	2,468,358,934.37	16,000,000.00	864,289,215.56
Entrusted funds at the end of the period	5,107,090,388.99	16,000,000.00	805,437,210.14
Including: Own capital investment	38,996,911.08		137,332,310.29
Individual clients	2,585,427,282.75		
Institutional clients	2,482,666,195.16	16,000,000.00	668,104,899.85
Initial cost of main entrusted assets at the end of the period	4,661,758,881.98	15,855,916.94	762,640,000.00
Including: Stocks		15,855,916.94	
Other bonds	1,761,113,972.28		
Funds	7,219,379.49		
Trust plans	2,385,500,000.00		567,000,000.00
Others	507,925,530.21		195,640,000.00
Net income of asset management business in the current period	13,565,890.96	244,545.40	

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 61. Foreign currency

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Cash and bank balances	—	—	674,632,250.28
Including: USD	66,778,452.98	7.1268	475,916,614.49
EUR	6,951.71	7.6617	53,261.93
HKD	217,417,834.71	0.9127	198,432,909.38
CAD	760.04	5.2274	3,973.03
AUD	47,322.42	4.7650	225,491.42
THB	0.15	0.1952	0.03
Clearing settlement funds	—	—	7,599,225.14
Including: USD	868,644.99	7.1268	6,190,659.11
HKD	1,543,329.57	0.9127	1,408,566.03
Margin accounts receivable	—	—	79,925,757.15
Including: USD	805,273.63	7.1268	5,739,024.11
HKD	81,284,496.33	0.9127	74,186,733.04
Refundable deposits	—	—	955,216.00
Including: USD	70,000.00	7.1268	498,876.00
HKD	500,000.00	0.9127	456,340.00
Accounts receivable	—	—	11,414,995.97
Including: HKD	4,192,896.42	0.9127	3,826,772.70
USD	1,064,745.00	7.1268	7,588,223.27
Other receivables	—	—	4,092,280.05
Including: HKD	3,702,940.29	0.9127	3,379,599.54
USD	100,000.07	7.1268	712,680.51
Accounts payable to brokerage clients	—	—	133,292,065.00
Including: USD	2,847,759.79	7.1268	20,295,414.47
HKD	123,807,523.48	0.9127	112,996,650.53
Accounts payable	—	—	20,400,574.18
Including: HKD	11,970,465.65	0.9127	10,925,204.59
USD	1,329,540.55	7.1268	9,475,369.59
Other payables	—	—	21,315,015.70
Including: HKD	21,678,302.03	0.9127	19,785,352.70
USD	214,635.32	7.1268	1,529,663.00
Bonds payable	—	—	632,552,702.33
Including: USD	88,756,920.26	7.1268	632,552,702.33

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 62. Government grants

#### Government grants recognized in profit or loss

Item	January-June 2024	January-June 2023
Non-operating income	500,000.00	500,000.00
Other gains	5,368,173.00	16,330,186.88
<b>Total</b>	<b>5,868,173.00</b>	16,830,186.88

### 63. Lease

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

Item	January-June 2024	January-June 2023
Interest expense on lease liabilities	2,698,942.96	3,904,906.34
Cost of short-term leases or leases of low-value assets	3,838,454.72	1,587,659.25
<b>Total cash outflows related to leases</b>	<b>38,798,727.36</b>	44,464,986.32

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

Item	January-June 2024	January-June 2023
Rental income	1,022,573.86	1,426,658.58
Including: Income related to variable lease payments not included in lease receipts		

### 64. Overseas business entities

The consolidated statements of the Company from January to June 2024 include overseas subsidiaries such as Central China International Financial Holdings Co., Ltd., Central China International Securities Co., Ltd., Central China International Futures Co., Ltd., Central China International Investment Co., Ltd., Central China International Financing Co., Ltd., Central China International Holdings Co., Ltd., Central China International Financial Group Ltd., and Wending Zhongyuan Company Limited. The assets and liabilities in the foreign currency balance sheet are exchanged at the spot exchange rate on the balance sheet date (HKD1: RMB0.912680); the owner's equity items, except for the "undistributed profits", are exchanged at the spot exchange rate when the business occurs; the income and expense items in the income statement are exchanged at the approximate exchange rate of the spot exchange rate on the transaction date (the average exchange rate of the current period is HKD1: RMB0.908730). The differences arising from the above exchange of foreign currency statements shall be separately presented under the item of owners' equity. Foreign currency cash flows are exchanged using the approximate exchange rate of the spot exchange rate on the date of cash flow. The impact of exchange rate changes on cash shall be separately presented in the cash flow statement.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VII. CHANGES IN THE SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation during the period.

## VIII. EQUITY IN OTHER ENTITIES

### 1. Equity in subsidiaries

#### (1) Composition of enterprise groups

Name of subsidiary	Company type	Main places of business	Places of registration	Business nature	Registered capital	Shareholding ratio (%)		Method of acquisition
						Direct	Indirect	
Central China Futures Co., Ltd.	Corporation	Zhengzhou	Zhengzhou	Futures brokerage	RMB330 million	92.29		Acquisition
Yuxin Investment Management (Shanghai) Co. Ltd.	Limited company	Zhengzhou	Shanghai	Investment management	RMB160 million		92.29	Investment establishment
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	Limited company	Zhengzhou	Luohe (Note)	Private equity investment fund management	RMB280 million	100.00		Investment establishment
Henan Kaiyuan Private Equity Fund Management Co., Ltd.	Limited company	Zhengzhou	Luoyang	Equity investment management	RMB100 million		60.00	Investment establishment
Central China Blue Ocean Investment Management Co., Ltd.	Limited company	Zhengzhou	Xuchang	Alternative investment	RMB3,200 million	100.00		Investment establishment
Central China Equity Exchange Co., Ltd.	Corporation	Zhengzhou	Zhengzhou	Regional equity market	RMB350 million	36.00		Investment establishment
Central China International Financial Holdings Co., Ltd.	Limited company	Hong Kong	Hong Kong	Holding company	HKD1,800 million	100.00		Investment establishment
Central China International Holdings Co., Ltd.	Limited company	Hong Kong	British Virgin Islands	Holding company	USD50,000		100.00	Investment establishment
Central China International Financial Group Ltd.	Limited company	Hong Kong	Cayman Islands	Holding company	HKD1,000 million		100.00	Investment establishment
Central China International Financing Co., Ltd.	Limited company	Hong Kong	Hong Kong	Investment bank	HKD40 million		100.00	Acquisition
Central China International Securities Co., Ltd.	Limited company	Hong Kong	Hong Kong	Securities business	HKD600 million		100.00	Investment establishment
Central China International Investment Co., Ltd.	Limited company	Hong Kong	Hong Kong	Proprietary investment	HKD10 million		100.00	Investment establishment
Central China International Futures Co., Ltd.	Limited company	Hong Kong	Hong Kong	Futures brokerage	HKD20 million		100.00	Investment establishment
Wending Zhongyuan Company Limited	Limited company	Hong Kong	British Virgin Islands	Bond issuing entity	USD1		100.00	Investment establishment

Note: Zhongding Kaiyuan Venture Capital Management Co., Ltd. obtained a business license issued by Luohe Market Supervision Administration on August 9th, 2024, and its registered address was changed from Beijing to Luohe.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VIII. EQUITY IN OTHER ENTITIES (continued)

### 1. Equity in subsidiaries (continued)

#### (1) Composition of enterprise groups (continued)

##### 1) Reasons why the shareholding ratio of subsidiaries is different from the voting ratio

Central China Equity Exchange Co., Ltd. was established in 2015. The Company has signed a concerted action agreement with other investors. Through this agreement, the Company can control 51% of the voting rights of Central China Equity Exchange Co., Ltd.

##### 2) Basis for controlling structured entities included in the consolidation scope

In accordance with the *Accounting Standards for Business Enterprises No. 33 — Consolidated Financial Statements*, the Company includes structured entities participating with the Company's own funds that meet the definition of "control" set out in the standards in its consolidated financial statements. As of June 30th, 2024, as the executive partner of the partnership, the Company and its subsidiaries owned Henan Zhongyuan Science and Innovation Venture Capital Fund (Limited Partnership), Henan Zhongzheng Kaiyuan Venture Capital Fund (Limited Partnership), Henan Kaiyuan Yucai Agricultural Venture Capital Fund (Limited Partnership), Anyang Purun High-tech Industry Investment Fund (Limited Partnership) and Henan Dingyu Xiangbei Equity Investment Fund Partnership (Limited Partnership). The Company can control them. Therefore, the above five partnerships are included in the scope of consolidation.

As of June 30th, 2024, the details of structured entities included in the consolidation scope are as follows:

Structured entities name	Total share/registered capital	Proportion of shares held by the company on June 30th, 2024 (%)	Direct/indirect investment
Henan Zhongyuan Science and Innovation Venture Capital Fund (Limited Partnership)	500,000,000.00	50.00	Indirect
Henan Zhongzheng Kaiyuan Venture Capital Fund (Limited Partnership)	110,000,000.00	15.27	Indirect
Henan Kaiyuan Yucai Agricultural Venture Capital Fund (Limited Partnership)	100,000,000.00	20.40	Indirect
Anyang Purun High-Tech Industry Investment Fund (Limited Partnership)	100,000,000.00	13.20	Indirect
Henan Dingyu Xiangbei Equity Investment Fund Partnership (Limited Partnership)	200,000,000.00	30.80	Indirect

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VIII. EQUITY IN OTHER ENTITIES (continued)

### 1. Equity in subsidiaries (continued)

#### (2) Important non-wholly owned subsidiaries

Name of subsidiary	Shareholding ratio of minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Balance of minority shareholders' equity as of June 30th, 2024
Central China Futures Co., Ltd.	7.71%	441,862.20		37,929,379.33
Central China Equity Exchange Co., Ltd.	64.00%	-37,850,976.55		188,778,052.76

#### (3) Main financial information of important non-wholly owned subsidiaries

The main financial information of these subsidiaries is the amount before mutual offset between enterprises in the Company, but after adjustment of fair value and unified accounting policies on the merger date:

Item	Closing balance/Current period	
	Central China Futures Co., Ltd.	Central China Equity Exchange Co., Ltd.
Total assets	3,217,304,256.23	310,383,544.82
Total liabilities	2,748,889,208.27	13,138,709.84
Operating income	288,291,609.73	-57,674,258.24
Net profit	5,732,514.21	-59,142,150.86
Total comprehensive income	5,732,514.21	-59,142,150.86
Cash flow from operating activities	238,456,693.97	-19,977,940.23

  

Item	Opening balance/Previous period	
	Central China Futures Co., Ltd.	Central China Equity Exchange Co., Ltd.
Total assets	2,797,587,463.71	393,636,236.74
Total liabilities	2,334,904,929.96	37,249,250.90
Operating income	138,973,876.62	-10,799,886.07
Net profit	5,770,465.90	-14,851,976.08
Total comprehensive income	5,770,465.90	-14,851,976.08
Cash flow from operating activities	348,952,732.90	-10,543,449.71

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VIII. EQUITY IN OTHER ENTITIES (continued)

### 2. Rights and interests in joint ventures or associates

#### (1) Important joint ventures or associates

The name of the joint venture or associates	Main places of business	Places of registration	Business nature	Shareholding ratio (%)		Accounting policy
				Direct	Indirect	
Henan Asset Management Co., Ltd.	Zhengzhou	Zhengzhou	Other financial industries		10.00	Equity method

#### 1) Basis for holding less than 20% of the voting rights but having a significant impact

Central China Blue Ocean Investment Management Co., Ltd. has 10% of the shares of Henan Asset Management Co., Ltd., and has a significant impact by sending a director to Henan Asset Management Co., Ltd.

