
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F**

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from _____ to _____

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

Commission file number: 001-38820

Futu Holdings Limited

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

**34/F, United Centre
95 Queensway, Admiralty
Hong Kong S.A.R., People's Republic of China
+852 2523-3588**

(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
American depositary shares (one American depositary share representing eight Class A ordinary shares, par value US\$0.00001 per share)	FUTU	The Nasdaq Stock Market LLC (The Nasdaq Global Market)
Class A ordinary shares, par value US\$0.00001 per share*		The Nasdaq Stock Market LLC (The Nasdaq Global Market)

* Not for trading, but only in connection with the listing on The Nasdaq Global Market of American depositary shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2025, 765,788,970 Class A ordinary shares (excluding treasury shares and Class A ordinary shares issued to the depositary bank for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under our share incentive plans) and 355,552,051 Class B ordinary shares, par value US\$0.00001 per share, were issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐ Yes ☐ No

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒ Yes ☐ No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒

International Financial Reporting Standards as issued by the
International Accounting Standards Board ☐

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. ☐ Yes ☐ No

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INTRODUCTION

Unless otherwise indicated or the context otherwise requires, references in this annual report to:

- “ADSSs” are to American depositary shares, each of which represents eight Class A ordinary shares;
- “average DAUs” are to the average number of DAUs on each trading day during a specific period;
- “China,” “Mainland China” and the “PRC” are to the People’s Republic of China for the purpose of this annual report and for geographical reference only, except where the context requires, references in this annual report to “China,” “Mainland China” and the “PRC” do not apply to the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and the Taiwan Region;
- “clients” are to users with brokerage accounts with us;
- “client asset balance” are to the asset balance in funded accounts;
- “Class A ordinary shares” are to our Class A ordinary shares, par value US\$0.00001 per share;
- “Class B ordinary shares” are to our Class B ordinary shares, par value US\$0.00001 per share;
- “Consolidated Affiliated Entities” are to entities that we control wholly or partly through the Contractual Arrangements, namely the VIEs and their subsidiaries, details of which are set out in Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders”;
- “Contractual Arrangements” are to the series of contractual arrangements entered into between the WFOE, the VIEs and the registered shareholders of each of the VIEs, namely, Mr. Li and Ms. Lei Li (as applicable), as detailed in “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders”;
- “CSRC” are to the China Securities Regulatory Commission;
- “DAUs” are to the number of user accounts and visitors who access our platforms *Futubull* and/or *Moomoo*, at least once on a given trading day. Some visitors may access our platforms using more than one device on a given trading day and we calculate the number of visitors who access our platforms based on the number of devices used by the visitors to access our platforms;
- “domestic” are, for the purpose of this annual report and for geographical reference only, to the PRC, an entity organized under PRC laws or an individual who is a holder of PRC nationality and passport, as the context may require;
- “funded accounts” are to brokerage accounts with us that have a positive account balance;
- “Futu,” “Group,” “our Group,” “the Group,” “we,” “our” and “us” are to Futu Holdings and its subsidiaries and, in the context of describing our operations and consolidated financial information, also include the Consolidated Affiliated Entities, unless the context otherwise requires;
- “Futu Holdings” and “our company” are to Futu Holdings Limited, a company with limited liability incorporated in the Cayman Islands on April 15, 2014;
- “Futu Securities” are to Futu Securities International (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on April 17, 2012 and our wholly-owned subsidiary;

- “Haikou Futu” are to Haikou Futu Information Services Co., Ltd. (formerly known as Hainan Futu Information Services Co., Ltd.), a company established under the laws of PRC with limited liability on May 25, 2018, and a Consolidated Affiliated Entity;
- “HK\$” and “Hong Kong dollars” are to the legal currency of Hong Kong;
- “HK SFC” are to the Securities and Futures Commission of Hong Kong;
- “Latest Practicable Date” are to March 31, 2026, being the latest practicable date for ascertaining certain information in this annual report;
- “MAS” are to the Monetary Authority of Singapore;
- “MAUs” are to the number of user accounts and visitors who access our platforms *Futubull* and/or *Moomoo* at least once during the calendar month in question. Some visitors may access our platforms using more than one device in a given month and we calculate the number of visitors who access our platforms based on the number of devices used by the visitors to access our platforms;
- “MIIT” are to the Ministry of Industry and Information Technology of PRC;
- “Moomoo Financial Canada” are to Moomoo Financial Canada Inc., a company incorporated in Canada and our majority-owned subsidiary;
- “Moomoo Financial Singapore” are to Moomoo Financial Singapore Pte. Ltd. (formerly known as Futu Singapore Pte. Ltd.), a company with limited liability incorporated in Singapore on December 17, 2019 and our wholly-owned subsidiary;
- “Moomoo Securities Australia” are to Moomoo Securities Australia Ltd (formerly known as Futu Securities (Australia) Ltd), a company with limited liability incorporated in Australia and our wholly - owned subsidiary;
- “Moomoo Securities Japan” are to Moomoo Securities Japan Co., Ltd., a company incorporated in Japan and our wholly-owned subsidiary;
- “Moomoo Securities Malaysia” are to Moomoo Securities Malaysia Sdn. Bhd., a company incorporated in Malaysia and our wholly - owned subsidiary;
- “Mr. Li” are to Mr. Leaf Hua Li, our founder, chairman of the board of directors and chief executive officer;
- “NiuNiu/Moo Community” are to our social network services on *Futubull* or *Moomoo* platform, including the interactive tools and functions offered on such platform;
- “Panthertrade” are to Panthertrade (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on March 7, 2023 and our wholly-owned subsidiary;
- “professional investor” are to persons as defined under Part 1 of Schedule 1 to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time (including those prescribed by rules made under section 397 of the Securities and Futures Ordinance);
- “retail investor” are to an individual investor that purchases securities and other investment assets;
- “RMB” and “Renminbi” are to the legal currency of China;
- “SCNPC” are to the Standing Committee of the National People’s Congress of the PRC;

- “SEC” are to the U.S. Securities and Exchange Commission;
- “shares” and “ordinary shares” are to our Class A ordinary shares and Class B ordinary shares;
- “Shensi Beijing” and “WFOE” are to Shensi Network Technology (Beijing) Co., Ltd., a wholly foreign-owned enterprise established under the laws of the PRC on September 15, 2014, and our wholly-owned subsidiary;
- “Shenzhen Futu” are to Shenzhen Futu Network Technology Co., Ltd., a company established under the laws of PRC with limited liability on December 18, 2007, a Consolidated Affiliated Entity;
- “Stock Connect” are to the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect;
- “US\$,” “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States;
- “users” are to user accounts registered with our applications or websites; and
- “VIE(s)” are to Shenzhen Futu and Haikou Futu.

Our reporting currency is Hong Kong dollars. This annual report contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader. Unless otherwise stated, the conversions between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.7833 to US\$1.00, the exchange rate on December 31, 2025 set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve Board. We make no representation that any Hong Kong dollars or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Hong Kong dollars, as the case may be, at any particular rate, or at all. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

FORWARD-LOOKING INFORMATION

This annual report contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company—B. Business Overview” and “Item 5. Operating and Financial Review and Prospects.” Known and unknown risks, uncertainties and other factors, including those listed under “Item 3. Key Information—D. Risk Factors,” may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements relating to:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- the trends in, expected growth and the market size of the online and mobile trading and other financial services industry in markets where we operate;
- expected changes in our revenues, costs or expenditures;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with users, clients and third-party business partners;
- competition in our industry;
- our proposed use of funds;
- relevant government policies and regulations relating to our industry; and
- general economic, business and socio-political conditions in China, Hong Kong, the United States, Singapore and other markets we have businesses or operations.

These forward-looking statements involve various risks and uncertainties. You should read thoroughly this annual report and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in “Item 3. Key Information—D. Risk Factors,” “Item 4. Information on the Company—B. Business Overview” and “Item 5. Operating and Financial Review and Prospects” and other sections in this annual report. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

This annual report contains certain data and information that we obtained from various government and private publications. Although we believe the data and information to be reliable, we have not independently verified the accuracy or completeness of the data and information contained in these publications. Statistical data in these publications also include projections based on a number of assumptions. The online brokerage and related industries may not grow at the rate projected by market data, or at all. Failure of these markets to grow at the projected rate may have a material and adverse effect on our business and the market price of the ADSs. In addition, the rapidly evolving nature of the online brokerage industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report and the documents that we refer to in this annual report and have filed as exhibits to this annual report, of which this annual report is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

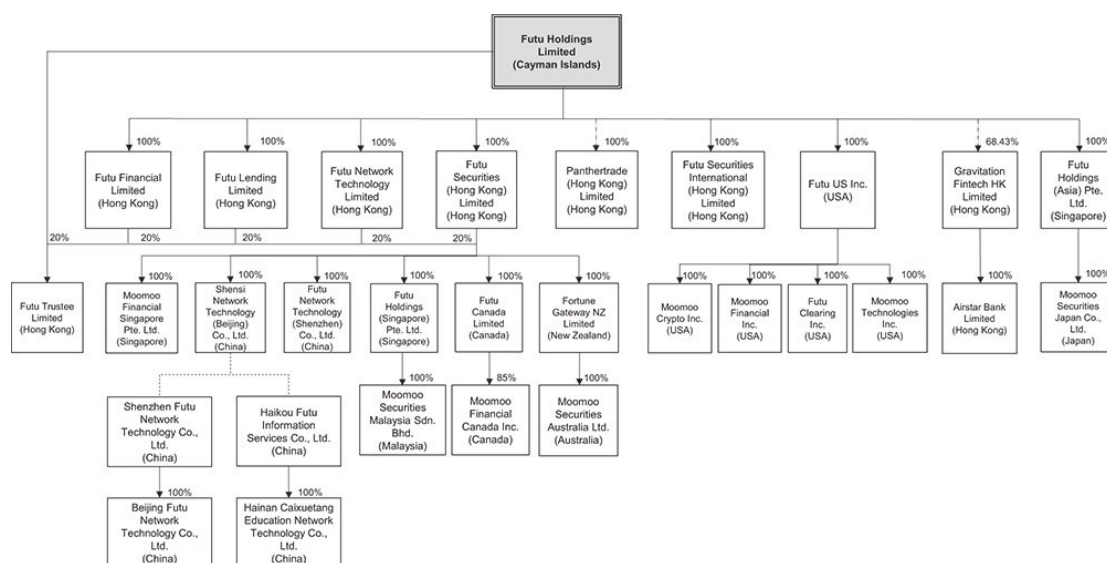
EXPLANATORY NOTE

Investing in our securities involves a high degree of risk. Please carefully consider the risks discussed under the section entitled “Item 3. Key Information—D. Risk Factors” in this annual report. We provide the following disclosure to help investors better understand our corporate structure, operations in China and the associated risks.

Our Corporate Structure and Operations in China

Futu Holdings is not an operating company but a Cayman Islands holding company conducting a significant portion of our operations through our wholly-owned subsidiaries, including in Hong Kong, Singapore, the United States and Australia. As an exempted company incorporated in the Cayman Islands, Futu Holdings and its wholly-owned PRC subsidiaries are classified, respectively, as a foreign enterprise and foreign-invested enterprises under PRC laws and regulations, and, subject to certain exceptions, none of them is generally allowed to own more than 50% of the equity interests in PRC companies that are value-added telecommunication service providers or to own any equity interests in PRC companies that are engaging in internet culture service or other services prohibited from foreign investment.

In order to provide certain value-added telecommunication services, internet culture services and other services prohibited from foreign investment in China while ensuring compliance with PRC laws and regulations, Shensi Beijing, our wholly-owned PRC subsidiary, or the WFOE, has entered into a series of contractual arrangements with each of Shenzhen Futu and Haikou Futu, or the VIEs, and their respective shareholders, which we refer to collectively as the Contractual Arrangements in this annual report. The Contractual Arrangements are designed to provide us economic exposure to the VIEs’ operations of value-added telecommunication services, internet cultural services and other services in China where PRC laws prohibit, restrict or impose conditions on direct foreign equity investment in the VIEs. The following diagram illustrates our corporate structure, including our significant subsidiaries and the Consolidated Affiliated Entities, as of the date of this annual report:



Notes:

(1) “→” denotes direct legal and beneficial ownership in equity interest.

- (2) “.....” denotes the contractual arrangements that provide the WFOE with the ability to direct the activities of the Consolidated Affiliated Entities through (i) the powers of attorney to exercise all shareholders’ rights of the registered shareholders in the VIEs; (ii) exclusive options to acquire all or part of the equity interest in the VIEs; and (iii) equity pledges by the registered shareholders in favor of the WFOE over the equity interests in the VIEs.
- (3) “→” denotes indirect legal and beneficial ownership in equity interest held through holding vehicles.
- (4) As of December 31, 2025, Shenzhen Futu Network Technology Co., Ltd. held a Valued-added Telecommunication Business Operation License, or an ICP License, a Radio and Television Program Production and Operation License and an Internet Culture Operation License.
- (5) Mr. Leaf Hua Li and Ms. Lei Li hold 85% and 15% equity interests, respectively, in each of Shenzhen Futu Network Technology Co., Ltd. and Haikou Futu Information Services Co., Ltd. Mr. Li is our founder, chairman of board of directors and chief executive officer. Ms. Lei Li is Mr. Li’s spouse.
- (6) Each of Futu Holdings Limited, Futu Financial Limited, Futu Lending Limited, Futu Network Technology Limited and Futu Securities (Hong Kong) Limited owns 20% of the share capital in Futu Trustee Limited.
- (7) Moomoo Financial Singapore Pte. Ltd. was formerly known as Futu Singapore Pte. Ltd.; Moomoo Financial Inc. was formerly known as Futu Inc.; and Moomoo Technologies Inc. was formerly known as Moomoo Inc.

For a detailed description about the Contractual Arrangements, see “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders.”

As a result of the Contractual Arrangements, Futu Holdings becomes the primary beneficiary of the VIEs and their subsidiaries, or the Consolidated Affiliated Entities, for accounting purposes and treat each of them as a PRC consolidated entity under U.S. GAAP. Neither we nor our investors own any equity ownership in, direct foreign investment in, or control of the Consolidated Affiliated Entities as a result of the Contractual Arrangements. As a result, holders of the ADSs are not purchasing equity interest in the Consolidated Affiliated Entities but instead are purchasing equity interest in Futu Holdings, a Cayman Islands holding company whose consolidated financial results include those of the Consolidated Affiliated Entities under U.S. GAAP.

The Contractual Arrangements have not been tested in a court of law in the PRC and foreign investors may never be allowed to hold equity interests in the Consolidated Affiliated Entities under PRC laws and regulations. PRC regulatory authorities could in the future disallow the Contractual Arrangements, which would likely affect our operations in China. Please see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government deems that the Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.”

We and the VIEs face various legal and operational risks and uncertainties related to our operations in China, including complex and evolving PRC laws and regulations. For example, the China Securities Regulatory Commission, or the CSRC, has initiated inquiries on us concerning matters including, the provision of cross-border securities services for domestic, China-based investors. Besides, we also face risks associated with regulatory approvals and/or filings in connection with our future offshore offering or listing of securities on a different market, the use of variable interest entities, anti-monopoly regulatory actions, as well as oversight on cybersecurity and data privacy. These risks could result in a material adverse change in our operations and the value of the ADSs, significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause such securities to significantly decline in value, as elaborated below:

- The PRC government has significant authority to regulate or intervene in a company's operations in China at any time, such as ours, whether such operations are conducted through a subsidiary or a consolidated variable interest entity. Therefore, investors in the ADSs and our business face potential uncertainty from the PRC government's policy. The PRC government may intervene in or influence our operations at any time, or may exert more oversight and control over our offerings conducted overseas, which could result in a material change in our operations and/or the value of the ADSs. Any actions by the PRC government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations";
- We believe that our corporate structure and the Contractual Arrangements are not in violation of the current applicable PRC laws and regulations. As of the date of this annual report, we believe that none of our subsidiaries and the Consolidated Affiliated Entities is required to obtain permission or approval from relevant regulatory authorities to enter into the Contractual Arrangements. However, PRC laws and regulations governing the conditions and the requirements of such approval are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations. Accordingly, the PRC regulatory authorities may take a different view. There can be no assurance that the PRC government authorities such as the Ministry of Commerce, or the MOFCOM, the Ministry of Industry and Information Technology, or the MIIT, or other authorities that regulate our activities in China, would agree that our corporate structure or any of the above Contractual Arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. As of the date of this annual report, we have not received any inquiry, notice, warning, or sanctions regarding our corporate structure and the Contractual Arrangements from any PRC governmental agency. If we, our subsidiaries or the Consolidated Affiliated Entities inadvertently conclude that approvals are not required, or if these regulations change or are interpreted differently and we are required to obtain approval in the future, the ADSs may significantly decline in value or become worthless if we are unable to assert our contractual rights over the economic benefits and assets of the Consolidated Affiliated Entities. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—If the PRC government deems that the Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations";

- The PRC government has initiated a series of regulatory actions and released guidelines to regulate business operations in China with little advance notice, including those related to data security or anti-monopoly concerns, which may have an impact on our ability to conduct certain business in China, accept foreign investments, or list on a U.S. or other foreign exchange. If we are unable to address any data security or information protection concerns, any compromise of security that results unauthorized disclosure or transfer of personal data, or to comply with the then applicable laws and regulations, we may incur additional costs and liability and result in governmental enforcement actions, litigation, fines and penalties or adverse publicity and could cause our users and clients to lose trust in us, which could have a material adverse effect on our business, results of operations, financial condition and prospects. If certain of our activities in China were deemed by relevant regulators as violation of the laws and regulations on anti-monopoly, it may result in governmental investigations, fines and/or other sanctions against us. As of the date of this annual report, we have not been subject to any administrative penalties, regulatory actions or inquiries in connection with anti-monopoly or data security or data privacy that have a material adverse effect on our business, results of operations, financial condition and prospects. We may also be subject to new laws, regulations or standards, or new interpretations of existing laws, regulations or standards, including those in the areas of data security, data privacy and anti-monopoly, which could require us to incur additional costs and restrict our operations. For a detailed description of risks and regulations related to our operations in China, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China", "Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Cybersecurity and Privacy" and "Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Anti-Monopoly Matters related to Internet Platform Companies"; and
- We rely on the Contractual Arrangements for a limited part of our operations in China, which may not be as effective as ownership in providing us with the ability to direct the activities of the Consolidated Affiliated Entities. We rely on the VIEs' and their shareholders' compliance with their obligations under the Contractual Arrangements to direct the activities of the Consolidated Affiliated Entities. The shareholders of the VIEs may not act in the best interests of us or may not perform their obligations under these contracts. Such risks exist throughout the period in which we intend to operate in China through the Contractual Arrangements. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure—We depend on the Contractual Arrangements to operate a part of our business in China and to hold the necessary licenses for our operations, which may not be as effective as ownership in providing us with the ability to direct the activities of the Consolidated Affiliated Entities and otherwise may have a material adverse effect as to our business".

The Holding Foreign Companies Accountable Act

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the Public Company Accounting Oversight Board, or the PCAOB, for two consecutive years, the SEC will prohibit our shares or the ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States. On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Mainland China and Hong Kong, including our auditor. On April 21, 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed Mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended December 31, 2025. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in Mainland China and Hong Kong, among other jurisdictions. If PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in Mainland China and Hong Kong and we continue to use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—The ADSs may be delisted and prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China, which will materially and adversely affect the value of your investment.”

Financial Information relating to the Consolidated Affiliated Entities

Historically, the Consolidated Affiliated Entities accounted for a small portion of our financial position, results of operations and cash flows. Set forth below are the condensed consolidating schedule showing the financial position as of December 31, 2025 and 2024, and results of operations and cash flows for the years ended December 31, 2025, 2024 and 2023 for (i) Futu Holdings; (ii) our subsidiaries (excluding the WFOE); (iii) the WFOE (which is the primary beneficiary of the Consolidated Affiliated Entities); (iv) the Consolidated Affiliated Entities (primarily Shenzhen Futu and its subsidiaries as Haikou Futu did not conduct substantial business during the periods presented); (v) eliminating adjustments; and (vi) consolidated totals (in thousands of HK dollars).

Selected Condensed Consolidating Balance Sheets Information

	As of December 31, 2025					
	Futu Holdings	Subsidiaries (excluding the WFOE)	WFOE	Consolidated Affiliated Entities	Eliminating Adjustments	Consolidated Totals
Selected Condensed Consolidating Balance Sheets						
Information						
Assets						
Cash and cash equivalents	21,597	10,437,314	4	6,973	—	10,465,888
Cash held on behalf of clients	—	113,398,356	—	—	—	113,398,356
Restricted cash	—	2,510	—	—	—	2,510
Term deposit	—	—	—	—	—	—
Short-term investments	—	6,688,871	—	—	—	6,688,871
Amounts due from related parties	—	6,780	—	—	—	6,780
Amounts due from internal companies ⁽¹⁾	10,645,562	8,223,157	1,794	572,472	(19,442,985)	—
Loans and advances	—	64,747,038	—	—	—	64,747,038
Securities purchased under agreements to resell	—	507,767	—	—	—	507,767
Receivables	—	27,669,638	—	—	—	27,669,638
Prepaid assets	1,691	74,444	—	1,825	—	77,960
Investment in subsidiaries ⁽²⁾	38,426,176	431,997	—	—	(38,858,173)	—
Net assets of the VIEs ⁽²⁾	—	—	430,310	—	(430,310)	—
Long-term investments	—	615,220	—	—	—	615,220
Operating lease right-of-use assets	—	546,956	—	22,983	—	569,939
Other assets	240	3,671,710	—	14,959	—	3,686,909
Total assets	49,095,266	237,021,758	432,108	619,212	(58,731,468)	228,436,876
Liabilities						
Amounts due to related parties	—	67,143	—	—	—	67,143
Amounts due to internal companies ⁽¹⁾	8,167,720	11,225,205	111	49,949	(19,442,985)	—
Payables	—	166,019,311	—	—	—	166,019,311
Borrowings	600,000	11,536,594	—	6,643	—	12,143,237
Securities sold under agreements to repurchase	—	4,743,096	—	—	—	4,743,096
Lease liabilities	—	570,076	—	23,856	—	593,932
Accrued expenses and other liabilities	326,358	4,114,223	—	108,454	—	4,549,035
Total liabilities	9,094,078	198,275,648	111	188,902	(19,442,985)	188,115,754
Total shareholders' equity ⁽²⁾	40,001,188	38,426,176	431,997	430,310	(39,288,483)	40,001,188
Non-controlling interests	—	319,934	—	—	—	319,934
Total Equity	40,001,188	38,746,110	431,997	430,310	(39,288,483)	40,321,122

	As of December 31, 2024					
	Futu Holdings	Subsidiaries (excluding the WFOE)	WFOE	Consolidated Affiliated Entities	Eliminating Adjustments	Consolidated Totals
Selected Condensed Consolidating Balance Sheets Information						
Assets						
Cash and cash equivalents	2,201,149	9,480,982	4	6,248	—	11,688,383
Cash held on behalf of clients	—	68,639,816	—	—	—	68,639,816
Restricted cash	—	1,121	—	—	—	1,121
Term deposit	—	4,990	—	—	—	4,990
Short-term investments	—	2,411,074	—	—	—	2,411,074
Amounts due from internal companies ⁽¹⁾	8,595,159	5,245,577	1,857	457,214	(14,299,807)	—
Loans and advances	—	49,714,496	—	—	—	49,714,496
Securities purchased under agreements to resell	—	316,301	—	—	—	316,301
Receivables	—	22,843,482	—	—	—	22,843,482
Amounts due from related parties	—	61,200	—	—	—	61,200
Prepaid assets	881	57,921	—	4,695	—	63,497
Investment in subsidiaries ⁽²⁾	25,666,671	311,620	—	—	(25,978,291)	—
Net assets of the VIEs ⁽²⁾	—	—	309,974	—	(309,974)	—
Long-term investments	—	573,190	—	—	—	573,190
Operating lease right-of-use assets	—	240,998	—	12,214	—	253,212
Other assets	605	2,169,161	—	16,405	—	2,186,171
Total assets	36,464,465	162,071,929	311,835	496,776	(40,588,072)	158,756,933
Liabilities						
Amounts due to related parties	—	79,090	—	—	—	79,090
Amounts due to internal companies ⁽¹⁾	6,290,139	7,929,845	215	79,608	(14,299,807)	—
Payables	—	117,174,317	—	—	—	117,174,317
Borrowings	—	5,702,259	—	—	—	5,702,259
Securities sold under agreements to repurchase	—	2,574,659	—	—	—	2,574,659
Lease liabilities	—	264,134	—	13,147	—	277,281
Accrued expenses and other liabilities	2,163,085	2,687,734	—	94,047	—	4,944,866
Total liabilities	8,453,224	136,412,038	215	186,802	(14,299,807)	130,752,472
Total shareholders' equity ⁽²⁾	28,011,241	25,666,671	311,620	309,974	(26,288,265)	28,011,241
Non-controlling interests	—	(6,780)	—	—	—	(6,780)
Total equity	28,011,241	25,659,891	311,620	309,974	(26,288,265)	28,004,461

Selected Condensed Consolidating Statements of Comprehensive Income Information

	2025					
	Futu Holdings	Subsidiaries (excluding the WFOE)	WFOE	Consolidated Affiliated Entities	Eliminating Adjustments	Consolidated Totals
Selected Condensed Consolidating Statements of Comprehensive Income Information						
Third-party revenues	1,810	22,830,765	—	14,323	—	22,846,898
Intercompany revenues ⁽³⁾	—	—	—	291,645	(291,645)	—
Total costs ⁽³⁾	(6)	(3,215,983)	—	(18,011)	291,645	(2,942,355)
Total expenses	(16,360)	(5,620,953)	—	(186,623)	—	(5,823,936)
Equity in gain of subsidiaries ⁽²⁾	11,732,017	83,530	—	—	(11,815,547)	—
Income of the VIEs	—	—	83,530	—	(83,530)	—
Others, net	(58,700)	(300,360)	—	(8,388)	—	(367,448)
Income before income tax expenses and share of loss from equity method investments	11,658,761	13,776,999	83,530	92,946	(11,899,077)	13,713,159
Income tax expense	(321,040)	(2,029,177)	—	(9,416)	—	(2,359,633)
Share of loss from equity method investments	—	(51,619)	—	—	—	(51,619)
Net income	11,337,721	11,696,203	83,530	83,530	(11,899,077)	11,301,907
Net loss attributable to non-controlling interests	—	(35,814)	—	—	—	(35,814)
Net income attributable to ordinary shareholders of Futu Holdings Limited	11,337,721	11,732,017	83,530	83,530	(11,899,077)	11,337,721

	2024					
	Futu Holdings	Subsidiaries (excluding the WFOE)	WFOE	Consolidated Affiliated Entities	Eliminating Adjustments	Consolidated Totals
Selected Condensed Consolidating Statements of Comprehensive Income Information						
Third-party revenues	2,222	13,573,149	—	14,754	—	13,590,125
Intercompany revenues ⁽³⁾	—	—	—	229,561	(229,561)	—
Total costs ⁽³⁾	—	(2,664,036)	—	(10,996)	229,561	(2,445,471)
Total expenses	(23,874)	(4,312,906)	—	(186,170)	—	(4,522,950)
Equity in gain of subsidiaries ⁽²⁾	3,331,177	54,087	—	—	(3,385,264)	—
Income of the VIEs	—	—	54,087	—	(54,087)	—
Others, net	2,133,569	(75,748)	—	7,525	(2,151,718)	(86,372)
Income before income tax expenses and share of loss from equity method investments	5,443,094	6,574,546	54,087	54,674	(5,591,069)	6,535,332
Income tax expense	—	(997,755)	—	(587)	—	(998,342)
Share of loss from equity method investments	—	(103,934)	—	—	—	(103,934)
Net income	5,443,094	5,472,857	54,087	54,087	(5,591,069)	5,433,056
Net loss attributable to non-controlling interests	—	(10,038)	—	—	—	(10,038)
Net income attributable to ordinary shareholders of Futu Holdings Limited	5,443,094	5,482,895	54,087	54,087	(5,591,069)	5,443,094

	2023					
	Futu Holdings	Subsidiaries (excluding the WFOE)	WFOE	Consolidated Affiliated Entities	Eliminating Adjustments	Consolidated Totals
Selected Condensed Consolidating Statements of Comprehensive Income Information						
Third-party revenues	2,792	9,983,684	—	21,942	—	10,008,418
Intercompany revenues ⁽³⁾	—	—	—	279,145	(279,145)	—
Total costs ⁽³⁾	(69)	(1,805,433)	—	(9,873)	279,145	(1,536,230)
Total expenses	(21,454)	(3,268,179)	—	(175,072)	—	(3,464,705)
Equity in gain of subsidiaries ⁽²⁾	4,287,842	97,248	—	—	(4,385,090)	—
Income of the VIEs	—	—	97,248	—	(97,248)	—
Others, net	12,363	19,780	—	1,299	—	33,442
Income before income tax expenses and share of loss from equity method investments	4,281,474	5,027,100	97,248	117,441	(4,482,338)	5,040,925
Income tax expense	—	(728,286)	—	(20,193)	—	(748,479)
Share of loss from equity method investments	—	(13,497)	—	—	—	(13,497)
Net income	4,281,474	4,285,317	97,248	97,248	(4,482,338)	4,278,949
Net loss attributable to non-controlling interests	—	(2,525)	—	—	—	(2,525)
Net income attributable to ordinary shareholders of Futu Holdings Limited	4,281,474	4,287,842	97,248	97,248	(4,482,338)	4,281,474

Selected Condensed Consolidating Statements of Cash Flows Information

	2025				
	Futu Holdings	Subsidiaries (excluding the WFOE)	WFOE	Consolidated Affiliated Entities	Eliminating Adjustments
Selected Condensed Consolidating Statements of Cash Flows Information					
Net cash (used in)/generated from operating activities(4)	(33,960)	40,821,838	—	255	—
Advances to Group companies	(2,590,966)	—	—	—	2,590,966
Receival of advances repayment from Group companies	1,994,406	—	—	—	(1,994,406)
Investments in subsidiaries	75,797	—	—	—	(75,797)
Other investing activities	—	(1,777,057)	—	(6,338)	—
Net cash (used in)/generated from investing activities	(520,763)	(1,777,057)	—	(6,338)	520,763
Proceeds from advances from Group companies	—	2,590,966	—	—	(2,590,966)
Repayment of advances from Group companies	—	(1,994,406)	—	—	1,994,406
Capital contribution from Group companies	—	(75,797)	—	—	75,797
Other financing activities	(1,633,972)	5,924,109	—	6,643	—
Net cash (used in)/generated from financing activities	(1,633,972)	6,444,872	—	6,643	(520,763)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	9,143	226,608	—	165	—
Net (decrease)/ increase in cash, cash equivalents and restricted cash	(2,179,552)	45,716,261	—	725	—
Cash, cash equivalents and restricted cash at beginning of the year	2,201,149	78,121,919	4	6,248	—
Cash, cash equivalents and restricted cash at end of the year	21,597	123,838,180	4	6,973	—
2024					
	Futu Holdings	Subsidiaries (excluding the WFOE)	WFOE	Consolidated Affiliated Entities	Eliminating Adjustments
Selected Condensed Consolidating Statements of Cash Flows Information					
Net cash generated from/(used in) operating activities(4)	2,230,507	30,947,194	—	(2,222)	(2,179,156)
Advances to Group companies	(286,903)	—	—	—	286,903
Receival of advances repayment from Group companies	290,418	—	—	—	(290,418)
Investments in subsidiaries	(64,592)	—	—	—	64,592
Other investing activities	—	109,488	—	(5,556)	—
Net cash (used in)/generated from investing activities	(61,077)	109,488	—	(5,556)	61,077
Proceeds from advances from Group companies	—	286,903	—	—	(286,903)
Repayment of advances from Group companies	—	(290,418)	—	—	290,418
Capital contribution from Group companies	—	64,592	—	—	(64,592)
Other financing activities	20,157	(2,128,462)	—	—	2,179,156
Net cash generated from/(used in) financing activities	20,157	(2,067,385)	—	—	2,118,079
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(11,580)	(138,004)	—	(282)	—
Net increase/(decrease) in cash, cash equivalents and restricted cash	2,178,007	28,851,293	—	(8,060)	—
Cash, cash equivalents and restricted cash at beginning of the year	23,142	49,270,626	4	14,308	—
Cash, cash equivalents and restricted cash at end of the year	2,201,149	78,121,919	4	6,248	—

	2023					
	Futu Holdings	Subsidiaries (excluding the WFOE)	WFOE	Consolidated Affiliated Entities	Eliminating Adjustments	Consolidated Totals
Selected Condensed Consolidating Statements of Cash Flows Information						
Net cash used in operating activities(4)	(44,634)	(6,280,963)	(1)	(11,798)	—	(6,337,396)
Advances to Group companies	(3,005,798)	—	—	—	3,005,798	—
Receival of advances repayment from Group companies	3,956,976	—	—	—	(3,956,976)	—
Investments in subsidiaries	(108,418)	—	—	—	108,418	—
Other investing activities	—	(2,437,600)	—	(6,818)	—	(2,444,418)
Net cash generated from/(used in) investing activities	842,760	(2,437,600)	—	(6,818)	(842,760)	(2,444,418)
Proceeds from advances from Group companies	—	3,005,798	—	—	(3,005,798)	—
Repayment of advances from Group companies	—	(3,956,976)	—	—	3,956,976	—
Capital contribution from Group companies	—	108,418	—	—	(108,418)	—
Other financing activities	(863,076)	3,171,033	—	—	—	2,307,957
Net cash (used in)/generated from financing activities	(863,076)	2,328,273	—	—	842,760	2,307,957
Effect of exchange rate changes on cash, cash equivalents and restricted cash	308	65,921	—	123	—	66,352
Net decrease in cash, cash equivalents and restricted cash	(64,642)	(6,324,369)	(1)	(18,493)	—	(6,407,505)
Cash, cash equivalents and restricted cash at beginning of the year	87,784	55,594,995	5	32,801	—	55,715,585
Cash, cash equivalents and restricted cash at end of the year	23,142	49,270,626	4	14,308	—	49,308,080

Notes:

- (1) Represents the elimination of intercompany balances among Futu Holdings, Consolidated Affiliated Entities and our subsidiaries.
- (2) Represents the elimination of the investment in Consolidated Affiliated Entities and our subsidiaries by Futu Holdings.
- (3) Intercompany revenues between (i) Shenzhen Futu and/or its subsidiaries and (ii) our subsidiaries (excluding the WFOE). Shenzhen Futu and its subsidiaries provides software development services, technical consulting services and other services to our subsidiaries. For the years ended December 31, 2023, 2024 and 2025, service fees charged by Shenzhen Futu and its subsidiaries were HK\$279.1 million, HK\$229.6 million and HK\$291.6 million (US\$37.5 million), respectively. The intercompany service charge is eliminated at the consolidation level.