#### (2) Key financial information of significant associates

Item	Closing balance/ Current period Henan Asset Management Co., Ltd.
Total assets	35,312,700,941.16
Total liabilities	20,820,963,590.73
Minority Shareholders' equity	1,728,498,115.91
Equity attributable to owners of the parent company	12,763,239,234.52
Share of net assets based on shareholding percentage	1,276,323,923.45
Adjustment	
— Others	-570,000,000.00
The book value of the equity investment in the associate	705,608,748.99
Operating income	1,121,803,161.29
Net profit attributable to owners of the parent company	333,653,446.79
Net after-tax amount of other comprehensive income attributable to owners of the parent company	5,231,889.18
Total comprehensive income attributable to owners of the parent company	338,885,335.97
Dividends received from associates in the current period	24,597,377.47

#### (3) Aggregated financial information for immaterial joint ventures or associates

Item	Closing balance/ Current period	Opening balance/ Previous period
The total book value of the investments of the associates	334,358,225.92	394,405,993.13
The following items are sums which are calculated according to the proportion of shareholding		
Net profit	-60,869,149.76	-35,074,956.97
Other comprehensive income		
Total comprehensive income	-60,869,149.76	-35,074,956.97

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## VIII. EQUITY IN OTHER ENTITIES (continued)

### 2. Rights and interests in joint ventures or associates (continued)

#### (4) Unconfirmed commitments related to joint venture investment

The Company has no commitments that need to be disclosed.

#### (5) Contingent liabilities related to investment in joint ventures or associates

The Company has no contingencies that need to be disclosed.

### 3. Equity in structured entities not included in the scope of consolidated financial statements

The structured entities initiated and established by the Group that are not included in the scope of consolidated financial statements mainly include collective asset management plans, single asset management plans, special asset management plans, and partnerships. The nature and purpose of these structured entities are mainly to manage investors' assets and charge management fees. Their financing method is to issue investment products to investors. The rights and interests enjoyed by the Company in these structured entities not included in the scope of consolidated financial statements mainly include the income from directly holding investments or collecting management fees through managing these structured entities. The variable returns related to product income enjoyed by the Company are not significant, so such structured entities are not consolidated.

As of June 30th, 2024, the total assets of the collective asset management plan managed by the Group that are not included in the scope of the consolidated financial statements were RMB4,168,106,604.71, the total assets of the single asset management plan were RMB39,947,347.16, the total assets of the special asset management plan are RMB770,660,753.26, and the total assets of the partnership were RMB792,264,604.88.

From January to June 2024, the Group earned RMB20,052,832.38 from management services in the above structured entities, as detailed in "Note VI.43. Net fee and commission income".

As of June 30th, 2024, the Group's equity in structured entities not included in the scope of consolidated financial statements was classified as financial assets held for trading, debt investments, and management fees and commissions receivable included in accounts receivable. The relevant book value and maximum risk exposure are as follows:

Item	June 30th, 2024	December 31st, 2023
Financial assets held for trading	1,969,771,923.42	2,474,664,462.55
Debt investments and receivables	153,822,506.69	161,069,382.98
<b>Total</b>	<b>2,123,594,430.11</b>	2,635,733,845.53



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IX. RELATED PARTIES AND RELATED TRANSACTIONS

### 1. Related party relationships

#### (1) Controlling shareholder and ultimate controller

##### 1) Controlling shareholder and ultimate controller

As of June 30th, 2024, Henan Investment Group Co., Ltd. (hereinafter referred to as Henan Investment Group) directly or indirectly holds the voting shares of the Company, accounting for 22.05% of the total shares of the Company (Note 1), and is the controlling shareholder of the Company. The basic information of Henan Investment Group is as follows:

Name of controlling shareholder	Enterprise type	Places of registration	Business nature	Legal representative	Uniform social credit code
Henan Investment Group	State-owned enterprise	Zhengzhou	Investment management	Yan Wanpeng	914100001699542485

Note 1: To the best of the Company's knowledge, as of the end of the reporting period, Henan Investment Group held 822,983,847 A shares of the Company, 46,733,000 H shares of the Company through its wholly owned subsidiary Dahe Paper (Hong Kong) Co., Ltd. and 153,840,000 H shares of the Company through Hong Kong Stock Connect, with a total of 1,023,556,847 shares of the Company, accounting for 22.05% of the total share capital of the Company.

Note 2: The actual controller of the Company is the Department of Finance of Henan Province.

#### (2) Subsidiaries

For details of the subsidiaries, please refer to "Note VIII.1. Equity in subsidiaries".

#### (3) Associates

The associates with whom the Company had related transactions during the period are listed below:

Name of associate	Relationship with the Company
Henan Asset Management Co., Ltd.	Associate of the subsidiary
Henan Dahe Cailifang Media Holding Co., Ltd.	Associate of the subsidiary
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Associate of the subsidiary
Luoyang Desheng Biotechnology Co., Ltd.	Associate of the subsidiary
Minquan County Innovation Industry Investment Fund (Limited Partnership)	Associate of the subsidiary
Luohu Huarui Permanent Magnetic Material Co., Ltd.	Associate of the subsidiary
Henan Liying Environmental Protection Technology Co., Ltd.	Associate of the subsidiary
Zhengzhou Dahe Zhixin Technology Co., Ltd.	Associate of the subsidiary

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 1. Related party relationships (continued)

#### (4) Major related parties without control relationship

Name of related party	Relationship with the Company	Uniform social credit code/ organization code
Henan Asset Fund Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100MA456R9R3R
Henan Ancai HI-TECH Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	9141000070678656XY
Guoyu Capital Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	914403003267120593
Henan Science and Technology Investment Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000169955769X
Henan Venture Capital Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	914100007425233538
Henan Talent Group Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410105MA3X6PQ842
Henan Tiandi Hotel Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100594892586U
Central China Trust Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000169953018F
Anyang Steel International Trading Co., Ltd.	Subsidiary of non-controlling shareholders	91410500172267086K
Anyang Iron and Steel Co., Ltd.	Subsidiary of non-controlling shareholders	914100007191734203
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	Subsidiary of non-controlling shareholders	91320000672504885X
Zhongyuan BANK Co., Ltd.	Associate or joint venture of Henan Investment Group	9141000031741675X6
BANK of Zhengzhou Co., Ltd.	Associate or joint venture of Henan Investment Group	914100001699995779
Henan Huaqi Energy Conservation and Environment Protection Venture Capital Co., Ltd.	Associate or joint venture of Henan Investment Group	91410000071384697T
Henan Yicheng New Energy Co., Ltd.	Associate or joint venture of Henan Investment Group	914102002681294387
Henan South-to-North Water Diversion Counterpart Cooperation Industry Investment Fund (L.P.)	Associate or joint venture of Henan Investment Group	91410000MA40EF1J3Q
Zhengzhou Zhongyuan International Aviation Holdings Development Co., Ltd.	Associate or joint venture of Henan Investment Group	91410100MA40XF1874
Puyang Emerging Industry Investment Fund Partnership (Limited Partnership)	Associate or joint venture of Henan Investment Group	91410900MA9MD7935Y
Shenma Industry Co., Ltd.	Associate or joint venture of Henan Investment Group	91410000169972489Q
Henan Zhongyu Credit Promotion Co., Ltd.	Associate or joint venture of Henan Investment Group	91410100MA9KQBWB7W
Henan Railway Construction Investment Group Co., Ltd.	Minority shareholder of former subsidiary	91410000694858692Q
Zhongyuan Asset Management Co., Ltd.	An enterprise in which a senior executive of the Henan Investment Group serves as a senior executive	91410000356141357Q

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 2. Related transactions

#### (1) Commission income generated from providing agency securities trading services

Name of related party	January-June 2024	January-June 2023
Henan Investment Group and its subsidiaries, associates, and joint ventures	9,002.06	70,165.71
Zhongyuan Asset Management Co., Ltd.		17,469.92
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	16,743.37	15,259.14
Henan Railway Construction Investment Group Co., Ltd.		56,814.04
Directors, supervisors, and senior managers of the Company and Henan Investment Group and their close family members	23,339.87	21,114.38

#### (2) Related transaction balance

Name of related party	Account name	Transaction content	June 30th, 2024	December 31st, 2023
Henan Investment Group	Accounts receivable	Asset management business income	3,481,828.10	3,238,290.83
Luoyang Desheng Biotechnology Co., Ltd.	Contract liabilities	Financial advisory fee	9,433.96	
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Accounts receivable	Debt asset package	3,624,646.40	
Anyang Iron and Steel Co., Ltd.	Accounts payable to brokerage clients	Futures brokerage business	1,921,146.96	1,921,146.96
Anyang Steel International Trading Co., Ltd.	Accounts payable to brokerage clients	Futures brokerage business	3,259,039.61	3,259,039.61
Henan Asset Fund Management Co., Ltd.	Financial assets held for trading	Partnership fund	7,622,351.46	8,591,692.49
Henan Liying Environmental Protection Technology Co., Ltd.	Financial assets held for trading	Purchase of shares	6,040,000.00	9,000,000.00
Zhongyuan Asset Management Co., Ltd.	Financial assets held for trading	Bond purchases	35,877,136.04	35,590,559.17
Henan Investment Group and its subsidiaries, associates, and joint ventures	Accounts payable to brokerage clients	Securities brokerage business	17,240,548.56	928,162.81
Directors, supervisors and senior managers of the Company and Henan Investment Group and their close family members	Accounts payable to brokerage clients	Securities brokerage business	2,675,182.84	3,504,972.34
Anyang Iron and Steel Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	541,259.04	419,977.70
Zhongyuan Asset Management Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	3,566.34	3,562.71
Henan Railway Construction Investment Group Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	2,193,807.18	2,191,578.51
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	6,735,795.07	1,099,696.34
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Contract liabilities	Equity custodian fee income	1,453.48	10,174.18
Associate or joint venture of Henan Investment Group	Deposits in bank	Balance of deposits in bank	1,913,062.42	1,814,535.19
Associate or joint venture of Henan Investment Group	Bonds payable	Subscription of the bonds of the Company	144,578,708.51	141,297,722.21
Associate or joint venture of Henan Investment Group	Financial assets held for trading	Bond purchases	98,692,280.00	
Associate or joint venture of Henan Investment Group	Other assets	Expenses		235,849.06

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 2. Related transactions (continued)

#### (3) Other related party transactions

Name of related party	Content of related transactions	January-June 2024	January-June 2023
Henan Investment Group	Financial advisory fee income, management fees for asset management operations	229,752.13	379,499.06
Henan Dahe Cailifang Media Holding Co., Ltd.	Expenses	495,283.02	377,358.48
Henan Tiandi Hotel Co., Ltd.	Expenses	43,886.98	119,184.91
Central China Trust Co., Ltd.	Consulting income	28,301.88	
Henan Talent Group Co., Ltd.	Expenses	21,037.74	148,113.20
Henan Liyang Environmental Protection Technology Co., Ltd.	Equity investment income	-2,960,000.00	
Zhongyuan Asset Management Co., Ltd.	Bond investment income	1,397,357.57	1,412,607.20
Henan Asset Fund Management Co., Ltd.	Fund investment income	-969,341.03	-1,983,999.89
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Equity custodian fee income	8,720.70	
Zhengzhou Dahe Zhixin Technology Co., Ltd.	Equity custodian fee income		4,874.95
Anyang Steel International Trading Co., Ltd.	Revenue from sale of goods		4,519,469.03
Henan Railway Construction Investment Group Co., Ltd.	Purchase of equity		225,551,850.00
Associate or joint venture of Henan Investment Group	Interest expense on subordinated debt payable	3,280,986.30	5,266,071.23
Associate or joint venture of Henan Investment Group	Pledged repurchase interest expense	25,929.86	
Associate or joint venture of Henan Investment Group	Income from bank deposits	1,899.54	4,811.70
Associate or joint venture of Henan Investment Group	Income from investments in securities		2,709,398.23
Associate or joint venture of Henan Investment Group	Underwriting income		15,723.58

#### (4) Guarantees for subsidiaries

The Company guaranteed the issuance of overseas bonds of not more than USD100 million by Wending Zhongyuan Company Limited, a special purpose entity subsidiary wholly owned by Central China International, with a corresponding guaranteed amount of approximately RMB632,552,702.33 in respect of principal and interest as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

### 2. Related transactions (continued)

#### (5) Benefits of directors, supervisors, and employees

##### 1) Benefits of key management personnel

Key management personnel include members of the board of directors, the board of supervisors, and other senior managers. For the period from January to June 2024, the benefits (before tax) paid and payable by the Company to key management personnel are as follows:

Expressed in RMB'0000

Item	January-June 2024	January-June 2023
Benefits of key management personnel (before tax)	546.38	740.34

Note: The benefits for the Company's directors, supervisors, and senior management includes salaries and wages, various insurance benefits, housing funds and annuities, etc. The benefits data in the table are benefits attributable to the reporting period on an accrual basis.

For the period from January to June 2024, the Company granted key management personnel pre-tax benefits of RMB3,124,000 for the previous years; for the period from January to June 2023, the Company granted key management personnel pre-tax benefits of RMB9,822,000 for the previous years.

##### 2) Loans and advances to key management personnel

At the end of the reporting period, the Company did not issue loans or advances to members of the Board of Directors, the Board of Supervisors, and other senior management personnel.

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

### 1. Overview

The Group's risk management objective is to uphold the risk management concept of matching capital, risk, and income, to bear appropriate risks, achieve the optimal balance of business scale, profitability, and risk tolerance, and bring sustained and stable profit returns to shareholders. The Group's risk management strategy aims to identify and evaluate various risks faced by the Group, set an appropriate risk tolerance level, timely and reliably measure and monitor risks, and ensure that risks are controlled within an acceptable range.

The main risks faced by the Group include: credit risk, market risk, liquidity risk, operational risk, compliance risk, and information technology risk. The Group has adopted risk management policies and procedures to identify and assess these risks, established appropriate risk indicators, risk limit levels, risk policies, and internal control procedures, and continuously monitored and managed risks through the information system.

The organizational structure of risk management is divided into four levels, including (i) The board of directors and the board of supervisors; (ii) Risk control committee, audit committee and managers; (iii) Risk management headquarters, compliance management headquarters, legal affairs headquarters, and internal audit headquarters; and (iv) Departments, branches and subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 1. Overview (continued)

#### Level 1: The Board of Directors and the board of supervisors

The Board of Directors is at the highest level of the Company's risk control framework and has the ultimate responsibility for establishing a compliant and effective risk control environment. It promotes the construction of the Company's risk culture, reviews and approves the basic system, risk appetite, risk tolerance, and major risk limits of the Company's comprehensive risk management, reviews the Company's regular risk assessment report, appoints, dismisses, and evaluates the chief risk officer, determines his remuneration and treatment, establishes a direct communication mechanism with the chief risk officer and other risk management responsibilities stipulated in the Company's articles of association. The Board may delegate to its risk management-related professional committees to perform some of its overall risk management responsibilities.

The Board of Supervisors assumes the responsibility of supervising overall risk management, supervises and inspects the performance of duties and responsibilities of the board of directors and managers in risk management, and urges rectification.

#### Level 2: Risk Control Committee, Audit Committee and Managers

Risk Control Committee, Audit Committee, and Managers are the second level of the Company's risk control framework.

The main responsibilities of risk management of the Risk Control Committee: Review the overall objectives and basic policies of risk management and provide opinions; Review and advise on the institutional set-up of risk management and its responsibilities; Evaluate and advise on the risks of major decisions to be considered by the Board and the resolution of significant risks; Deliberate and comment on risk assessment reports for consideration by the Board; Review the Company's risk management, etc.

The main responsibilities of the Audit Committee for risk management: Audit and evaluate the implementation of risk management by various departments and branches of the Company; Discuss the risk management system with management to ensure that management has fulfilled its responsibilities to establish an effective system; On its initiative or as delegated by the Board of Directors, to study important findings on risk management matters and management's feedback on findings, etc.

The main responsibilities of risk management of Managers: Formulate and adjust the Company's risk management system in a timely manner; Establish and improve the Company's comprehensive risk management structure, clarify the division of responsibilities of the comprehensive risk management functional departments, business departments and other departments in risk management, and establish an effective check and balance and mutual coordination operation mechanism between departments; Formulate specific implementation plans for risk appetite, risk tolerance and major risk limits to ensure their effective implementation; supervise it, analyze the causes in a timely manner, and deal with them in accordance with the authorization of the Board of Directors; Regularly evaluate the Company's overall risk and various important risk management status, solve problems in risk management and report to the board of directors; Establish a performance appraisal system covering the effectiveness of risk management; Establish a complete information technology system and data quality control mechanism; Other responsibilities for risk management.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 1. Overview (continued)

#### **Level 3: Risk Management Headquarters, Compliance Management Headquarters, Legal Affairs Headquarters, Internal Auditing Headquarters**

At the third level of the Company's risk control framework is the collaborative comprehensive risk management arrangement through which the Risk Management Headquarters, Compliance Management Headquarters, Legal Affairs Headquarters, and Internal Auditing Headquarters work together to manage risks.

The main responsibilities of the Risk Management Headquarters: Assist the Company's managers in formulating the basic system of corporate risk management, and assist in promoting the implementation of the risk management system; Assist the Company's managers in formulating risk management indicators such as the Company's risk appetite, risk tolerance and risk limit, and monitor and report the implementation of the indicators; Lead the risk management of the Company's market risk, credit risk, operational risk and reputation risk, monitor, evaluate and report the Company's overall risk level, and provide risk management suggestions for business decisions; Establish and improve the Company's stress testing mechanism to provide a basis for the Company's major decision-making and daily operation adjustment; Assist, guide and inspect the risk management work of various departments, branches and subsidiaries; Other risk management work.

The main responsibilities of the Compliance Management Headquarters: Assist the Chief Compliance Officer in formulating compliance policies and basic systems for compliance management, etc.; Track changes in laws, regulations and standards, and supervise relevant departments to evaluate, modify and improve relevant systems and business processes; Conduct compliance review on internal management system, major decisions, new products and new business plans; Provide compliance consulting advice to the Company's management and various branches and subsidiaries, and supervise and inspect the compliance of their business and management activities; Organize compliance training and publicity to cultivate the Company's compliance culture; Organize the implementation of information isolation and conflict of interest prevention management requirements; Assist the Chief Compliance Officer to take the lead in organizing money laundering risk management; Organize the monitoring and management of employees' securities investment behavior and abnormal customer transactions; Organize compliance assessment and accountability to enhance the effectiveness of compliance management; Perform the compliance reporting obligations to the Board of Directors, the Board of Supervisors, senior management, regulatory authorities and self-regulatory organizations as required.

The main responsibilities of the Legal Affairs Headquarters: Under the leadership of the Company's board of directors and the board of supervisors, assist the Company's managers to build a legal management system and legal risk prevention mechanism, participate in the Company's major economic business, provide legal opinions for major business decisions, and be responsible for Company contract management, litigation and arbitration management, responsible for the selection, management, and be responsible for the selection and employment of the Company's legal counsel, participate in the selection and employment of lawyers required by the business department, and provide legal support and consulting services for the Company's business management and the business development of various departments and branches, and organize and carry out legal education and training, organize and implement the prevention of illegal fund-raising, guide and coordinate affiliated enterprises to carry out legal risk prevention.

Internal Auditing Headquarters is responsible for organizing the audit of all departments, business lines, branches, and subsidiaries of the Company, and performing the functions of checking, evaluating, reporting, and advising on the appropriateness and effectiveness of business activities, internal control, and risk management.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 1. Overview (continued)

#### Level 4: Business and management departments, branch outlets and subsidiaries

The fourth level of risk control is the front-line risk control systems by business departments, branch outlets, and subsidiaries.

As independent risk management responsibility units, each department branch and subsidiary shall assume risk management responsibilities within the scope of their respective responsibilities, implement specific risk management systems, perform front-line risk management responsibilities, and formulate risk management measures.

The Group adopts the above risk management framework and continuously improves its risk control to ensure that the risks are measurable and controlled within acceptable limits.

### 2. Credit risk

Credit risk refers to the risk of losses due to defaults by financing parties, counterparties, or issuers. The Company's credit risks mainly come from financial assets which include bank balances, clearing settlement funds, financial assets at fair value through other comprehensive income, financial assets held under resale agreements, financial assets at amortized costs, margin accounts receivable, entrusted loans, other current assets, and refundable deposits.

The Group's bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks, while clearing settlement funds are deposited in the China Securities Depository and Clearing Corporation Limited, with a relatively low level of credit risk.

In terms of proprietary trading, if the transaction is through a stock exchange or China Securities Depository and Clearing Corporation Limited, the default risk of the counterparty is low, but for inter-bank market transactions, the Group will assess the counterparties and only select those with an accepted credit rating. The Company invests in debt securities with acceptable credit ratings and monitors the operations and credit ratings of the issuers.

Margin financing assets include advances to margin customers and securities lent to customers. Credit risks associated with these financial assets mainly relate to customers' inability to repay the principal, interest, or securities borrowed. The Group supervises finance trading accounts on an individual customer basis, and would require additional margin, cash collateral, or securities if necessary. Margin accounts receivable are monitored based on collateral rates to ensure that the value of collateral assets is sufficient to cover the advance. As of June 30th, 2024, and December 31st, 2023, the collateral value of the Group's customers is sufficient to resist the credit risk of financing business.

The Group's credit risk also arises from the securities and futures brokerage business. If a customer fails to deposit sufficient trading funds, the Group may use its own funds to complete the settlement. The Group requires customers to deposit all cash required in trading before it settles on behalf of customers, so as to mitigate and manage the credit risk properly.



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 2. Credit risk (continued)

The Group's financial assets measured at the amortized cost projects are carried out through entrusted loans. The credit risk management of such projects includes project establishment, due diligence, internal review, investment decision-making, and follow-up management. The Group assesses both the borrowers' credit risk and the rewards and sets risk mitigation measures such as guarantees. Entrusted loans are approved by the authorized approvers. The Group constantly monitors the entrusted funds. Key negative indications that may have an impact on the borrowers' solvency are reported timely, and the Group takes action accordingly to control the risks.