Intercompany revenues between Shenzhen Futu and the WFOE. Pursuant to the exclusive technology consulting and services agreement entered into in October 2014, between Shenzhen Futu and the WFOE, which was subsequently amended and restated in May 2015 and further in September 2018, the WFOE had the exclusive right to provide Shenzhen Futu with consulting and services related to, among other things, technology research and development, as well as maintenance of software and hardware. Shenzhen Futu agreed to pay the WFOE a service fee in an amount equal to its annual net income. The WFOE may adjust the amount of service fee based on factors such as the complexity, time spent and the commercial value of the services. On September 30, 2021, a termination agreement was entered into among the WFOE, Shenzhen Futu and its shareholders, pursuant to which the parties agreed to terminate the prior contractual arrangements and replaced them with a new set of agreements. Pursuant to the exclusive business cooperation agreement entered into on September 30, 2021 by and among the WFOE, Shenzhen Futu and its shareholders, Shenzhen Futu engaged the WFOE as the exclusive service provider of technical support, consulting services and other services. Shenzhen Futu agrees to pay the WFOE service fees for any fiscal year in an amount equal to 100% of Shenzhen Futu's consolidated gross profits of such year, after offsetting the accumulated losses of Shenzhen Futu and its subsidiaries in previous fiscal years (if any) and after deducting working capital, expenditure, taxes and other statutory contributions required in such year. For the years ended December 31, 2023, 2024 and 2025, the WFOE did not charge Shenzhen Futu any service fee.

- (4) For the years ended December 31, 2023, 2024 and 2025, our subsidiaries paid the VIEs technical service fees of HK\$132.4 million, HK\$150.2 million and HK\$151.8 million (US\$19.5 million), respectively.

We expect that the financial position, results of operations and cash flows of the Consolidated Affiliated Entities will constitute an immaterial portion of our consolidated financial information for the foreseeable future. However, there can be no assurance that the risks associated with the Contractual Arrangements, if materialized, would not materially and adversely impact our financial position, results of operations, prospects or the value of the ADSs.

Transfer of Cash Within Our Group

Although we consolidate the financial results of the Consolidated Affiliated Entities under U.S. GAAP, we only have access to the assets or earnings of the Consolidated Affiliated Entities through the Contractual Arrangements. The cash flows that have occurred between the Consolidated Affiliated Entities, on the one hand, and Futu Holdings and its subsidiaries, on the other hand, are summarized as follows:

	For the year ended December 31,			
	2023	2024	2025	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Cash paid by our subsidiaries to the VIEs for technical service fee	132,420	150,214	151,777	19,500

Restrictions and Limitations on Transfer of Cash

Futu Holdings is incorporated in the Cayman Islands and its businesses in China are conducted mainly through its PRC subsidiaries and partly through the Consolidated Affiliated Entities. We face various restrictions and limitations on foreign exchange, our ability to transfer cash between entities, across borders and to U.S. investors, and our ability to distribute earnings from our subsidiaries and/or the Consolidated Affiliated Entities, to Futu Holdings and holders of the ADSs as well as the ability to collect amounts owed under the Contractual Arrangements.

Uncertainties regarding the interpretation and implementation of the Contractual Arrangements could limit our ability to enforce such arrangements. If the PRC authorities determine that the Contractual Arrangements do not comply with PRC regulations, or if current regulations change or are interpreted differently in the future, our ability to collect amounts owed under the Contractual Arrangements may be seriously hindered.

Current PRC regulations permit our PRC subsidiaries, including the WFOE, to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries and the Consolidated Affiliated Entities are required to set aside at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of their respective registered capital. Our PRC subsidiaries and the Consolidated Affiliated Entities may also allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends. Furthermore, if the WFOE incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other payments to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the Contractual Arrangements in a manner that would materially and adversely affect the WFOE's ability to pay dividends and other distributions to us. Any limitation on the ability of our PRC subsidiaries, including the WFOE, to distribute dividends to us or on the ability of the VIEs to make payments to the WFOE may restrict our ability to satisfy our liquidity requirements. See "Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Foreign Exchange—Regulations on Dividend Distribution."

Futu Securities (Hong Kong) Limited, our wholly-owned subsidiary and the sole registered shareholder of the WFOE, may be considered a non-resident enterprise for tax purposes, so that any dividends paid by our PRC subsidiaries, including the WFOE, to Futu Securities (Hong Kong) Limited may be regarded as China-sourced income and, as a result, may be subject to PRC withholding tax at a rate of up to 10%. If we are required under the PRC Enterprise Income Tax Law to pay income tax for any dividends we receive from PRC subsidiaries, or if Futu Securities (Hong Kong) Limited is determined by the PRC government authority as receiving benefits from reduced income tax rate due to a structure or arrangement that is primarily tax-driven, it would materially and adversely affect the amount of dividends, if any, we may pay to our shareholders and ADS holders. If the PRC tax authorities determine that Futu Holdings is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% tax from dividends we pay to our shareholders and ADS holders, in each case that are non-resident enterprises. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—Dividends payable to our foreign investors and gains on the sale of the ADSs or Class A ordinary shares by our foreign investors may become subject to PRC tax.”

In addition, non-resident enterprise shareholders, including holders of the ADSs, may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or ordinary shares if such income is treated as sourced from within the PRC. Furthermore, if Futu Holdings were deemed to be a PRC resident enterprise, dividends paid to our non-PRC individual shareholders, including holders of the ADSs, and any gain realized on the transfer of ADSs or ordinary shares by such holders may be subject to PRC tax at a rate of 20% which in the case of dividends may be withheld at source. Any such tax may reduce the returns on your investment in the ADSs or ordinary shares. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.”

Our non-PRC entities are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions, subject to the approval of government authorities and limits on the amount of capital contributions and loans. This may delay or prevent us from using the proceeds from our offshore capital raising activities to make loans or capital contribution to our PRC subsidiaries. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our securities offerings to make loans or additional capital contributions to our PRC subsidiaries and the Consolidated Affiliated Entities.”

Additionally, the PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange of the PRC, or the SAFE, by complying with certain procedural requirements. Dividends payments to us by Futu Securities (Hong Kong) Limited in foreign currencies are subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulations, such as the overseas investment registrations by our shareholders or the ultimate shareholders of our corporate shareholders who are PRC residents. Approvals by or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, our PRC subsidiaries, including the WFOE, may not be able to pay dividends in foreign currencies to us and our access to cash generated from its operations will be restricted. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—We are subject to PRC restrictions on currency exchange.”

Taxation on Dividends or Distributions

None of our PRC subsidiaries has declared or paid any dividend or distribution to us as of the date of this annual report. Our PRC subsidiaries currently intend to retain most, if not all, of their available funds and any future earnings to fund the development and growth of our business. The undistributed earnings that are subject to dividend tax are expected to be indefinitely reinvested for the foreseeable future.

Under the current laws of the Cayman Islands, Futu Holdings is not subject to tax on income or capital gains. Upon payments of dividends to our shareholders, no Cayman Islands withholding tax will be imposed. For purposes of illustration, the following discussion reflects the hypothetical taxes that might be required to be paid in Mainland China and Hong Kong, assuming that: (i) we have taxable earnings in the VIEs, and (ii) we determine to pay a dividend in the future:

Hypothetical pre-tax earnings in the VIEs ⁽¹⁾	100.00
Tax on earnings at statutory rate of 25% at WFOE level ⁽²⁾	(25.00)
Amount to be distributed as dividend from WFOE to Futu Securities (Hong Kong) Limited ⁽³⁾	75.00
Withholding tax at tax treaty rate of 10%	(7.5)
Amount to be distributed as dividend at Futu Securities (Hong Kong) Limited level and net distribution to Futu Holdings ⁽⁴⁾	67.5

Notes:

- (1) For purposes of this example, the tax calculation has been simplified. The hypothetical book pre-tax earnings amount is assumed to equal PRC taxable income.
- (2) Certain of our subsidiaries and the VIEs qualify for a 15% preferential income tax rate in China. However, such rate is subject to qualification, is temporary in nature, and may not be available in a future period when distributions are paid. For purposes of this hypothetical example, the table above reflects a maximum tax scenario under which the full statutory rate would be effective.
- (3) The PRC Enterprise Income Tax Law imposes a withholding income tax of 10% on dividends distributed by a Foreign Invested Enterprise to its immediate holding company outside of Mainland China. If a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. There is no incremental tax at Futu Securities (Hong Kong) Limited level for any dividend distribution to Futu Holdings.
- (4) If the 5% preferential tax rate were applicable, the withholding tax amount would be 3.75 and the amount to be distributed as dividend at Futu Securities (Hong Kong) Limited level and net distribution to Futu Holdings will be 71.25.

The table above has been prepared under the assumption that all profits of the VIEs will be distributed as fees to the WFOE under tax neutral Contractual Arrangements. If, in the future, the accumulated earnings of the VIEs exceed the service fees paid to the WFOE (or if the current and contemplated fee structure between the intercompany entities is determined to be non-substantive and disallowed by PRC tax authorities), the VIEs could make a non-deductible transfer to the WFOE for the amounts of the stranded cash in the VIEs. This would result in such transfer being non-deductible expenses for the VIEs but still taxable income for the WFOE. Our management believes that there is only a remote possibility that this scenario would happen.

Should all tax planning strategies fail, the VIEs could, as a matter of last resort, make a non-deductible transfer to the WFOE for amounts of stranded cash in the VIEs. This would result in the double taxation of earnings: once at the VIE level (non-deductible expense) and again at the WFOE level (for presumptive earnings on the transfer). Our management believes this scenario to be remote.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Reserved

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

An investment in the ADSs or ordinary shares involves significant risks. Below please find a summary of the principal risks we face, organized under relevant headings. All the operational risks associated with being based in and having operations in Mainland China also apply to operations in Hong Kong. With respect to the legal risks associated with being based in and having operations in Mainland China, the laws, regulations and the discretion of Mainland China governmental authorities discussed in this annual report are expected to apply to Mainland China entities and businesses, rather than entities or businesses in Hong Kong which operate under a different set of laws from Mainland China.

Risks Related to Our Business and Industry

- Our historical growth rates may not be indicative of our future growth, which makes it difficult to evaluate our future prospects.
- We are subject to extensive and evolving regulatory requirements in the markets we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses and trading rights, and consequently may materially and adversely affect our business, financial condition, operations and prospects.
- We do not hold any license or permit for providing securities brokerage services in Mainland China. As announced by the CSRC on December 30, 2022, the CSRC has initiated inquiries on us regarding our cross-border operations in Mainland China, including the provision of cross-border securities services for domestic, China-based investors. We have taken and may continue to take rectification measures based on our communication with or the requirements from the CSRC. If the CSRC is not satisfied with our rectification measures or imposes other further regulatory actions or penalties on us, our business and results of operations may be materially and adversely affected.
- Our operations and services involve collection, processing, and storage of significant amounts of data concerning our clients, business partners and employees and may be subject to complex and evolving laws and regulations regarding privacy and data protection and cybersecurity. If we fail to comply with the relevant laws and regulations, our business, results of operations and financial condition may be adversely affected.

- We face significant competition in the online brokerage and wealth management industries, and if we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected.
- If we are unable to retain existing clients or attract new clients, or if we fail to offer services to address the needs of our clients as they evolve, our business and results of operations may be materially and adversely affected.
- Because our revenues and profitability depend largely on the receipt of transaction-based compensation, they are prone to significant fluctuations and are difficult to predict. Declines in trading volume generally result in lower revenues from trade execution services, which may affect our financial condition, results of operations and prospects. For example, the ongoing tariff war between the United States and other countries around the world as of the date of this annual report could have a material adverse effect on global economic conditions and the stability of global financial markets, which may result in declines in trading volume and therefore affect our financial condition, results of operations and prospects.

Risks Related to Our Operations in China

- Changes in social conditions, political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.
- The approval of and/or the filing with the CSRC or other PRC governmental authorities may be required under PRC law in connection with our future offshore offering or listing of securities on a different market and if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such filing.
- There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.
- The trade war between United States and China, and on a larger scale internationally, may dampen growth in China and other markets where the majority of our clients reside, and our activities and results of operations may be negatively impacted. Amid the ongoing tariff war between the United States and China as of the date of this annual report, the Trump administration might proceed toward a removal of Chinese companies from American stock exchanges. Our shares or ADSs may be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States, which will materially and adversely affect the value of your investment.
- If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely our auditor, we and our investors would be deprived of the benefits of such inspections.
- The ADSs may be delisted and prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China, which will materially and adversely affect the value of your investment.

Risks Related to Our Corporate Structure

- We depend on the Contractual Arrangements to operate a part of our business in China and to hold the necessary licenses for our operations, which may not be as effective as ownership in providing us with the ability to direct the activities of the Consolidated Affiliated Entities and otherwise may have a material adverse effect as to our business.
- If the PRC government deems that the Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

- The shareholders of the VIEs in China may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.
- If we exercise the option to acquire equity ownership of the VIEs, the ownership transfer may subject us to certain limitations and substantial costs.

Risks Related to the ADSs

- The trading price of the ADSs has been and may continue to be volatile, which could result in substantial losses to you.
- Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and the ADSs may view as beneficial, and may adversely affect the trading market for the ADSs.
- If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for the ADSs and trading volume could decline.
- There can be no assurance that we will pay dividends and you must rely on price appreciation of the ADSs for return on your investment.
- The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct how the Class A ordinary shares that are represented by your ADSs are voted.

Risks Related to Our Business and Industry

Our historical growth rates may not be indicative of our future growth, which makes it difficult to evaluate our future prospects.

We launched our online brokerage business in 2012 and experienced rapid growth since our inception. Our total revenues increased from HK\$10.0 billion in 2023 to HK\$13.6 billion in 2024, and further to HK\$22.8 billion (US\$2.9 billion) in 2025. Our historical growth rates may not be indicative of our future growth, and we cannot assure you that we will be able to maintain similar growth rates in the future or our efforts may prove more costly than we currently anticipate such that we may not succeed in increasing our revenues sufficiently to offset these higher expenses. If our growth rate declines or fluctuates, investors' perceptions of our business and business prospects may be adversely affected and the market price of the ADSs could decline. In addition, we have limited experience in new services and products launched in the past. As our business develops and we respond to competition, we may continue to introduce new service offerings, adjust our existing services or our business operation in general. Any significant change to our business model that does not achieve expected results may have a material and adverse impact on our financial condition and results of operations. It is therefore difficult to effectively assess our future prospects.

We may not be able to manage our expansion effectively. Continuous expansion may increase the complexity of our business and place a strain on our management, operations, technical systems, financial resources and internal control functions. Our current and planned personnel, systems, resources and controls may not be adequate to support and effectively manage our future operations.

You should consider our business and prospects in light of the risks and uncertainties that fast-growing companies in a quickly-evolving and extensively regulated industry may encounter. These risks and challenges include, among other things, our ability to:

- sustain high growth in the future;
- navigate a complex and evolving regulatory environment as well as economic condition and fluctuation;

- offer personalized and competitive online brokerage, wealth management product distribution and other financial services;
- increase the utilization of our services by existing and new users and clients;
- offer attractive commission rates while driving the growth and profitability of our business;
- maintain and enhance our relationships with business partners, including funding partners for our margin financing business and fund companies for our wealth management product distribution business;
- enhance our technology infrastructure to support the growth of our business and maintain the security of our system and the confidentiality of the information provided and utilized across our systems;
- improve our operational efficiency;
- attract, retain and motivate talented employees to support our business growth; and
- defend ourselves against legal and regulatory actions.

Our entrepreneurial and collaborative culture is important to us, and we believe it has been a major contributor to our success. We may have difficulties maintaining such culture to meet the needs of our future and evolving operations as we continue to grow, in particular as we expand internationally. In addition, our ability to maintain our culture as a public company, with changes in policies, practices, corporate governance and management requirements, may be challenging. Failure to maintain our culture could have a material adverse effect on our business.

We are subject to extensive and evolving regulatory requirements in the markets we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses and trading rights, and consequently may materially and adversely affect our business, financial condition, operations and prospects.

We are subject to extensive regulations and the markets in which we operate, including Hong Kong, Singapore, the United States, Australia, Japan, Canada, Malaysia and New Zealand, are highly regulated. However, the online brokerage service industry (including, for example, the use of cloud-based operating, computing and record keeping technology as well as biometric identification technology) is at a relatively early stage of development, and applicable laws, regulations and other requirements may be changed and adopted from time to time. We may be subject to examinations, investigations and inquiries by the relevant regulators on a regular or ad-hoc basis. Failure to comply with applicable laws and regulations in markets we operate can result in investigations and regulatory actions, which may lead to penalties, including reprimands, fines, limitations or prohibitions on our future business activities or suspension or revocation of our licenses or trading rights. Any outcome of such nature may affect our ability to conduct business, harm our reputation and consequently, materially and adversely affect our business, financial condition, results of operations and prospects.

Our business operations in Hong Kong are subject to applicable Hong Kong laws, regulations, guidelines, circulars, and other regulatory guidance, or collectively the HK Brokerage Regulations, including, for example, the Securities and Futures Ordinance (SFO) and its subsidiary legislation. These HK Brokerage Regulations set out the licensing requirements, regulate our operational activities and standards, and impose requirements such as maintaining minimum liquidity or capital along with other filing, record keeping and reporting obligations relevant to our business operations. See “Item 4. Information on the Company-B. Business Overview-Regulation-Overview of the Laws and Regulations Relating to Our Business and Operations in Hong Kong.” In addition, our operations in the United States are subject to applicable United States laws, rules and regulations, or collectively the US Brokerage Regulations, including, for example, the U.S. Securities and Exchange Act of 1934, or the Exchange Act, rules and regulations adopted under the Exchange Act by the U.S. Securities and Exchange Commission, or the SEC, and rules and guidance adopted by the Financial Industry Regulatory Authority, or FINRA. See “Item 4. Information on the Company-B. Business Overview-Regulation-Overview of the Laws and Regulations Relating to Our Business and Operations in the United States.” Also, our operations in Singapore are subject to applicable Singapore laws and regulatory requirements, or collectively the Singapore Brokerage Regulations, including the Securities and Futures Act 2001 of Singapore (2020 Revised Edition), or the SFA, and its subsidiary legislation such as the Securities and Futures (Licensing and Conduct of Business) Regulations, or the SF(LCB)R. In Singapore, we hold a Capital Markets Services License, or CMSL, issued by the Monetary Authority of Singapore, or the MAS, and we are required to abide by relevant regulatory notices and guidelines issued by the MAS. See “Item 4. Information on the Company-B. Business Overview-Regulation-Overview of the Laws and Regulations Relating to Our Business and Operations in Singapore.” Moomoo Securities Australia, which holds an Australian Financial Services License, is regulated by the Australian Securities and Investments Commission. It also provides financial services in New Zealand under its registration with the New Zealand Financial Services Provider Register (FSP1008656). Moomoo Securities Japan, which holds the Financial Instruments Business Operators (FIBO) license, is regulated by local regulators including the Financial Services Agency. Moomoo Financial Canada, a dealer member of CISO and CIPF, is also subject to extensive regulations in Canada. Moomoo Securities Malaysia, which holds a Capital Markets Services License, is regulated by the Securities Commission Malaysia.

From time to time, Futu Securities and Panthertrade, as licensed corporations under the SFO and AMLO, have been and may in the future be subject to or required to assist in inquiries or investigations by relevant regulatory authorities in Hong Kong, principally the HK SFC. The HK SFC conducts on-site reviews and off-site monitoring to ascertain and supervise our business conduct and compliance with relevant regulatory requirements and to assess and monitor, among other things, our financial soundness. We are subject to such regulatory examination, reviews and inquiries from time to time. If any misconduct, deficiency or material non-compliance is identified as a result of inquiries, reviews or investigations, the HK SFC may take disciplinary or regulatory actions which could lead to reprimands, revocation or suspension of licenses, public or private reprimand or imposition of pecuniary penalties against us, our responsible officers, licensed representatives, directors or other officers. Any such disciplinary actions taken against us, our responsible officers, licensed representatives, directors or other officers may have a material and adverse impact on our business operations and financial results. In such circumstances there also remains a risk that we may not be able to rectify our practices to be in compliance with relevant HK Brokerage Regulations following the identification of any such misconduct, deficiency or material non-compliance, which may result in the HK SFC taking additional regulatory actions against us in the forms described above. If any such outcome were to arise, there may be a material and adverse effect on our reputation, business, results of operations, financial conditions and prospects. In addition, we are subject to statutory secrecy obligations under the SFO whereby we may not be permitted to disclose details on any HK SFC inquiries, reviews or investigations without the consent of the HK SFC. As we expanded into digital banking services provided by Airstar Bank in Hong Kong, we also become subject to additional regulatory expectations, oversight, examinations and supervisory attention from the Hong Kong Monetary Authority (HKMA).

We have been and may in the future be subject to examinations, investigations, enquiries, administrative proceedings or other actions by U.S. government and regulatory authorities, including individual states where we conduct business. For example, Moomoo Financial Inc. and Futu Clearing Inc., as SEC-registered broker-dealers, have been subject to examinations, enquiries and/or investigations from time to time. Moomoo Financial Singapore, as a Capital Markets Services Licensee in Singapore, may be subject to similar examinations and regulatory actions initiated by the MAS or other relevant regulatory authorities in Singapore. Our subsidiaries, including Moomoo Securities Australia, Moomoo Securities Japan, Moomoo Financial Canada and Moomoo Securities Malaysia, as licensed corporations in the corresponding markets they operate, may be subject to examinations and regulatory actions by local regulators from time to time.

Moreover, we launched crypto trading services through collaboration with licensed third-party exchanges in Hong Kong and Singapore in August 2024, and in the United States in 2025. Cryptocurrency laws, regulations, and accounting standards are often difficult to interpret and are rapidly evolving in ways that are difficult to predict. Changes in these laws and regulations, or our failure to comply with them, could negatively impact our business and financial condition.

Separately, our activities in or related to Mainland China are subject to PRC laws and regulations relating to securities business and accordingly examinations, inquiries or investigations from the CSRC or other authorities from time to time. See “Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China.” Pursuant to Articles 118 and 120 of the Securities Law of the PRC, or the Securities Law, “securities business” includes securities brokerage business, securities investment, securities margin trading, investment consulting business and other businesses approved by the securities regulatory authorities under the State Council. According to Article 46 of the Measures on Securities Brokerage Business, an overseas securities business entity violating Article 95 of the Regulations on Supervision and Administration of Securities Firms, directly or through its affiliates conducting activities such as account opening, marketing and other activities in relation to overseas securities trading business within Mainland China, shall be penalized according to the Article 202 of the Securities Law, pursuant to which any person engaged in securities business without approval shall be subject to correction orders, confiscation of illegal income and the imposition of a fine.

As announced by the CSRC on December 30, 2022, the CSRC has initiated inquiries on us regarding our cross-border operations in Mainland China, including the provision of cross-border securities business services for domestic, China-based investors. We have taken and may continue to take rectification measures on our business based on the requirements from the CSRC. In response to the CSRC rectification requirements, we have removed our Futubull app from app stores in Mainland China since May 19, 2023. However, there can be no assurance that our rectification measures would fully meet the requirements from the CSRC. As of the date of this annual report, we don’t have sufficient information to accurately predict if any disciplinary action or punishment will be taken against us and/or our officers by the CSRC. Furthermore, should any such action be taken, we cannot foresee its nature, scope, or timing. If the CSRC, independently or jointly with other authorities, pursues further regulatory actions, it could also lead to additional investigations or enforcement measures, including but not limited to fines, suspension of parts or all of our operations or activities in Mainland China. They may, individually or taken as a whole, have a material and adverse impact on our operations and financial results. See “Item 4. Information on the Company—B. Business Overview—Ongoing Regulatory Actions.”

We do not hold any license or permit for providing securities brokerage services in Mainland China. As announced by the CSRC on December 30, 2022, the CSRC has initiated inquiries on us regarding our cross-border operations in Mainland China, including the provision of cross-border securities services for domestic, China-based investors. We have taken and may continue to take rectification measures based on our communication with or the requirements from the CSRC. If the CSRC is not satisfied with our rectification measures or imposes other further regulatory actions or penalties on us, our business and results of operations may be materially and adversely affected.

Pursuant to the relevant PRC laws and regulations, as they have been construed and applied by the relevant PRC authorities, no entity or individual shall engage in securities business without the approval of the securities regulatory authority of the State Council. See “Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Securities Business.” We do not hold any license or permit for providing securities brokerage services in Mainland China. A significant portion of our technology, research and development, management, supporting and other teams are based in Mainland China and a large number of our users are PRC residents. In the past, we have received inquiries relating to certain aspects of our activities from certain regulatory authorities in Mainland China.

As announced by the CSRC on December 30, 2022, the CSRC has initiated inquiries on us regarding our cross-border operations in Mainland China, including the provision of cross-border securities business services for domestic, China-based investors. We have taken and may continue to take rectification measures on our business based on the requirements from the CSRC. In response to the CSRC rectification requirements, we have removed our *Futubull* app from app stores in Mainland China since May 19, 2023. However, there can be no assurance that our rectification measures would fully meet the requirements from the CSRC. As of the date of this annual report, we don't have sufficient information to accurately predict if any disciplinary action or punishment will be taken against us and/or our officers by the CSRC. Furthermore, should any such action be taken, we cannot foresee its nature, scope, or timing. If the CSRC, independently or jointly with other authorities, pursues further regulatory actions, it could also lead to additional investigations or enforcement measures, including but not limited to fines, suspension of parts or all of our operations or activities in Mainland China. They may, individually or taken as a whole, have a material and adverse impact on our operations and financial results.

In addition, while we have internal policies in place regulating relevant activities of our employees and their dealings with our business partners, if our employees or business partners engage in certain activities for which permits or licenses are required in the view of the relevant authorities, we may be subject to additional regulatory inquiries or penalties and negative publicity.

We face significant competition in the online brokerage and wealth management industries, and if we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected.

The market for online brokerage and wealth management product distribution services is relatively new, rapidly evolving and intensely competitive. We expect competition to continue and intensify in the future. We face competition from traditional retail brokerage firms and financial service providers in Hong Kong and worldwide, as we currently have operations in Singapore, the United States, Australia, Japan, Canada, Malaysia and New Zealand, and may expand into other markets. In order to satisfy the demands of their clients for hands-on electronic trading facilities, universal access to markets, smart routing, better trading tools, lower commissions and financing rates, we have embarked on building such facilities and service enhancements.

In addition, the online brokerage and wealth management industries exhibit massive opportunities which may attract major internet companies to enter the market by adopting a similar business model, which may significantly affect our market share and sales volume. Further, major international brokerage companies that have large retail online brokerage businesses as well as online brokerage units of commercial banks may also take advantage of their established resources and satisfy applicable regulatory requirements through acquisitions and organic development.

We expect competition to increase in the future as current competitors diversify and improve their offerings and as new participants enter the market. We cannot assure you that we will be able to compete effectively or efficiently with current or future competitors. They may be acquired by, receive investment from or enter into strategic relationships with, established and well-financed companies or investors, which would help enhance their competitiveness. Furthermore, the current competitors and new entrants in the online brokerage and wealth management industries may also seek to develop new service offerings, technologies or capabilities that could render some of the services that we offer obsolete or less competitive, and some of them may adopt more aggressive pricing policies or devote greater resources to marketing and promotional campaigns than we do. The occurrence of any of these circumstances may hinder our growth and reduce our market share, and thus our business, results of operations, financial condition and prospects would be materially and adversely affected.

If we are unable to retain existing clients or attract new clients, or if we fail to offer services to address the needs of our clients as they evolve, our business and results of operations may be materially and adversely affected.

We derive a significant portion of our revenues from our online brokerage services provided to our clients. To maintain the high growth momentum of our platform, we depend on retaining current clients and attracting more new clients. Trends such as reduced trading demand on our platforms, declines in the level of usage of our platforms by existing clients and insufficient growth of new clients may impair our ability to maintain our revenue as expected and our business and results of operations may be adversely affected.

Our success depends largely on our ability to retain existing clients. Failure to deliver services in a timely manner at competitive prices with satisfactory experience will cause our clients to lose confidence in us and use our platform less frequently or even stop using our platform altogether, which in turn will materially and adversely affect our business. Even if we are able to provide high-quality and satisfactory services through our platform in a timely manner and at favorable price terms, we cannot assure you that we will be able to retain existing clients due to reasons out of our control, such as our clients' personal financial reasons or the deterioration of the capital markets condition.

If we are unable to maintain or increase our client retention rates or generate new clients in a cost-effective manner, our business, financial condition and results of operations would likely be adversely affected. Historically, we incurred HK\$710.3 million, HK\$1,409.3 million and HK\$1,980.5 million (US\$254.5 million) in selling and marketing expenses, representing 7.1%, 10.4% and 8.7% of our total revenues in 2023, 2024 and 2025, respectively. Although we have spent significant financial resources on marketing expenses and plan to continue to do so, these efforts may not be cost-effective to attract new clients. We cannot assure you that we will be able to maintain or grow our client base in a cost-effective way.

We must stay abreast of the needs and preferences of our clients to serve their evolving trading needs as their investment demands change. If we fail to retain our existing clients by offering services that cater to their evolving investment and trading needs, we may not be able to maintain and continue to grow platform usage, and our business and results of operations may be adversely affected. In addition, if we are unable to maintain, enhance or develop the methods we use to retain clients, the costs of client retention will significantly increase, and our ability to retain clients may be harmed.

Similar to other brokerage and financial services providers, we cannot guarantee the profitability of the investments made by clients through our platform. The profitability of our clients' investments is directly affected by elements beyond our control, such as economic and political conditions, broad trends in business and finance, changes in volume of securities transactions, changes in the markets in which such transactions occur and changes in how such transactions are processed. While we do not provide securities investment consulting services to our users and clients, we provide a social community to facilitate the provision of financial and market information. Although these materials and commentaries contain prominent disclaimers, our clients may seek to hold us responsible when they use such information to make trading decisions and suffer financial loss on their trades, or if their trades are not as profitable as they have expected. Furthermore, it is possible that some clients could solely rely on certain predictive statements made by other clients on our platform, ignoring our alert warnings that clients should make their own investment judgment and should not predict future performance based on historical records. As a result, the financial loss of our clients may affect our performance in terms of transaction volumes and revenues as clients decide to abort trading. In addition, some clients who have suffered substantial losses through our platform may blame our platform, seek to recover their damages from us or bring lawsuits against us.