The Group invests in financial products, trust plans, and asset management plans with a proper approval process.

The credit risk control of the Company's stock pledge repurchase business is mainly realized through customer risk education, customer credit and creditworthiness assessment, credit management, risk assessment of collateral securities, reasonable setting of limit indicators, day-to-day market surveillance, customer risk alerts, mandatory liquidation of positions and judicial recourse. In addition, the Company makes provision for impairment on a prudent basis for defaulting customers, customers with insufficient collateralized securities, and normal customer financing in accordance with the provisions of ASBE No. 22.

#### Expected credit loss measurement

Since the first implementation of the new financial instrument standards on January 1st, 2018, for financial assets measured at amortized cost (including margin accounts receivable, financial assets held under resale agreements, financial instruments measured at amortized cost) and financial assets instruments at fair value through other comprehensive income, the Company uses general methods to measure its expected credit losses, models and assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the likelihood of customer default and associated losses). The Company uses a simple method to measure the expected credit losses of accounts receivable and other receivables. According to the simple method, the Company measures the loss provision based on the expected credit losses for the entire duration.

For financial assets that use general methods to measure expected credit losses, the Company uses an impairment model in which the credit quality of the financial assets has changed in three stages since the initial recognition of the financial assets to measure the expected credit losses respectively, including:

- A financial instrument whose credit risk has not increased significantly since initial recognition is classified in "Stage 1" and has its credit risk continuously monitored by the Company.
- If a significant increase in credit risk ("SICR") since initial recognition is identified, but it will not be regarded as the instrument for credit impairment, the Company will transfer it to "Stage 2".
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".

Stage 1: The Company measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL; Stages 2 and 3: The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition and the Company has measured the loss allowance for such a financial instrument at an amount equal to the lifetime ECL.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 2. Credit risk (continued)

#### Expected credit loss measurement (continued)

For such financial assets classified under Stages 1 and 2, management considered forward-looking factors and assesses credit loss allowances using the risk parameter modeling approach that incorporates key parameters, including the probability of default (“PD”), loss given default (“LGD”) and exposure at default (“EAD”). For credit-impaired financial assets classified under Stage 3, management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets after taking into consideration forward-looking factors.

The measurement of ECL adopted by management according to China Accounting Standards for Business Enterprises involves judgement, assumptions, and estimations, including: the determination of the criteria for SICR; selection of the appropriate models and assumptions; establishment of the number and relative weightings of forward-looking scenarios for each type of product.

#### Measuring ECL — inputs, assumptions, and estimation techniques

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The Company takes full account of forward-looking information when measuring ECL. ECL is the result after discounting the product of PD, LGD, and EAD that takes into account the forward-looking impact:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation. For margin loan financing, the Company determines the PD by borrower, based on factors including the coverage ratio of margin loans to underlying collateral value and, the volatility of such collateral’s valuation. For debt securities investments, the external credit rating and related PD are taken into consideration.
- LGD represents the Company’s expectation of the extent of loss on a defaulted exposure. For margin loan financing, the Company determines LGD, based on factors including the realizable value of collateral upon forced liquidation taking into consideration the estimated volatility over the realization period. For debt securities investments, LGD is determined based on assessed publicly available information from credit rating agencies, and the type of securities.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD), or over the remaining lifetime (Lifetime EAD).

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 2. Credit risk (continued)

#### Judgment criteria of significant increase in credit risk

The Company evaluates the financial instruments at each financial statement date after considering whether SICR has occurred since initial recognition. An ECL allowance for financial assets is recognized according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking. The Company considers a financial instrument to have experienced SICR when one or more of the following quantitative, qualitative, or backstop criteria have been met.

The Company considers margin financing to have experienced SICR if margin calls were triggered by a decrease in the ratio of margin loan to collateral below the liquidation line.

A financial instrument is considered to have experienced SICR if the borrower or the debtor is overdue for more than 30 days after the contract payment date.

On June 30th, 2024, the Company used the low credit risk exemption for financial instruments, such as cash and bank accounts, settlement reserve, refundable deposits, and financial assets held under resale agreements, and no longer compared whether the credit risk on the balance sheet date increased significantly compared with that at the time of initial recognition.

#### Definition of credit-impaired assets

The Company considers whether a financial instrument is credit-impaired according to the new financial instrument based on criteria, which is consistent with the internal credit risk management practice. The consideration includes quantitative criteria and qualitative criteria. The Company defines a financial instrument as credit-impaired, which is fully aligned with the definition of in default when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For margin financing or stock-pledged repurchase agreements, a forced liquidation of a client's position is triggered when the collateral valuation falls short of the related loan amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor is in significant financial difficulty;
- An active market for that financial asset has disappeared because of financial difficulty;
- Concessions have been made by the lender relating to the debtor's financial difficulty;
- It is becoming probable that the debtor will enter bankruptcy or other financial restructuring.

When a financial asset is considered to be credit-impaired, it may be from multiple events, not due to a separately identifiable event.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 2. Credit risk (continued)

#### Forward-looking information

The assessment of SICR and the calculation of ECL incorporate forward-looking information. The Company analyzes historical data to identify key economic indicators that affect the credit risk and expected credit losses of each asset portfolio, primarily including the Business Sentiment Index. Using regression analysis, the Company has determined the historical relationship between these economic indicators and default probability, default exposure, and default loss rate, and determined the expected default probability, default exposure, and default loss rate by predicting future economic indicators.

In addition to the base economic scenario, the Company also identifies other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure that non-linearity is captured. The number of scenarios and their attributes are reassessed at each financial statement date.

As at January 1st, 2024, and June 30th, 2024, for all portfolios, the Company concluded that 3 scenarios appropriately captured the non-linearity of economic variables. The scenario weightings are determined by a combination of statistical analysis and experts' judgement, taking account of the range of possible outcomes represented by each scenario.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. The Company measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes.

#### Sensitivity Analysis

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting, and other factors considered when applying expert judgment. Changes in these inputs, assumptions, and judgments will have an impact on the assessment of SICR and the measurement of ECL.

#### Collateral and other credit enhancements

The Company employed a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral for funds advanced or guarantees. The Company determined the type and amount of collaterals according to the credit risk evaluation of counterparties. The collaterals under margin financing and purchase and resale agreements are primarily stocks, debt securities, funds, etc. Management will exercise margin calls according to related agreements based on the market value fluctuation of collaterals, and monitor the changes in the market value of the collateral during the adequacy review of loss preparations.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 2. Credit risk (continued)

#### Credit risk exposure analysis

The Group's financing business customers have considerable asset quality. Over 90% of the Margin accounts receivable and bond reverse repurchase business maintain guarantee ratios above the liquidation line, and there is sufficient collateral information to indicate that the assets are not expected to default.

The maximum credit risk exposure of the Group is as follows:

Expressed in RMB'0000

Item	June 30th, 2024	December 31st, 2023
Cash and bank balances	1,069,589.21	997,718.96
Clearing settlement funds	331,593.39	344,997.84
Margin accounts receivable	702,038.82	760,485.38
Derivative financial assets	14,465.68	2,791.01
Refundable deposits	136,490.06	108,679.22
Accounts receivable	64,286.19	42,111.56
Financial assets held under resale agreements	105,556.46	101,020.13
Financial assets held for trading	2,195,579.29	2,208,924.31
Debt investments	11,531.82	12,037.05
Other debt investments	31,746.02	41,092.15
Investments in other equity instruments	140.00	140.00
Other assets	7,431.24	24,102.20
<b>Total</b>	<b>4,670,448.18</b>	<b>4,644,099.81</b>

#### Credit quality analysis

As of June 30th, 2024, the credit quality of each financial asset item is as follows:

Expressed in RMB'0000

Item	Stage 1	Stage 2	Stage 3	Total
Loans and entrusted loans			2,213.54	2,213.54
Margin accounts receivable	703,979.90	261.52	7,628.59	711,870.01
Other debt investments	31,746.02			31,746.02
Debt investments			53,104.76	53,104.76
Financial assets held under resale agreements	100,926.81		24,763.37	125,690.18
<b>Subtotal</b>	<b>836,652.73</b>	<b>261.52</b>	<b>87,710.26</b>	<b>924,624.51</b>
Less: Provision for impairment	2,316.07	0.39	71,452.68	73,769.14
<b>Total</b>	<b>834,336.66</b>	<b>261.13</b>	<b>16,257.58</b>	<b>850,855.37</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 3. Liquidity risk

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds in time at a reasonable cost to pay its due debts, fulfill other payment obligations, and meet the capital needs of normal business.

In order to prevent liquidity risk, the following measures are taken: first, strengthen the management of capital position and cash flow, adopt the advance reservation mode of large amount of funds, strengthen the monitoring and management of large amount of funds, scientifically predict the cash flow gap in different time periods in the future, and ensure the consistency of financing arrangement and business capital utilization rhythm; Second, actively expand financing channels, comprehensively use a variety of financing methods, balance the distribution of debt maturity, improve the diversification and stability of financing, and avoid the repayment risk due to too single financing channels or concentrated debt maturity; Third, establish the operation and management mechanism of liquidity reserve funds, reasonably set the minimum holding scale of liquidity reserve funds and the allocation proportion of high-quality liquidity assets, hold sufficient high-quality liquidity assets, and ensure that the Company can realize sufficient funds in time to deal with the capital gap under normal and pressure situations; Fourth, adopt the risk monitoring system with net capital and liquidity as the core to monitor the risk control indicators, and use stress test to evaluate the impact of business activities on the Company's liquidity; Fifth, establish and continuously improve the liquidity risk emergency mechanism, and regularly conduct emergency drills on liquidity risks to ensure the timeliness and effectiveness of the Company's liquidity crisis response.

The financial liabilities held by the Group are analyzed as follows according to the maturity of undiscounted remaining contractual obligations:

Expressed in RMB'0000

	June 30th, 2024							Total
	Current	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	
<b>Non-derivative financial liabilities</b>								
Short-term loans		2.28	4.70	714.11				721.09
Short-term financing instruments payable		25,102.66	41,304.75	411,823.37				478,230.78
Due to banks and other financial institutions	300,080.82	30,379.72		30,309.58				360,770.12
Financial liabilities held for trading		94,647.60	20,482.52	35,783.92	24,885.46	986.81		176,786.31
Financial assets sold under repurchase agreements		1,077,248.19						1,077,248.19
Accounts payable to brokerage clients	263,253.85	969,627.78						1,232,881.63
Bonds payable			1,860.14	9,847.01	401,745.36			413,452.51
Accounts payable							65,406.96	65,406.96
Long-term loans								
Other liabilities							34,585.08	34,585.08
<b>Total</b>	<b>563,334.67</b>	<b>2,197,008.23</b>	<b>63,652.11</b>	<b>488,477.99</b>	<b>426,630.82</b>	<b>986.81</b>	<b>99,992.04</b>	<b>3,840,082.67</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 3. Liquidity risk (continued)

Non-derivative financial liabilities	December 31st, 2023							Total
	Current	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	
Short-term loans								
Short-term financing instruments payable		28,150.31	139,568.70	246,383.46				414,102.47
Due to banks and other financial institutions		319,845.33		10,147.42				329,992.75
Financial liabilities held for trading				56,862.46		994.03	81,104.63	138,961.12
Financial assets sold under repurchase agreements	42.91	1,060,299.50						1,060,342.41
Accounts payable to brokerage clients	205,579.48	948,225.58						1,153,805.06
Bonds payable			11,418.87	4,894.80	482,462.52			498,776.19
Accounts payable							87,301.33	87,301.33
Other liabilities							26,579.18	26,579.18
<b>Total</b>	<b>205,622.39</b>	<b>2,356,520.72</b>	<b>150,987.57</b>	<b>318,288.14</b>	<b>482,462.52</b>	<b>994.03</b>	<b>194,985.14</b>	<b>3,709,860.51</b>

### 4. Market risk

Market risk is the risk that the fair value of financial instruments held will change due to unfavorable changes in market prices, including interest rate risk, price risk, and exchange rate risk. Since the Company's main positions are self-operated investments, the price risk and interest rate risk of stocks and derivatives have a greater impact on the investment business.