Because our revenues and profitability depend largely on the receipt of transaction-based compensation, they are prone to significant fluctuations and are difficult to predict. Declines in trading volume generally result in lower revenues from trade execution services, which may affect our financial condition, results of operations and prospects. For example, the ongoing tariff war between the United States and other countries around the world as of the date of this annual report could have a material adverse effect on global economic conditions and the stability of global financial markets, which may result in declines in trading volume and therefore affect our financial condition, results of operations and prospects.

Our revenues and profitability depend in part on the receipt of transaction-based compensation or commissions for trades we execute in the market, which are often affected by factors beyond our control, including economic and political conditions, broad trends in business and finance and changes in the markets in which such transactions occur. Weakness in the markets in which we facilitate executions, including economic slowdowns, have historically resulted in reduced trading volumes for us. Declines in trading volumes generally result in lower revenues from trade execution activities. Lower levels of volatility generally have the same directional impact. Declines in market values of securities or other financial instruments can also result in illiquid markets, which can also result in lower revenues and profitability from trade execution activities. Lower price levels of securities and other financial instruments, as well as compressed bid/ask spreads, which often follow lower pricing, can further result in reduced revenues and profitability. These factors can also increase the potential risk for losses on securities or other financial instruments held in inventory and buyers and sellers may be unable to fulfill their obligations, settle their trades, claims and litigation. Any of the foregoing factors could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business is also subject to general economic and political conditions, in particular the economic and political conditions of the markets in which we operate, such as macroeconomic and monetary policies, legislation and regulations affecting the financial and securities industries, upward and downward trends in the business and financial sectors, inflation, currency fluctuations, availability of short-term and long-term funding sources, cost of funding and the level and volatility of interest rates. For example, volatility and drops in stock market performance and uncertainties in macroeconomic conditions caused by global calamities such as the COVID-19 pandemic and/or eruptions of regional tensions could negatively impact our revenues and profitability. Additionally, starting from early 2018, the U.S. President announced the imposition of tariffs on certain Chinese goods entering the United States, and both China and the United States have each imposed additional tariffs since then, alongside tariffs imposed by the United States on goods from countries around the world announced recently, and China's counter measures of imposing tariffs on U.S. goods. In 2025, President Trump during his second term has imposed additional tariffs against several countries and regions over the world, including China. The United States may in the future impose further tariffs on goods from countries worldwide and these countries may take further counter measures. The potential impact of these tariffs remains uncertain, and it is unclear what retaliatory actions other governments may further take. These developments could have a material adverse effect on global economic conditions and the stability of global financial markets. As a result of these risks, our income and operating results may be subject to significant fluctuations. See "—We face risks related to health epidemics, natural disasters and other calamities, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operation."

There have been rising tensions in international economic relations in recent periods, including those between the United States and China. We have business operations and hold relevant licenses in the United States. We cannot assure you that there will not be legislation, rules or further executive orders prohibiting our business operations in the United States. In case of the occurrence of such events, our business will be adversely impacted. Rising trade, political and regulatory tension between the United States and China could reduce levels of trades, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations, and we cannot provide any assurance as to whether such actions will occur or the form that they may take. See also "—The ADSs may be delisted and prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China, which will materially and adversely affect the value of your investment."

If we fail to protect our platform or the information of our users and clients, whether due to cyber-attacks, computer viruses, physical or electronic break-in, breaches by third parties or other reasons, we may be subject to liabilities imposed by relevant laws and regulations, and our reputation and business may be materially and adversely affected.

Our computer system, the networks we use, the networks and online trading platforms of the exchanges and other third parties with whom we interact, are potentially vulnerable to physical or electronic computer break-ins, viruses and similar disruptive problems or security breaches. A party that is able to circumvent our security measures could misappropriate proprietary information or customer information, jeopardize the confidential nature of the information we transmit over the Internet and mobile network or cause interruptions in our operations. We or our service providers may be required to invest significant resources to protect against the threat of security breaches or to alleviate problems caused by any breaches.

We collect, store and process certain personal and other sensitive data from our users and clients, which makes us a potentially vulnerable target to cyber-attacks, computer viruses, or similar disruptions. While we have taken steps to protect the confidential information that we have access to, our security measures could be breached. Because the techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we may not be able to anticipate these techniques or implement adequate preventative measures. Any accidental or intentional security breaches or other unauthorized access to our system could cause confidential user information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. We have not experienced any material cyber-security breaches or been subject to any material breaches of any of our cyber-security measures as of the date of this annual report.

In addition, leakages of confidential information may be caused by third-party service providers or business partners. If security measures are breached because of third-party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with users and clients could be severely damaged, we may become susceptible to future claims if our users and clients suffer damages, and could incur significant liability and our business and operations could be adversely affected. Furthermore, our corporate clients may utilize our technology to serve their own employees and customers. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, could cause our clients to lose trust in us and could expose us to legal claims.

Our operations and services involve collection, processing, and storage of significant amounts of data concerning our clients, business partners and employees and may be subject to complex and evolving laws and regulations regarding privacy and data protection and cybersecurity. If we fail to comply with the relevant laws and regulations, our business, results of operations and financial condition may be adversely affected.

We are subject to a variety of laws, regulations and other legal and regulatory obligations related to the protection of personal data, privacy and information security in the regions where we do business, and there has been and may continue to be a significant increase in such laws and regulations that restrict or control the use of personal data. In China, a number of regulations, guidelines and other measures on cybersecurity and privacy and data privacy have been and are expected to be adopted, including but not limited to, the Cybersecurity Law effective in January 2026, the Information Security Technology-Personal Information Security Specification, or the China Specification, effective in October 2020, the Personal Information Protection Law of the PRC, or the Personal Information Protection Law, effective in November 2021, the Measures on Security Assessment of Cross-border Data Transfer, or the Data Export Measures, effective in June 2022, the Practical Guidance on Cybersecurity Standard - the Regulations on Safety Verification in Cross-border Personal Information Processing, issued in December 2022, and the Provisions on Promoting and Regulating Cross-border Data Flows, effective in March 2024. See “Item 4. Information on the Company-B. Business Overview-Regulation-Overview of the Laws and Regulations Relating to Our Business and Operations in China-Regulations on Cybersecurity and Privacy.”

Since all the aforementioned laws and regulations are relatively new, there are uncertainties as to their interpretation and application, especially in relation to their applicability and requirements for our offshore subsidiaries when they engage in personal information processing activities for natural persons within Mainland China, including the information collection activities conducted by our offshore subsidiaries outside Mainland China. We may need to take certain additional measures in the future to be in compliance with the Personal Information Protection Law. See “Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Cybersecurity and Privacy—Regulations on Privacy Protection.”

Regulatory requirements on cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations or significant changes, resulting in uncertainties about the scope of our responsibilities in that regard. For example, the SCNPC promulgated the PRC Data Security Law, which took effect on September 1, 2021. The Data Security Law provides for a security review procedure for the data activities that may affect national security. In addition, the Personal Information Protection Law provides that critical information infrastructure operators or personal information processors whose processing of personal information reaches the threshold amount prescribed by the CAC, must store within the PRC the personal information collected or generated by them within the PRC. Unless otherwise a security assessment is not required as provided by law, administrative regulations or the national cyberspace authority, where it is necessary to provide such information to an overseas recipient, a security assessment organized by the CAC must have been passed. On December 28, 2021, the CAC, the NDRC, the MIIT, and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures, which became effective on February 15, 2022 and replaced the Measures for Cybersecurity Review published on April 13, 2020. Pursuant to Cybersecurity Review Measures, critical information infrastructure operators (“CIIO”) that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Cybersecurity Review Measures. On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flows, which is aimed at protecting data security, personal information rights and interests, and promoting the orderly and free flow of data in accordance with the law. On the same day, the CAC promulgated the Guidelines to Applications for Security Assessment of Outbound Data Transfers (Second Edition) and the Guidelines to the Filing of the Standard Contract for Outbound Transfer of Personal Information (Second Edition), in order to guide and help data handlers to apply for security assessment of outbound data transfers and for filing of the standard contract for outbound transfer of personal information in a regulated and orderly manner.

Furthermore, taking the Regulations on the Security Protection of Critical Information Infrastructure, or the CIIO Security Protection Regulations, and the Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation) issued by the MIIT, or the Trial Data Security Measures in the IIT Field, on December 8, 2022, into consideration, the exact scope of the CIIO under the Cybersecurity Review Measures and the current regulatory regime also remains unclear. As the rules for identification of CIIO with respect to our presence in the PRC have not been formulated nor promulgated yet; and we have not received any notice from any relevant governmental authority that we are identified as CIIO, we do not believe we are classified as a CIIO as of the date of this annual report. However, the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws; therefore, it is uncertain whether we would be deemed as a CIIO under PRC law in the future. In the event we are classified as a CIIO or otherwise become under investigation or review by the CAC, we may have to substantially change certain of our current practice and our operations may be materially and adversely affected.

Since many of the PRC laws and regulations on cybersecurity and privacy and data privacy are constantly evolving, there are uncertainties as to the interpretation and application of these regulations and how these will be enforced by relevant regulatory authorities, there also remains uncertainties as to the applicability and requirements of these regulations for our business, operation, or our presence in Mainland China. The measures we have implemented could still be deemed insufficient, improper, or even invasive of user privacy by the government authorities, which may result in penalties, including fines, suspension of business activities, restrictions on new user registrations (even temporarily) and revocation of licenses. Consequently, our reputation and results of operations could be materially and adversely affected. In addition, the activities of third parties such as our customers and business partners are beyond our control. If our business partners violate the laws and regulations relating to cybersecurity, data privacy and personal information protection, or fail to fully comply with the service agreements with us, or if any of our employees fails to comply with our internal control measures and misuse the information, we may be subject to penalties and other legal liabilities. Furthermore, as the enforcement regime with regard to cybersecurity, data security, data privacy and personal information protection has been evolving and PRC regulators have been increasingly focusing on regulation in these areas, some of our business operations may be subject to enhanced oversight and scrutiny. As a result, we may be involved in enquiries, claims, complaints or other administrative actions from time to time, which are subject to the uncertainties associated with the evolving legislative activities and varied local enforcement practices. Any failure or perceived failure to comply with all applicable data privacy and protection laws and regulations or to take prompt rectification actions as required by the enforcement authorities, any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us, and could damage our reputation, discourage current and potential users and customers from using our products or services and subject us to fines, damages and rectification, which could have a material adverse effect on our business and results of operations. As of the date of this annual report, we had not been involved in any investigations on cybersecurity review made by the CAC, and we had not received any inquiry, notice, warning, or sanctions in such respect that have a material adverse effect on our business, results of operations, financial condition and prospects.

The relevant regulatory authorities in China continue to monitor the websites and apps in relation to the protection of personal data, privacy and information security, and may impose additional requirements from time to time. The relevant regulatory authorities also release, from time to time, their monitoring results and require relevant enterprises listed in such notices to rectify their non-compliance. We have been and may also in the future be subject to the modification and rectification imposed by the relevant regulatory authorities, including those issued publicly. We had received a few such rectification notices and completed the rectification work in satisfaction of the relevant notices and regulatory requirements. We have not received further comments from the regulatory authorities on our rectification measures, nor have we received any final clearance on these measures. There is no assurance that the regulatory authorities will deem our rectification measures to be sufficient, or that they will issue any final clearance to us.

Similarly, Hong Kong, Singapore, the United States, Australia, Japan, Canada, Malaysia and New Zealand also have their respective data privacy legislation that regulates the collection, use, protection and handling of personal data. Under the relevant legislation, while the precise requirements may differ from jurisdiction to jurisdiction, in general, data users are required to comply with various data protection principles in relation to the requirement of lawful and fair collection of personal data, consent of data subjects, retention of personal data, use, transfer and disclosure of personal data, security of personal data, personal data policies and practices, and rights to access and correction of personal data. For example, the United States has increased restrictions on certain personal sensitive data transfers to specific foreign countries through the Department of Justice's final rule issued in December 2024 implementing Executive Order 14117. The final rule prohibits data transfer of sensitive personal data and U.S. Government-related data over a certain bulk threshold to identified countries of concern. The rule also restricts certain agreements, including data brokerage agreements and vendor agreements involving such data and countries of concern. Violations of the rule may be punishable by criminal and/or civil sanctions.

There are uncertainties as to the interpretation and application of laws in one jurisdiction which may be interpreted and applied in a manner inconsistent to another jurisdiction and may conflict with our current policies and practices or require changes to the features of our system. If we are unable to address any information protection concerns, any compromise of security that results unauthorized disclosure or transfer of personal data, or to comply with the then applicable laws and regulations, we may incur additional costs and liability and result in governmental enforcement actions, litigation, fines and penalties or adverse publicity and could cause our users and clients to lose trust in us, which could have a material adverse effect on our business, results of operations, financial condition and prospects. We may also be subject to new laws, regulations or standards or new interpretations of existing laws, regulations or standards, including those in the areas of data security and data privacy, which could require us to incur additional costs and restrict our business operations.

Our newly launched virtual and crypto-related businesses subject us to heightened uncertainties.

We have recently expanded into emerging businesses, including virtual asset trading platform (VATP) operations, digital banking services and crypto-related services. These businesses are relatively new to us and may expose us to risks and uncertainties that are difficult to anticipate or quantify. Each of them operates in rapidly evolving, complex and highly uncertain regulatory environments, and we may be subject to inconsistent, overlapping or conflicting regulatory regimes across different jurisdictions. Regulatory authorities may introduce or change regulatory requirements and supervisory expectations applicable to these businesses, including with respect to licensing, prudential standards, customer protection, financial crime compliance and cybersecurity, which could materially increase our compliance costs, restrict or delay product launches, limit the scope of our permissible activities, or require changes to our operations. If we fail to obtain, maintain or timely renew any required licenses, approvals or registrations, or if we are found to be non-compliant with applicable laws or regulatory expectations, including as a result of actions by our employees, agents, counterparties or service providers, we could be subject to investigations, remediation orders, fines and penalties, restrictions on business activities, customer remediation, suspension of services, or the forced wind down of certain products or business segments.

Our VATP and crypto-related businesses are subject to risks inherent in the virtual asset industry. The market for virtual assets is characterized by significant price volatility, limited liquidity in certain assets, and rapidly changing market structure, any of which may reduce trading volumes, adversely affect customer activity, increase the risk of customer losses and disputes, and negatively impact our revenues. Our ability to operate these businesses depends on the secured processing, custody, storage and transfer of virtual assets and the protection of confidential customer and business information. Any cybersecurity incident, system outage, software defect, smart contract vulnerability, operational error, or compromise, loss or unauthorized use of private keys (whether within our systems or those of third party custodians, cloud providers, liquidity providers or other vendors) could result in theft or irretrievable loss of virtual assets, business interruption, significant financial losses, litigation, regulatory scrutiny, enforcement actions and reputational harm. In addition, the virtual asset sector has been associated with heightened risks of fraud, scams, market manipulation and other misconduct, and regulatory frameworks governing virtual assets remain fragmented and are yet to develop in certain jurisdictions, which could limit available legal protections to us and make it more difficult to manage disputes, recover assets or obtain effective remedies for our business operations.

Our digital banking business, as operated by our subsidiary, Airstar Bank, is subject to extensive HKMA supervision and the Banking Ordinance, including ongoing authorization and operating conditions, prudential requirements (such as capital adequacy and liquidity) and stringent AML/KYC expectations. Any non-compliance with the above requirements, supervisory findings or regulatory changes could increase our compliance costs, restrict our product offerings or require operational changes, and losses or adverse events may require additional capital or group support that could affect our cash flows. The Hong Kong financial market is highly competitive with traditional banks and multiple licensed digital banks, and the digital banking business typically requires significant upfront investment and customer acquisition spending with uncertain timelines to achieve sustainable profitability. With a predominantly branchless and technology driven business model, digital banking is particularly exposed to system outages, cyberattacks, data breaches, third party/vendor dependencies and cross border data handling risks, which could lead to customer harm, regulatory action, remediation costs and reputational damage. As we expand our digital banking offerings and potentially provide additional regulated financial services, including services in securities markets, and serve customers across multiple jurisdictions, we may become subject to additional or evolving regulatory expectations and supervisory attention (including from regulators where a portion of our customer base is located), and any failure to comply with such requirements could subject us to significant regulatory and financial risks.

As these emerging businesses continue to develop, we may be required to adjust our business model, product features, customer onboarding and monitoring processes, governance or risk management systems and controls. We may not be able to attract and retain the specialized personnel necessary to operate these businesses, manage risks effectively or respond to regulatory changes. The occurrence of any of the foregoing, individually or in aggregate, could materially and adversely affect our business, financial condition, results of operations and prospects.

Our offering of AI-based services is subject to risks.

Certain of our products and services incorporate artificial intelligence (AI) technologies and features, such as *Futubull AI* and *Moomoo AI* we launched in 2025, which expose us to evolving technical, regulatory, operational and ethical risks. AI systems are inherently complex and may operate in unexpected ways, produce inaccurate or biased outputs, or fail to perform as intended. If our AI-enabled features generate errors, inappropriate content or unreliable results, our reputation, customer trust, and market adoption could be adversely affected. Because many AI models rely on large datasets, we may face heightened risks relating to data quality, data provenance, privacy protection and intellectual property claims, including allegations that training data or model outputs infringe third-party rights.

The regulatory landscape for AI is rapidly developing globally. Governments and regulatory bodies are considering or have enacted new rules governing AI transparency, safety, accountability, data usage and model training. These evolving requirements may impose additional compliance obligations, restrict certain AI practices, or require costly modifications to technologies we adopted. Failure to comply with applicable AI-related regulations could result in investigations, penalties or litigation, and may have a material adverse impact on our results of operations.

In addition, AI technologies may amplify cybersecurity vulnerabilities or be targeted for misuse, including model manipulation or adversarial attacks. Any such incidents could disrupt our operations or compromise user data. Because AI development is highly competitive and capital-intensive, we may be unable to keep pace with technological advances or competitors with greater resources. If we fail to develop, deploy, or manage AI responsibly and effectively, our business, financial condition, and results of operations could be materially and adversely affected.

Our business growth and results of operations may be affected by changes in global and regional macroeconomic conditions.

Uncertainties relating to regional and global economic conditions and regulatory changes pose a risk as retail investors and businesses may postpone spending in response to credit constraint, rising unemployment rates, financial market volatility, government austerity programs, negative financial news, declines in income or asset values and/or other factors. These worldwide and regional economic conditions could affect and reduce investment behavior and appetites of retail investors and have a material adverse effect on the demand for our products and services. Demand also could differ materially from our expectations as a result of currency fluctuations. Other factors that could influence worldwide or regional demand include changes in fuel and other energy costs, conditions in the real estate and mortgage markets, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors. These and other economic factors could materially and adversely affect demand for our products and services. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

We face risks related to health epidemics, natural disasters and other calamities, which could significantly disrupt our operations and adversely affect our business, financial condition or results of operation.

We are vulnerable to health epidemics, natural disasters and other calamities. Any of such occurrences could cause severe disruption to our daily operations and may even require a temporary closure of our corporate offices globally, which may disrupt our operations and adversely affect our results of operations. In addition, any of such occurrences could cause significant market volatility and declines in general economic activities. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe.

Our business could be adversely affected by the effects of the health epidemics, such as the COVID-19 pandemic, Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Our business operations could be disrupted if any of our employees is suspected of having the foregoing or other epidemics, since it could require our employees to be quarantined and/or our offices to be disinfected. For example, during the COVID-19 pandemic, we took a series of measures in response to the COVID-19 pandemic to protect our employees, including, among others, temporary closure of some offices, remote working arrangements for our employees and travel restrictions or suspension. In general, while these measures reduced the efficiency of our operations, we were not significantly impacted in the past and as of the date of this annual report and have benefitted from an increase in funds flow and trading volume due to clients' switching to online trading when physical, offline facilities were closed. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the Chinese and global economy in general.

We are also vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide products and services through our platform.

In addition, our results of operations could be adversely affected to the extent that any health epidemic, natural disaster or other calamities harms the Chinese and global economies in general. Our headquarters are located in Shenzhen and Hong Kong, where most of our management and employees currently reside. Most of our system hardware and back-up systems are hosted in facilities located in Shenzhen, Hong Kong, Singapore, the United States, Australia, Japan, Canada, Malaysia and other countries or cities where we conduct business operations and the storage location of our user data is dependent on the platform where users are based and the jurisdiction in which users are registered. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Shenzhen, Hong Kong, Singapore, the United States, Australia, Japan, Canada, Malaysia or other countries or cities where we conduct business operations, our operation may experience material disruptions, which may materially and adversely affect our business, financial condition and results of operations.

Our current level of commission and fee rates may decline in the future. Any material reduction in our commission or fee rates could reduce our profitability.

We derive a significant portion of our revenues from commissions and fees paid by our clients for trading securities through our platform. In 2023, 2024 and 2025, our brokerage commission income and handling charge income amounted to HK\$3,944.8 million, HK\$6,044.7 million and HK\$10,572.7 million (US\$1,358.4 million), representing 39.4%, 44.5% and 46.3% of our total revenues during the same years, respectively. We experience pressure on our commission or fee rates as a result of competition we face in the online brokerage service industry. Some of our competitors offer a broader range of services to a larger client base and enjoy higher trading volumes than we do. Consequently, our competitors may be able to and willing to offer trading services at lower commission or fee rates than we currently offer or may be able to offer. For example, some brokers in Hong Kong and the United States offer zero commission fees or similar policies to attract retail securities investors. As a result of this pricing competition, we could lose both market share and revenues. We believe that any downward pressure on commission or fee rates would likely continue and intensify as we continue to develop our business and gain recognition in our markets. A decline in our commission or fee rates could lower our revenues, which would adversely affect our profitability. In addition, our competitors may offer other financial incentives such as rebates or discounts in order to induce trading in their systems rather than in ours. If our commission or fee rate decreases significantly, our operating and financial results may be materially and adversely affected.

Fluctuations in market interest rates may negatively affect our financial condition and results of operations.

We derive a part of our revenues from charging interests on margin balances in connection with our margin financing and securities lending businesses. In 2023, 2024 and 2025, our revenues from interest income derived from our margin financing and securities lending businesses amounted to HK\$2,807.4 million, HK\$3,530.4 million and HK\$6,368.7 million (US\$818.3 million), representing 28.1%, 26.0% and 27.9% of our total revenues during the same years, respectively. For the same years, our interest income derived from bank deposits were HK\$2,482.9 million, HK\$2,840.8 million and HK\$3,759.3 million (US\$483.0 million), representing 24.8%, 20.9% and 16.5% of our total revenues during the same years, respectively. The trend of the level of interest rates is one of the important factors affecting our earnings. A decline in interest rates may have a negative impact on our interest income and thus adversely impact our total revenues. While we generally derive higher interest income when there is an increase in market interest rates, a rise in interest rates may also cause our interest expenses to increase. If we are unable to effectively manage our interest rate risk, changes in interest rates could have a material adverse effect on our profitability.

Although our management believes that it has implemented effective management strategies to reduce the potential effects of changes in interest rates on our results of operations, any substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on our financial condition and results of operations. Also, our interest rate risk modeling techniques and assumptions likely may not fully predict or capture the impact of actual interest rate changes on our balance sheet. For further discussion of how changes in interest rates could impact us, see "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Interest rate risk" of this annual report.

We may suffer significant losses from credit exposures arising from our margin financing, securities lending, IPO loans, stock-pledged loans and bank loans businesses. In addition, we need adequate funding at reasonable costs to successfully operate these businesses, and access to adequate funding at reasonable costs cannot be assured.

Our margin financing, securities lending, IPO loans, stock-pledged loans and bank loans businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. Our credit exposures arise primarily from loans and advances to borrowers, which include margin loans, stock-pledged loans and bank loans extended to clients and other advances, mainly collateralized by securities and carried at the amortized cost, net of an allowance for credit losses. As of December 31, 2023, 2024 and 2025, our outstanding loans and advances amounted to HK\$32.5 billion, HK\$49.7 billion and HK\$64.7 billion (US\$8.3 billion), respectively. For more information regarding the loans and advances, see “Item 5. Operating and Financial Review and Prospects-B. Liquidity and Capital Resources-Loans and Advances” and Note 6 to our consolidated financial statements included in this annual report. Our credit risk exposure may be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or financial instruments. For example, adverse economic effects stemming from rising inflation and recession risk, disruptions to economic activity, or a decline in collateral prices could adversely affect the creditworthiness of certain counterparties, leading to elevated credit risks for us. In addition, our credit risk exposure will also materially increase if the collateral we hold cannot be realized or can only be liquidated at prices insufficient to fully cover our risk exposure. As of December 31, 2025, we recorded an allowance for credit losses of HK\$374.6 million (US\$48.1 million). Any expansion of our margin financing, securities lending, IPO loans, stock-pledged loans and bank loans businesses could also subject us to greater credit risks and adversely affect our business, prospects and financial conditions.

We have adopted comprehensive internal policies and procedures designed to manage credits risks. For example, with respect to the margin financing business, once the margin value falls below the outstanding amount of the relevant loan extended as a result of a market downturn or adverse movement in the prices of the pledged securities, we will make a margin call requesting the client to deposit additional funds, sell securities or pledge additional securities to top up their margin value. If the client’s margin value still falls below the required standard, we will initiate our liquidation protection mechanism on a real-time basis to bring the client’s account into margin compliance. As we incurred losses from and experienced disputes arising out of margin financing historically, we may continue to be exposed to credit risks associated with our margin financing, securities lending, IPO loans, stock-pledged loans and bank loans businesses, and we may continue to experience disputes with our clients after we make the margin calls. In particular, we may not always be able to fully recover the margin value through margin calls and our exposure to credit loss may be exacerbated during periods of high market volatility. In certain periods, the securities pledged by our clients may be concentrated on a limited number of securities which may result in a concentration of our credit exposures to such securities. As of December 31, 2024 and 2025, a single borrower accounted for 95.91% and 95.99% of our total outstanding balance of stock - pledged loans, with a majority of the collaterals comprising of listed shares in a single company, respectively. In the event we need to liquidate a large amount of certain pledged securities, it may put a further downward pressure on the price of such securities and we may not be able to fully recover the margin value.

In addition, with regard to receivables, there is no assurance that all our counterparties will meet their payment obligations on time, in full or at all. As of December 31, 2023, 2024 and 2025, the balance of our receivables amounted to HK\$10.1 billion, HK\$22.8 billion and HK\$27.7 billion (US\$3.6 billion), respectively. If we fail to adequately manage our credit risks and significant amounts due to us are not settled on time, our performance, liquidity, results of operations and financial condition will be adversely affected. See “— Our risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments or against all types of risks, and as a result, our business operations and financial conditions may be adversely affected.”

Moreover, the growth and success of our margin financing, securities lending, IPO loans, stock-pledged loans and bank loans businesses depend on the availability of adequate funding to meet our client demand for loans through our platforms. We provided margin financing, securities lending, IPO loans, and stock-pledged loan services for securities listed on the Hong Kong Stock Exchange and the major stock exchanges in the U.S. We provided bank loans to clients, mainly comprising financing secured by insurance policies provided by borrowers as collateral and unsecured retail loans. We derive the funding from a variety of sources, including funding secured from commercial banks, other licensed financial institutions and other parties as well as financing generated from our business operations. To the extent there is insufficient funding from institutional funding partners who are willing to accept the credit risk related to the collateral from our clients, the funds available to us might be limited and our ability to provide margin financing, securities lending, IPO loans, stock-pledged loans and bank loans services to our clients to address their demand for loans would be adversely impacted. In addition, as we strive to offer our clients competitively priced services and the online brokerage market is intensely competitive, we may attempt to further reduce our interest expenses from our funding partners. If we cannot continue to maintain our relationship with these funding partners and obtain adequate funding at reasonable costs, we may not be able to continue to offer or grow our lending businesses. To the extent that our funding partners find the risk-adjusted returns with us less attractive, we may not be able to obtain the requisite level of funding at reasonable costs, or at all. If we are unable to provide our clients with margin loans or fund the loans on a timely basis due to insufficient funding or less favorable pricing compared to those of our competitors, it would harm our business, financial condition and results of operations.

The wealth management products that we distribute involve various risks and failure to identify or fully appreciate such risks may negatively affect our reputation, client relationships, results of operations and financial conditions.

We offer our clients access to money market, fixed income, equity, balanced, private funds as well as bonds, catering to the different investment targets and risk preferences of our clients. These products often have complex structures and involve various risks, including default risks, interest risks, liquidity risks, market risks, counterparty risks, fraud risks and other risks. In addition, we are subject to regulations in relation to wealth management products distributed in different jurisdictions, and there is no assurance that our operations will be deemed as being in full compliance with such regulations at all times.

Our success in wealth management products distribution services depends, in part, on our ability to successfully identify the risks associated with such products and services, and failure to identify or fully appreciate such risks may negatively affect our reputation, client relationships, results of operations and financial conditions. Although we do not guarantee the principal or the return of the wealth management products available through our platform and do not bear any liabilities for any loss to capital invested in the products, we must be cautious of the selection of the financial products we offer and must accurately describe the risks associated with those products for our clients. Although we enforce and implement strict risk management policies and procedures, such risk management policies and procedures may not be fully effective in mitigating the risk exposure for all of our clients in all market environments or covering all types of risks. If we fail to identify and fully appreciate the risks associated with the financial products we offer, or fail to disclose such risks to our clients, or if our clients suffer financial losses or other damages resulting from the financial products we offer, our reputation, client relationships, results of operations and financial conditions will be materially and adversely affected.

If we fail to respond in a timely and cost-effective manner to the needs of our users and clients or if our new service offerings do not achieve sufficient market acceptance, our business and results of operations may be materially and adversely affected.

Our future success will depend partially on our ability to develop and introduce new service offerings to respond to the evolving needs of our users and clients in a timely and cost-effective manner. We provide services in markets that are characterized by rapid technological change, evolving industry standards, frequent new service introductions, and increasing demand for higher levels of client experience. In recent years, we have expanded our service offerings for our users and clients from online brokerage services to margin financing services and further to other tools and functions, including the wealth management product distribution service we launched in August 2019, and we may continue to expand our new service offerings in the future. In addition, we also provide certain services to corporate clients. However, we have limited experience in new service offerings, and expansion into new service offerings may involve new risks and challenges that we may not have experienced before. We cannot assure you that we will be able to overcome such new risks and challenges and make our new service offerings successful. Initial timetables for the introduction and development of new service offerings may not be achieved and profitability targets may not prove feasible. External factors, such as compliance with regulations, competition and shifting market preferences, may also impact the successful implementation of our new service offerings. Our personnel and technology systems may fail to adapt to the changes in such new areas or we may fail to effectively integrate new services into our existing operations. We may lack experience in managing our new service offerings. In addition, we may be unable to proceed our operations as planned or compete effectively due to different competitive landscapes in these new areas. Even if we expand our businesses into new jurisdictions or areas, the expansion may not yield intended profitable results. Furthermore, any new service offerings could have a significant impact on the effectiveness of our internal control system. Failure to successfully manage these risks in the development and implementation of new service offerings could have a material adverse effect on our business, results of operations and financial condition.

Our ability to anticipate and identify the evolving needs of our users and clients and to develop and introduce new service offerings to address such needs will be a significant factor in maintaining or improving our competitive position and prospects for growth. We may also have to incur substantial unanticipated costs to maintain and further strengthen such ability. Our success will also depend on our ability to develop and introduce new services and enhance existing services for our users and clients in a timely manner. Even if we introduce new and enhanced services to the market, they may not achieve market acceptance.

We believe that we must continue to make investments to support ongoing research and development in order to develop new or enhanced service offerings to remain competitive. We need to continue to develop and introduce new services that incorporate the latest technological advancements in response to evolving user and client needs. Our business and results of operations could be adversely affected if we do not anticipate or respond adequately to technological developments or the changing needs of our users and clients. We cannot assure you that any such investments in research and development will lead to any corresponding increase in revenue.