In terms of market risk, the Company follows the principles of soundness and prudence, accurately defines, uniformly measures, and prudently evaluates the market risk the Company bears. For the directional investment business, the Company adheres to a risk-controllable and moderate-scale risk management strategy and assumes a moderate-scale risk position.

#### (1) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the financial status and cash flow of the Group due to changes in market interest rates. The interest-earning assets of the Group affected by changes in market interest rates are mainly bank deposits, clearing settlement funds, refundable deposits, and debt investments.

The Group utilizes sensitivity analysis as the main tool for monitoring interest rate risk. Under the assumption that other variables remain unchanged, sensitivity analysis is adopted to measure the possible impact on total profits and shareholder equity when changes in interest rates occur. The currency and maturity structure of the Group's major interest rate-sensitive assets and liabilities are basically matched. The Group's bond investments are mainly based on the buy-and-hold prudent strategy and spread arbitrage strategy, with controls on leverage multiples, bond ratings, and durations of the proprietary business, in order to prevent and reduce the interest rate risk.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 4. Market risk (continued)

#### (1) Interest rate risk (continued)

The table below presents the residual maturities of the Group's financial assets and liabilities before their contractual re-pricing dates or their maturity dates (whichever are earlier):

Expressed in RMB'0000

Item	June 30th, 2024						Total
	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Cash and bank balances	1,069,581.88					7.33	1,069,589.21
Clearing settlement funds	331,593.39						331,593.39
Margin accounts receivable	45,272.75	223,758.47	432,109.78	897.82			702,038.82
Derivative financial assets						14,465.68	14,465.68
Refundable deposits	136,490.06						136,490.06
Accounts receivable						64,286.19	64,286.19
Financial assets held under resale agreements	58,074.28	14,910.20	32,571.98				105,556.46
Financial assets held for trading	13,245.48	22,775.44	356,215.24	847,354.55	774,925.56	563,423.51	2,577,939.78
Debt investments	11,531.82						11,531.82
Other debt investments			10,254.78	15,526.21	5,965.03		31,746.02
Other assets						7,431.24	7,431.24
<b>Subtotal of financial assets</b>	<b>1,665,789.66</b>	<b>261,444.11</b>	<b>831,151.78</b>	<b>863,778.58</b>	<b>780,890.59</b>	<b>649,613.95</b>	<b>5,052,668.67</b>
Short-term loans	0.76		700.00				700.76
Short-term financing instruments payable	25,079.76	40,560.81	404,550.49				470,191.06
Due to banks and other financial institutions	330,415.33		30,045.68				360,461.01
Financial liabilities held for trading	94,647.60	20,482.52	35,783.92	24,885.46	986.81		176,786.31
Financial assets sold under repurchase agreements	1,077,216.89						1,077,216.89
Accounts payable to brokerage clients	1,232,881.63						1,232,881.63
Derivative financial liabilities						2,586.54	2,586.54
Bonds payable		1,611.77	3,344.66	382,675.94			387,632.37
Accounts payable						65,406.96	65,406.96
Long-term loans							
Other liabilities						34,585.08	34,585.08
<b>Subtotal of financial liabilities</b>	<b>2,760,241.97</b>	<b>62,655.10</b>	<b>474,424.75</b>	<b>407,561.40</b>	<b>986.81</b>	<b>102,578.58</b>	<b>3,808,448.61</b>
<b>Interest rate sensitivity gap</b>	<b>-1,094,452.31</b>	<b>198,789.01</b>	<b>356,727.03</b>	<b>456,217.18</b>	<b>779,903.78</b>	<b>547,035.37</b>	<b>1,244,220.06</b>



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 4. Market risk (continued)

#### (1) Interest rate risk (continued)

Item	December 31st, 2023						Total
	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Cash and bank balances	997,706.84					12.12	997,718.96
Clearing settlement funds	344,997.84						344,997.84
Margin accounts receivable	56,890.13	211,720.19	491,875.06				760,485.38
Derivative financial assets						2,791.01	2,791.01
Refundable deposits	108,679.22						108,679.22
Accounts receivable						42,111.56	42,111.56
Financial assets held under resale agreements	35,143.94	8,188.26	57,687.93				101,020.13
Financial assets held for trading	22,730.68	36,181.81	155,615.02	1,215,117.54	561,897.45	435,578.27	2,427,120.77
Debt investments	12,037.05						12,037.05
Other debt investments			15,262.04	20,165.10	5,665.01		41,092.15
Other assets						24,102.20	24,102.20
<b>Subtotal of financial assets</b>	<b>1,578,185.70</b>	<b>256,090.26</b>	<b>720,440.05</b>	<b>1,235,282.64</b>	<b>567,562.46</b>	<b>504,595.16</b>	<b>4,862,156.27</b>
Short-term loans							
Short-term financing instruments payable	28,121.67	138,711.00	240,739.67				407,572.34
Due to banks and other financial institutions	319,780.23		10,010.47				329,790.70
Financial liabilities held for trading			56,862.46		994.03	81,104.63	138,961.12
Financial assets sold under repurchase agreements	1,060,238.75						1,060,238.75
Accounts payable to brokerage clients	1,153,805.06						1,153,805.06
Derivative financial liabilities						1,803.38	1,803.38
Bonds payable		9,105.44	1,032.88	461,981.80			472,120.12
Accounts payable						87,301.33	87,301.33
Long-term loans							
Other liabilities						26,579.18	26,579.18
<b>Subtotal of financial liabilities</b>	<b>2,561,945.71</b>	<b>147,816.44</b>	<b>308,645.48</b>	<b>461,981.80</b>	<b>994.03</b>	<b>196,788.52</b>	<b>3,678,171.98</b>
<b>Interest rate sensitivity gap</b>	<b>-983,760.01</b>	<b>108,273.82</b>	<b>411,794.57</b>	<b>773,300.84</b>	<b>566,568.43</b>	<b>307,806.64</b>	<b>1,183,984.29</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 4. Market risk (continued)

#### (2) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to equity securities, investment funds, convertible bonds, derivatives, and collective asset management plans whose values will fluctuate as a result of changes in market prices. These investments are all investments in the domestic capital markets. The Group is subject to relatively high market risk due to the higher volatility of the domestic stock markets.

The Group's price risk management policy requires setting and managing investment objectives. The directors of the Group manage price risk by holding an appropriately diversified investment portfolio, setting limits for investments in different securities, and closely monitoring the portfolio of investments to reduce the risk of concentration in any one specific industry or issuer. The Group uses derivatives contracts to economically hedge against certain exposures arising from its investment portfolio.

The analysis below shows the impact on profit before income tax and other comprehensive income before income tax due to changes in the prices of stocks, funds, convertible bonds, derivatives, and collective asset management plans by 10%, assuming all other variables remain unchanged. A positive result indicates an increase in profit before income tax and other comprehensive income before income tax, while a negative result indicates otherwise.

Expressed in RMB'0000

Item	June 30th, 2024		December 31st, 2023	
	Total profit	Other comprehensive income	Total profit	Other comprehensive income
Increase by 10%	17,534.20		28,584.11	
Decrease by 10%	-17,534.20		-28,584.11	

#### (3) Exchange rate risk

The fluctuation of the exchange rate will bring certain exchange risks to the Group. As of June 30th, 2024, the Group's foreign currency assets and foreign currency liabilities accounted for less than 5% of total assets and total liabilities. Due to the low proportion of foreign currency in the Group's asset liability and income structure, the Group believes that exchange rate risk has little impact on operation.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 5. Operational risk

Operational risk is the risk of loss to the Group due to the imperfection or failure of internal procedures, personnel, and information technology systems, as well as the impact of external events.

The Group emphasizes the matching of business scale, profit, and risk management ability, and does not sacrifice the control of operational risk for the pursuit of profit. The Group emphasizes carrying out the business of various securities companies under the premise of sound control of operational risks. In the case of cost permitting, the Group will continue to strengthen the operational risk management system and implement the internal control system to achieve the controllability of operational risk under the established business income.

### 6. Compliance risk

Compliance risk refers to the risk that the Company will be investigated for legal responsibility, take regulatory measures, be given disciplinary actions, and suffer property loss or business reputation loss due to the violation of laws, regulations, and norms by the company or its staff's business management or practice behavior.

The Company's management of compliance risks mainly includes: (1) Timely tracking of laws, regulations and guidelines, and continuously improving the compliance management system in combination with the actual situation of the Company. Simultaneously, supervising all units to formulate and revise their internal management systems and improve their business processes in a timely manner; actively carrying out the construction of compliance culture and improving the self-discipline mechanism; (2) Conducting compliance reviews of the Company's systems, major decisions, new products, new business plans, etc.; (3) Providing compliance advice and consulting to the management and various units, and supervising and inspecting the compliance of business management activities; (4) Strictly implementing compliance assessment and accountability mechanisms, and effectively playing the role of assessment guidance and accountability warning; (5) Fulfilling internal and external reporting obligations as required; (6) According to the Company's anti-money laundering system, organizing and promoting all units to carry out money laundering risk prevention and control work; (7) Strengthening the training and management of compliance administrators, and continuing to build a team of compliance administrators with strong compliance awareness and excellent professional ability. Through various channels such as compliance consulting, compliance review, compliance inspection and compliance monitoring, the Company timely identifies, evaluates and manages compliance risks related to its operation and management, and integrates compliance management throughout all aspects of decision-making, implementation, supervision and feedback, and into the whole process of the Company's operation and management.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

### 7. Capital management

The Group's objectives of capital management are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a solid capital base to support the development of their business;
- To comply with the capital requirements under the PRC regulations.

In accordance with "Administrative Measures for Risk Control Indicators of Securities Companies" (Revision 2020) issued by the China Securities Regulatory Commission and effective on March 20th, 2020, the Company is required to meet the following standards for risk control indicators on a continual basis:

The risk coverage ratio shall be no less than 100%;

The capital leverage ratio shall be no less than 8%;

The liquidity coverage ratio shall be no less than 100%;

The net stable funding ratio shall be no less than 100%.

## XI. FAIR VALUE DISCLOSURES

### 1. Amounts of assets and liabilities measured at fair value and fair value measurement hierarchy

The following table presents information about the fair value of the Group's assets and liabilities measured at fair value at each balance sheet date at the end of the current reporting period and the hierarchy of their fair value measurement. The level in which fair value measurement is categorized is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong. The three levels of inputs are defined below:

Level 1 inputs: unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for related assets or liabilities;

Level 2 inputs include: 1) quotation of similar assets or liabilities in the active market; 2) Quotation of the same or similar assets or liabilities in the inactive market; 3) Other observable input values other than quotation, including observable interest rate and yield curve, implied volatility and credit spread during normal quotation interval; 4) Inputs for market validation, etc.

Level 3 inputs: inputs that are unobservable for related assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XI. FAIR VALUE DISCLOSURES (continued)

### 1. Amounts of assets and liabilities measured at fair value and fair value measurement hierarchy (continued)

The following table presents the book value of the Company's financial instruments measured at fair value at the balance sheet date by the three levels of the fair value hierarchy.

Item	Fair value as at June 30th, 2024			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading	737,066,678.60	23,047,899,065.87	1,994,432,018.77	25,779,397,763.24
(1) Bond investment	96,935,971.54	19,877,549,126.10	16,535,910.29	19,991,021,007.93
(2) Equity investment	345,240,898.37		373,335,991.74	718,576,890.11
(3) Public offering of fund	294,889,808.69	2,805,138,133.09		3,100,027,941.78
(4) Others		365,211,806.68	1,604,560,116.74	1,969,771,923.42
Other debt investments		317,460,156.28		317,460,156.28
Other equity instrument investments			1,400,000.00	1,400,000.00
Derivative financial assets	1,386,800.00		143,270,002.36	144,656,802.36
<b>Total</b>	<b>738,453,478.60</b>	<b>23,365,359,222.15</b>	<b>2,139,102,021.13</b>	<b>26,242,914,721.88</b>
Financial liabilities held for trading		1,354,841,696.18	413,021,393.42	1,767,863,089.60
Derivative financial liabilities	1,150,510.00		24,714,864.81	25,865,374.81
<b>Total</b>	<b>1,150,510.00</b>	<b>1,354,841,696.18</b>	<b>437,736,258.23</b>	<b>1,793,728,464.41</b>
Item	Fair value as at December 31st, 2023			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading	1,371,592,448.20	20,677,027,124.24	2,222,588,119.57	24,271,207,692.01
(1) Bond investment	544,901,139.85	19,077,271,531.28	29,405,934.81	19,651,578,605.94
(2) Equity investment	447,245,286.40	14,096,050.00	378,937,787.67	840,279,124.07
(3) Public offering of fund	379,446,021.95	925,239,477.50		1,304,685,499.45
(4) Others		660,420,065.46	1,814,244,397.09	2,474,664,462.55
Other debt investments		410,921,462.71		410,921,462.71
Other equity instrument investments			1,400,000.00	1,400,000.00
Derivative financial assets	707,416.00		27,202,732.17	27,910,148.17
<b>Total</b>	<b>1,372,299,864.20</b>	<b>21,087,948,586.95</b>	<b>2,251,190,851.74</b>	<b>24,711,439,302.89</b>
Financial liabilities held for trading		811,046,276.67	578,564,904.36	1,389,611,181.03
Derivative financial liabilities	2,183,680.00		15,850,099.39	18,033,779.39
<b>Total</b>	<b>2,183,680.00</b>	<b>811,046,276.67</b>	<b>594,415,003.75</b>	<b>1,407,644,960.42</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XI. FAIR VALUE DISCLOSURES (continued)

### 2. Basis for determining the market value of items measured at fair value on a continuous Level 1 basis

The fair value of financial instruments traded in an active market shall be determined according to the market quotation on the date of the financial report. If quotations are obtained from exchanges and dealers on a timely and regular basis, and such quotations reflect actual and regular market transactions based on fair negotiation, a market is deemed to be active. Fair value is determined by the closing price on the financial reporting date. Such instruments are included in Level 1. Instruments included in Level 1 mainly consist of securities traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange, listed as financial assets held for trading and other debt investments.

### 3. For items measured at fair value in the continuing and discontinued Level 2 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters

The fair value of financial instruments purchased in an inactive market is determined using valuation techniques. These valuation techniques make full use of available observable market data and do not rely on entity-specific estimates as much as possible. An instrument is included in Level 2 if all of the key inputs required to measure it at fair value are observable.

#### **Bond investment:**

Bond investment shall be quoted by the valuation system of bond registration and settlement institutions. For bonds traded in the inter-bank bond market, including government bonds, corporate bonds, commercial bills, special financial bills, central bank bills, and other fixed-income bonds, the quotation of the valuation system of bond registration and settlement institutions adopts the observable input value reflecting the market conditions as the fair value.

#### **Public offering of funds:**

The fair value of the public offering of funds shall be determined according to the net asset value of the fund on the balance sheet date. The net asset value of the fund is usually determined based on the fair value and related expenses of the underlying investment (debt instruments in the portfolio or publicly traded equity instruments), or valued by a third party (such as a registrar and clearing institution) according to the discounted cash flow model.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XI. FAIR VALUE DISCLOSURES (continued)

### 3. For items measured at fair value in the continuing and discontinued Level 2 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters (continued)

#### Others:

Other financial assets invested by the Company are mainly collective asset management products, fund financial products, private equity funds, and bank financial products. The fair value is determined by the net value of the product corresponding to its share or by using valuation techniques. The observable inputs required by the valuation technique include the market price and interest rate of the investment target. These are observable inputs.

The following table presents the relevant valuation techniques and input parameters for the main Level 2 financial instruments:

Financial instruments	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Impact of unobservable inputs on fair value
<b>Financial assets held for trading</b>				
— Interbank market bonds	Level 2	Quotations from the valuation system of the bond registration and settlement institutions	Not applicable	Not applicable
— Public offering of the fund	Level 2	Net asset value of the fund on the balance sheet date	Not applicable	Not applicable
— Collective asset management products, fund financial products, private equity funds, and bank financial products	Level 2	Net product value corresponding to its share or using valuation techniques	Not applicable	Not applicable
<b>Other debt investments</b>				
— Interbank market bonds	Level 2	Quotations from the valuation system of the bond registration and settlement institutions	Not applicable	Not applicable

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XI. FAIR VALUE DISCLOSURES (continued)

### 4. For items measured at fair value in the continuing and discontinued Level 3 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters

If one or more of the main input parameters are not based on observable market data, the instrument is included in Level 3. For unlisted equity investment, bond investment, trust products, and financial liabilities, the Company uses valuation techniques to determine their fair values, including the discounted cash flow method and market comparison method. Their fair value measurements use important unobservable parameters such as liquidity discounts, volatility, and market multipliers. The fair values of unlisted equity investments, bond investments, other investments, and financial liabilities are not significantly sensitive to the reasonable changes of these unobservable inputs. Other equity instrument investments are futures memberships with no active market and are determined at cost.

From January to June 2024, there were no changes to the valuation techniques used in the Group's continuing Level 3 fair value measurements as described above.

### 5. Changes in Level 3 financial instruments

Item	January 1st, 2024	Increase	Decrease	June 30th, 2024
Financial assets held for trading	2,222,588,119.57		228,156,100.80	<b>1,994,432,018.77</b>
Financial liabilities held for trading	578,564,904.36		165,543,510.94	<b>413,021,393.42</b>
Other debt investments				
Other equity instrument investments	1,400,000.00			<b>1,400,000.00</b>
Derivative financial assets	27,202,732.17	116,067,270.19		<b>143,270,002.36</b>
Derivative financial liabilities	15,850,099.39	8,864,765.42		<b>24,714,864.81</b>

Item	January 1st, 2023	Increase	Decrease	December 31st, 2023
Financial assets held for trading	1,851,465,599.75	371,122,519.82		2,222,588,119.57
Financial liabilities held for trading	718,581,188.74		140,016,284.38	578,564,904.36
Other debt investments	89,606,629.46		89,606,629.46	
Other equity instrument investments	1,400,000.00			1,400,000.00
Derivative financial assets		27,202,732.17		27,202,732.17
Derivative financial liabilities		15,850,099.39		15,850,099.39



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XI. FAIR VALUE DISCLOSURES (continued)

### 5. Changes in Level 3 financial instruments (continued)

For Level 3 financial instruments, fair value is determined using valuation techniques (such as the discounted cash flow model and other similar techniques). The classification of fair value measurements in Level 3 is generally determined by the significance of unobservable input parameters to the measurement of the overall fair value. The following table presents the relevant valuation techniques and input parameters for the main Level 3 financial instruments:

Financial assets/ financial liabilities	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Relationship between unobservable input parameters and fair value
<b>Financial assets held for trading</b>				
— Bank financial products	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level;	— Expected future cash flow; — Expected recovery date;	— The higher the future cash flow, the higher the fair value;
— Asset management products of securities companies			— The discount rate corresponding to the expected risk level;	— The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value;
— Trust plan	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level;	— Expected future cash flow — Expected recovery date	— The higher the future cash flow, the higher the fair value;
			— The discount rate corresponding to the expected risk level	— The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value;
— Private placement convertible bonds	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level; — Option pricing model;	— Expected future cash flow — Expected recovery date — The discount rate corresponding to the expected risk level — Stock price volatility	— The higher the future cash flow, the higher the fair value; — The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value; — The greater the fluctuation of stock price, the higher the fair value;
— Unlisted equity	Level 3	— Adopt the comparable company method to select comparable companies in the same industry similar to the important financial indicators of the target company, and calculate the PE, PB, and PS of comparable companies; Considering the liquidity discount, estimate the expected exit date of equity, calculate the volatility of comparable companies, and use the option model to calculate the liquidity discount of comparable companies;	— Expected recovery date — Stock price volatility	— The earlier the expected recovery date, the higher the fair value; — The greater the fluctuation of stock price, the higher the fair value;
<b>Financial liabilities held for trading</b>				
	Level 3	— Future cash flows estimated based on the amount payable are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level	— Expected future cash flow — Expected payment date	— The higher the future cash flow, the higher the fair value;
			— The discount rate corresponding to the expected risk level	— The earlier the payment date, the higher the fair value; — The lower the discount rate, the higher the fair value;
<b>Derivative financial instruments</b>				
	Level 3	— The option pricing model is used for valuation, and the main input parameter is the volatility of the underlying instrument;	— Volatility of underlying instruments	— The higher the volatility of the underlying instrument, the higher the fair value;

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XI. FAIR VALUE DISCLOSURES (continued)

### 6. For continuing fair value measurements, if a transition between levels occurred during the period, the reason for the transition and the policy for determining the point of transition

The Company's continuing fair value measurements described above were not significantly transitioned between levels during the period.

### 7. Changes in valuation techniques that occurred during the period and the reasons for the changes

There were no changes in the fair value valuation techniques for the Company's financial instruments during the period.

### 8. Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: margin accounts receivable, financial assets held under resale agreements, accounts receivable, debt investments, short-term loans, accounts payable, short-term financing instruments payable, due to banks and other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, bonds payable and long-term loans.

There is little difference between the book value and fair value of the above financial assets and liabilities not measured at fair value.

## XII. CONTINGENCIES

As of June 30th, 2024, the Group was not involved in any single material legal proceedings, arbitration, or other matters that may have a material adverse effect on the Group's financial position or results of operations.