We depend on our proprietary technology, and our future results may be impacted if we cannot maintain technological superiority in our industry.

Our past success has largely been attributable to our sophisticated proprietary technology that has empowered the efficient operations of our platform. We have benefited from the fact that the type of proprietary technology equivalent to which we employ has not been widely available to our competitors. If our technology becomes more widely available to our current or future competitors for any reason, our operating results may be adversely affected.

Additionally, to keep pace with changing technologies and client demands, we must correctly interpret and address market trends and enhance the features and functionality of our technology in response to these trends, which may lead to significant research and development costs. We may be unable to accurately determine the needs of our users and clients or the trends in the online brokerage industry or to design and implement the appropriate features and functionality of our technology in a timely and cost-effective manner, which could result in decreased demand for our services and a corresponding decrease in our revenue. Also, any adoption or development of similar or more advanced technologies by our competitors may require that we devote substantial resources to the development of more advanced technology to remain competitive. The markets in which we compete are characterized by rapidly changing technology, evolving industry standards and changing trading systems, practices and techniques. Although we have been at the forefront of many of these developments in the past, we may not be able to keep up with these rapid changes in the future, develop new technology, realize a return on amounts invested in developing new technologies or remain competitive in the future.

In addition, we must protect our systems against physical damage from fire, earthquakes, power loss, telecommunications failures, computer viruses, hacker attacks, physical break-ins and similar events. Any software or hardware damage or failure that causes interruption or an increase in response time of our proprietary technology could reduce client satisfaction and decrease usage of our services.

Unexpected network interruptions, security breaches or computer virus attacks and failures in our information technology systems could have a material adverse effect on our business, financial condition and results of operations.

Our information technology systems support substantially all phases of our operations and are an essential part of our technology infrastructure. If our systems fail to perform, we could experience disruptions in operations, slower response time or decreased customer satisfaction. We must process, record and monitor a large number of transactions and our operations are highly dependent on the integrity of our technology systems and our ability to make timely enhancements and additions to our systems. System interruptions, errors or downtime can result from a variety of causes, including unexpected interruptions to the internet infrastructure, technological failures, changes to our systems, erroneous or corrupted data, changes in customer usage patterns, linkages with third-party systems and power failures. Our systems are also vulnerable to disruptions from human error, execution errors, errors in models such as those used for risk management and compliance, employee misconduct, unauthorized trading, external fraud, computer viruses, distributed denial of service attacks, computer viruses or cyberattacks, terrorist attacks, natural disaster, power outage, capacity constraints, software flaws, events impacting our key business partners and vendors, and other similar events.

Our internet-based business depends on the performance and reliability of the internet infrastructure. We cannot assure you that the internet infrastructure we depend on will remain sufficiently reliable for our needs. Any failure to maintain the performance, reliability, security or availability of our network infrastructure may cause significant damage to our ability to attract and retain users and clients. Major risks involving our network infrastructure include:

- breakdowns or system failures resulting in a prolonged shutdown of our servers;
- disruption or failure in the national backbone networks in China, which would make it impossible for users and clients to access our online and mobile platforms;
- physical or cyber based attacks on our servers and other network infrastructure, which may result in disruptions to our network and damages to our technology infrastructure;
- damage from natural disasters or other catastrophic events such as typhoon, volcanic eruption, earthquake, flood, telecommunications failure, or other similar events; and
- any infection by or spread of computer viruses or other system failures.

In addition, any network interruptions or inadequacy on the part of our third-party partners may result in disruptions to the services we provide to our users and clients. For example, there have been occasions where some of our clients were not able to timely execute trades because of poor or delayed performances of software, infrastructure or systems of our third-party partners, which may be exacerbated by sudden increase in trading or other user activity volume. We also experienced system shutdown in the past. Such disruptions and other interruptions in the availability of our services could reduce user and client satisfaction and result in a reduction in the activity level of our users and clients as well as the number of clients making trading transactions through our platform. See “—Failure or poor performance of third-party software, infrastructure or systems on which we rely could adversely affect our business.” Furthermore, increases in the volume of traffic on our online and mobile platforms could strain the capacity of our existing computer systems and bandwidth, which could lead to slower response times or system failures. This could cause a disruption or suspension in our service delivery, which could hurt our brand and reputation. We may need to incur additional costs to upgrade our technology infrastructure and computer systems in order to accommodate increased demand if we anticipate that our systems cannot handle higher volumes of traffic and transaction in the future. In addition, it could take an extended period of time to restore full functionality to our technology or other operating systems in the event of an unforeseen occurrence, which could affect our ability to process and settle client transactions. Despite our efforts to identify areas of risk, oversee operational areas involving risks, and implement policies and procedures designed to manage these risks, there can be no assurance that we will not suffer unexpected losses, reputational damage or regulatory actions due to technology or other operational failures or errors, including those of our vendors or other third parties.

Failure or poor performance of third-party software, infrastructure or systems on which we rely could adversely affect our business.

We rely on third parties to provide and maintain certain infrastructure that is critical to our business. For example, a strategic partner provides services to us in connection with various aspects of our operations and systems. If such services become limited, restricted, curtailed or less effective or more expensive in any way or become unavailable to us for any reason, our business may be materially and adversely affected. The infrastructure of our third-party service providers may malfunction or fail due to events out of our control, which could disrupt our operations and have a material adverse effect on our business, financial condition, results of operations and cash flows. Any failure to maintain and renew our relationships with these third parties on commercially favorable terms, or to enter into similar relationships in the future, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We also rely on certain third-party software, third-party computer systems and service providers, including clearing systems, exchange systems, alternate trading systems, order-routing systems, internet service providers, communications facilities and other facilities. Any interruption in these third-party services or software, deterioration in their performance, or other improper operation could interfere with our trading activities, cause losses due to erroneous or delayed responses, or otherwise be disruptive to our business. In addition, as we work with third parties to execute trading orders, our ability to successfully and timely execute these trades for our clients depends on the performance of third parties systems, failure of which may result in potential losses for our clients, which in turn may result in potential claims or litigations brought against us and adversely affect our business and reputation. In addition, if our arrangements with any third party are terminated, we may not be able to find an alternative source of software or systems support on a timely basis or on commercially reasonable terms. This could also have a material adverse effect on our business, financial condition, results of operations and cash flows.

We rely on a number of external service providers for certain key market information and data, technology, processing and supporting functions. Any disruptions with the provision of their services may affect our ability to deliver products and services, maintain normal business operations and as a result, affect our results of operations and financial condition materially and adversely.

We rely on a number of external service providers for certain key market information and data, technology, processing and supporting functions. Furthermore, external content providers provide us with financial information, market news, charts, futures and stock quotes and other fundamental data that we offer to our clients and users. These service providers face technical, operational and security risks of their own. Any significant failures by them, including improper use or disclosure of our confidential client, employee or company information, could interrupt our business, cause us to incur losses and harm our reputation. Particularly, we have contracted with affiliates of Nasdaq, Hong Kong Exchange and Clearing Limited and Singapore Exchange and a few other institutions to allow our clients to access real-time market information data, which are essential for our clients to make their investment decisions and take actions. If the data provided by such information providers were inaccurate or incomplete, or if such information providers fail to update or deliver the data in a timely manner as provided in the agreements, our clients may suffer losses and our business operations and reputation can be materially and adversely affected.

We cannot assure you that the external service providers will be able to continue to provide these services to meet our current needs in an efficient and cost-effective manner, or that they will be able to adequately expand their services to meet our needs in the future. The external service providers' ability to consistently provide these services is subject to risks from unfavorable political, economic, legal or other developments, such as social or political instability, changes in governmental policies or changes in the applicable laws and regulations.

An interruption in or the cessation of service by any external service provider as a result of system failures, capacity constraints, financial constraints or problems, unanticipated trading market closures or for any other reason and our inability to make alternative arrangements in a smooth and timely manner, if at all, could have a material adverse effect on our business, results of operations and financial condition.

Further, disputes might arise out of or in connection with the agreements regarding our or the service providers' performance of the obligations thereunder. To the extent that any service provider disagrees with us on the quality of the products or services, terms and conditions of the payment or other provisions of such agreements, we may face claims, disputes, litigations or other proceedings initiated by such service provider against us. We may incur substantial expenses and require significant attention of management in defending against these claims, regardless of their merit. We could also face damages to our reputation as a result of such claims, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

If major mobile application distribution channels change their standard terms and conditions in a manner that is detrimental to us, or terminate their existing relationship with us, our business, financial condition and results of operations may be materially and adversely affected.

We currently rely on Apple's app store, Google's Play Store and Android app stores to distribute our mobile applications to users. As such, the promotion, distribution and operation of our application are subject to such distribution platforms' standard terms and policies for application developers, which are subject to the interpretation of, and frequent changes by, these distribution channels. If these third-party distribution platforms change their terms and conditions in a manner that is detrimental to us, or refuse to distribute our application, or if any other major distribution channel with which we would like to seek collaboration refuses to collaborate with us in the future, our business, financial condition and results of operations may be materially and adversely affected.

We have not obtained licenses from relevant PRC regulatory authorities in connection with some of the information and services available on our platform. Future change in regulations and rules may impose additional requirements or restrictions on our platform.

PRC regulations impose sanctions for engaging in disseminating analysis, forecasting, advisory or other information related to securities and securities markets without having obtained the Securities Investment Consultancy Qualifications in China. See “Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Securities Business—Regulations on the Securities Investment Consulting Service.” We have not obtained the Securities Investment Consultancy Qualifications in China. Without the required qualifications, we should refrain from as well as explicitly prohibit our users from sharing information related to securities analysis, forecasting or advisory on our platform. However, we cannot assure you that our users will not post articles or share videos that contain analysis, forecasting or advisory content related to securities on our platform. If any of the information or content displayed on our platform is deemed as analysis, forecasting, advisory or other information related to securities or securities markets, or any of our business in the PRC is deemed to be a service providing such information, we may be subject to regulatory measures including warnings, public condemnation, suspension of relevant business and other measures in accordance with applicable laws and regulations. Any such penalties may disrupt our operations or materially and adversely affect our business, financial condition and results of operations.

In addition, as part of our services, we post videos for investor education purpose and allow certain of our users to upload and share videos on our platforms through *NiuNiu Community*. According to the Administrative Provisions on Internet Audio-Video Program Services, the provider of audio-video service is required to obtain the Audio and Video Service Permission. See “Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Internet Service—Regulation on Internet Audio-Visual Program Services.” It is not eligible for us to do so because current PRC laws and regulations require an applicant for the Audio and Video Service Permission to be a wholly state-owned or state-controlled entity. We have not obtained such license for providing internet audio-video program services through our platform in China and may not be able to obtain such license in a timely manner, or at all. We have not received any notices nor have we been subject to regulatory measures from the National Radio and Television Administration as of the date of this annual report. During the years ended December 31, 2023, 2024 and 2025, the revenue generated from relevant internet audio-video program services was less than 0.01% of our total revenue per year and the absence of such license did not have any material adverse impact on our business and operations. However, if we are required to obtain an Audio and Video Service Permission or other additional licenses or approvals in connection with our video-based services in China, we may be subject to various penalties, such as confiscation of the net revenues that were generated through the unlicensed internet activities, imposition of fines and termination or restriction of such service offering.

Furthermore, PRC regulations require platforms that disseminate internet news and information services to obtain the License for Internet News Information Services. See “Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulation on Internet Service—Regulation on Internet News Dissemination.” According to the Provisions for the Administration of Internet News Information Services, various qualifications and requirements which service providers shall meet have been provided in this regulation, for example, it shall be staffed by full-time news editors, content reviewers and technical support engineers who are suitable for its services and there are venues, facilities and capital that are appropriate for its services. The Implementation Rules for the Administration of the Licensing for Internet-based News Information Services further clarifies that only a news agency (including the controlling shareholder of a news agency) or an entity under news publicity authorities may apply for a license for editing and publishing services in respect of internet-based news information. Besides, foreign-invested enterprises are not allowed to establish any internet-based news information service entities. As none of our Group companies is a news agency and we may not be able to fulfill such requirements, therefore we have not obtained such license and may not be able to obtain such license in a timely manner, or at all. As our platform displays news and information related to the financial market, we may be deemed as engaging in disseminating news and information through the internet and subject to penalties including imposition of fines and termination or restriction of such service offering. In addition, the PRC government may impose specific requirement on financial information services, which may also affect our business and operations.

In August 2019, we officially launched our online wealth management product distribution service which gives our clients access to money market, fixed income and equity funds products from leading fund houses. According to the Securities Investment Funds Law, any entity that engages in the fund services, including but not limited to sales, investment consulting, information technology system services, shall register or file with the securities regulatory authority of the State Council. See “Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Securities Business—Regulation on Fund Sales Business.” We do not hold any license or permit in the promotion of, sales of, purchase of or redemption of funds in Mainland China. If certain of our activities in China were deemed by relevant regulators as provision of fund services in Mainland China without the requisite license or permit, we may be subject to penalties including imposition of fines and suspend of such fund sales business.

In addition, as we do not provide cross-border currency conversion services related to Renminbi to PRC residents or institutions, we do not require our clients to submit evidence of approval or registration from relevant authorities with respect to the foreign currency used for offshore investments. However, since the PRC authorities and the commercial banks designated by the SAFE to conduct foreign exchange services have significant amount of discretion in interpreting, implementing and enforcing the relevant foreign exchange rules and regulations, and for many other factors that are beyond our control, we may be subject to further regulatory requirements, including but not limited to verifying evidence of approval from relevant authorities with respect to foreign currency exchange.

PRC laws and regulations are evolving, and there are uncertainties relating to the regulation of different aspects of the services we provide through our platform in China. We cannot assure you that we will not be found in violation of any future laws and regulations or any of the laws and regulations currently in effect due to changes in or discrepancies with respect to the relevant authorities’ interpretation of these laws and regulations. In addition, we may be required to obtain additional license or approvals, and we cannot assure you that we will be able to timely obtain or maintain all the required licenses or approvals or make all the necessary filings in the future.

Employee misconduct could expose us to significant legal liability and reputational harm.

We operate in an industry in which integrity and the confidence of our users and clients are of critical importance. During our daily operations, we are subject to the risks of errors and misconduct by our employees, which include:

- engaging in misrepresentation or fraudulent activities when marketing or performing online brokerage and other services to users and clients;
- improperly using or disclosing confidential information of our users and clients or other parties;
- conducting unauthorized activities such as assisting with currency conversion by PRC investors; or
- otherwise not complying with applicable laws and regulations or our internal policies or procedures.

If any of our employees engages in illegal or suspicious activities or other misconduct, we could suffer serious harm to our reputation, financial condition, client relationships and ability to attract new clients and even be subject to regulatory sanctions and significant legal liability. If any sanction was imposed against an employee during his employment with us, even for matters unrelated to us, and his ability to perform certain regulated functions at his current employment with us was temporary impaired due to the sanction. We may also be subject to negative publicity from the sanction that would adversely affect our brand, public image and reputation, as well as potential challenges, suspicions, investigations or alleged claims against us. It is not always possible to deter misconduct by our employees or senior management during the ongoing operations of our business or uncover any misconduct occurred in their past employment, and the precautions we take to detect and prevent any misconduct may not always be effective. Misconduct by our employees, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our reputation and our business.

Any future change in the regulatory and legal regime for the securities brokerage and wealth management industries in regions where we operate may have a significant impact on our business model. Potential enforcement actions against industry peers could lead to new rules or requirements and may subject us to higher regulatory scrutiny. If we are deemed to have been engaged in any misleading digital engagement practices or trading practices, there could be material adverse effect to our business operations, reputation and prospects.

Firms in the securities brokerage and wealth management industries have been subject to an increasingly regulated environment over recent years, and penalties and fines sought by regulatory authorities have also increased. This regulatory and enforcement environment has created uncertainties with respect to various types of products and services that historically had been offered by us and that were generally believed to be permissible and appropriate. For example, the U.S. securities regulators recently conducted an industry-wide review of the marketing and other business practices of online and app-based broker-dealers, and have also pursued a number of enforcement actions against firms in our industry, including one which resulted in the imposition of substantial monetary sanctions on a leading app-based broker-dealer headquartered in California in the United States. The regulatory scrutiny appears to focus on certain digital engagement practices utilized by on-line and app-based broker-dealers, the adequacy of risk disclosures to retail customers, and whether or not payment for order flow compromises a broker-dealer's obligation to obtain best execution for its customers. Certain of our user engagement practices in the United States, such as offering prizes (of nominal value) and badges (of no economic value) for trading activity, and related disclosures could be impacted by the current regulatory scrutiny. In this regard, the Chairman of the SEC has indicated a concern that certain digital engagement practices may encourage investors to trade more often than might be appropriate, and has questioned whether this creates a conflict of interest between the broker-dealers and their customers.

In a separate matter, the State of Massachusetts has sued a leading app-based broker-dealer headquartered in California alleging, among other things, that certain of their customer communications constitute a form of recommendation, thereby triggering a duty of the broker-dealer to act in the best interest of its customers. While the trial court dismissed those parts of the complaint relying upon the fiduciary rule adopted in Massachusetts, the Massachusetts Supreme Judicial Court reversed the trial court's decision and validated the Massachusetts state regulation. Moomoo Financial Inc.'s business strategy is based on providing a self-directed trading platform without making investment recommendations or providing investment advice. An expansion of the definition of what constitutes an investment recommendation could have a material impact on Moomoo Financial Inc.'s business operation. The pending study and enforcement actions against other firms in our industry and relevant negative news coverage and perception could lead to new rules or requirements that could have a material adverse effect upon our business operations, and may subject us to higher regulatory scrutiny in the United States. If we are deemed to have been engaged in any misleading digital engagement practices or trading practices, there could be material adverse effect to our business operations, reputation and prospects. Legislative changes in rules promulgated by government agencies and self-regulatory organizations in various jurisdictions that oversee our businesses and changes in the interpretation or enforcement of existing laws and rules, such as the potential imposition of transaction taxes, may directly affect our model of operation and profitability.

If there is any negative publicity with respect to us, including our business model and practices, our industry peers or our industries in general, the trading price of the ADSs may be volatile and our business and results of operations may be materially and adversely affected.

Our reputation and brand recognition play an important role in earning and maintaining the trust and confidence of individuals or enterprises that are current or potential users and clients. Our reputation and brand are vulnerable to many threats that can be difficult or impossible to control, and costly or impossible to remediate. Our reputation and brand have been, and may in the future be, negatively affected by a number of factors, including, among others, regulatory developments, inquiries or investigations, lawsuits initiated by clients or other third parties, employee misconduct, perceptions of conflicts of interest and rumors, unfavorable statements made by media outlets, research firms or government officials. Furthermore, despite our efforts to address negative publicity and correct misinformation about our business model and practices, our reputation and brand may continue to be harmed by such negative publicity and misinformation, and the ADSs may experience substantial price volatility as a result.

In addition, any perception that the quality of our online brokerage and other financial services may not be the same as or better than that of other online brokerage and financial service firms can also damage our reputation. Moreover, any negative media publicity about the financial service industry in general or product or service quality problems of other firms in the industry, including our competitors, may also negatively impact our reputation and brand. If we are unable to maintain a good reputation or further enhance our brand recognition, our ability to attract and retain users, clients, third-party partners and key employees could be harmed and, as a result, our business and revenues would be materially and adversely affected.

Policy change relating to investable assets could have an adverse impact on our addressable market.

One of the key drivers for the growth of global online securities market is the investable assets of retail investors. If the regulatory authorities of the relevant jurisdictions governing investable assets of retail investors impose new or amended laws and regulations with respect to these assets, for example, certain control on the funds flow or restricted use of the assets by the investors, the size of investable assets readily available for the online securities market may be significantly reduced, which will result in slow down of the growth of our total addressable market and may subsequently adversely affect our business development and expansion.

In particular, the change of the regulations in the jurisdictions where we have presence may affect the trading activities of our clients, which may significantly reduce the trading volume facilitated by our platform. As our revenues from brokerage commission income depend heavily on the total trading volume facilitated by our platform, the occurrence of any of the above regulatory changes would have a material and adverse impact on our business, operating and financial results.

We may not succeed in promoting and sustaining our brand, which could have an adverse effect on our future growth and business.

A critical component of our future growth is our ability to promote and sustain our brand. Promoting and positioning our brand and platform will depend largely on the success of our marketing efforts, our ability to attract users and clients cost-efficiently and our ability to consistently provide high-quality services and a superior experience. We have incurred and will continue to incur significant expenses related to advertising and other marketing efforts, which may not be effective and may adversely affect our net margins.

In addition, to provide a high-quality user and client experience, we have invested and will continue to invest substantial amounts of resources in the development and functionality of our platform, website, technology infrastructure and client service operations. Our ability to provide a high-quality user and client experience is also highly dependent on external factors over which we may have little or no control, including, without limitation, the reliability and performance of software vendors and business partners. Failure to provide our users and clients with high quality services and experience for any reason could substantially harm our reputation and adversely impact our efforts to develop a trusted brand, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Fraudulent or illegal activities on our platform could negatively impact our brand and reputation and cause the loss of users and clients. As a result, our business may be materially and adversely affected.

We have implemented stringent internal control policies, insider trading, anti-money laundering and other anti-fraud rules and mechanisms on our platform. Nevertheless, we remain subject to the risk of fraudulent or illegal activities both on our platform and associated with our users and clients, funding and other business partners, and third parties handling user and client information. Our resources, technologies and fraud detection tools may be insufficient to accurately detect and prevent fraudulent or illegal activities. Significant increases in fraudulent or illegal activities could negatively impact our brand and reputation, reduce the trading volume facilitated by our platform and therefore harm our operating and financial results. For example, the HK SFC has in the past issued restriction notices to us to prohibit order placing in certain client accounts linked to suspected market misconduct. Any misconduct of or violation by our clients of applicable laws and regulations could lead to regulatory inquiries and investigations that involve us, which may affect our business operation and prospects. We might also incur higher costs than expected in order to take additional steps to reduce risks related to fraudulent and illegal activities. High-profile fraudulent or illegal activities could also lead to regulatory intervention, and may divert our management's attention and cause us to incur additional regulatory and litigation expenses and costs. In addition, we could suffer serious harm to our reputation, financial condition, client relationships and ability to attract new clients and even be subject to regulatory sanctions and significant legal liability, if any of our employees engages in illegal or suspicious activities or other misconduct. See "—Employee misconduct could expose us to significant legal liability and reputational harm." Although we have not experienced any material business or reputational harm as a result of fraudulent or illegal activities in the past, we cannot rule out the possibility that any of the foregoing may occur causing harm to our business or reputation in the future. If any of the foregoing were to occur, our results of operations and financial conditions could be materially and adversely affected.

We face risks related to our "know-your-client" procedures when our clients provide outdated, inaccurate, false or misleading information. We may be subject to certain legal or regulatory inquiry, investigation or sanctions, fines or penalties, financial loss, or damage to reputation and brand resulting from such violations.

We collect personal information during the account opening process and screen accounts against databases for purposes of verifying client identity and detecting risks. Although we require our clients to submit documents for proof of their identity and address for completing the account registration and to update such information from time to time, we face risks as the information provided by our clients may be outdated, inaccurate, false or misleading. Despite the fact that we have appropriate ongoing monitoring procedures in place to keep customer information up to date pursuant to applicable regulatory requirements, we cannot fully verify the accuracy, currency and completeness of such information beyond reasonable effort. For example, certain of our clients are holders of the PRC identity cards. As the PRC identity cards are usually effective for more than ten years or some may have no expiration term, some clients may have changed their domicile or citizenship during the terms of their PRC identity cards and therefore be subject to applicable laws and regulations of jurisdictions other than the PRC. In this situation, our provision of products and services to such clients could be in violation of the applicable laws and regulations in the jurisdictions where those clients reside, of which we may have no awareness until we are warned by the relevant supervising authorities. We could still be subject to certain legal or regulatory sanctions, fines or penalties, financial loss, or damage to reputation resulting from such violations.

Our platform and internal systems rely on software and technological infrastructure that are highly technical, and if they contain undetected errors, our business could be adversely affected.

Our platform and internal systems rely on software that is highly technical and complex. In addition, our platform and internal systems depend on the ability of the software to store, retrieve, process and manage immense amounts of data. The software on which we rely has contained, and may now or in the future contain, undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in a negative experience for users and financial service providers, delay introductions of new features or enhancements, result in errors or compromise our ability to protect data or our intellectual property. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation, loss of users or financial service providers or liability for damages, any of which could adversely affect our business, results of operations and financial conditions.

A significant decrease in our liquidity could negatively affect our business and financial management as well as reduce client confidence in our company.

Maintaining adequate liquidity is crucial to our business operations. We meet our liquidity needs primarily through cash generated by client trading activities and operating earnings, as well as cash provided by external financing. Fluctuations in client cash or deposit balances, as well as changes in regulatory treatment of client deposits or market conditions, may affect our ability to meet our liquidity needs. A reduction in our liquidity position could reduce our users' and clients' confidence, which could result in the loss of client brokerage accounts, or could cause us to fail to satisfy our liquidity requirements. In addition, if we fail to meet the liquidity requirements, regulators could limit our operations.

Factors which may adversely affect our liquidity position include having temporary liquidity demands due to timing differences between brokerage transaction settlements and the availability of segregated cash balances, unanticipated outflows of company cash, fluctuations in cash held in banking or brokerage client brokerage accounts, a dramatic increase in clients' margin-financing activities, increased capital requirements, changes in regulatory guidance or interpretations, other regulatory changes, or a loss of market or client confidence.

If cash generated by client trading activities and operating earnings is not sufficient for our liquidity needs, we may be forced to seek external financing. During periods of disruptions in the credit and capital markets, potential sources of external financing could be reduced, and borrowing costs could increase. Financing may not be available on acceptable terms, or at all, due to market conditions or disruptions in the credit markets. If we experience any significant decrease in our liquidity, our business, financial condition and results of operations could be adversely impacted.

A significant change in clients' cash allocations could negatively impact our net interest revenues and financial results.

We derive interest income from depositing clients' uninvested cash balances in accounts opened with our bank partners. In 2023, 2024 and 2025, we generated HK\$2,482.9 million, HK\$2,840.8 million and HK\$3,759.3 million (US\$483.0 million) in interest income from bank deposit, respectively, a significant portion of which was derived from uninvested cash balances in our clients' accounts. As a result, a significant reduction in our clients' allocation to cash, a change in the allocation of that cash (for example as a result of using cash to purchase mutual funds through our platform), or a transfer of cash out of their accounts opened through our platform could reduce our interest income and negatively impact our financial results.

Our clearing operations expose us to liability for errors in clearing functions, which may adversely affect our business operations and financial condition.

Our HK SFC-licensed subsidiary, Futu Securities, provides clearing and execution services for our online brokerage business involving securities listed on the Hong Kong Stock Exchange or qualified under the Hong Kong, Shanghai and Shenzhen Stock Connect and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. Our U.S. subsidiary, Futu Clearing Inc., has been approved to provide clearing and settlement services for securities transactions in the U.S. financial markets. Moomoo Singapore Pte. Ltd., a subsidiary licensed by the MAS, is a member of the SGX and provides trading and clearing services for securities listed on SGX, in accordance with applicable regulatory requirements. Our Malaysia subsidiary, Moomoo Securities Malaysia Sdn Bhd ("Moomoo Securities Malaysia"), is a registered participant of clearing house in Malaysia, providing clearing and settlement services for securities and derivatives traded on Bursa Malaysia. Clearing and execution services include the confirmation, receipt, settlement, delivery and record-keeping functions involved in securities transactions. Clearing brokers also assume direct responsibility for the possession or control of client securities and other assets and the clearing of client securities transactions. However, clearing brokers also must rely on third-party clearing system and organizations, such as Hong Kong's Central Clearing and Settlement System, or CCASS, and the Depositary Trust Clearing Corporation and its subsidiaries in the United States, in settling client securities transactions. Clearing brokers are also responsible for protecting client assets and complying with relevant customer protecting regulations. Clearing securities firms, such as Futu Securities, Futu Clearing Inc., Moomoo Singapore Pte. Ltd. and Moomoo Securities Malaysia, are subject to substantially more regulatory oversight and examination than introducing brokers who rely on others to perform clearing functions. Errors in performing clearing functions, including clerical and other errors related to the handling of funds and securities held by us on behalf of clients, could lead to regulatory fines and civil penalties as well as losses and liability in related legal proceedings brought by clients and others.

Our success depends on the continuing service of our key employees, including our senior management members and other talent, who are highly sought after in the market. If we fail to hire, retain and motivate our key employees, our business may suffer.

Our key executives and key employees have substantial experience and have made significant contributions to our business, and our continued success is dependent upon the retention of our key management executives, as well as the services provided by our staff of trading system, technology and programming specialists and a number of other key managerial, marketing, planning, financial, legal and compliance, technical and operations personnel. The loss of such key personnel could have a material adverse effect on our business. Growth in our business is dependent, to a large degree, on our ability to retain and attract such employees.

Competition for well-qualified employees in all aspects of our business, including software engineers and other technology professionals, is intense globally. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate existing employees. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees and key senior management, our business, results of operations, financial condition and prospects may be adversely affected.

Any failure to protect our intellectual property could harm our business and competitive position.

We believe that trademarks, trade secrets, patents, copyright and other intellectual property we use are critical to our business. We rely on a combination of trademark, patent, copyright and trade secret protection laws, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our brand. Despite our efforts to protect our intellectual property rights, the steps we take in this regard might not be adequate to prevent or deter infringement or other misappropriation of our intellectual property rights by competitors, former employees or other third parties. We have filed, and may in the future file, intellectual property applications on certain of our innovations. We cannot guarantee that any of our present or future patents or other intellectual property rights will not lapse or be invalidated, circumvented, challenged, or abandoned. Litigation or proceedings before governmental authorities, administrative and judicial bodies may be necessary in the future to enforce our intellectual property rights and to determine the validity and scope of our rights. As a result, we may not be able to adequately protect our intellectual property rights, which could adversely affect our revenues and competitive position. Because of the rapid pace of technological change, nor can we assure you that all of our proprietary technologies and similar intellectual property will be patented in a timely or cost-effective manner, or at all.

Furthermore, parts of our business rely on technologies developed or licensed by other parties, or co-developed with other parties, and we may not be able to obtain or continue to obtain licenses and technologies from these other parties on reasonable terms, or at all.

In addition, while we typically require our employees who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. In addition, such agreements may be breached. Accordingly, we may be forced to bring claims against third parties, or defend claims that they may bring against us related to the ownership of such intellectual property.

Furthermore, policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend intellectual property or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation and an adverse determination in any such litigation could result in substantial costs and diversion of resources and management attention. The experience and capabilities of courts across different jurisdictions in handling intellectual property litigation varies and outcomes are unpredictable.

We may be subject to intellectual property infringement claims, which may be expensive to defend and disruptive to our business and operations.

Content sourced from third parties is frequently posted on our platform by our employees and users and clients. Although we follow common content management and review practices to monitor the content uploaded to our platform, we may not be able to identify all content that may infringe on third-party rights. We cannot be certain that information posted on our platform and other aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights held by other parties. In addition, we use third-party licensed software for our business and on our platform. Nevertheless, we may be from time to time in the future be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be other parties' trademarks, copyrights, know-how, proprietary technologies or other intellectual property rights that are infringed by our platform or services or other aspects of our business without our knowledge. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in China, Hong Kong, Singapore, the United States, Australia, Japan, Canada, Malaysia, New Zealand and/ or other jurisdictions. If any infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

We may be held liable for information or content displayed on, retrieved from or linked to our platform, which may materially and adversely affect our business and operating results.

The PRC government has adopted regulations governing internet access and distribution of information over the internet. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet content that, among other things, violates PRC laws and regulations, impairs public interest or the national dignity of China, contains terrorism, extremism, or content of force or brutality, or is reactionary, obscene, superstitious, fraudulent or defamatory. Failure to comply with these requirements may result in the revocation of licenses to provide internet content and other licenses, the closure of the concerned websites and criminal liabilities. In the past, failure to comply with these requirements has resulted in the closure of certain websites. The website operator may also be held liable for the censored information displayed on or linked to the website.

In particular, the MIIT has published regulations that subject website operators to potential liability for content displayed on their websites and the actions of users and others using their systems, including liability for violations of PRC laws and regulations prohibiting the dissemination of content deemed to be socially destabilizing. The Ministry of Public Security has the authority to order any local internet service provider to block any internet website at its sole discretion, or to stop the dissemination over the internet of information which it believes to be socially destabilizing. Furthermore, we are required to report any suspicious content to relevant governmental authorities, and to undergo computer security inspections. If it is found that we fail to implement the relevant safeguards against security breaches, our business in China may be shut down.