## XIII. COMMITMENTS

### 1. Capital commitments

The Company's capital commitments that have been contracted for but not confirmed in the financial statements are set out below:

Item	June 30th, 2024	December 31st, 2023
Contracted but not paid	504,170,217.70	475,434,258.49
<b>Total</b>	<b>504,170,217.70</b>	<b>475,434,258.49</b>

In addition to the above undertakings, as of June 30th, 2024, the Company has no other major commitments that should be disclosed.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XIV. EVENTS AFTER THE BALANCE SHEET DATE

### 1. Significant non-adjusting events

#### (1) Public issuance of corporate bonds to professional investors

Registered with the China Securities Regulatory Commission (CSRC License [2022] No. 2533), the Company was permitted to publicly issue corporate bonds of not more than RMB5 billion to professional investors. On July 4th, 2024, the issuance of 24 Zhongyuan 01 (code 241202) bonds was completed, with an actual issuance scale of RMB2 billion and a coupon rate of 2.22%, and it was listed on the Shanghai Stock Exchange from July 9th, 2024.

### 2. Profit distribution

The Company's interim profit distribution plan for 2024, as considered at the Twenty-eighth Meeting of the Seventh Session of the Board of Directors, is to distribute a cash dividend of RMB0.06 (inclusive of tax) for every 10 shares. As of June 30th, 2024, the Company had a total share capital of 4,642,884,700 shares. Based on this calculation, the total proposed cash dividend is RMB27,857,308.20 (tax included). The Company does not convert capital reserve to increase share capital and does not issue bonus shares.

### 3. Other events after the balance sheet date

As of the date of approval of the financial statement, the Company has no other significant events after the balance sheet date that need to be disclosed but have not been disclosed.

## XV. SEGMENT INFORMATION

The Company determines its operating segments based on its internal organizational structure, management requirements, and internal reporting system, and the Company's operating segments are those components that meet all of the following conditions:

- (1) The component is capable of generating revenues and incurring expenses in its ordinary activities;
- (2) The Company's management is able to evaluate the component's results of operations on a regular basis in order to determine the allocation of resources to it and evaluate its performance;
- (3) The Company is able to obtain relevant accounting information such as the component's financial position, results of operations and cash flows.

According to the different business types, the Company's reporting segments are mainly divided into: securities brokerage business segment, proprietary business segment, investment banking business segment, credit business segment, investment management business segment, futures business segment, overseas business segment, headquarters and other business segment.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XV. SEGMENT INFORMATION (continued)

### 1. Reporting segments (by business) January to June 2024

Expressed in RMB'0000

Item	Securities		Investment	Investment		Futures	Overseas	Headquarters	Offset	Total
	brokerage business	Self-operated business	banking business	Credit business	management business					
1. Operating income	32,149.44	45,637.19	2,148.14	19,943.93	-167.86	28,829.16	-13.65	-8,404.60	-254.68	119,867.06
Net fee and commission income	23,849.47		2,155.27		1,983.33	3,116.24	429.71	507.93	-125.75	31,916.21
Investment Income		51,481.74			20,197.66	365.95	1,140.78	-5,680.30	71.73	67,577.55
Gains on changes in fair value		12,532.32			-22,594.31	541.59	-1,733.17	-816.32		-12,069.89
Exchange gains	1.40						-20.06	1.93		-16.73
Other income	507.51	58.14		266.92	2.50	23,689.00	0.91	279.40	-207.09	24,597.29
Net interest income	7,791.07	-18,435.02	-7.14	19,677.01	242.97	1,116.38	168.18	-2,697.23	6.42	7,862.64
2. Operating cost	25,664.23	12,720.09	6,188.23	1,541.45	2,389.62	28,123.39	4,234.75	17,033.14	493.14	98,388.04
3. Operating profit	6,485.21	32,917.10	-4,040.10	18,402.48	-2,557.48	705.77	-4,248.41	-25,437.74	-747.82	21,479.01
4. Total assets	2,045,313.46	2,542,776.73	1,106.80	850,726.18	348,632.03	321,730.43	123,284.31	1,798,295.11	-2,711,985.32	5,319,879.71
5. Total liabilities	2,023,628.63	2,517,056.07	5,146.85	832,337.74	53,964.75	274,888.92	80,703.99	818,330.22	-2,713,663.12	3,892,394.05
6. Supplementary information										
(1) Depreciation and amortization	4,060.29	1,059.63	115.44	70.26	176.20	321.77	416.85	3,161.30	-61.02	9,320.72
(2) Capital expenditure	1,844.67	83.20	15.15	79.18	228.96	39.48	15.81	2,893.93	0.00	5,200.38

Note: The data in the table needs to be rounded when calculating, and there may be mantissa deviations. Other similar disclosures in this report are identical.

## XVI. OTHER IMPORTANT MATTERS

### 1. Margin trading and short selling business

As of June 30th, 2024, and December 31st, 2023, the scale of the Group's margin trading and short selling business is as follows:

Item	June 30th, 2024	December 31st, 2023
Margin accounts receivable	7,118,700,073.90	7,681,062,672.38
Securities lending	4,282,583.08	3,676,678.87
<b>Total</b>	<b>7,122,982,656.98</b>	<b>7,684,739,351.25</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVI. OTHER IMPORTANT MATTERS (continued)

### 2. Bond lending

The specific types and fair values of bonds borrowed by the Company on the trading platforms of the interbank and exchange bond markets are as follows:

Item	Fair value as at June 30th, 2024	Fair value as at December 31st, 2023
National bonds	2,416,271,890.00	1,061,286,950.00
Policy-based financial bonds	196,684,580.00	2,165,541,790.00
<b>Total</b>	<b>2,612,956,470.00</b>	<b>3,226,828,740.00</b>

As of June 30th, 2024, among the bonds obtained by the Company through inter-bank and exchange market borrowing, the fair value of bonds that were pledged for the purpose of pledge-type repurchase business and bonds that gave rise to financial liabilities held for trading due to their sales amounted to RMB 2,576,588,500.

### 3. Security of customer funds

As of June 30th, 2024, the Company has deposited customer transaction settlement funds in commercial banks with depository qualifications, which is in compliance with the requirements for the security of customer transaction settlement funds as set out in the Customer Transaction Settlement Fund Management Measures (China Securities Regulatory Commission Order No. 3), the third-party depository of customer transaction settlement funds and other relevant regulations, to safeguard the safety of customer funds, and the problem of misappropriation of client funds does not exist.

### 4. Assets and liabilities measured at fair value

Item	December 31st, 2023	Gains and losses from changes in fair value for the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	June 30th, 2024
1. Financial assets held for trading (excluding derivative financial assets)	24,271,207,692.01	-201,708,510.03			25,779,397,763.24
2. Derivative financial instruments	9,876,368.78	88,123,751.22			118,791,427.55
3. Other debt investments	410,921,462.71		4,481,753.52	-24,559.59	317,460,156.28
4. Investments in other equity instruments	1,400,000.00				1,400,000.00
5. Financial liabilities held for trading	1,389,611,181.03	-7,114,160.25			1,767,863,089.60

Note: There is no inevitable cross-check relationship in this table.

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVI. OTHER IMPORTANT MATTERS (continued)

### 5. Basic classification table for the measurement of financial assets

Financial assets items	Book value as of June 30th, 2024				
	Financial assets measured at amortized cost	Financial assets classified as at fair value through other comprehensive income	Investments in non-trading equity instruments designated as at fair value through other comprehensive income	Measured at fair value through profit or loss	
				Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards
Cash and bank balances	10,695,892,142.46				
Clearing settlement funds	3,315,933,885.12				
Margin accounts receivable	7,020,388,201.32				
Derivative financial assets				144,656,802.36	
Refundable deposits	1,364,900,624.49				
Accounts receivable	642,861,932.80				
Financial assets held under resale agreements	1,055,564,573.45				
Financial assets held for trading				25,779,397,763.24	
Debt investments	115,318,191.84				
Other debt investments		317,460,156.28			
Investments in other equity instruments			1,400,000.00		
Other assets	74,312,404.18				
<b>Total</b>	<b>24,285,171,955.66</b>	<b>317,460,156.28</b>	<b>1,400,000.00</b>	<b>25,924,054,565.60</b>	

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVI. OTHER IMPORTANT MATTERS (continued)

### 5. Basic classification table for the measurement of financial assets (continued)

Financial assets items	Book value as of December 31st, 2023					
	Financial assets measured at amortized cost	Financial assets classified as at fair value through other comprehensive income	Investments in non-trading equity instruments designated as at fair value through other comprehensive income	Measured at fair value through profit or loss		
				Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial assets designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Cash and bank balances	9,977,189,628.79					
Clearing settlement funds	3,449,978,421.75					
Margin accounts receivable	7,604,853,831.45					
Derivative financial assets				27,910,148.17		
Refundable deposits	1,086,792,208.93					
Accounts receivable	421,115,609.11					
Financial assets held under resale agreements	1,010,201,346.03					
Financial assets held for trading				24,271,207,692.01		
Debt investments	120,370,451.85					
Other debt investments		410,921,462.71				
Investments in other equity instruments			1,400,000.00			
Other assets	241,021,996.85					
<b>Total</b>	<b>23,911,523,494.76</b>	<b>410,921,462.71</b>	<b>1,400,000.00</b>	<b>24,299,117,840.18</b>		

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVI. OTHER IMPORTANT MATTERS (continued)

### 6. Basic classification table for the measurement of financial liabilities

Financial liabilities items	Book value as of June 30th, 2024			
	Financial liabilities measured at amortized cost	Measured at fair value through profit or loss		
		Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial liabilities designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Short-term loans	7,007,583.33			
Derivative financial liabilities		25,865,374.81		
Short-term financing instruments payable	4,701,910,586.08			
Due to banks and other financial institutions	3,604,610,111.02			
Financial liabilities held for trading		1,767,863,089.60		
Financial assets sold under repurchase agreements	10,772,168,938.00			
Accounts payable to brokerage clients	12,328,816,339.92			
Accounts payable	654,069,610.19			
Bonds payable	3,876,323,737.62			
Other liabilities	345,850,793.62			
<b>Total</b>	<b>36,290,757,699.78</b>	<b>1,793,728,464.41</b>		
Financial liabilities items	Book value as of December 31st, 2023			
	Financial liabilities measured at amortized cost	Measured at fair value through profit or loss		
		Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial liabilities designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Short-term loans				
Derivative financial liabilities		18,033,779.39		
Short-term financing instruments payable	4,075,723,383.58			
Due to banks and other financial institutions	3,297,906,994.48			
Financial liabilities held for trading		1,389,611,181.03		
Financial assets sold under repurchase agreements	10,602,387,479.57			
Accounts payable to brokerage clients	11,538,050,603.00			
Accounts payable	873,013,344.30			
Bonds payable	4,721,201,165.26			
Other liabilities	265,791,802.16			
<b>Total</b>	<b>35,374,074,772.35</b>	<b>1,407,644,960.42</b>		



# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

### 1. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	June 30th, 2024			December 31st, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,889,655,803.95	213,448,720.01	4,676,207,083.94	5,039,655,803.95	213,448,720.01	4,826,207,083.94
<b>Total</b>	<b>4,889,655,803.95</b>	<b>213,448,720.01</b>	<b>4,676,207,083.94</b>	<b>5,039,655,803.95</b>	<b>213,448,720.01</b>	<b>4,826,207,083.94</b>