According to the Administrative Provisions on Mobile Internet Applications Information Services which was promulgated by the CAC in June 2016, most recently amended in June 2022 and effective from August 2022, providers of mobile apps shall be responsible for the demonstration of the contents of the information and shall not create, publish or distribute information and content through mobile applications that is prohibited by laws and regulations. We are required to adopt and implement management systems of information security and establish and improve procedures on content examination and administration. We must adopt measures such as warning, restricted release, suspension of updates and closing of accounts, keep relevant records, and report unlawful content to competent government authorities. We have implemented internal control procedures screening the information and content on our platform interface to ensure their compliance with these provisions. However, there can be no assurance that all of the information or content displayed on, retrieved from or linked to our mobile apps complies with the requirements of the provisions at all times. If our mobile apps are found to violate the provisions, we may be subject to penalties, including warning, service suspension or removal of our mobile apps from the relevant mobile app store, which may materially and adversely affect our business and operating results.

We may be subject to litigation and regulatory investigations and proceedings, and may not always be successful in defending ourselves against such claims or proceedings, which may affect our business operations and financial conditions.

We are subject to lawsuits and other claims in the ordinary course of our business. Our business operations entail substantial litigation and regulatory risks, including the risk of lawsuits and other legal actions relating to information disclosure, client onboarding procedures, sales practices, product design, fraud and misconduct, and control procedures deficiencies, as well as the protection of personal and confidential information of our clients. We may be subject to arbitration claims and lawsuits in the ordinary course of our business. We may also be subject to inquiries, inspections, investigations and proceedings by regulatory and other governmental agencies. See “—We are subject to extensive and evolving regulatory requirements in the markets we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses and trading rights, and consequently may materially and adversely affect our business, financial condition, operations and prospects.” and “Item 4. Information on the Company - B. Business Overview - Ongoing Regulatory Actions.” Actions brought against us may result in settlements, injunctions, fines, penalties, suspension or revocation of license, reprimands or other results adverse to us that could harm our reputation. Even if we are successful in defending ourselves against these actions, the costs of defending against such actions may be significant to us. In market downturns, the number of legal claims and the amount of damages sought in legal proceedings may increase.

In addition, we may face arbitration claims and lawsuits brought by our users and clients who have used our online brokerage or other financial services and found them unsatisfactory. We may also encounter complaints alleging misrepresentation with regard to our platform and/or services. This risk may be heightened during periods when credit, equity or other financial markets are deteriorating in value or are volatile, or when clients are experiencing losses. Actions brought against us may result in settlements, awards, injunctions, fines, penalties or other results adverse to us including harm to our reputation. Even if we are successful in defending against these actions, the defense of such matters may result in our incurring significant expenses. Predicting the outcome of such matters is inherently difficult, particularly where claimants seek substantial or unspecified damages, or when arbitration or legal proceedings are at an early stage. A significant judgment or regulatory action against us or a material disruption in our business arising from adverse adjudications in proceedings against the directors, officers or employees would have a material adverse effect on our liquidity, business, financial condition, results of operations and prospects.

Our risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments or against all types of risks, and as a result, our business operations and financial conditions may be adversely affected.

We have devoted significant resources to developing our risk management policies and procedures and will continue to do so. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks. Many of our risk management policies are based upon observed historical market behavior or statistics based on historical models. During periods of market volatility or due to unforeseen events, the historically derived correlations upon which these methods are based may not be valid. As a result, these methods may not predict future exposures accurately, which could be significantly greater than what our models indicate. This could cause us to incur losses or cause our risk management strategies to be ineffective. Other risk management methods depend upon the evaluation of information regarding markets, business partners, clients, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated.

In addition, although we perform due diligence on potential clients, we cannot assure you that we will be able to identify all the possible issues based on the information available to us. If a user or client does not meet the relevant qualification requirements under applicable laws but is still able to use our services, we may be subject to regulatory actions and penalties and held liable for damages. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risks.

From time to time we may evaluate and potentially consummate investments and acquisitions or enter into alliances, which may require significant management attention, disrupt our business and adversely affect our financial results.

We may evaluate and consider strategic investments, combinations, acquisitions or alliances to further increase the value of our platforms and better serve our users and clients. These transactions could be material to our financial condition and results of operations if consummated. We may not have the financial resources necessary to consummate any acquisitions in the future or the ability to obtain the necessary funds on satisfactory terms. Any future acquisitions may result in significant transaction expenses and risks associated with entering new markets in addition to integration and consolidation risks. Because acquisitions historically have not been a core part of our growth strategy, we have no material experience in successfully utilizing acquisitions. We may not have sufficient management, financial and other resources to integrate any such future acquisitions or to successfully operate new businesses, and we may be unable to profitably operate our expanded company.

Increases in labor costs and enforcement of stricter labor laws and regulations may adversely affect our business and results of operations.

The economy in the countries and regions that we operate in has experienced increases in inflation and labor costs in recent years. As a result, average wages are expected to continue to increase. In addition, we are required by the local laws and regulations to make the required contributions for various statutory employee benefits, such as pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies and designated pension trustees, and take out employees' compensation insurance policies for the benefit and protection of our employees, to the extent required under applicable local laws. The relevant government agencies may examine whether an employer has paid the required contributions or has in place adequate insurance coverage in relation to the statutory employee benefits, and those employers who fail to make adequate payments may be subject to late payment fees, fines, imprisonment and/or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase. Unless we are able to control our labor costs or pass on these increased labor costs, our financial condition and results of operations may be adversely affected.

If we fail to maintain an effective system of internal controls, we may be unable to accurately or timely report our results of operations or prevent fraud, and investor confidence and the market price of the ADSs may be materially and adversely affected.

Since our initial public offering, we have become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or Section 404, requires that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F. In addition, as we have ceased to be an "emerging growth company" as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting.

Our management has concluded that our internal control over financial reporting was effective as of December 31, 2025. See "Item 15. Controls and Procedures—Management's Annual Report on Internal Control over Financial Reporting." If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 and our independent registered public accounting firm may not be able to conclude that we have effective internal control over financial reporting at a reasonable assurance level. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations, and lead to a decline in the trading price of the ADSs. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements for prior periods. Furthermore, we have incurred and anticipate that we will continue to incur considerable costs, management time and other resources in an effort to comply with Section 404 of the Sarbanes-Oxley Act and other requirements.

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and governance matters may subject us to penalties and adversely affect our business, financial condition and results of operations.

Relevant regulatory authorities and public advocacy groups have been increasingly focused on environment, social and governance, or ESG, issues in recent years, making our business more sensitive to ESG issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the relevant regulatory authorities on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Any ESG concern or issue could increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the relevant regulatory authorities or are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition, and the price of the ADSs could be materially and adversely effected.

Fluctuations in exchange rates has had and may continue to have a material adverse effect on our results of operations and the price of the ADSs.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People's Bank of China. The Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the U.S. dollar in the future.

Any significant appreciation or depreciation of Renminbi may materially and adversely affect our costs, expenses and financial position, and the value of, and any dividends payable on, the ADSs in U.S. dollars. For example, to the extent that we need to convert U.S. dollars we receive into Renminbi to pay our operating expenses, appreciation of Renminbi against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of Renminbi against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of the ADSs.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. From 2021, we purchased derivatives in an effort to reduce our exposure to foreign currency exchange risk due to exchange rate fluctuations between Hong Kong dollars and Renminbi. However, the effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Our continued international expansion will subject us to additional risks and increased legal and regulatory requirements, which could have a material effect on our business.

Our historical operations have been focused on Hong Kong. We have expanded our operations into the United States, Singapore, Australia, Japan, Canada, Malaysia and New Zealand, and may expand further into other international markets. As we enter countries and markets that are new to us, we must tailor our services and business model to the unique circumstances of such countries and markets, which can be complex, difficult, costly and divert management and personnel resources. In addition, we may face competition in other countries from companies that may have more experience with operations in such countries or with global operations in general. Laws and business practices that favor local competitors or prohibit or limit foreign ownership of certain businesses or our failure to adapt our practices, systems, processes and business models effectively to the client preferences of each country into which we expand, could slow our growth. Certain markets in which we operate have, or certain new markets in which we may operate in the future may have, lower margins than our more mature markets, which could have a negative impact on our overall margins as our revenues from these markets grow over time.

In addition to the risks outlined elsewhere in this section, our international expansion is subject to a number of other risks, including:

- currency exchange restrictions or costs and exchange rate fluctuations;
- exposure to local economic or political instability, threatened or actual acts of terrorism and security concerns in general;
- weaker or uncertain enforcement of our contractual and intellectual property rights;
- preferences by local populations for local service providers;
- slower adoption of the internet and mobile devices as advertising, broadcast and commerce mediums and the lack of appropriate infrastructure to support widespread internet and mobile device usage in those markets;
- difficulties in attracting and retaining qualified employees in certain international markets, as well as managing staffing and operations due to increased complexity, distance, time zones, language and cultural differences; and
- uncertainty regarding liability for services and content, including uncertainty as a result of local laws and lack of precedent.

Such international expansion will also subject us to additional legal and regulatory control and requirements. For example, as a result of our expansion into the United States, Singapore and Australia, we are subject to the US Brokerage Regulations and the Singapore Brokerage Regulations, and are regulated by the Australian Securities and Investments Commission, respectively. For securities including stocks, options and futures traded on major exchanges in the U.S., the Singapore Exchange and the Australian Securities Exchange, we aggregate trade instructions from clients and collaborate with qualified local third-party clearing brokers for execution and settlement. In the case of securities traded on the major U.S. stock exchanges, we also execute and settle some of the transactions through our clearing system platform. From our client's perspective, the trading process is seamless as we handle all client communications and touchpoints, including delivery and receipt of funds under both scenarios. Our wholly-owned subsidiary, Moomoo Financial Inc., is registered with the SEC as a broker-dealer and is a member in good standing with FINRA. Another wholly-owned subsidiary of ours, Futu Clearing Inc., is also a member in good standing with FINRA and Depository Trust & Clearing Corporation, or DTCC, with capacity to provide clearing services in the U.S. As we continue to expand our business in the United States, we will be subject to the rules and regulations imposed by the SEC, FINRA and other regulatory authorities.

In addition, U.S. domestic and foreign stock exchanges, other self-regulatory organizations and state and foreign securities commissions can censure, fine, issue cease-and-desist orders, or suspend or expel a broker-dealer or any of its officers or employees. Our ability to comply with all applicable laws and rules is largely dependent on our internal system to ensure compliance, as well as our ability to attract and retain qualified compliance personnel. We could be subject to disciplinary or other actions in the future due to claimed noncompliance, which could have a material adverse effect on our business, financial condition and results of operations. To continue to expand our services internationally, we may have to comply with the regulatory controls of each country in which we conduct or intend to conduct business, the requirements of which may not be clearly defined. The varying compliance requirements of these different regulatory jurisdictions, which are often unclear, may limit our ability to continue existing international operations and further expand internationally.

Any failure by us or our third-party service providers to comply with applicable anti-money laundering laws and regulations could damage our reputation.

We are required to comply with applicable anti-money laundering and counter terrorism laws and regulations in Hong Kong, Singapore, the United States, Australia, Japan, Canada, Malaysia, New Zealand and other relevant jurisdictions. These laws and regulations require financial institutions to establish sound internal control policies and procedures to guard against money laundering and terrorist financing. Such policies and procedures require us to, among other things, designate an independent anti-money laundering reporting officer, establish a customer due diligence system in accordance with relevant rules, record the details of client activities and report suspicious transactions to the relevant authorities. In addition, we are required to train our personnel and periodically test the adequacy of our policies and procedures.

We have implemented various policies and procedures in compliance with all applicable anti-money laundering and counter-terrorist financing laws and regulations, including internal controls and “know-your-customer” procedures, for preventing money laundering and terrorist financing. In addition, our institutional partners have their own appropriate anti-money laundering policies and procedures with respect to accounts opening services for our clients. Certain of our institutional partners are subject to anti-money laundering obligations under applicable anti-money laundering laws and regulations and are regulated in that respect by the relevant regulators. We have adopted commercially reasonable procedures for monitoring our institutional partners. In the event that we fail to fully comply with the applicable laws and regulations, the relevant government authorities may freeze our assets or impose fines or other penalties on us. There can be no assurance that there will not be failures in detecting money laundering or other illegal or improper activities, which may adversely affect our business, reputation, financial condition and results of operations.

Our policies and procedures may not be completely effective in detecting suspicious activity and preventing other parties from using us or any of our institutional funding partners as a conduit for money laundering (including illegal cash operations) or terrorist financing without our knowledge. If we were to be associated with money laundering (including illegal cash operations) or terrorist financing, our reputation could suffer and we could become subject to regulatory fines, sanctions, or legal enforcement, including being added to any “blacklists” that would prohibit certain parties from engaging in transactions with us, all of which could have a material adverse effect on our financial condition and results of operations. Even if we and our institutional funding partners comply with the applicable anti-money laundering laws and regulations, we and our institutional funding partners may not be able to fully eliminate money laundering and other illegal or improper activities in light of the complexity and the secrecy of these activities. Any negative perception of the industry, such as that arising from any failure of other online brokerage firms to detect or prevent money laundering activities, even if factually incorrect or based on isolated incidents, could compromise our image, undermine the trust and credibility we have established, and negatively impact our financial condition and results of operation. See also “—We are subject to extensive and evolving regulatory requirements in the markets we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses and trading rights, and consequently may materially and adversely affect our business, financial condition, operations and prospects.”

Our business may be affected by the Competition Ordinance of Hong Kong.

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) came into full effect in Hong Kong on December 14, 2015. The Competition Ordinance prohibits and deters undertakings in all sectors from adopting anti-competitive conduct which has the object or effect of preventing, restricting or distorting competition in Hong Kong. Therefore, we are subject to the Competition Ordinance generally. The key prohibitions include (i) prohibition of agreements between businesses which have the object or effect of preventing, restricting or distorting competition in Hong Kong (i.e., the “First Conduct Rule”); and (ii) prohibiting companies with a substantial degree of market power, including monopolists, from abusing their power by engaging in conduct that has the object or effect of harming competition in Hong Kong (i.e., the “Second Conduct Rule”). Various factors may be taken into consideration in determining whether an undertaking has a substantial degree of market power, including the market share of the undertaking; the undertaking’s power to make pricing and other decisions; any barriers to entry to competitors into the relevant market; and the relevant matters specified in the guidelines issued under section 35 of the Competition Ordinance, including the Guideline of the Second Conduct Rule jointly issued by the Competition Commission and the Communications Authority.

There are very severe penalties for breaches of the Competition Ordinance, including financial penalties of up to 10.0% of the total gross revenues obtained in Hong Kong for each year of infringement, up to a maximum of three years in which the contravention occurs.

We are not currently subject to any investigations, inquiries or penalties in respect of breaches under the Competition Ordinance. We may nevertheless face difficulties and may need to incur legal costs in ensuring our compliance with the Competition Ordinance. We may also inadvertently infringe the Competition Ordinance and under such circumstance, we may be subject to fines, claims for damages and/or other penalties, incur substantial legal costs and experience business disruption and/or negative media coverage, which could adversely affect our business, results of operations and reputation.

We have limited business insurance coverage, which may be inadequate to protect us from the liabilities or losses we may incur.

We currently carry limited insurance in connection with our online brokerage business. However, we do not carry business interruption insurance to compensate for losses that could occur to the extent not required. We also do not maintain general product liability insurance or key-man insurance, and only maintain limited general property insurance. We consider our insurance coverage to be reasonable in light of the nature of our business, but we cannot assure you that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to obtain additional capital when desired, on favorable terms or at all. If we fail to meet the capital requirement pursuant to the applicable rules, our business operations and performance will be adversely affected.

We anticipate that the net proceeds we received from our securities offering, together with our current cash, cash provided by operating activities and funds available through our bank loans and credit facilities, will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. However, we need to make continued investments in facilities, hardware, software, technological systems and to retain talented personnel to remain competitive. Due to the unpredictable nature of the capital markets and our industry, we cannot assure you that we will be able to raise additional capital on terms favorable to us, or at all, if and when required, especially if we experience disappointing operating results. If adequate capital is not available to us as required, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our infrastructure or respond to competitive pressures could be significantly limited, which would adversely affect our business, financial condition and results of operations. If we do raise additional funds through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. These newly issued securities may have rights, preferences or privileges senior to those of existing shareholders. Our broker-dealer and insurance-broker subsidiaries are subject to capital requirements determined by their respective regulators. If we fail to maintain the required level of liquid capital, the relevant regulators may take actions against us and our business will be adversely affected.

Internet-related issues may reduce or slow the growth in the use of our services in the future. In particular, our future growth depends on the further acceptance of the internet and particularly the mobile internet as an effective platform for assessing trading and other financial services and content.

Critical issues concerning the commercial use of the internet, such as ease of access, security, privacy, reliability, cost, and quality of service, remain unresolved and may adversely impact the growth of internet use. If internet usage continues to increase rapidly, the internet infrastructure may not be able to support the demands placed on it by this growth, and its performance and reliability may decline. Continuous rapid growth in internet traffic may cause decreased performance, outages and delays. Our ability to increase the speed with which we provide services to users and clients and to increase the scope and quality of such services is limited by and dependent upon the speed and reliability of our users' and clients' access to the internet, which is beyond our control. If periods of decreased performance, outages or delays on the internet occur frequently or other critical issues concerning the internet are not resolved, overall internet usage or usage of our web-based services could increase more slowly or decline, which would cause our business, results of operations and financial condition to be materially and adversely affected.

Furthermore, while the internet and the mobile internet have gained increased popularity in China and Hong Kong as well as other parts of the world as platforms for financial products and content in recent years, many investors have limited experience in trading and using other financial services online. For example, investors may not find online content to be a reliable source of financial product information. If we fail to educate investors about the value of our platform and our services, our growth will be limited and our business, financial performance and prospects may be materially and adversely affected. The further acceptance of the internet and particularly the mobile internet as an effective and efficient platform for trading and other financial services and content is also affected by factors beyond our control, including negative publicity around online and mobile brokerage services and restrictive regulatory measures taken by the PRC government. If online and mobile networks do not achieve adequate acceptance in the market, our growth prospects, results of operations and financial condition could be harmed.

Risks Related to Our Operations in China

Changes in social conditions, political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

Our results of operations, financial condition and prospects are influenced by social, economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with respect to the framework and style of government supervision, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. The PRC government also exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

The new, stricter regulations or interpretations of existing regulations imposed by the central or local governments may require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations, and if relevant regulations are issued and become effective in a short notice, we may not be able to take the required actions in a timely manner without allocating significant resource. See also “—If we fail to protect our platform or the information of our users and clients, whether due to cyber-attacks, computer viruses, physical or electronic break-in, breaches by third parties or other reasons, we may be subject to liabilities imposed by relevant laws and regulations, and our reputation and business may be materially and adversely affected,” “—The approval of and/or the filing with the CSRC or other PRC governmental authorities may be required under PRC law in connection with our future offshore offering or listing of securities on a different market and if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such filing” and “—There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.”

The approval of and/or the filing with the CSRC or other PRC governmental authorities may be required under PRC law in connection with our future offshore offering or listing of securities on a different market and if required, we cannot predict whether or how soon we will be able to obtain such approval or complete such filing.

On February 17, 2023, the CSRC issued rules and regulations concerning the filing management of overseas listing, which came into effect on March 31, 2023. The rules and regulations issued include the Provisional Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, or the New Filing Rules, and five supporting guidelines. The New Filing Rules dictate that enterprises that have been listed overseas prior to March 31, 2023 constitute “Existing Issuers.” Existing Issuers are required to complete filing procedure with the CSRC if and when they pursue any refinancing activities, securities offerings and listings outside Mainland China, including but not limited to follow-on offering, primary listing, secondary listing, and listing by introduction, unless such securities are issued as equity incentive awards or in connection with conversion of public reserve funds into increased company capital, share dividends or share split.

Although we are an Existing Issuer and accordingly are not required to complete filing with the CSRC immediately, we may be subject to the CSRC filing procedures in the future in connection with our refinancing or other activities and, if required, we cannot predict whether we will be able to complete such filing procedures in time or at all. If we pursue listing in other market or refinancing in the future, we may be subject to the CSRC filing procedures and, if required, there can be no assurance that we will be able to complete such filing procedures in time or at all. If we fail to complete such filing procedures, we may not conduct refinancing or other activities which are subject to the New Filing Rules, or we would be subject to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating activities in China, delay or restrict the repatriation of the proceeds from our offshore offerings into China or take other actions that could materially and adversely affect our business, financial condition, results of operations, and prospects, as well as the trading price of the ADSs. In addition, given that the New Filing Rules were recently promulgated, there remains substantial uncertainties as to their interpretation, application, and enforcement and how they will affect our operations and our future financing. We cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirements on us or otherwise tighten the regulations on companies with VIE structures.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

A part of our operations is conducted in the PRC and is governed by PRC laws, rules and regulations. Our PRC subsidiaries and the Consolidated Affiliated Entities are subject to laws, rules and regulations applicable to foreign investment in China. Some of our activities outside the PRC are also subject to the extra-territorial jurisdiction under the relevant PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. Newly enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the non-binding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

In addition, the PRC government has significant oversight and discretion over the conduct of our operations and may intervene or influence our operations as the government deems appropriate to further regulatory, political and social goals. The PRC government has recently published new policies that significantly affected certain industries, and we cannot rule out the possibility that it will in the future release further regulations or policies or take regulatory actions regarding our industry that could adversely affect our business, financial condition and results of operations. Furthermore, the PRC government has and may continue to exert more oversight and control over securities offerings and other capital markets activities that are conducted overseas and foreign investment in companies like us. See also “—Changes in social conditions, political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.”

The trade war between United States and China, and on a larger scale internationally, may dampen growth in China and other markets where the majority of our clients reside, and our activities and results of operations may be negatively impacted. Amid the ongoing tariff war between the United States and China as of the date of this annual report, the Trump administration might proceed toward a removal of Chinese companies from American stock exchanges. Our shares or ADSs may be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States, which will materially and adversely affect the value of your investment.

The United States has in the past imposed additional import tariffs on specified products imported from China. As a result, China has responded by imposing retaliatory tariffs on goods exported from the United States. Although we are not subject to any of those tariff measures, the proposed tariffs may adversely affect the economic growth in China and other markets as well as the financial condition of our clients. With the potential decrease in the spending powers of our target clients, we cannot guarantee that there will be no negative impact on our operations. In addition, the current and future actions or escalations by either United States or China that affect trade relations may cause global economic turmoil and potentially have a negative impact on our business, financial condition and results of operations, and we cannot provide any assurance as to whether such actions will occur or the form that they may take. Amid the ongoing tariff war between the United States and China as of the date of this annual report, the Trump administration might proceed toward a removal of Chinese companies from American stock exchanges. Our shares or ADSs may be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States, which will materially and adversely affect the value of your investment.

We are exposed to global economic and market risks that are beyond our control, including as a result of the conflicts in Ukraine, Gaza and Iran, which may have a material adverse effect on our assets and operations.

The global economic and market conditions are susceptible to risks associated with natural disasters, public health crises (such as pandemics and epidemics), political crises (such as terrorism, war, political instability or other conflict), trade and other geopolitical instability due to tariffs or other trade sanctions, or other events outside of our control, it could have a material adverse effect on our assets, financial conditions and results of operations.

The conflicts in Ukraine, Gaza, Iran and the Middle East more broadly, and the accompanying international response including economic sanctions, have been disruptive to the world economy, with increased volatility in global financial and commodity markets, including higher oil and gasoline prices, disruption to international trade and financial markets, all of which have a trickle-down effect on supply chains. There is substantial uncertainty about the extent to which these conflicts will continue to impact economic and financial affairs, as the numerous issues arising from the conflicts are in flux and there is the potential for escalation of the conflicts globally. There is a risk of substantial market and financial turmoil arising from the conflicts which could have a material adverse effect on our operations.

Uncertainties exist with respect to the enforcement of Anti-Monopoly Guidelines for Internet Platforms and how it may impact our business operations.

According to Anti-monopoly Law of the PRC (released on August 30, 2007, last amended on June 24, 2022 and then effective from August 1, 2022), business operators holding dominant market positions shall not abuse such position to restrict trading counterparts to transact only with such business operators or only with designated business operators without a justifiable reason. Where a business operator has violated the Anti-monopoly Law of the PRC by abusing its dominant market position, the anti-monopoly enforcement agency shall order the business operator to stop the illegal act and confiscate the illegal income; a fine of 1% to 10% of the business operator's revenue from the preceding year shall be imposed.

In February 2021, the Anti-monopoly Commission of the State Council promulgated the Guidelines to Anti-Monopoly in the Field of Internet Platforms, or the Anti-Monopoly Guidelines for Internet Platforms. The Anti-Monopoly Guidelines for Internet Platforms is consistent with the Anti-Monopoly Law and prohibits monopoly agreements, abuse of a dominant position and concentration of undertakings that may have the effect to eliminate or restrict competition in the field of platform economy. More specifically, the Anti-Monopoly Guidelines for Internet Platforms outlines certain practices that may, if without justifiable reasons, constitute abuse of a dominant position, including without limitation, tailored pricing using big data and analytics, actions or arrangements deemed as exclusivity arrangements, using technological means to block competitors' interface, using bundle services to sell services or products, and compulsory collection of user data. To determine the abuse of dominant market positions in the field of platform economy, relevant markets shall be firstly defined, and whether business operators have dominant positions in the relevant markets should be analyzed, and then whether abuse of its dominant market positions is constituted shall be analyzed specifically on a case-by-case basis. In addition, the Anti-Monopoly Guidelines for Internet Platforms expressly provides that concentration involving variable interest entities will also be subject to antitrust filing requirements.

On November 15, 2021, the State Administration for Market Regulation of the PRC, or the SAMR, published the Overseas Anti-monopoly Compliance Guidelines for Enterprises, which is aimed at helping PRC companies establish and strengthen overseas anti-monopoly compliance systems to reduce overseas anti-monopoly compliance risks.

On November 22, 2022, SAMR published the Anti-unfair Competition Law of the PRC (Revision Draft for Comments), or the Revision Draft of Anti-unfair Competition Law, which had a comment period expired on December 22, 2022. The Revision Draft of Anti-unfair Competition Law set forth specific rules to regulate activities disturbing market competition order in the process of developing data economy area and stipulates that business operators shall not use algorithms, technologies, capital edges and platform rules to conduct unfair competition activities. On December 25, 2024, SCNPC promulgated the Revision Draft of Anti - unfair Competition Law reviewed by it, which reemphasized the specific rules to regulate unfair competition in the data economy area. As of the date of this annual report, the Revision Draft of Anti-unfair Competition Law has not been officially implemented.

As the aforementioned laws and regulations were relatively new or not formally adopted, uncertainties exist with respect to their enforcement. Although we believe we do not engage in any of the foregoing situations, we cannot assure you that the regulators will take the same view as ours. If certain of our activities in China were deemed by relevant regulators as violation of the Anti-Monopoly Guidelines for Internet Platforms, it may result in governmental investigations, fines and/or other sanctions against us. Furthermore, the amended Anti-monopoly Law increases the fines for illegal concentration of business operators to no more than ten percent of its last year's sales revenue if the concentration of business operators has or may have an effect of excluding or limiting competitions, or a fine of up to RMB5 million if the concentration of business operators does not have an effect of excluding or limiting competition. Pursuant to the amended Anti-monopoly Law, the relevant authorities shall investigate a transaction where there is any evidence that the concentration has or may have the effect of eliminating or restricting competitions, even if such concentration does not reach the filing threshold. As of the date of this annual report, we had not been subject to any administrative penalties, regulatory actions or inquiries in connection with anti-monopoly.

PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties or otherwise limit our PRC subsidiaries' ability to increase their registered capital or distribute profits.

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or the SAFE Circular 37, which replaces the previous SAFE Circular 75. The SAFE Circular 37 requires PRC residents, including PRC individuals and PRC corporate entities, to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. See "Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Foreign Exchange—Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents." The SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any material change. Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE to reflect any material change. If any PRC resident shareholder of such SPV fails to make the required registration or to update the registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiaries in China. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, must be filed with qualified banks instead of SAFE. Qualified banks should examine the applications and accept registrations under the supervision of SAFE. Prior to our listing on The Nasdaq Global Market, we have used our best efforts to notify PRC residents or entities who directly or indirectly hold shares in our Cayman Islands holding company and who are known to us as being PRC residents to complete the foreign exchange registrations. However, we may not be informed of the identities of all the PRC residents or entities holding direct or indirect interest in our company, nor can we compel our beneficial owners to comply with SAFE registration requirements. We cannot assure you that all other shareholders or beneficial owners of ours who are PRC residents or entities have complied with, and will in the future make, obtain or update any applicable registrations or approvals required by, SAFE regulations. Failure by such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to increase their registered capitals or to make distributions or pay dividends to us or affect our ownership structure, which could adversely affect our business and prospects.

Furthermore, as these foreign exchange and outbound investment related regulations are relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border investments and transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. We cannot assure you that we have complied or will be able to comply with all applicable foreign exchange and outbound investment related regulations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Any failure to comply with PRC regulations regarding our employee share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Under the applicable regulations and SAFE rules, PRC resident who participate in an employee stock ownership plan or a stock option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. In February 2012, SAFE promulgated the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies, or the Stock Option Rules. Pursuant to the Stock Option Rules, if a PRC resident participates in any stock incentive plan of an overseas publicly-listed company, a qualified PRC domestic agent must, among other things, file on behalf of such participant an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the exercise or sale of stock options or stock such participant holds. Such participating PRC residents' foreign exchange income received from the sale of stock and dividends distributed by the overseas publicly-listed company must be fully remitted into a PRC collective foreign currency account opened and managed by the PRC agent before distribution to such participants. We and our PRC resident employees who have been granted stock options or other share-based incentives of our Company are subject to the Stock Option Rules since our Company becomes an overseas listed company, and we currently withhold income tax from our PRC resident employees in connection with their exercise of options. If we or our PRC resident participants fail to comply with these regulations, or if our PRC resident participants fail to pay or we fail to withhold their income taxes according to relevant laws, rules and regulations, we and/or our PRC resident participants may be subject to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Foreign Exchange—Regulations on Employee Share Incentive Plans of Overseas Publicly-Listed Company."

In addition, on October 12, 2021, the SAT has issued the Notice of the State Administration of Taxation on Several Measures for Deepening the Reform of "Streamlining Administration, Instituting Decentralization, Improving Regulation and Optimizing Services" in the Taxation Field to Cultivate and Stimulate the Vitality of Market Players, or the SAT Notice 69. The SAT Notice 69 requires domestic enterprises to report their share incentive plans to the tax authorities in charge, if they give the equities of relevant overseas enterprises to their employees. Under the SAT Notice 69, our employees working in China who exercise share incentive awards will be subject to PRC individual income tax. Our PRC subsidiary has the obligation to make filings related to employee share incentive awards with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share incentive awards. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our securities offerings to make loans or additional capital contributions to our PRC subsidiaries and the Consolidated Affiliated Entities.

Futu Holdings is an offshore holding company with part of its operations conducted in China. We may make loans to our PRC subsidiaries and the Consolidated Affiliated Entities, subject to the approval, registration, and filing with governmental authorities and limitation of amount, or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China. Any loans provided by us to our PRC subsidiaries and the Consolidated Affiliated Entities are subject to PRC regulations and foreign exchange loan registrations. Such loans to any of our PRC subsidiaries and the Consolidated Affiliated Entities cannot exceed a statutory limit and must be filed with SAFE through the online filing system of SAFE pursuant to the applicable PRC regulations. Any loan to be provided by us to our PRC subsidiaries and the Consolidated Affiliated Entities with a term of one year or more must be recorded and registered with the National Development and Reform Commission. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope. The capital of a foreign invested enterprise shall not be used for the following purposes: (i) directly or indirectly used for payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities or investments other than banks' principal-secured products unless otherwise provided by relevant laws and regulations; (iii) the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business license; and (iv) constructing or paying the expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals or filings on a timely basis, if at all, with respect to future loans by us to our PRC subsidiary or the Consolidated Affiliated Entities or with respect to future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds from our securities offerings to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside the PRC with "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. The Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the basis of de facto management bodies, or the SAT Circular 82, issued by the SAT on April 22, 2009, and amended on December 29, 2017, provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of board members with voting rights or senior executives habitually reside in the PRC.

We believe that our Cayman Islands holding company, Futu Holdings, is not a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.” If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for enterprise income tax purposes, non-resident enterprise shareholders, including the ADS holders, may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within the PRC. Any PRC tax liability may be reduced by an applicable tax treaty. However, it is unclear whether non-PRC shareholders of our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or Class A ordinary shares.

In addition to the uncertainties as to the application of the “resident enterprise” classification, we cannot assure you that the PRC government will not amend or revise the taxation laws, rules and regulations to impose stricter tax requirements or higher tax rates. Any of such changes could materially and adversely affect our financial condition and results of operations.

Dividends payable to our foreign investors and gains on the sale of the ADSs or Class A ordinary shares by our foreign investors may become subject to PRC tax.

Under the Enterprise Income Tax Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Similarly, any gain realized on the transfer of ADSs or Class A ordinary shares by such investors is also subject to PRC tax at a current rate of 10%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our Class A ordinary shares or ADSs, and any gain realized from the transfer of our Class A ordinary shares or ADSs, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of ADSs or Class A ordinary shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions. If we or any of our subsidiaries established outside China are considered a PRC resident enterprise, it is unclear whether holders of the ADSs or Class A ordinary shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends payable to our non-PRC investors, or gains from the transfer of the ADSs or Class A ordinary shares by such investors, are deemed as income derived from sources within the PRC and thus are subject to PRC tax, the value of your investment in the ADSs or Class A ordinary shares may decline significantly.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a Chinese establishment of a non-PRC company, or immovable properties located in China owned by non-PRC companies.

In February 2015, SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (“SAT Public Notice 7”). SAT Public Notice 7 extends its tax jurisdiction to transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clear criteria for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. In October 2017, SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (“SAT Bulletin 37”), which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer other than transfer of shares or ADSs acquired and sold on public markets may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10%. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions that involve PRC taxable assets, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transactions, under SAT Public Notice 7 or SAT Bulletin 37, or both.

We are subject to PRC restrictions on currency exchange.

Some of our expenses and a limited portion of our revenues are denominated in Renminbi. The Renminbi is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and loans, including loans we may secure from our PRC subsidiaries or the Consolidated Affiliated Entities. Certain of our PRC subsidiaries may purchase foreign currency for settlement of “current account transactions,” including payment of dividends to us, without the approval of the SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities. Since a part of our future net income and cash flow will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize cash generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, including holders of Class A ordinary shares or the ADSs, and may limit our ability to obtain foreign currency through debt or equity financing for PRC our subsidiaries and the Consolidated Affiliated Entities.

In addition, as we do not provide cross-border currency conversion services related to Renminbi to PRC residents or institutions, we do not require our clients to submit evidence of approval or registration from relevant authorities with respect to the currency used for offshore investments. However, since the PRC authorities and the commercial banks designated by the SAFE to conduct currency exchange services have significant amount of discretion in interpreting, implementing and enforcing the relevant currency exchange rules and regulations, and for many other factors that are beyond our control, we may be subject to further regulatory requirements, including but not limited to verifying evidence of approval from relevant authorities with respect to the foreign currency exchange.

China's M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations have established procedures and requirements that could make merger and acquisition activities in China by foreign investors more time consuming and complex. In addition to the Anti-monopoly Law itself, these include the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and the Rules of the Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the Security Review Rules, promulgated in 2011. These laws and regulations impose requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Anti-Monopoly Law requires that the anti-monopoly enforcement agency be notified in advance of any concentration of undertaking if certain thresholds are triggered. On February 7, 2021, the Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines to for the Internet Platform Economy Sector, which stipulates that any concentration of undertakings involving variable interest entities is subject to anti-monopoly review. Moreover, the Security Review Rules specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and prohibit any attempt to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. On December 19, 2020, the NDRC and the Ministry of Commerce jointly issued the Measures for the Security Review for Foreign Investment, which took effect on January 18, 2021. These measures set forth the provisions concerning the security review mechanism on foreign investment, including, among others, the types of investments subject to review, and the review scopes and procedures. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from the Ministry of Commerce and other PRC government authorities, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Discontinuation of any of the preferential tax treatments and government subsidies or imposition of any additional taxes and surcharges could adversely affect our financial condition and results of operations.

Our PRC subsidiaries and the Consolidated Affiliated Entities currently benefit from a number of preferential tax treatments. For example, Shenzhen Futu is entitled to enjoy a 15% preferential enterprise income tax rate until 2026 as it has been qualified as a "High New Technology Enterprise" under the PRC Enterprise Income Tax Law and related regulations. Shenzhen Futu as assessed and approved by the relevant government authorities as a Software Enterprise under the PRC Enterprise Income Tax Law and related regulations, was entitled to an exemption from enterprise income tax for the first two years, counting from the first year Shenzhen Futu has made a profit. Futu Network Technology (Shenzhen) Co., Ltd. is entitled to enjoy a 15% preferential income tax rate until 2028 as it has been qualified as an "High New Technology Enterprise" under the PRC Enterprise Income Tax Law and related regulations. The discontinuation of any of the preferential income tax treatment currently enjoyed by the Consolidated Affiliated Entities or our PRC subsidiaries could have an adverse effect on our result of operations and financial condition. We cannot assure you that we will be able to maintain or lower our current effective tax rate in the future.

In addition, our PRC subsidiaries have received various financial subsidies from PRC local government authorities. The financial subsidies result from discretionary incentives and policies adopted by PRC local government authorities. Local governments may decide to change or discontinue such financial subsidies at any time. The discontinuation of such financial subsidies or imposition of any additional taxes could adversely affect our financial condition and results of operations.

We may not be able to obtain certain benefits under relevant tax treaty on dividends paid by our PRC subsidiaries to us through our Hong Kong subsidiary.

Futu Holdings is a holding company incorporated under the laws of the Cayman Islands and as such relies on dividends and other distributions on equity from our PRC subsidiaries to satisfy part of our liquidity requirements. Pursuant to the PRC Enterprise Income Tax Law, a withholding tax rate of 10% currently applies to dividends paid by a PRC “resident enterprise” to a foreign enterprise investor, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for preferential tax treatment. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, such withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC enterprise. Furthermore, the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Treaties, which became effective in January 2020, require non-resident enterprises to determine whether they are qualified to enjoy the preferential tax treatment under the tax treaties and file relevant report and materials with the tax authorities. In addition, based on the Notice on Issues concerning Beneficial Owner in Tax Treaties, or Circular 9, issued on February 3, 2018 by the SAT, which became effective from April 1, 2018, when determining the applicant’s status of the “beneficial owner” regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of the applicant’s income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations. See “Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in Hong Kong—Hong Kong Taxation.” As of December 31, 2025, the total retained earnings of our subsidiaries and the Consolidated Affiliated Entities located in China accounted for a relatively small portion of our total retained earnings and we currently do not have any plan to make offshore distribution. We intend to re-invest all earnings, if any, generated from our PRC subsidiaries for the operation of our business in China. Our determination regarding our qualification to enjoy the preferential tax treatment could be challenged by the relevant tax authority and we may not be able to complete the necessary filings with the relevant tax authority and enjoy the preferential withholding tax rate of 5% under the arrangement with respect to dividends to be paid by our PRC subsidiaries to our Hong Kong subsidiary.

If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely our auditor, we and our investors would be deprived of the benefits of such inspections.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. The auditor is located in Mainland China, a jurisdiction where the PCAOB was historically unable to conduct inspections and investigations completely before 2022. As a result, we and investors in the ADSs were deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China in the past has made it more difficult to evaluate the effectiveness of our independent registered public accounting firm’s audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed Mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. However, if the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in Mainland China and Hong Kong, and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we and investors in the ADSs would be deprived of the benefits of such PCAOB inspections again, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

The ADSs may be delisted and prohibited from trading in the United States under the HFCAA in the future if the PCAOB is unable to inspect or investigate completely auditors located in China, which will materially and adversely affect the value of your investment.

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in Mainland China and Hong Kong and our auditor was subject to that determination. On April 21, 2022, the SEC conclusively listed us as a Commission-Identified Issuer under the HFCAA following the filing of our annual report on Form 20-F for the fiscal year ended December 31, 2021. On December 15, 2022, the PCAOB removed Mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. For this reason, we do not expect to be identified as a Commission-Identified Issuer under the HFCAA after we file this annual report on Form 20-F for the fiscal year ended December 31, 2025.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in Mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in Mainland China and Hong Kong and we use an accounting firm headquartered in one of these jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. In accordance with the HFCAA, our securities would be prohibited from being traded on a national securities exchange or in the over-the-counter trading market in the United States if we are identified as a Commission-Identified Issuer for two consecutive years in the future. If our shares and ADSs are prohibited from trading in the United States, there is no certainty that we will be able to list on a non-U.S. exchange or that a market for our shares will develop outside of the United States. A prohibition of being able to trade in the United States would substantially impair your ability to sell or purchase the ADSs when you wish to do so, and the risk and uncertainty associated with delisting would have a negative impact on the price of the ADSs. Also, such a prohibition would significantly affect our ability to raise capital on terms acceptable to us, or at all, which would have a material adverse impact on our business, financial condition, and prospects.

It may be difficult for overseas authorities to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigations that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other required procedures to providing information needed for regulatory investigations or litigations initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law (“Article 177”), which became effective in March 2020, no overseas authorities, including the SEC, the PCAOB, and the U.S. Department of Justice, can directly conduct investigation or evidence collection activities within the PRC and no entity or individual in China may provide documents and information relating to securities activities to overseas authorities without PRC government approval. On February 24, 2023, the CSRC and certain other PRC regulatory authorities jointly published the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, or the Confidentiality and Archives Administration Provisions, effective since March 31, 2023. The Confidentiality and Archives Administration Provisions, among other things, (i) require PRC enterprises to comply with confidentiality obligations under applicable PRC rules and regulations when providing documents and materials to securities companies and securities service institutions; (ii) mandate that working papers created within the PRC by securities companies and securities service institutions in connection with their services for overseas securities offerings and listing of PRC enterprises shall be retained within the territory of the PRC; and (iii) prohibit the cross-border transfer of the aforementioned working papers outside the PRC absent prior examination and approval from competent PRC regulatory authorities. The Confidentiality and Archives Administration Provisions, as well as the Provisional Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, also emphasize that the investigation and evidence collection in relation to the overseas securities offering and listing by the domestic companies by the overseas authorities shall be conducted through the cross-border cooperation mechanism for supervision and administration. While detailed interpretation of or implementation rules under Article 177 and rules regarding the cross-border cooperation mechanism are yet to be promulgated, the inability for overseas authorities to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

Risks Related to Our Corporate Structure

We depend on the Contractual Arrangements to operate a part of our business in China and to hold the necessary licenses for our operations, which may not be as effective as ownership in providing us with the ability to direct the activities of the Consolidated Affiliated Entities and otherwise may have a material adverse effect as to our business.

Although the vast majority of our business is conducted in Hong Kong, we depend on the Consolidated Affiliated Entities (in which our Cayman Islands holding company does not have equity direct or indirect interest apart from the Contractual Arrangements) to conduct a part of our business in China and to hold the necessary licenses for our operations, such as the Internet Content Provider License. If the PRC government deems that our contractual arrangements with the VIEs do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations. Historically, such operations constituted an immaterial portion of our consolidated total revenues and total assets. In 2023, 2024 and 2025, we generated 0.2%, 0.1% and 0.1% of our total revenues through the Consolidated Affiliated Entities in China, respectively, whose assets accounted for 0.1%, less than 0.1% and less than 0.1% of our total assets during the same years, respectively. For a description of the Contractual Arrangements, see “Item 4. Information on the Company-C. Organizational Structure-Contractual Arrangements with the VIEs and Their Shareholders.” The Contractual Arrangements may not be as effective as ownership in providing us with the ability to direct the activities of the Consolidated Affiliated Entities. If the VIEs or their shareholders fail to perform their obligations under the Contractual Arrangements, our recourse to the assets held by the VIEs is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies under PRC law. These remedies may not always be effective, particularly in light of uncertainties in the PRC legal system. Furthermore, in connection with litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any of record holder of equity interest in the VIEs, including such equity interest, may be put under court custody. As a consequence, we cannot be certain that the equity interest will be disposed pursuant to the contractual arrangement or ownership by the record holder of the equity interest.

All of the Contractual Arrangements are governed by and interpreted in accordance with PRC law, and disputes arising from the Contractual Arrangements will be resolved through arbitration in China. However, such arbitration provisions do not apply to claims made under the United States federal securities laws. The legal environment in the PRC is not as developed as that of the most developed countries in other jurisdictions. As a result, uncertainties in the PRC legal system and potential future actions by the PRC governments could limit our ability to enforce the Contractual Arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing the Contractual Arrangements, it would be very difficult to direct the activities of the VIEs, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected. See “—There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.” In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing the Contractual Arrangements, our business, financial condition and results of operations could be materially and adversely affected.

If the PRC government deems that the Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

The PRC government regulates internet-based businesses through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership of PRC companies that engage in internet-based businesses. Specifically, the Special Administrative Measures for Entry of Foreign Investment (Negative List) (2024 Version), or the Negative List, which came into effect on November 1, 2024 and replace the previous version provides that foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider other than an e-commerce service, domestic multi-party communications service, store-and-forward service, and call center service provider which does not apply to us.

As an exempted company incorporated in the Cayman Islands, Futu Holdings and its wholly-owned PRC subsidiaries are classified, respectively, as a foreign enterprise and foreign-invested enterprises under PRC laws and regulations. To comply with PRC laws and regulations, we conduct a limited part of our operations in China through the Consolidated Affiliated Entities based on the Contractual Arrangements. As a result of the Contractual Arrangements, we are considered to be the primary beneficiary of the Consolidated Affiliated Entities for accounting purposes under U.S. GAAP. For a description of the Contractual Arrangements, see “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders.”

We believe that our corporate structure and the Contractual Arrangements are not in violation of the current applicable PRC laws and regulations. Han Kun Law Offices, our PRC legal counsel, based on its understanding of the relevant laws and regulations currently in effect, is of the opinion that the Contractual Arrangements are valid, binding and enforceable in accordance with their terms. However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules and the relevant regulatory measures, there can be no assurance that the PRC government authorities, such as the MOFCOM, the MIIT, or other authorities that regulate our operations in China, would agree that our corporate structure or the Contractual Arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of the Contractual Arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

If our corporate structure and the Contractual Arrangements are deemed by governmental regulators having competent authority to be illegal, either in whole or in part, we may lose the ability to direct the activities of the VIEs and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can achieve this without material disruption to our business. Further, if our corporate structure and the Contractual Arrangements are found to be in violation of any existing or future PRC laws or regulations or if these regulations or the interpretation of existing regulations change or are interpreted differently in the future, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking our business and operating licenses;

- levying fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- shutting down our services;
- discontinuing or restricting our operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to change our corporate structure and the Contractual Arrangements, including terminating the Contractual Arrangements and deregistering the equity pledges of the VIEs, which in turn would affect our ability to consolidate the VIEs or direct the activities of the VIEs;
- restricting or prohibiting our use of the proceeds from overseas offering to finance the VIEs' business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and the Contractual Arrangements. See “—Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and its Implementation Regulations and how they may impact the viability of our current corporate structure, corporate governance and business operations.” Occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations. In addition, if the imposition of any of these penalties or requirement to restructure our corporate structure causes us to lose the rights to direct the activities of the VIEs or our right to receive their economic benefits, we would no longer be able to consolidate the financial results of the Contractual Arrangements in our consolidated financial statements. See “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders.” In addition, the ADSs may decline in value if we are unable to assert our contractual rights over the assets or receive the economic benefits of the Contractual Arrangements that conduct some of our operations.

The shareholders of the VIEs in China may have potential conflicts of interest with us, which may materially and adversely affect our business and financial condition.

In connection with our operations in China, we depend on the shareholders of the VIEs to comply with the obligations under the Contractual Arrangements. The interests of these shareholders in their individual capacities as the shareholders of the VIEs may differ from the interests of our Group as a whole, as what is in the best interests of the VIEs, including matters such as whether to distribute dividends or to make other distributions to fund our offshore requirement, may not be in the best interests of our Group. There can be no assurance that when conflicts of interest arise, any or all of these individuals will act in the best interests of our Group or those conflicts of interest will be resolved in our favor. In addition, these individuals may breach or cause the VIEs to breach or refuse to renew the existing Contractual Arrangements with us.

Currently, we do not have arrangements to address potential conflicts of interest the shareholders of the VIEs may encounter, on the one hand, and as a beneficial owner of our company, on the other hand. We, however, could, at all times, exercise our option under the exclusive option agreement to cause them to transfer all of their equity ownership in the VIEs to a PRC entity or individual designated by us as permitted by the then applicable PRC laws. In addition, if such conflicts of interest arise, we could also, in the capacity of attorney-in-fact of the then existing shareholders of the VIEs as provided under the power of attorney agreements, directly appoint new directors of the VIEs. We rely on the shareholders of the VIEs to comply with PRC laws and regulations, which protect contracts and provide that directors and executive officers owe a duty of loyalty to our company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains, and the laws of the Cayman Islands, which provide that directors have a duty of care and a duty of loyalty to act honestly in good faith with a view to our best interests. However, the legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and the shareholders of the VIEs, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

If we exercise the option to acquire equity ownership of the VIEs, the ownership transfer may subject us to certain limitations and substantial costs.

As an exempted company incorporated in the Cayman Islands, Futu Holdings and its wholly-owned PRC subsidiaries are classified, respectively, as a foreign enterprise and foreign-invested enterprises under PRC laws and regulations, and, subject to certain exceptions, none of them is generally allowed to own more than 50% of the equity interests in PRC companies that are value-added telecommunication service providers or to own any equity interests in PRC companies that are engaging in internet culture service or other services prohibited from foreign investment. Therefore, to maintain compliance with PRC laws and regulations, we may not be able to terminate the Contractual Arrangements while providing certain value-added telecommunication services, internet culture services and other services.

Pursuant to the Contractual Arrangements, the WFOE or its designated person has the exclusive right to purchase all or part of the equity interests in the VIEs at the lower of the amount of their respective paid-in capital in the VIEs and the lowest price permitted under applicable PRC laws. Subject to relevant laws and regulations, the shareholders of the VIEs shall return any amount of purchase price they have received to the WFOE. If such a transfer takes place, the relevant tax authority may ask the WFOE to pay enterprise income tax for ownership transfer income with reference to the market value, in which case the amount of tax could be substantial.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

Futu Holdings is a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As of the date of this annual report, the VIEs had made appropriations to statutory reserves. For a detailed discussion of applicable PRC regulations governing distribution of dividends, see "Item 4. Information on the Company—B. Business Overview—Regulations—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Foreign Exchange—Regulations on Dividend Distribution."

Additionally, if our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Furthermore, the PRC tax authorities may require our subsidiaries to adjust their taxable income under the Contractual Arrangements in a manner that would materially and adversely affect their ability to pay dividends and other distributions to us. See "—The Contractual Arrangements may result in adverse tax consequences to us in the PRC."

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See “—We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.”

The Contractual Arrangements may result in adverse tax consequences to us in the PRC.

We could face adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements were not made on an arm’s length basis and adjust our income and expenses for PRC tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect us by (i) increasing the tax liabilities of the VIEs without reducing the tax liability of our subsidiaries, which could further result in late payment fees and other penalties to the VIEs for underpaid taxes; or (ii) limiting the ability of the VIEs to obtain or maintain preferential tax treatments and other financial incentives.

If the custodians or authorized users of our controlling non-tangible assets, including our corporate chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations may be materially and adversely affected.

Under PRC law, legal documents for corporate transactions, including agreements and contracts such as the leases and sales contracts that our business relies on, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant local branch of the market supervision administration.

In order to maintain the physical security of the corporate chops and seals of our PRC entities, we generally store these items in secured locations accessible only by the authorized personnel of each of our PRC subsidiary and consolidated entities. Although we monitor such authorized personnel, there is no assurance such procedures will prevent all instances of abuse or negligence. Accordingly, if any of our authorized personnel misuse or misappropriate our corporate chops or seals, we could encounter difficulties in maintaining control over the relevant entities and experience significant disruption to our operations. If a designated legal representative obtains control of the corporate chops in an effort to obtain control over any of our PRC subsidiary or consolidated entities, we, our PRC subsidiaries or consolidated entities would need to pass a new shareholder or board resolution to designate a new legal representative and we would need to take legal action to seek the return of the corporate chops, apply for new corporate chops with the relevant authorities, or otherwise seek legal redress for the violation of the representative’s fiduciary duties to us, which could involve significant time and resources and divert management attention away from our regular business. In addition, the affected entity may not be able to recover corporate assets that are sold or transferred out of our control in the event of such a misappropriation if a transferee relies on the apparent authority of the representative and acts in good faith.

We may lose the ability to use and benefit from assets held by the VIEs that are material to the operation of our business if either VIE goes bankrupt or becomes subject to dissolution or liquidation proceeding.

As part of the Contractual Arrangements, the VIEs hold certain assets that are material to the operation of our business. If either VIE goes bankrupt and all or part of its assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. Under the Contractual Arrangements, neither VIE may, in any manner, sell, transfer, mortgage or dispose of its assets or legal or beneficial interests in the business without our prior consent. If either VIE undergoes voluntary or involuntary liquidation proceeding, unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and its Implementation Regulations and how they may impact the viability of our current corporate structure, corporate governance and business operations.

The National People's Congress approved the Foreign Investment Law, on March 15, 2019 and the State Council approved the Regulation on Implementing the Foreign Investment Law, or the Implementation Regulations on December 12, 2019, effective from January 1, 2020, to replace prior laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, since the Foreign Investment Law and the Implementation Regulations are relatively new, uncertainties still exist in relation to its interpretation and implementation. For instance, under the Foreign Investment Law, "foreign investment" refers to the investment activities directly or indirectly conducted by foreign individuals, enterprises or other entities in China. Though it does not explicitly classify contractual arrangements as a form of foreign investment, there is no assurance that foreign investment via contractual arrangement would not be interpreted as a type of indirect foreign investment activities under the definition in the future. In addition, the definition contains a catch-all provision which includes investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council. Therefore, it still leaves leeway for future laws, administrative regulations or provisions promulgated by the State Council to provide for contractual arrangements as a form of foreign investment. In any of these cases, it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the market access requirements for foreign investment under the PRC laws and regulations. Furthermore, if future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, corporate governance and business operations.

Risks Related to the ADSs

The trading price of the ADSs has been and may continue to be volatile, which could result in substantial losses to you.

The trading price of the ADSs has been volatile since the ADSs started to trade on The Nasdaq Global Market on March 8, 2019. The market price for the ADSs may continue to be volatile and subject to wide fluctuations in response to factors including, but not limited to, the following:

- regulatory developments affecting us or our industry or China-based companies in general;
- adverse market rumors, speculations, media reports or other negative publicity involving us or our industry or China-based companies in general, some of which may be unsubstantiated or inaccurate;
- announcements of studies and reports relating to the quality of our credit offerings or those of our competitors;
- changes in the economic performance or market valuations of other financial service providers;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the market for financial services;

- announcements by us or our competitors of new product and service offerings, acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar;
- release or expiry of contractual lock-up or other transfer restrictions on our outstanding shares or the ADSs; and
- sales or perceived potential sales of additional ordinary shares or ADSs.

In addition, the stock market in general, and the market prices for internet-related companies and companies with operations in China in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. The securities of some China-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings in recent years, including, in some cases, substantial declines in the trading prices of their securities, for example, the significant volatility of the trading prices after a series of policies and proposals issued by the PRC regulatory authorities in relation to the education industry and cybersecurity review in 2021. See “—Changes in social conditions, political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.” The trading performances of these companies’ securities after their offerings may affect the attitudes of investors towards PRC companies listed in the United States in general, which consequently may impact the trading performance of the ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other PRC companies may also negatively affect the attitudes of investors towards PRC companies in general, including us, regardless of whether we have engaged in any inappropriate activities. Furthermore, the stock market in general has experienced large price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies like us. These broad market and industry fluctuations may adversely affect the market price of the ADSs. Volatility or a lack of positive performance in the ADS price may also adversely affect our ability to retain key employees, most of whom have been granted options or other equity incentives.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. For example, in June 2023, a securities class action lawsuit was filed against us and some of our senior executive officers, alleging defendants misrepresented our regulatory compliance and failed to disclose that we were operating in China without a brokerage license. This securities class action has been dismissed in 2024. This action and any similar class action suits could divert a significant amount of our management’s attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

Our dual-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and the ADSs may view as beneficial, and may adversely affect the trading market for the ADSs.

Our authorized share capital is divided into Class A ordinary shares and Class B ordinary shares, together with certain undesignated shares which may be designated by our board of directors. Holders of Class A ordinary shares are entitled to one vote per share, while holders of Class B ordinary shares are entitled to twenty votes per share as of the date of this annual report. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any non-affiliate of such holder, each of such Class B ordinary shares will be automatically and immediately converted into one Class A ordinary share.

As of the Latest Practicable Date, Mr. Leaf Hua Li, our founder, chairman of the board of directors and chief executive officer, and Huang River Investment Limited, an existing shareholder of ours, beneficially owned all of our issued Class B ordinary shares. These Class B ordinary shares constituted approximately 31.7% of our total issued and outstanding share capital and approximately 90.3% of the aggregate voting power of our total issued and outstanding share capital due to the disparate voting powers associated with our dual-class share structure.

As a result of the above-mentioned dual-class share structure and the concentration of our share ownership and voting power, holders of Class B ordinary shares have considerable influence over matters such as decisions regarding mergers and consolidations, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. Our dual-class share structure and this concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

The structure of our share capital has and may continue to render the ADSs ineligible for inclusion in certain stock market indices, and thus adversely affect the market price and liquidity of the ADSs.

We cannot predict whether our dual-class share structure with different voting rights will result in a lower or more volatile market price of the ADSs, in adverse publicity, or other adverse consequences. Certain index providers have announced restrictions on including companies with multiclass share structures in certain of their indices. For example, S&P Dow Jones and FTSE Russell have changed their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. As a result, our dual-class voting structure prevents the inclusion of the ADSs representing our Class A ordinary shares in such indices, which could adversely affect the trading price and liquidity of the ADSs representing our Class A ordinary shares. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structure and our dual-class structure may cause shareholder advisory firms to publish negative commentary about our corporate governance, in which case the market price and liquidity of the ADSs could be adversely affected.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades the ADSs or publishes inaccurate or unfavorable research about our business, the market price for the ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

There can be no assurance that we will pay dividends and you must rely on price appreciation of the ADSs for return on your investment.

Our board of directors has complete discretion as to whether to distribute dividends. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Our board of directors declared a cash dividend of US\$0.325 per ordinary share, or US\$2.60 per ADS in April 2026, but we cannot guarantee that additional dividends will be paid in the future. Even if we decide to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flows, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

Substantial future sales or perceived potential sales of the ADSs in the public market could cause the price of the ADSs to decline.

Sales of substantial amounts of the ADSs in the public market, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our future ability to raise capital through equity offerings in the future. All of the ADSs sold in our initial public offering and follow-on offering are freely tradable without any restriction or further registration under the U.S. Securities Act of 1933, as amended, or the Securities Act, unless held by our “affiliates” as that term is defined in Rule 144 under the Securities Act. All of our shares outstanding prior to our initial public offering are “restricted securities” as defined in Rule 144 and, in the absence of registration, may not be sold other than in accordance with Rule 144 under the Securities Act or another exemption from registration.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct how the Class A ordinary shares that are represented by your ADSs are voted.

Holders of ADSs do not have the same rights as our registered shareholders. As a holder of ADSs, you will not have any right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which are carried by the underlying Class A ordinary shares represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. If we instruct the depositary to ask for your instructions, then upon receipt of such voting instructions, the depositary will try, as far as practicable, to vote the underlying Class A ordinary shares that are represented by your ADSs, in accordance with your instructions. If we do not instruct the depositary to ask for your instructions, the depositary may still vote in accordance with instructions you give, but it is not required to do so. Under the deposit agreement for the ADSs, if you do not give instructions for voting the Class A ordinary shares underlying your ADSs, the depositary will give us a discretionary proxy to vote those Class A ordinary shares at the shareholders' meeting if:

- we have timely instructed the depositary to disseminate a notice of meeting and provided the depositary with a notice of meeting and related voting materials;
- we have instructed the depositary that we wish a discretionary proxy to be given;
- we have informed the depositary that as of the instruction date we reasonably don't know of any substantial opposition as to a matter to be voted on at the meeting; and
- a matter to be voted on at the meeting would not have a material adverse impact on shareholders' interests.

The effect of this discretionary proxy is that you cannot prevent our Class A ordinary shares underlying your ADSs from being voted at the shareholders' meeting if the circumstances described above are met. This may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy. You will not be able to directly exercise your right to vote with respect to the underlying Class A ordinary shares represented by your ADSs unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our amended and restated memorandum and articles of association, the minimum notice period required for convening a general meeting is 10 calendar days. When a general meeting is convened, you may not receive sufficient advance notice of the meeting to withdraw the shares underlying your ADSs and to vote directly with respect to any specific matter or resolution to be considered and voted upon at the general meeting.

In addition, under our memorandum and articles of association, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the Class A ordinary shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. If we ask for your instructions, the depositary will notify you of the upcoming vote and will arrange to deliver our voting materials to you. We have agreed to give the depositary at least 30 days' prior notice of shareholders' meetings. Nevertheless, we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the underlying shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct how the shares underlying your ADSs are voted and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

You may not receive cash dividends if the depositary decides it is impractical to make them available to you.

The depositary will pay cash distributions on the ADSs only to the extent that we decide to distribute dividends on our Class A ordinary shares or other deposited securities, and we do not have any present plan to pay any cash dividends in the foreseeable future. To the extent that there is a distribution, the depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

We and the depository are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, and we may terminate the deposit agreement, without the prior consent of the ADS holders.

We and the depository are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depository may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depository. In the event that the terms of an amendment are disadvantageous to ADS holders, ADS holders will only receive 30 days' advance notice of the amendment, and no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to terminate the ADS facility at any time for any reason. For example, terminations may occur when we decide to list our shares on a non-U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility terminates, ADS holders will receive at least 90 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying Class A ordinary shares, but will have no right to any compensation whatsoever.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depository. If a lawsuit is brought against us and/or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company incorporated under the laws of the Cayman Islands. We conduct substantially all of our operations outside the United States and substantially all of our assets are located outside the United States. In addition, substantially all of our directors and executive officers and the experts named in this annual report reside outside the United States, and most of their assets are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against them in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands, Hong Kong, China or other relevant jurisdiction may render you unable to enforce a judgment against our assets or the assets of our directors and officers.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law either (i) to inspect corporate records, other than the memorandum and articles of association and any special resolutions passed by such companies, and the registers of mortgages and charges of such companies, or (ii) to obtain copies of register of members of these companies. Our directors have discretion under our memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of our board of directors or our controlling shareholders than they would as public shareholders of a company incorporated in the United States.

Our amended and restated memorandum and articles of association contain anti-takeover provisions that could discourage a third party from acquiring us, which could limit our shareholders' opportunity to sell their shares, including Class A ordinary shares represented by the ADSs, at a premium.

Our memorandum and articles of association contains provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of The Nasdaq Global Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq listing standards.

As a Cayman Islands company listed on The Nasdaq Global Market, we are subject to the Nasdaq listing standards. However, the Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq listing standards. Currently, we rely on home country practice as our audit committee consists of two independent directors. We also rely on home country practice exemption with respect to the requirement for annual shareholders' meeting and did not hold an annual shareholders' meeting in 2022. As a result, our shareholders are afforded less protection than they would otherwise enjoy under the Nasdaq listing standards applicable to U.S. domestic issuers.

We are a “controlled company” within the meaning of the Nasdaq Stock Market Rules and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other United States domestic companies.

We are a “controlled company” as defined under the Nasdaq Stock Market Rules because Mr. Leaf Hua Li, our founder, chairman of the board of directors and chief executive officer, owns more than 50% of our total voting power. We are permitted to elect to rely, and are currently relying, on certain exemptions from corporate governance rules under the Nasdaq Stock Market Rules. Currently, the majority of our board of directors are not independent directors. In addition, the compensation of our executive officers are not determined or recommended solely by independent directors, and our director nominees are not selected or recommended solely by independent directors. As a result, you do not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year, which could subject United States investors in the ADSs or ordinary shares to significant adverse United States income tax consequences.