#### (2) Investment in subsidiaries

Investee	December 31st, 2023	Increase	Decrease	June 30th, 2024	Provision for impairment in the current period	Balance as of
						June 30th, 2024 of provision for impairment
Central China Futures Co., Ltd.	413,613,442.08			413,613,442.08		
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	300,530,961.87			300,530,961.87		
Central China International Financial Holdings Co., Ltd.	1,522,636,400.00			1,522,636,400.00		213,448,720.01
Central China Blue Ocean Investment Management Co., Ltd.	2,676,000,000.00		150,000,000.00	2,526,000,000.00		
Central China Equity Exchange Co., Ltd.	126,875,000.00			126,875,000.00		
<b>Total</b>	<b>5,039,655,803.95</b>		<b>150,000,000.00</b>	<b>4,889,655,803.95</b>		<b>213,448,720.01</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 2. Net interest income

Item	January-June 2024	January-June 2023
<b>Interest income</b>	<b>355,637,260.85</b>	392,328,341.98
Including: Interest income from cash and bank balances and clearing settlement funds	<b>99,427,163.09</b>	108,970,426.99
Interest income from margin trading business	<b>230,073,371.22</b>	229,804,903.99
Interest income from financial assets held under resale agreements	<b>20,206,281.50</b>	28,647,019.07
Including: Interest income from the agreed repurchase	<b>105,314.55</b>	264,701.40
Interest income from stock pledge repurchase	<b>16,102,016.54</b>	26,235,957.96
Interest income from other debt investments	<b>4,715,816.31</b>	19,758,596.05
Others	<b>1,214,628.73</b>	5,147,395.88
<b>Interest expenses</b>	<b>292,345,336.90</b>	314,922,930.39
Including: Interest expenses of income securities issued certificate	<b>11,428,811.62</b>	27,892,590.31
Interest expenses due to banks and other financial institutions	<b>13,611,727.44</b>	7,732,193.19
Including: Interest expenses of refinancing	<b>5,646,092.86</b>	5,402,166.00
Interest expenses of financial assets sold under repurchase agreements	<b>120,663,873.39</b>	123,079,936.37
Interest expenses of accounts payable to brokerage clients	<b>10,397,125.06</b>	14,543,147.60
Interest expenses of bonds payable	<b>125,247,732.72</b>	129,546,106.95
Including: Interest expenses of subordinated bonds	<b>45,461,470.97</b>	52,672,545.54
Bond lending	<b>6,613,467.40</b>	5,891,953.75
Others	<b>4,382,599.27</b>	6,237,002.22
<b>Net interest income</b>	<b>63,291,923.95</b>	77,405,411.59

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 3. Net fee and commission income

#### (1) Details

Item	January-June 2024	January-June 2023
<b>Net income of securities brokerage business</b>	<b>216,477,371.25</b>	221,593,355.15
— Securities brokerage business income	<b>279,079,461.46</b>	302,823,479.50
— Funds received as agent of stock exchange	<b>272,149,871.18</b>	296,109,250.73
Leasing of trading units and seats	<b>24,706.09</b>	15,408.99
Sales agent of financial products	<b>6,343,457.30</b>	6,375,616.20
— Securities brokerage business expenses	<b>62,602,090.21</b>	81,230,124.35
— Funds received as agent of stock exchange	<b>62,568,930.41</b>	81,210,857.17
Sales agent of financial products	<b>573.27</b>	34.80
Net income of investment banking business	<b>22,472,530.42</b>	24,197,178.83
— Investment banking business income	<b>22,472,530.42</b>	25,234,914.68
— Securities underwriting business	<b>16,779,605.84</b>	16,699,162.45
Securities sponsorship business		3,490,566.03
Financial advisory business	<b>5,692,924.58</b>	5,045,186.20
— Investment banking business expenses		1,037,735.85
— Securities underwriting business		1,037,735.85
Securities sponsorship business		
Financial advisory business		
Net income of asset management business	<b>13,659,261.49</b>	13,982,484.13
— Asset management business income	<b>13,659,261.49</b>	13,982,484.13
— Asset management business expenses		
Net income of investment consulting business	<b>21,122,186.39</b>	22,780,011.73
— Investment consulting business income	<b>21,122,186.39</b>	22,780,011.73
— Investment consulting business expenses		
Net income from other fees	<b>3,691,698.46</b>	5,801,767.89
— Other fee income	<b>3,691,698.46</b>	5,806,581.82
— Other fee expenses		4,813.93
<b>Total</b>	<b>277,423,048.01</b>	288,354,797.73
<b>Including: Total fee and commission income</b>	<b>340,025,138.22</b>	370,627,471.86
<b>Total fee and commission expenses</b>	<b>62,602,090.21</b>	82,272,674.13

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 4. Investment income

#### (1) By categories

Item	January-June 2024	January-June 2023
Income from long-term equity investments calculated by cost method		
Income from long-term equity investments calculated by equity method		
Income from disposal of long-term equity investments		
Investment income from financial instruments	<b>513,782,054.22</b>	409,418,855.83
Including: Income generated during the holding period	<b>261,834,664.41</b>	288,272,444.38
Including: Financial assets held for trading	<b>285,439,629.16</b>	304,608,455.89
Financial liabilities held for trading	<b>-23,604,964.75</b>	-16,336,011.51
Income from disposal of financial instruments	<b>251,947,389.81</b>	121,146,411.45
Including: Financial assets held for trading	<b>346,163,282.08</b>	76,559,003.61
Other debt investments	<b>557,818.94</b>	26,638,027.79
Derivative financial instruments	<b>-61,869,173.56</b>	34,116,006.47
Financial liabilities held for trading	<b>-32,904,537.65</b>	-16,166,626.42
<b>Total</b>	<b>513,782,054.22</b>	409,418,855.83

#### (2) Statement of investment income from financial instruments held for trading

Financial instruments held for trading		January-June 2024
Financial assets classified as at fair value through profit or loss	Income during the holding period	<b>285,439,629.16</b>
	Income from disposal	<b>346,163,282.08</b>
Financial assets designated as at fair value through profit or loss	Income during the holding period	
	Income from disposal	
Financial liabilities classified as at fair value through profit or loss	Income during the holding period	<b>-23,604,964.75</b>
	Income from disposal	<b>-32,904,537.65</b>
Financial liabilities designated as at fair value through profit or loss	Income during the holding period	

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 5. Business and administrative expenses

Item	January-June 2024	January-June 2023
Employee expenses	458,003,103.79	466,388,241.78
Amortization of intangible assets	34,038,811.24	27,419,468.58
Electronic equipment operating fees	26,609,574.37	35,861,081.30
Depreciation of right-of-use assets	25,611,332.66	31,042,430.17
Depreciation of fixed assets	15,862,587.81	15,281,930.30
Securities Investor Protection Fund	9,533,593.01	6,263,364.72
Amortization of long-term deferred expenses	8,793,731.91	8,033,916.54
Advertising fees	8,229,176.29	16,102,252.80
Member fees	7,049,348.99	6,906,094.86
Information fees	4,978,722.44	5,934,768.22
Property management fees	4,838,846.35	4,760,151.89
Communication fees	4,490,277.73	7,186,888.54
Consulting fees	3,889,631.88	5,764,535.10
Water and electricity charges	3,299,356.30	3,896,094.24
Exchange facility usage fees	3,220,160.76	2,802,213.64
Rental fees	3,111,869.97	1,260,746.54
Business entertainment expenses	2,660,410.34	4,695,059.51
Security precautionary fees	1,681,191.58	1,548,228.56
Employment guarantee fund for the disabled	1,536,143.34	711,991.09
Others	6,752,436.29	17,196,175.39
<b>Total</b>	<b>634,190,307.05</b>	<b>669,055,633.77</b>

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

### 6. Supplementary information of cash flow statement of parent company

Item	January-June 2024	January-June 2023
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	309,678,451.34	176,017,348.48
Add: Credit impairment loss	-10,134,088.90	5,885,697.02
Accumulated depreciation of investment properties and fixed assets	16,345,379.88	15,877,575.13
Right-of-use assets depreciation	25,611,332.66	31,042,430.17
Amortization of intangible assets	34,038,811.24	27,419,468.58
Amortization of long-term deferred expenses	8,793,731.91	8,033,916.54
Losses on disposal of fixed assets, intangible assets and other long-term assets (or revenue: "-")	868,566.96	760,501.30
Gains and losses on changes in fair value (or revenue: "-")	-120,519,493.63	-90,457,957.52
Interest expenses	138,862,552.74	160,702,450.62
Exchange losses (or revenue: "-")	-33,275.58	-270,871.95
Investment losses (or revenue: "-")	-5,273,635.25	-46,396,623.84
Decrease in deferred income tax assets (or increase: "-")	-9,972,488.95	-8,940,098.88
Increase in deferred income tax liabilities (or decrease: "-")	8,288,469.79	905,236.74
Decrease of operating receivables (or increase: "-")	-860,639,241.10	-628,775,649.21
Increase of operating payable (or decrease "-")	865,712,539.72	-283,206,819.09
Net cash flows from operating activities	401,627,612.83	-631,403,395.91
<b>2. Significant investing and financing business not related to cash receipts and payments:</b>		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	11,417,484,370.85	12,914,290,145.80
Less: Opening balance of cash	11,203,798,588.51	11,487,978,273.17
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	213,685,782.34	1,426,311,872.63

# NOTES TO THE FINANCIAL STATEMENTS

For Jan 1st, 2024 to June 30th, 2024 (The currency is in RMB except otherwise stated)

## XVIII. FINANCIAL REPORT APPROVAL

This financial report was approved for reporting on August 30th, 2024, by the Company's Board of Directors.

## XIX. SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

### 1. Statement of non-recurring profit or loss

In accordance with the China Securities Regulatory Commission's *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Gains and Losses* (2023 Revision), the Company's non-recurring gains and losses for the reporting period are as follows:

Item	January-June 2024	January-June 2023
Gains and losses on disposal of non-current assets	-676,240.71	-1,207,227.94
Government grants included in the current profits or losses	5,768,173.00	16,830,186.88
Other non-operating income and expenses other than the above items	132,760.86	-546,987.16
Subtotal	5,224,693.15	15,075,971.78
Less: Income tax impact	1,306,173.29	3,768,992.95
Influence amount of minority shareholders' equity (after tax)	-55,036.07	66,082.94
<b>Non-recurring net profit and loss attributable to shareholders of the parent company</b>	<b>3,973,555.93</b>	<b>11,240,895.89</b>

### 2. Return on net assets and earnings per share

In accordance with the China Securities Regulatory Commission's *Explanatory Announcement No.9 on Information Disclosure for Companies Offering Their Securities to the Public — Calculation and Disclosure of Return on Net Assets and Earnings Per Share* (2010 Revision), the Company's weighted-average return on net assets and earnings per share for the period from January to June 2024 are set out below:

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to owners of the parent company	1.44%	0.04	0.04
Net profit attributable to shareholders of the parent company after deducting non-recurring profits or losses	1.41%	0.04	0.04

Central China Securities Co., Ltd.

30 August 2024



中州证券

Central China Securities Co., Ltd.