We will be classified as a passive foreign investment company, or PFIC, for any taxable year if either (a) 75% or more of our gross income for such year consists of certain types of “passive” income or (b) 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such year produce or are held for the production of passive income, or the asset test. Although the law in this regard is unclear, we intend to treat the Consolidated Affiliated Entities as being owned by us for United States federal income tax purposes, not only because the Contractual Arrangements provide us with the ability to direct the activities that most significantly impact the economic performance of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their results of operations in our consolidated financial statements. Based on our analysis of our activities as well as the composition of our income and valuation of our assets, including goodwill, we believe that we were a PFIC for our taxable year ended December 31, 2025. We may also be a PFIC in future taxable years. However, no assurances regarding our PFIC status can be provided for any past, current or future taxable years.

U.S. Holders should consult with their tax advisors regarding the implications of owning stock in a PFIC. Because the value of our assets for purposes of the asset test may be determined by reference to the market price of the ADSs, fluctuations in the market price of the ADSs may cause us to become a PFIC for the current or subsequent taxable years. The determination of whether we will be or become a PFIC will also depend, in part, on the composition and classification of our income and assets. Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive which may result in our being or becoming a PFIC in the current or subsequent years. In addition, the composition of our income and assets will also be affected by how, and how quickly, we use our liquid assets. If we determine not to deploy significant amounts of cash for active purposes or if it were determined that we do not own the stock of the VIEs for United States federal income tax purposes, our risk of being a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules and PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year and our U.S. tax counsel expresses no opinion regarding our PFIC status for any tax year.

If we are a PFIC in any taxable year, a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations”) may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an “excess distribution” under the United States federal income tax rules and such holder may be subject to burdensome reporting requirements. Further, if we are a PFIC for any year during which a U.S. Holder holds the ADSs or our ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds the ADSs or our ordinary shares. For more information, see “Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Considerations.”

We incur and may continue to incur increased costs as a result of being a public company.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and The Nasdaq Global Market, impose various requirements on the corporate governance practices of public companies. Compliance with these rules and regulations incurs substantial legal and financial costs and makes some corporate activities more time-consuming and costly. As we are no longer an “emerging growth company,” we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. Operating as a public company makes it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We evaluate and monitor developments with respect to these rules and regulations, but we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

We may be involved in class action lawsuits in the United States. Such lawsuits could divert a significant amount of our management's attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the lawsuits. See “—The trading price of the ADSs has been and may continue to be volatile, which could result in substantial losses to you.”

Techniques employed by short sellers may drive down the market price of the ADSs.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third-party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies listed in the United States that have substantially all of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable federal or state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our operations and shareholders' equity, and the value of any investment in the ADSs could be greatly reduced or rendered worthless.

Item 4. Information on the Company

A. History and Development of the Company

We commenced our operations in December 2007 through Shenzhen Futu Network Technology Co., Ltd., or Shenzhen Futu, a limited liability company established under the laws of the PRC, to provide internet technology and software development services.

Futu Securities International (Hong Kong) Limited, or Futu Securities, was incorporated under the laws of Hong Kong in April 2012 by Mr. Leaf Hua Li, our founder, chairman of the board of directors and chief executive officer. In October 2012, Futu Securities became a securities dealer registered with the HK SFC by obtaining a Type 1 License for dealing in securities. Futu Securities obtained a Type 2 License for dealing in future contracts, a Type 4 License for advising on securities, a Type 9 License for asset management, a Type 5 License for advising on future contracts, a Type 7 License for providing automated trading services and a Type 3 License for leveraged foreign exchange trading from the HK SFC, subsequently in July 2013, June 2015, July 2015, August 2018, August 2019 and December 2020, respectively. In 2024, Futu Securities upgraded the Type 1 License to provide virtual asset dealing services to both retail and professional investors in Hong Kong.

In April 2014, Futu Holdings was incorporated under the laws of the Cayman Islands as our holding company. In May 2014, Futu Securities (Hong Kong) Limited was incorporated under the laws of Hong Kong as a wholly-owned subsidiary of Futu Holdings. Futu Securities (Hong Kong) Limited established two wholly-owned PRC subsidiaries, Shensi Network Technology (Beijing) Co., Ltd., or Shensi Beijing, and Futu Network Technology (Shenzhen) Co., Ltd., or Futu Network, in September 2014 and October 2015, respectively. We also refer to Shensi Beijing as the WFOE in this annual report. Due to restrictions imposed by PRC laws and regulations on foreign ownership of companies that engage in internet and other related business, the WFOE later entered into a series of contractual arrangements with Shenzhen Futu and Haikou Futu and their shareholders. In this annual report, we refer to Shenzhen Futu and Haikou Futu as the VIEs and the related contractual arrangements as the Contractual Arrangements. For more details, see “Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders.” As a result of our ownership in the WFOE and the Contractual Arrangements, we are regarded as the primary beneficiary of the VIEs and their subsidiaries. We treated the VIEs and their subsidiaries as our consolidated affiliated entities under U.S. GAAP, and have consolidated the financial results of these entities in our consolidated financial statements in accordance with U.S. GAAP.

In Hong Kong, we operate our business mainly through Futu Securities, which is a HK SFC-regulated entity that holds the relevant licenses related to our securities brokerage and wealth management product distribution business. In 2023, 2024 and 2025, Futu Securities generated revenues of HK\$7.7 billion, HK\$10.0 billion and HK\$15.6 billion (US\$2.0 billion), accounting for 77.4%, 73.9% and 68.2% of our total revenues, respectively. As of the end of the same years, the assets of Futu Securities amounted to HK\$77.5 billion, HK\$117.1 billion and HK\$165.4 billion (US\$21.3 billion), accounting for 79.8%, 73.7% and 72.4% of our total assets, respectively, taking intercompany transaction offset into consideration. We also conduct research and development activities in China through Futu Network and the VIEs. In 2023, 2024 and 2025, Futu Network and the Consolidated Affiliated Entities together generated revenues of HK\$31.7 million, HK\$83.0 million and HK\$81.0 million (US\$10.4 million), accounting for 0.3%, 0.6% and 0.4% of our total revenues, respectively. The total assets of Futu Network and the Consolidated Affiliated Entities amounted to HK\$687.1 million, HK\$483.1 million and HK\$518.8 million (US\$66.7 million), accounting for 0.7%, 0.3% and 0.2% of our total assets, respectively, as of the end of the same years, taking intercompany transaction offset into consideration.

We strategically established Futu Financial Limited, Futu Lending Limited, Futu Network Technology Limited and Futu Trustee Limited, each a wholly-owned subsidiary of our company in Hong Kong, in April 2017, April 2017, August 2015 and August 2017, respectively. In August 2019, we acquired Golden Jade Wealth Management Limited, and renamed it as Futu Insurance Brokers (Hong Kong) Limited in January 2020. Futu Insurance Brokers (Hong Kong) Limited was registered with the Professional Insurance Brokers Association in Hong Kong immediately before the commencement of the new regulatory regime for insurance intermediaries on September 23, 2019. Therefore, under the Insurance Ordinance (Cap 41 of the Laws of Hong Kong), Futu Insurance Brokers (Hong Kong) Limited is deemed to be a licensed insurance broker company for a period of three years from the commencement of the new regime unless the license is revoked in accordance with the Insurance Ordinance (Cap 41 of the Laws of Hong Kong). In June 2021, Futu Insurance Brokers (Hong Kong) Limited was granted an insurance broker company license by the Insurance Authority pursuant to Section 64ZA(1) of the Insurance Ordinance (Cap 41 of the Laws of Hong Kong). Futu Trustee Limited is a trust company registered under Part VIII Section 11 of the Trustee Ordinance (Chapter 29 of Laws of Hong Kong) in August 2017 and was granted a full Trust and Company Service Provider (TCSP: TC006475) License in April 2019 under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of Laws of Hong Kong).

In addition, we established Moomoo Financial Inc. (previous name: Futu Inc.), Futu Clearing Inc., Moomoo Technologies Inc. (previous name: Moomoo Inc.), and Futu Futures Inc., each a wholly-owned subsidiary of Futu US Inc., our subsidiary in the United States, in December 2015, August 2018, March 2018, May 2019 and July 2020, respectively, in order to improve our ability to offer investing services in overseas markets. Moomoo Financial Inc. is registered as a broker-dealer with the U.S. Securities and Exchange Commission, or the SEC, and is a member in good standing with the Financial Industry Regulatory Authority (FINRA), authorized to conduct business as an introducing broker in compliance with SEC and FINRA rules. Futu Clearing Inc. is also registered with the SEC as a broker-dealer and is a member in good standing with FINRA as well as a member of Depository Trust & Clearing Corporation (DTCC), with the capacity to provide clearing services in the United States. Moomoo Technologies Inc. (previous name: Moomoo Inc.) operates the international version of our trading platform primarily for U.S. and Singapore retail investors.

In October 2020, Moomoo Financial Singapore Pte. Ltd., or Moomoo Financial Singapore, our wholly-owned subsidiary in Singapore, obtained the Capital Markets Services License (CMSL) from the Monetary Authority of Singapore. In 2024, Moomoo Financial Singapore became the first online broker to receive approval for Major Payment Institution License – Digital Payment Token Service from the Monetary Authority of Singapore.

In November 2021, we acquired 100% of the issued share capital of an Australian company and renamed it Moomoo Securities Australia, and it became our wholly-owned subsidiary. Moomoo Securities Australia holds an Australian Financial Services License (AFSL).

In June 2022, we acquired 100% of the issued share capital of a Japanese company and renamed it Moomoo Securities Japan Co., Ltd., or Moomoo Securities Japan, and it became our wholly-owned subsidiary. Moomoo Securities Japan holds the Financial Instruments Business Operators (FIBO) license in Japan. Moomoo Securities Japan is also a member of Japan Securities Dealers Association (JSDA), Japan Investment Advisers Association (JIAA), as well as a member of Tokyo Stock Exchange and Osaka Exchange.

In September 2023, we launched online securities business in Canada through our subsidiary Moomoo Financial Canada, a dealer member of Canadian Investment Regulatory Organization (CIRO) and Canadian Investor Protection Fund (CIPF).

In January 2024, Moomoo Securities Malaysia, our wholly owned subsidiary in Malaysia, obtained the Capital Markets Services License from the Securities Commission Malaysia.

In December 2024, Moomoo Securities Australia was also registered as an overseas company in New Zealand. It provides financial services under Financial Services Provider Registration in New Zealand.

In January 2025, Panthertrade, our wholly owned subsidiary in Hong Kong, obtained a license from the HK SFC to operate a virtual asset trading platform under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) and to conduct Type 1 and Type 7 regulated securities activities under the SFO. In March 2026, Panthertrade commenced full-scale operations as a licensed virtual asset trading platform and is expected to be integrated with Futu Securities to provide our clients with unified and convenient access to both conventional securities and virtual asset services.

In 2025, Moomoo Crypto Inc., our wholly owned subsidiary in the U.S., is licensed as a money transmitter or otherwise authorized to provide its cryptocurrency trading services in the majority of states in the U.S.

In September 2025, we further increased our shareholding in Airstar Bank Limited, and it became a subsidiary of our Group thereafter.

On March 8, 2019, the ADSs representing our Class A ordinary shares commenced trading on Nasdaq under the symbol “FHL.” In the initial public offering, we raised US\$91.9 million in net proceeds after deducting underwriting discounts and offering expenses. On October 17, 2019, we changed our symbol from “FHL” to “FUTU.”

In August 2020, we completed a follow-on public offering of ADSs, and raised US\$301.8 million in net proceeds after deducting underwriting discounts and offering expenses. In December 2020, we raised US\$262.5 million in net proceeds from the private placement of our Class A ordinary shares in the form of prepaid warrants to a leading global investment firm.

In April 2021, we completed a follow-on public offering of ADSs, and raised US\$1,397.5 million in net proceeds after deducting the underwriting discount and offering expenses.

Our principal executive offices are located at 34/F, United Centre, 95 Queensway, Admiralty, Hong Kong S.A.R., People's Republic of China. Our telephone number at this address is +852 2523-3588. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc. located at 122 East 42nd Street, 18th Floor, New York, NY 10168.

SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC on www.sec.gov. You can also find information on our website <http://ir.futuholdings.com>. The information contained on our website is not a part of this annual report.

B. Business Overview

We are a leading one-stop financial technology platform transforming the investing experience with our fully digitalized securities brokerage and wealth management product distribution services. We launched our business on the premise that no one should be precluded from investing on the basis of prohibitive transaction costs or market inexperience. Technology permeates every part of our business, allowing us to offer a redefined user experience built upon a secure, stable, agile and scalable online platform.

A securities brokerage service provider at inception, we are now an all-rounded online financial services platform, seamlessly integrating services and products including trading, wealth management product distribution, market data and information, user community, investor education, and institutional and corporate services with a focus on the online securities brokerage market. As an intuitive and easy-to-navigate platform, we are serving approximately 29.2 million users as of December 31, 2025. We provide a comprehensive range of investment products, including equities and derivatives across major global exchanges, margin financing and securities lending, as well as fund and bond investments, leveraging licenses, registrations and memberships across Hong Kong, Singapore, the United States, Australia, Japan, Canada, Malaysia, Europe and New Zealand. Our vibrant user community further engages our users and provides them with direct access to listed companies, fund houses, exchanges, media and research institutions that have accounts in our user community through communication with their representatives. In addition, our platform equips our users with necessary investment knowledge for them to make informed investment decisions.

Our platform has attracted and gathered a vast base of high-quality users and clients, with the average client age of 39 and average funded account assets of around HK\$370,000 on our platform as of December 31, 2025. The emerging affluent and tech-savvy population we primarily serve allows us to pursue the massive opportunity in the digitalization of the securities brokerage and wealth management industry. We grow our client base mainly through word-of-mouth referrals, organic traffic as well as online and offline marketing and promotional activities. We attach great importance to our marketing promotional efforts which became increasingly important during our international expansion.

We have developed a proprietary and automated technology infrastructure encompassing every aspect of our business operation, from account opening, fund transfer, trading and investment to risk management. Mr. Leaf Hua Li, our founder, chairman of the board of directors and chief executive officer, has over 20 years of experience and expertise in the technology and internet sectors in China. Mr. Li is directly in charge of our technology committee, which is responsible for formulating technology development strategies, optimizing the existing technology infrastructure and implementing large-scale technology projects. Our technology infrastructure provides us with crucial advantages:

- Integrated cross-market platform. We have developed an easy-to-use and highly integrated cross-market system which allows our clients to view and execute trades in different markets as a unified one from a single platform, with streamlined functionality extending from core trading, real-time risk management to multi-currency, multi-market settlement.
- Security and stability. Our platform features an automated multi-level protection mechanism and strict security measures such as data encryption and a two-factor authentication, to protect our clients' personal information and trading data.
- Agility and scalability. Our platform is built on a cloud-based distributed infrastructure and highly modularized architecture, each component of which can be separately upgraded and replaced, significantly reducing the launch cycle, accelerating response time, and enhancing scalability. We were able to offer completely online-based account opening services within ten days from HK SFC's release of relevant guidance in July 2018.
- AI capabilities. We have established an intelligent risk control platform built on our proprietary algorithms, which is capable of analyzing different types, sources and stages of risks and providing margin ratio adjustment recommendations and early risk warnings. We have also developed AI-based customer service function leveraging our data analytics and natural language processing capabilities. In 2024, we launched an AI stock analysis feature on *Futubull* for eligible investors. In 2025, we expanded this feature to *Moomoo*. Available to eligible investors, it covers various data and information sources, including news, technical analysis, and capital flows for Hong Kong and U.S. stocks, allowing investors to quickly grasp stock movements and better seize trading opportunities. Additionally, we introduced an AI summary feature that automatically extracts corporate announcement contents for U.S. and Hong Kong stocks on *Futubull* and *Moomoo*, making it easier for investors to understand key information in the announcements efficiently. In 2025, we unveiled *Futubull AI* and *Moomoo AI*, smart investment assistants trained on our proprietary financial data and community insights. These integrated solutions combine AI-powered search, Q&A and customer support, offering context-aware responses tailored to investors. We also launched AI Algo Trading, which allows users to generate quantitative trading strategies using simple natural language.

As we continue to strengthen our brand recognition across markets where we operate and iterate on online and offline marketing campaigns and promotional activities, we have achieved significant growth in our user and client base, client assets, and revenues. Our funded accounts increased from 1,710,106 as of December 31, 2023 to 2,411,324 as of December 31, 2024, and further to 3,365,414 as of December 31, 2025. In 2025, we achieved 39.6% year-over-year growth in our total number of funded accounts. Our total client asset balance increased from HK\$485.6 billion as of December 31, 2023 to HK\$743.3 billion as of December 31, 2024, and further to HK\$1,233.0 billion (US\$158.4 billion) as of December 31, 2025. Our total revenues grew from HK\$10.0 billion in 2023 to HK\$13.6 billion in 2024, and further to HK\$22.8 billion (US\$2.9 billion) in 2025. We had a net income of HK\$4.3 billion in 2023 and of HK\$5.4 billion in 2024, and our net income further grew to HK\$11.3 billion (US\$1.5 billion) in 2025.

Our Platform

We operate a leading technology-driven online securities brokerage and wealth management product distribution platform, which enables us to digitally deliver a wide range of products and services to our users and clients in an integrated way. We enable an omni-terminal access to our platform from mobile phones, tablets and computers, either through our purpose-built applications or internet browsers.

Our primary platform, *Futubull*, is mainly available to users based in Hong Kong and Mainland China (limited to users who downloaded the *Futubull* app prior to May 19, 2023). *Futubull* allows investors to trade securities across major exchanges in Hong Kong, United States, Japan and Singapore quickly and securely. Eligible investors can also trade qualified securities under Stock Connect listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. *Futubull* provides investors with access to margin financing and securities lending as well.

As part of our international expansion, we developed and launched *Moomoo*, the international version of *Futubull*. Our *Moomoo* platform provides tailored services to clients in the United States, Singapore and Australia through our local licensed entities Moomoo Financial Inc., Moomoo Financial Singapore and Moomoo Securities Australia, respectively. We launched our services in Japan in 2022, and subsequently expanded to U.S. and Japanese stock/options trading, tax-exempt Nippon Individual Savings Account (NISA) accounts, Japanese-domiciled mutual funds and margin trading on U.S. stocks. In 2023, we expanded to Malaysia and Canada. Our Malaysian platform now offers Malaysian and U.S. stock trading alongside market data and paper trading services. In Canada, our clients can trade both U.S. and Canadian stocks, in addition to accessing market data and investment community features. In May 2025, *Moomoo* expanded its online securities business to New Zealand, offering over 22,000 global investment products in the initial rollout.

We offer wealth management product distribution services through our Money Plus brand on our *Futubull* and *Moomoo* platforms, where our clients have access to a suite of mutual funds, private funds, structured products and bonds. In addition to our core investment offerings, we also provide our users with a variety of value-added services designed to facilitate the investing process, including real-time stock quotes, market data and news as well as an interactive user community where our users can exchange investment views and experience. We offer corporate services such as IPO distribution, investor relations and marketing, as well as ESOP solution services. We provide institutional clients with market data, trading, reporting, and other financial value-added services needed for trading and portfolio management. We also provide trust services to corporate clients.

Our platform is underpinned by a premier user experience. We provide completely online-based account-opening services. We have streamlined the account opening, fund transfer and trade execution processes on our platform to provide convenient and seamless investment experiences. In general, account opening on our platform requires filling out an online application which takes less than three minutes, followed by verification procedures facilitated by automated risk management systems. We also provide easy-to-use fund transfer services facilitating swift deposit and withdrawal of funds, allowing for bank-to-brokerage fund transfers in as fast as a few seconds. In addition, we provide our users and clients with access to all of our products and services from a single profile on our platform.

We serve both users and clients. Our “users” access *Futubull* and *Moomoo* through our mobile or desktop applications or our website with registered user accounts. Our “clients” are our users who have brokerage accounts with us; and our “funded accounts” are brokerage accounts with us that have a positive account balance. For clients with multiple funded accounts, we attribute to their unique identity and count once. Multiple funded accounts by one client are also counted as one funded account.

Our Services

We provide our users and clients with a comprehensive set of services throughout their investing experience. Our core services include trade execution, margin financing and securities lending, as well as wealth management product distribution. We provide a variety of value-added services in addition to our core offerings, many of which are free of charge, to address our clients' broader investment demands as well as increase general client engagement. All our services can be accessed through our platforms with a single profile across various terminals. The following diagram illustrates the comprehensive services we provide to our users and clients:



Retail Services

Account Opening and Fund Transfer

Account Opening

Our users and clients can access all of our products and services with a single profile created on our platform. Opening a brokerage account has historically been a time-consuming and paper-intensive process. In developing our platform, we intended to reduce unnecessary friction and meaningfully improve the account opening process, which we believe is a significant driver of our client base growth. Our clients can trade multiple products across various exchanges from a single universal account. Users can complete an account opening application online in as little as three minutes on our platform.

For investors who are residents in Hong Kong and other overseas markets where we operate, the two steps involved in opening brokerage accounts with us are set forth below:

- **Step 1: Online application.** Users of our *Futubull* or *Moomoo* platform, either through our mobile or desktop application, can click an embedded link to submit an online account opening application by following simple instructions. Users are required to submit personal information, employment history, financial conditions, source of funds and other related information. Users must also read and consent to a standard client agreement and other required documents and review a disclaimer audio which discloses trading risks presented by our licensed personnel.

- *Step 2: Verification procedures.* Upon receiving a completed online application, our automated risk management system will proceed to verify the applicant's identity. We automatically use the information provided by the user to perform know-your-client and anti-money laundering screening. If a user's application passes the screening and/or complies with applicable laws, regulations and procedures, the user is approved for a brokerage account. When we discover errors or inconsistencies during our examination of the applications, a second tier of review may require the users to go through a few additional steps to authenticate their identities or verify their credentials.

For residents in Hong Kong, the prospective client can choose to complete such procedures either online or offline.

- *Online:* A prospective client is required to (i) submit a copy of his or her Hong Kong photo identification, Hong Kong residential address proof and other relevant identification documents, (ii) link the brokerage account to be opened with his or her personal bank account opened with a qualified bank in Hong Kong or other eligible jurisdictions, and (iii) transfer a minimum of HK\$10,000 or US\$1,500 into the brokerage account from that personal bank account, or mail to us a cheque in such amount together with relevant identification documents. Once the prospective client's bank account information and other submitted documents match the information submitted during the online application, the online identification verification will be completed, and the brokerage account will be automatically opened.
- *Offline:* A prospective client is required to meet a member of our verification team and conduct the abovementioned verification process with paper copies of critical documents.

The vast majority of our clients have opened accounts with us online. For further details on our verification procedures, see “—Risk Management—Securities Brokerage Service Risk Management.”

Corporates and institutions that would like to open an account with us are required to satisfy our counterparty risk requirements, such as providing a deed of guarantee. In addition, we perform our due diligence procedures (including but not limited to, obtaining and verifying its identity and its ultimate beneficial owner, and conducting background check and client risk assessments) in accordance with the anti-money laundering guidelines issued and updated by the HK SFC and MAS from time to time. After the client is onboarded, we monitor their transactions and conduct due diligence on an ongoing basis.

Fund Transfer

We provide timely and free fund transfer services to our clients, enabling them to capture fast-moving investment opportunities. We support various fund transfer methods for payment of Hong Kong dollar, US dollar, offshore RMB, Singapore dollar, Australian dollar, Japanese Yen, Malaysian Ringgit, Canadian dollar and New Zealand dollar. For payment from Hong Kong bank accounts, we support fund transfer via electronic direct debit authentication (eDDA), bank-securities account transfer, fast payment system (FPS), internet banking, ATM/over-the-counter transfer and cheque. For payment from bank accounts of other overseas regions, we support fund transfer via ACH, wire transfer, telegraphic transfer, direct debit authentication (DDA) and/or other local payment apps. In particular, bank-to-brokerage fund transfers can be completed in as fast as a few seconds, and are normally completed within five minutes. We do not allow payment from PRC bank accounts, and we do not provide service of currency conversion from Renminbi to other currencies. For cash withdrawals, we do not charge our clients any withdrawal fees from their brokerage accounts.

As the technologies and practices in connection with online brokerage accounts opening services are in the early stages of development, we are subject to evolving laws, regulations, guidelines, and other regulatory requirements with respect to our online account opening procedures. See “Item 3. Key Information-D. Risk Factors-Risks Related to Our Business and Industry-We are subject to extensive and evolving regulatory requirements in the markets we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses and trading rights, and consequently may materially and adversely affect our business, financial condition, operations and prospects.”

Trading Execution

We provide easy-to-use trade execution services, allowing our clients to trade securities, such as stocks, ETFs, warrants, options and futures across different markets, as well as virtual assets. We serve clients from different countries and regions through our licensed subsidiaries in the markets where we operate:

- *Hong Kong:* We operate our securities brokerage business in Hong Kong through Futu Securities, our wholly-owned subsidiary incorporated in Hong Kong. We have been licensed by the HK SFC to carry out securities dealing and have become a participant of the Hong Kong Stock Exchange as a licensed broker since 2012. We also cooperate with CCASS to provide clearing and execution services for our brokerage business involving securities listed on the Hong Kong Stock Exchange and stocks qualified under Stock Connect listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. In 2024, Futu Securities uplifted its Type 1 License with HK SFC to provide virtual asset dealing services.
- *Singapore:* We carry out our operations in Singapore through our Singapore-incorporated subsidiary Moomoo Financial Singapore, a licensed corporation registered with the Monetary Authority of Singapore with the Capital Markets Services License.
- *The U.S.:* We carry out our operations in the U.S. through our U.S.-incorporated subsidiaries, including Moomoo Financial Inc., a licensed broker-dealer in the U.S., Futu Clearing Inc., a licensed provider of clearing and settlement services for securities transactions in the U.S. financial markets through the Depositary Trust Clearing Corporation and its subsidiaries, and Moomoo Crypto Inc., a money services business provider registered with the Financial Crimes Enforcement Network (FinCEN).
- *Australia:* We carry out our operations in Australia through our Australia-incorporated subsidiary, Moomoo Securities Australia, which holds an Australian Financial Services License granted and regulated by the Australian Securities and Investments Commission.
- *Japan:* We carry out our operations in Japan through our Japan-incorporated subsidiary Moomoo Securities Japan, a licensed corporation registered with the Financial Services Agency.
- *Canada:* We carry out our operations in Canada through our Canada-incorporated subsidiary Moomoo Financial Canada, a dealer member of CIBC and CIPF.
- *Malaysia:* We carry out our operations in Malaysia through our Malaysia-incorporated subsidiary Moomoo Securities Malaysia, a licensed corporation regulated by Securities Commission Malaysia.
- *New Zealand:* We carry out our operations in New Zealand through our Australia-incorporated subsidiary, Moomoo Securities Australia, which is registered as an overseas company in New Zealand and as a financial service provider on the Financial Service Providers Register.

Securities Trading

We provide comprehensive order types to meet our clients' different trading strategies, including limit/market order, auction limit/market order, odd-lot order, stop loss limit/market order, touch limit/market order, trailing stop loss limit/market order and TWAP (time-weighted average price) / VWAP (volume-weighted average price) order. We continued to innovate on product offerings to meet diversified needs and lower investment barrier. We offer odd lots trading for Hong Kong, Japan, Singapore and Malaysia stocks. We also provide fractional shares trading for eligible U.S. stocks or ETFs, which allows clients to invest in U.S. shares using either a specified cash amount or fractional shares, with as little as five dollars. We are the first online broker in Hong Kong to offer access to eligible U.S. stocks and ETFs trading 24 hours a day, 5 days a week, and later expanded such capability to other international markets as well, thereby enhancing the flexibility and accessibility of U.S. stock trading for our clients in Asia. In addition, we provide API services that allow clients to trade through our platform using their own programs.

The trade execution process is entirely online and automated. We aggregate orders simultaneously and form trading instructions which are subsequently delivered to respective exchanges. Funds or securities are then transferred to or from our accounts upon settlement, which we then further remit back to the relevant brokerage accounts, after deducting the fees for our securities brokerage services, and are normally settled within two business days.

Prior to using our platform for the first time, our users and clients are required to accept our standard general terms and conditions which set out the key terms to our operations, and include other provisions such as anti-money laundering and data privacy.

As a licensed securities broker in Hong Kong with integration into the trading systems of the Hong Kong Stock Exchange and CCASS, we can independently manage all steps involved in processing securities transactions, including order confirmation, receipt, settlement, delivery, dividend collection and record-keeping, for securities listed on the Hong Kong Stock Exchange, including stocks, ETFs, warrants, options, futures, callable bull/bear contracts and stocks under Stock Connect listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. We also provide new share subscription and proprietary grey market trading services (also known as dark pool trading services) for IPOs on the Hong Kong Stock Exchange. Additionally, we had throttling controllers connected to the trading system of the Hong Kong Stock Exchange, allowing us to execute a large number of trading transactions simultaneously and respond quickly to sudden surges in order volumes. As of December 31, 2025, we were capable of processing more than 1,000 Hong Kong listed securities trades per second.

For securities listed on major exchanges in Australia, Canada and Japan, we aggregate trade instructions from clients and collaborate with qualified third-party clearing brokers for execution, settlement and clearing. In most cases, the agreements we enter into with such third-party clearing brokers are for an indefinite term, charging a tiered commission rate which they deduct directly from our account with them. We execute, self-clear, and settle trades for securities listed on major U.S. stock exchanges, Singapore exchange and Bursa Malaysia.

From our client's perspective, the trading process is seamless as we handle all client communications and touchpoints, including delivery and receipt of funds. We intend to further enhance our self-clearing coverage and continue to develop our self-clearing business. We also provide new share subscription services in relation to selected IPOs on the New York Stock Exchange, the Nasdaq Stock Market, Singapore Exchange, and Bursa Malaysia.

We sustainably charge a competitive brokerage commission rate for online trading as compared to most of our market peers. In general, our revenues from securities brokerage services include brokerage commissions and handling charges from our clients, which are recognized on a trade-date basis when the relevant transactions are executed.

In 2025, the total value for transactions executed through our platforms with respect to securities listed on the Hong Kong Stock Exchange and the major stock exchanges in the U.S. reached HK\$3,761.5 billion (US\$483.3 billion) and HK\$10,590.5 billion (US\$1,360.7 billion), respectively, compared to HK\$1,740.3 billion and HK\$5,896.1 billion, respectively, in 2024, and HK\$1,140.9 billion and HK\$3,012.6 billion, respectively, in 2023.

Cryptocurrency Trading

In August 2024, we launched crypto trading services through collaboration with licensed third-party exchanges for our clients in Hong Kong and Singapore. In June 2025, we made crypto trading available across most of the states in the U.S. As of the Latest Practicable Date, non-professional investors in Hong Kong can trade five cryptocurrencies, while professional investors can trade 19 cryptocurrencies. In Singapore, clients can trade 16 cryptocurrencies. In the U.S., clients can trade more than 50 cryptocurrencies. We charge a competitive crypto trading commission rate as compared to most of our online broker peers. We pay third-party exchanges commission fees as our costs. We provide real-time market data for cryptocurrencies.

As of the Latest Practicable Date, we execute our clients' orders by routing to third-party exchanges, which clear and act as custodians of the cryptocurrency assets. All clients' cryptocurrencies are held in qualified hot and cold storage facilities in line with applicable regulatory requirements. We have implemented control measures to ensure that crypto trading services are not provided to users and clients based in jurisdictions where cryptocurrency trading is restricted or prohibited, such as Mainland China. We do not hold any cryptocurrencies as of the date of this annual report.

Margin Financing and Securities Lending Services

We provide real-time and cross-market securities-backed financing to clients. Our margin financing and securities lending services have grown rapidly since introduction, reflecting our ability to cross-sell and our clients' receptivity to sophisticated investing services. As of December 31, 2023, 2024 and 2025, our margin financing and securities lending balance was HK\$33.1 billion, HK\$50.9 billion and HK\$67.7 billion (US\$8.7 billion), respectively.

Margin Financing

We offer margin financing services in all markets we operate. All financing extended to our clients is secured by acceptable securities pledged to us. Our trading system can automatically pledge cross-market assets so that the value in a client's brokerage account, which may include cash in different currencies and acceptable securities listed on different markets, will be aggregated when calculating the value of the client's collateral based on real-time market foreign exchange rates. This provides significant efficiencies as it eliminates the costs and procedures involved in cross-market currency translation or exchange.

Our clients are eligible for margin financing services when they hold securities that are acceptable as pledges to us in their accounts. The credit line for each eligible client is determined based on the value of the securities of his or her brokerage account. Our eligible clients need to open margin financing accounts with us to enjoy such services. The eligible clients need to confirm the use of margin financing services when the funds in their accounts are not sufficient to purchase the desired securities and there is still sufficient balance in their credit lines.

A list of securities acceptable as collateral to us and their respective margin ratios are regularly updated and shared with our clients. The margin ratio for each of the acceptable securities is individually determined by our risk management team based on a number of factors including market capitalization, historical price volatility and turnover, financial fundamentals, prevailing market conditions, as well as financing terms offered by major financial institutions. The margin ratio is monitored in real time, and reviewed and adjusted on a regular basis, more frequently in the case of a significant and rapid price fluctuation. See "—Risk Management—Margin Financing and Securities Lending Risk Management."

When we launched our margin financing business, we financed mostly from our own working capital and shareholder loans. We have since diversified the funding source of our margin financing through collaboration with our long-term independent third-party financial institution partners, which are all licensed banks or securities firms in the jurisdictions where we operate. We combine collateral from our clients into portfolios and pledge the portfolios to financial institutions for excess liquidity.

As of December 31, 2023, 2024 and 2025, the number of our margin financing clients was 144,980, 184,477 and 243,453, respectively, with balance of margin financing amounted to HK\$30.6 billion, HK\$47.8 billion and HK\$61.0 billion (US\$7.8 billion), respectively.

Securities Lending

For clients who trade securities listed on the Hong Kong Stock Exchange and major exchanges in the U.S., we offer securities lending service which allows our clients to pursue short-selling strategies. We launched our securities lending services for U.S.-listed securities in February 2017 and for Hong Kong-listed securities in December 2020. To borrow securities, our clients must pledge cash or acceptable securities from their brokerage accounts with us. For securities lending that we collaborate with third-party partners, the interest rate that we charge our clients is based on an annualized interest rate charged by our securities lending partners, plus a certain premium that we earn as interest income which is calculated based on the market value of securities borrowed by our clients, the duration of the borrowing and the short-selling interest rate.

After clients make a margin financing or securities lending order, the relevant funds or securities will be transferred to the client. Any margin financing or securities lending costs, including interests and securities lending fees for the month are automatically deducted from our client's account at the end of each month.

In October 2019, we launched the Stock Yield Enhancement Program with a third-party brokerage company, allowing clients to earn interest on their U.S. securities positions by lending to such third-party brokerage company. Our clients can choose to opt in and out of the program at any time. When clients choose to participate in the program, we transfer their U.S. securities positions into a stock yield enhancement program account with the third-party brokerage company. Any interest income earned from these securities borrowed from our clients is split among the third-party brokerage company, the client and us on a monthly basis, after we receive payment from the third-party brokerage company. As of the date of this annual report, we offer our Stock Yield Enhancement Program primarily with our U.S. subsidiary Futu Clearing Inc., with the remainder conducted in cooperation with a third-party brokerage company.

Wealth Management Product Distribution Services

We offer online wealth management product distribution services under Money Plus brand through our *Futubull* and *Moomoo* platforms, which provide our clients with access to mutual funds, private funds, bonds, structured products and other wealth management products, catering to their different investment targets and risk preferences. Our income generated from wealth management product distribution services is mainly categorized as other income in our financial statements.

- **Mutual Funds.** We selectively work with established fund houses to distribute their fund products, including money market, fixed income, equity, balanced and commodity fund products. We offer a broad suite of fund product selections for our clients on *Futubull* and *Moomoo*, including 30 ESG funds to promote the concept of ESG investment to our customers. In addition, our clients can opt to automatically invest idle cash in their accounts to money market funds to earn interest, which can be redeemed upon trading. Our clients can also choose to rebalance their fund allocation manually or automatically according to portfolio changes made by selected portfolio managers. We currently charge zero subscription fees from our clients, and share management fees based on negotiated commercial terms with the fund houses that provide mutual fund products, generally on a non-exclusive basis, such agreement being effective for an indefinite period. **Private Funds.** In June 2020, we began to offer private funds on *Futubull*, covering strategies such as equity long/short, credits, private equity, and real estate, to professional investors only. In 2023, we began to offer private funds on *Moomoo* to accredited investors in Singapore as well. Clients can view private funds information and make purchases on *Futubull* and *Moomoo*. Usually, subscription or redemption of private fund products can be made on a periodical basis. Clients can register an order on the platform, which records the order information but does not immediately make the subscription or redemption of the fund products. The subscription or redemption only happens after the deadline for the subscription or redemption of the private fund products has passed. We collect client orders and submit them to the corresponding fund houses after the deadline of the subscription or redemption of the private fund products. After the fund houses confirm the subscription or redemption orders, for the subscription orders, we will confirm the shares of funds to the clients, and for the redemption orders, we will confirm the net asset value and transfer the amount to the clients' accounts after receiving the proceeds from the fund houses. We charge a subscription fee on the private funds in most cases, which will be deducted from clients' accounts. Along with the subscription payment, we share management fees and, in some cases, incentive fees with the fund houses.
- **Structured products.** In June 2022, we started to offer structured products on *Futubull*. In 2024, we extended our capabilities to provide structured products on *Moomoo* to accredited investors in Singapore as well. As of December 31, 2025, we offer a variety of structured notes including Decu, Sharkfin, FCN and U.S. treasury reverse convertible notes to professional investors. These types of notes usually have certain fundraising period when clients can subscribe for the notes, and we will aggregate and place the orders to the issuers after the fundraising period. Also, clients can customize the notes in terms of structures, knock-out barriers, coupons and all other variables
- **Bond Trading.** We launched our bond trading services on *Futubull* and *Moomoo* for fixed income securities in September 2020 and February 2023, respectively. In 2024, we began operating our own bond trading desk to complement our agency-based model, enabling principal-based trading. For bond trading, we charge individual funded accounts a fixed commission rate based on the trading volume, a platform service fee per transaction and an annualized custodian fee. Revenue is generated through both fee income from agency services and bid-ask spreads from principal-based transactions.

- **Cash Sweep.** We started to offer cash sweep services to Moomoo Financial Inc. clients in November 2021 per their consent. Cash sweep services automatically deposit a client's idle U.S. dollar cash into interest-earning bank accounts maintained by us every working day. This service allows clients to earn interest income on their idle cash, while such cash remains available for trading as the cash deposited in the bank ("swept cash") can be redeemed upon trading. When clients' idle cash (including swept cash) is greater in amount than the swept cash, the difference will be transferred from the securities account to the bank, and when the idle cash is smaller in amount than the swept cash, the difference will be automatically withdrawn from the bank to the securities account. In terms of fund flow, we open corporate accounts with banks to deposit clients' idle cash at floating or fixed interest rates. We provide our cash sweep clients with interest income at certain interest rates, and the difference between interest income earned on our corporate accounts opened with banks and the clients' interest income we pay to them at pre-agreed interest rates after deducting service fees becomes our income.
- **Robo Advisor.** We launched ETF-based robo-advisory service in Hong Kong and Singapore which provides investment solutions tailored to clients' risk profiles and preferences, extending our capabilities from fund selection to ETF investing for optimized asset allocation. The service analyzes individual client profiles to recommend optimized portfolio strategies with automated rebalancing. In addition to trading commissions, we charge clients advisory fees for subscribing to the service.

We may enter into distribution or sub-distribution agreements with fund houses or other distributors and issuers to offer funds and structured products. Fund houses or third-party platforms and issuers appoint us to distribute relevant fund products and pay commissions to us according to the terms of such agreements. At the same time, we are expected to comply with the terms specifying sales behavior in the distribution agreement. We do not disclose client information to the fund houses we collaborate with, and execute transactions solely through our own aggregated accounts. Our clients complete the entire transaction, access updated transaction records and monitor changes in positions through our *Futubull* and *Moomoo* platforms. The relevant fund management fees are charged by the funds, and are reflected in the net asset value of the funds.

As of December 31, 2023, 2024 and 2025, 416,229, 684,103 and 975,637 clients held our wealth management products, respectively, with client asset balance totaling HK\$57.6 billion, HK\$110.9 billion and HK\$179.6 billion (US\$23.1 billion) respectively as of the same dates. As of December 31, 2025, we established partnerships with 115 reputable asset management companies.

Market Data and Information Services

We further enhance the investing experience with market data and information services such as news and powerful analytical tools, providing clients with a data-rich foundation to simplify the investment decision-making process.

Market Data

We provide real-time stock quotes across equity markets in Hong Kong, Mainland China, the United States, Singapore, Australia, Japan, Canada and Malaysia. Our Hong Kong Level II stock quotes are free for all Mainland China-based clients, and for a monthly fee for clients based elsewhere. We began to provide free Hong Kong Level I stock quotes for all clients based outside of Mainland China in 2023. We have partnered with the Nasdaq Stock Market and the New York Stock Exchange to launch advanced U.S. stock Level II market data. Currently, our eligible clients globally can enjoy free U.S. stock Level II market data on *Futubull* or *Moomoo*. Additionally, we offer free real-time Level II market data for dozens of cryptocurrencies. We also offer a variety of advanced stock quote services to our clients, for which we charge a monthly fee.

We provide a number of advanced and intuitive tools which allow our users and clients to customize the manner in which they monitor the capital markets. For instance, they can filter the broader market across a range of criteria, including industry, valuation, trading volume and price volatility over a certain period of time.

On an individual company basis, our users and clients can review and track detailed fundamental and technical analyses, including recent transaction details such as trading volumes by major brokers, historical and current valuations, analyst ratings and target prices, operating and financial metrics, compiled news, and other company specific content.

For each mutual fund, our users and clients can monitor fund performances, review detailed quantitative analyses, read complied news and fund specific content, and understand fund basics such as duration, top holdings and geographic and industry concentrations.

Information Services

We distill investment information and trends into engaging, accessible and diversified content, guiding investors along their investing experience and helping to simplify the decision-making process. Our information services generally include real-time news alerts, earnings releases and corporate announcements, topical industry or company-level deep dives and proprietary data flows such as IPO pipeline that we complied from external sources. Our information services are provided to the users free of charge.

We aggregate and curate our content through our internal content creation team and our collaboration with third-party resources, including leading international news agencies and market centers. We deliver our content across different formats, including short-form news, graphics and extensive articles. Content is grouped by animated tags that facilitate easy searches and allow our users and clients to customize information feeds.

User Community

We broaden our reach and promote the exchange of information through *NiuNiu/Moo* Community, our social network services on *Futubull* and *Moomoo* platforms, which has embedded social media tools to create a network centered around users. This user community reduces information asymmetry, supports the discovery of investment opportunities, facilitates investment decision-making and establishes a sense of camaraderie among our users.

On *NiuNiu/Moo Community*, we provide a variety of interactive tools and free content, including:

- **Courses.** We provide our users with necessary investment knowledge through pre-recorded videos and graphical presentations on financial terminology, investment products and other investment related topics, leveraging both our in-house and external resources;
- **Live Broadcasts.** Our users can watch live broadcasts hosted by enterprise clients such as listed companies and fund houses. Live broadcasts include earnings results, product launch and promotions, as well as investor Q&A sessions, which can be later replayed on demand; and
- **Forum.** Our clients can post and share their trading history, investment views and market insights, and interact with each other.

We have fostered a vibrant *NiuNiu/Moo Community*, which serves as an open forum for users to share insights, ask questions and exchange ideas, thereby enabling our users to maintain a strong sense of belonging. Specifically, *NiuNiu/Moo Community* offers the following unique features:

- **Participant diversity.** Our users can interact directly with other users, company executives and analysts within the investing community;
- **Extensive content.** Our content ranges from investing basics to sophisticated analytical guides for professional investors;
- **Lively and dynamic delivery.** All our content is designed for digital consumption and delivered through multiple media formats, such as short-form videos, recorded online lessons, chat rooms, live broadcasts and presentation slides; and
- **Feedback channel.** We use *NiuNiu/Moo Community* as an important source of feedback, which guides us to continue to optimize our product and service offerings.

As of December 31, 2025, over 2,000 enterprises, including public and private companies, fund houses, exchanges, KOLs, and media and research institutions, held accounts in our user community. During 2025, on average, we had an aggregate of approximately 308,000 UGCs (user-generated content) generated on *NiuNiu/Moo Community* each trading day, which included a multitude of posts, comments and other interactive reactions to social media content. We continuously find ways to enhance the quality of content within our ecosystem.

Institutional and Corporate Services

We provide value-added corporate services which primarily include IPO distribution, investor relations and marketing and ESOP solution services. As of December 31, 2025, we had 600 IPO distribution and investor relations clients as well as 830 ESOP solutions clients.

We provide institutional clients with market data, trading, reporting, and other financial value-added services needed for trading and portfolio management. We also provide trust services to corporate clients.

IPO Distribution

We have acted as the underwriter on 134 IPOs during 2023, 2024 and 2025, including a number of landmark Hong Kong IPOs, such as those of Hesai Group, Pony AI and WeRide.

Set out below is a breakdown of our IPO distribution activity as an underwriter during the period presented:

	For the year ended December 31,		
	2023	2024	2025
Number of IPO transactions	37	40	57

We promote global offerings through multiple channels, including targeted push notifications and professional investor roadshows, and keep the lead underwriters updated on the orders placed with us on a daily basis. After the book-building process, we will make reasonable allocations to investors who have placed orders with us in accordance with allocation results and the requirements of the relevant stock exchanges. After the listing, our underwriting fees will be settled based on the underwriting fee rates and our underwriting results.

In addition, we also provide retail marketing services for Hong Kong and U.S. IPO clients after commencement of Hong Kong and U.S. public offerings through push notifications and deal information display on our platform.

Investor Relations and Marketing

We provide a wide range of investor relations and marketing tools and services to help companies manage their ongoing relationships with shareholders and market their brand. Through creating a corporate account on *NiuNiu/Moo Community*, our corporate clients can livestream their earnings release and product launch campaigns, post business milestones and advertisements, and interact directly with our users. Therefore, our platform provides a direct channel for our corporate clients to communicate with their existing and prospective investors and increase their brand and product awareness.

We enter into marketing agreements with our corporate clients, normally on a fixed term basis, and charge fees for promotional events based on negotiated commercial terms, taking into account market fee rates and the services provided. We provide flexibility to our clients in terms of settlement, allowing them to make payments before or after the relevant event, or in instalments.

ESOP Solution Services

We provide one-stop ESOP solution services to help our corporate clients with their ESOP administration, including the granting, vesting, exercise and settlement of the stock awards. In addition, we collaborate with other professional third parties to provide relevant tax planning and withholding services. Under our ESOP solution service agreements, we provide clients with instruction manuals, maintain and update our system periodically and backup our clients' data, and usually charge our clients quarterly based on the level of services they require, together with miscellaneous fees such as management and system implementation fees. If the customer has other needs such as training, we will make a separate quotation and enter into a supplementary agreement with the client for the required service. The service will be delivered after the clients' payments upon receiving our invoice.

As of December 31, 2025, we had 830 ESOP solutions clients.

Institutional Services

We provide tailored trading solutions to meet various needs of institutional clients, including family offices, external asset managers, brokers, banks, and hedge funds.

Trust Services

We launched our trust services in Hong Kong in March 2021 to provide employee benefit trust and family trust solutions, encompassing company formation, trust establishment and trust management. We charge one-off trust establishment fees and annual administrative fees for our trust services in accordance with the trust service agreements signed with our clients in Hong Kong.

With the MAS granting our Trust Business License in April 2022, we officially launched our trust company service offerings in Singapore. The services that we offer include the set up and administration of family trust, employee benefit trust and family office. For the aforementioned services, we charge a one-off set up fee and an ongoing administration fee.

Stock-pledged Loan Services

One of our subsidiaries in Hong Kong, Futu Lending Limited, also holds a money lenders license issued by the licensing court under the Money Lenders Ordinance, which allows it to provide loans to its clients in its ordinary course of business. We provide limited stock-pledged loan services to our selected clients on a case-by-case basis.

Banking Services

We initially invested in Airstar Bank in 2024 and increased our investment in September 2025 to become its controlling shareholder. This move advances our strategy to build a comprehensive one-stop financial services platform in Hong Kong. Airstar Bank complements our existing business by expanding our service offerings into digital banking.

Following the acquisition, we have focused on enhancing both customer-facing capabilities and internal infrastructure. We streamlined the account opening process and enriched the product suite by launching mutual funds and insurance products within the banking app, providing clients with diversified asset allocation options. To improve accessibility, we introduced a desktop version alongside the mobile app, delivering a seamless cross-platform user experience. On the technology front, we strengthened compliance and risk management capabilities by developing proprietary systems, including an anti-money laundering platform and AI-powered fraud detection infrastructure that leverages customer profiling and behavioral analytics for more precise and proactive risk identification.

Risk Management

We have established a comprehensive and robust technology-driven risk management system to manage risks across our business and ensure compliance with relevant laws and regulations. Our risk management committee formulates key risk management policies and procedures and consists of a compliance officer with over 20 years of experience in the auditing, compliance and regulatory profession, a certified accounting officer with the Hong Kong Institute of Certified Public Accountants with over ten years of experience in the financial industry, a risk officer who has over 15 years of experience in risk management businesses, and three officers seasoned in the brokerage industry. Our risk management committee empowers our risk management team, consisting of six employees having relevant experience between ten to 25 years, to execute these policies and procedures.

Our risk management team meets regularly to examine credit, operational, compliance and enterprise risks and update guidelines and measures as necessary. Key tasks of our risk management team include client verifications, storage of client information, evaluation of clients' risk profiles, monitoring of infrastructure performance and stability, evaluation of risk concentrations, building and maintaining credit models, performing system-wide stress tests and conducting peer benchmarking and exogenous risk assessments. Our internal control, legal and compliance, and internal audit teams coordinate with our risk management team to jointly conduct regular and ad hoc audits on our business to ensure more effective internal control, daily operation, finance and accounting management and business operation.

Securities Brokerage Service Risk Management

We monitor client transactions on a real-time basis, seeking to identify any unusual or irregular trading activity. We have dedicated personnel to monitor account opening, security of funds and trading activities of clients and evaluate any irregularities immediately. In accordance with the relevant laws and regulations regarding client funds custody, we are required to maintain accounts with recognized commercial banks for the deposit of our client funds for settlement. To prevent misappropriation of client deposits, we have centralized the storage of our clients' trading data in respective jurisdictions. We have also centralized management of the securities brokerage trading systems and settlement systems to enhance the security of client deposits.

As part of our risk management practice, we operate a strict due diligence of client information during the "know-your-client" process. Our account opening procedures are designed to ensure that our clients' account opening information is accurate, sufficient and in compliance with applicable regulations and our internal control policies. For Hong Kong-based clients who apply to open brokerage accounts with us online on *Futubull*, in addition to submitting personal identity information and documents, we require each prospective client to link his or her personal bank account opened with a qualified bank in Hong Kong or other eligible jurisdictions with the brokerage account to be opened with us and transfer no less than HK\$10,000 or US\$1,500. For offline account opening application, our verification staff will meet the prospective clients in person and interview them to verify the information submitted. On *Moomoo*, all prospective clients can apply to open brokerage accounts with us online after submitting personal identity information and documents. As part of the customer due diligence and "know-your-client" process, the customer will also be screened against databases provided by third-party vendors.

For assessing investor suitability and risk profile, we conduct a client risk profile assessment via a risk profile questionnaire during the account opening process. A suitability assessment is performed upon order placement. Our clients are eligible for margin financing services when they hold securities that are acceptable as pledges to us in their accounts. The credit line for each eligible client is mainly determined based on the value of the securities in his or her brokerage account. When the cash in a client's account is insufficient to purchase desired securities, purchasing power based on the valuation of the client's portfolio may be utilized. Before proceeding with a trade, the client must acknowledge and agree that he or she has read the product documentation, including the risk disclosures, for the product to be purchased.

We have established rigorous anti-money laundering internal control policies covering client identification, record keeping of client identity information and transaction records, reporting on large-sum and suspicious transactions, internal operation rules and control measures, confidentiality, training and publicity, anti-money laundering auditing, assisting investigation and execution as well as on-site inspections.

Margin Financing and Securities Lending Risk Management

We maintain and regularly update a list of acceptable securities as collateral, and determine the margin ratio for each such security individually, taking into consideration factors including market value, historical price volatility and turnover, financial fundamentals, prevailing market conditions and margin ratio offered by other market players. Our risk management team monitors and adjusts the list of acceptable securities and their margin ratios on a regular basis, and will promptly amend the list in the case of significant market movement.

We calculate margin requirements of each of our clients on a real-time basis across different markets and currencies. To control the overall risks involved in our margin financing business, we have adopted a margin call mechanism to ensure that the clients meet the margin requirements. A margin call will be triggered by a decline in the value of the collaterals and requires our clients to pledge additional cash or acceptable securities to meet the required margin ratio.

Once a margin call is initiated, we will request the client to increase pledged collateral or reduce exposure by liquidating all or some of the securities portfolio. If the client is unable to satisfy the margin call requirement within 48 hours and the value of the collateral remains below the required level, normally we will exercise our sole discretion to liquidate securities positions to facilitate margin compliance. In some cases, if the value of the collateral falls below the required level and deteriorates sharply, we may liquidate positions without giving prior notification to the client.

Our risk management system closely monitors and manages clients' credit risks. The purchasing power for each eligible client is determined based on the collateral held across all of his/her brokerage accounts and the pre-approved margin limit. The values of all collaterals and client account status are reflected in the system on a real-time basis. We also closely monitor concentration levels of top stocks in margin financing and securities lending services and the potential impact on excess liquid capital among other regulatory requirements on an ongoing basis. The system will automatically send a reminder message to clients if the client accounts are under margin calls. This feature allows our clients to proactively manage their positions in a timely manner and minimize the forced liquidation being taken.

Wealth Management Product Distribution Risk Management

We perform due diligence on all investment products and assign risk ratings for each product we offer. For clients on *Futubull*, we also perform client suitability assessment where each client is required to fill in a risk profile questionnaire to determine his or her risk profile. A client can only purchase wealth management products with risk ratings that match his or her risk profile. Only professional investors can access unauthorized funds through our platform. We are not subject to any liability towards our clients with funded account in the event of default or misrepresentation of any of these wealth management products offered by external parties.

For investment in fund products, since we process each purchase and redemption order automatically online and record in our system in real time, both our risk management team and our clients can monitor corresponding changes in positions and orders in real time. We then submit aggregated orders to the corresponding fund houses, and upon their confirmation of successful purchase or redemption, we will update the client's account accordingly. As a result, we do not undertake any credit risk in connection with our wealth management product distribution services.

In order to ensure data accuracy in the transaction settlement process, we have developed a strict verification and reconciliation process, including the reconciliation of purchase and redemption orders and changes in clients' positions with corresponding fund houses within each trading day.

For bond trading, we execute client orders through a hybrid model. Depending on the order characteristics, we either submit orders through third-party financial institution partners via real-time APIs, or execute through our own bond trading desk. For each buy order, we first freeze the client's cash based on the expected order amount before submitting the order. Upon trade completion, we update the client's account and deduct the order amount accordingly. This process ensures that clients have sufficient cash or credit lines to close the trade.

User Community Risk Management

We have adopted a number of measures to monitor and manage potential risks in connection with information disseminated on our *NiuNiu/Moo Community*. For example, we have an automatic filtering mechanism that prevents offensive, fraudulent and other inappropriate content from being posted to our platform. Moreover, we perform manual inspection of each post and live broadcast video uploaded to our *NiuNiu/Moo Community*, to ensure that content that is against our platform policies and applicable laws and regulations will be removed in time and responsible content creators will be banned from posting. In addition, we frequently share information on stock investment risks on *NiuNiu/Moo Community* to provide warnings against fraudulent activities and raise our users' risk awareness.

Our Users and Clients

Users and Clients

Our users engage *Futubull* and *Moomoo* by downloading our mobile or desktop applications, or visiting our website, and registering a user account. Users are able to receive market data, technical analysis and other information services and engage in our community free of charge. The number of our users is determined based on the user accounts registered with *Futubull* and *Moomoo*.

Our clients are defined as users with brokerage accounts with us, and funded accounts are defined as brokerage accounts with us that have a positive account balance. As of December 31, 2025, the average age of our clients with funded accounts was 39, which is also representative of the demographics of our user base. As of December 31, 2025, each client with funded account had on average around HK\$370,000 of assets in their brokerage accounts with us. During 2023, 2024 and 2025, we retained on average above 98% of our clients with funded accounts on a quarterly basis.

The table below sets forth the growth of our platform in terms of users, clients and client assets for the periods presented:

	As of/For the month ended ⁽³⁾ December 31,		
	2023	2024	2025
Users ⁽¹⁾	21,643,536	25,146,741	29,180,404
MAUs ⁽¹⁾	1,963,842	2,942,832	3,655,888
Average DAUs ⁽¹⁾	915,623	1,452,981	1,965,590
Brokerage accounts ⁽²⁾	3,561,966	4,583,453	5,948,093
Funded accounts ⁽²⁾	1,710,106	2,411,324	3,365,414
Total client asset balance ⁽²⁾ (HK\$billion)	485.6	743.3	1,233.0
Average funded account asset balance ⁽²⁾ (HK\$)	283,934	308,237	366,368

Notes:

- (1) Figures are inclusive of those under *Futubull* and *Moomoo*. Figures of MAUs and average DAUs are calculated for the month of December in relevant period.
- (2) Figures are inclusive of those under Futu Securities, Moomoo Financial Inc., Moomoo Financial Singapore, Moomoo Securities Australia, Moomoo Securities Japan, Moomoo Securities Malaysia and Moomoo Financial Canada, as applicable.
- (3) Unless otherwise indicated, figures are calculated as of the end of relevant period.

Institutional and Corporate Clients

Our institutional and corporate clients are those who have used any of our institutional and corporate services, respectively. Our client base has been expanding since we started to provide such services.

Our corporate clients actively contribute to our user community by delivering timely product and business updates to our users, thereby breaking down information asymmetry and providing bases for investment decisions.

User and Client Acquisition

We grow our client base mainly through (i) word-of-mouth referrals and (ii) online and offline marketing and promotional activities. For further details, see “—Sales and Marketing” below.

User and Client Support

We have developed our proprietary and customized customer service system to connect our users and clients with our customer service staff and technology experts directly through online chat or customer service hotline around the clock. Our customer service representatives receive regular training regarding our platform and services as well as critical communication skills such as managing client complaints. Users can also post feedback and suggestions on *NiuNiu/Moo Community* tagging our official accounts, product managers or even our chief executive officer, which we will strive to respond to promptly.

We also proactively seek user and client feedback. For example, we initiate online communications and activities on major social media platforms and our *NiuNiu/Moo Community* to seek feedback from our users and clients. We reach out to our clients to discuss their experience with our platform and solicit ways in which we can improve. We also provide our institutional/corporate clients with similar services, where we have dedicated customer service teams to attend to any issues our institutional/corporate clients may encounter, striving to respond as soon as possible. Our institutional/corporate clients can also reach out to us anytime and discuss any improvements and changes to the services that we provide.

Sales and Marketing

Word-of-mouth referrals

We grow our client base through word-of-mouth referral, thanks to our premier user experience alongside diversified financial products and services we offer and high client loyalty. As a result of our high brand awareness, we benefited from significant organic traffic.

Online and offline marketing and promotional activities

We cooperate with external marketing channels for user and client acquisition. For example, we purchase keyword search services on search engines for marketing purposes, post promotional videos on popular video sharing sites, host online seminars and lectures, and periodically send e-mails and messages to our users about our latest services and events. In addition, we also conduct offline advertising via outdoor bulletin boards, magazines, campus promotions and television commercials, which plays an important role in generating brand exposure. We also operate physical stores to enhance our brand presence and provide offline client services.

We also conduct promotions and marketing campaigns on our platform from time to time, such as offering free commissions to clients who open brokerage accounts with us within a certain period of time. We have a marketing committee responsible for formulating our monthly marketing and brand promotion strategies and guiding our dedicated marketing team for strategy implementation. We have a skilled and dedicated marketing team that is familiar with and in sync with ever-changing market trends and preferences.

Our continued efforts in marketing fueled our funded accounts and revenue growth across markets, and have become increasingly indispensable during our international expansion. We grew our marketing team from 340 in 2023 to 376 in 2024, and further to 483 in 2025. In 2023, 2024 and 2025, we recorded selling and marketing expenses of HK\$710.3 million, HK\$1,409.3 million and HK\$1,980.5 million (US\$254.5 million), respectively.

Our Technology

We have developed a proprietary and automated technology infrastructure encompassing every aspect of our business operation, from account opening, fund transfer, trading and investment to risk management. The purpose-built nature of our technology enables our platform to be adaptable and we can react quickly to industry and regulatory changes in a highly scalable way.

In May 2020, we established a technology committee headed by Mr. Leaf Hua Li, our founder, chairman of the board of directors and chief executive officer, and comprised of key personnel in our research and development department. The key responsibilities of the technology committee include formulating technology development strategies, optimizing the existing technology infrastructure and implementing large-scale technology projects. The committee members have extensive experience in the industry and will further boost our technology leadership and advancement.

Industry-leading Proprietary Integrated Cross-market System

Our proprietary, easy-to-use and integrated cross-market system allows our clients to execute trades seamlessly from a single platform. The system provides unified functionality extending from core trading to risk management, as well as multi-currency and multi-market settlement through our self-developed modularized architecture, supported by real-time advanced service-level-agreement monitoring and quality monitoring services, in order to ensure a superior client experience. By virtue of our technical edge, the online application process for opening an account can typically be completed in as little as three minutes.

Highly Stable, Scalable and Secure System

Our distributed, cloud-based infrastructure is the foundation of our trading system, employing a number of interrelated servers to mitigate the risk of a single server disrupting the whole system. Our platform adopts modular architecture that consists of multiple connected components, each of which can be separately upgraded and replaced without compromising the functionality of other components.

We utilize sophisticated user interface design technology and embed a number of modules in each user interface. By simply duplicating one specific existing user interface module as needed, we effectively improve the efficiency of user interface development and the stability and consistency of performance and functionality among different user interfaces, which eventually improves user experience.

We recognize that the reliability and security of our platform is critical to our clients. Our platform features an automated multi-level protection mechanism to ensure the services we deliver to our users and clients are secure. We have adopted strict security policies and measures, including data encryption and a two-factor authentication function, to protect our proprietary data such as clients' personal information and trading data. Our technology system analyzes and predicts malicious attacks and enables us to respond to challenges and attacks promptly.

Agile Research and Development Capability

Through the construction and continual optimization of research and development tools and components, we have achieved a high level of research and development efficiency, while ensuring service quality and system stability. To further improve research and development efficiency, we built our activity configuration system with configurable template abstraction for various routine operational activities. The average launch cycle and necessary manpower for such activities have been effectively reduced.

Our core research and development team consists of experienced engineers and technology experts with extensive experience in structure design supporting massive transactions, and the majority of them have professional working experience with leading internet and technology platforms in China. Further, we are progressively building product and IT teams across diverse regional markets. Most of our research and development personnel are based in Shenzhen, China. See "—Data Security Infrastructure" below for further information.

Data Security Infrastructure

We have established a comprehensive security system, Futu Monolith Safety Protection System, or FMSPS, to provide industry-leading level of protection of information related to our clients, their accounts and their transactions with the support of our network situational awareness and risk management system.

We have a data security team of engineers and technicians dedicated to protecting the security of our data. We apply encryption algorithms with high security levels to all user activities such as logins, account asset reviews and transaction records to ensure data safety. Our official website is equipped with a 2048-bit EV certificate, and all data transmissions are completed through encrypted channels. Our platform maintains a high data protection standard, with a random key applied to each data transmission to ensure the security of the information.

To ensure data security and avoid data leakage, we have established stringent internal protocols under which we have clear instructions on how to handle and store the different types of data that we receive. We categorize the operating, business and management data that we receive into varying levels of sensitivity. For confidential personal data, we grant classified access only to limited employees with strictly defined and layered access authority. We have also set up a firewall to segregate our core user data and require strict access digital permission to access any core data throughout our entire operation.

On the client side, we have developed a proprietary two-factor authentication function to provide enhanced account security. If a client logs in to his or her account through a different device, both the account password and a dynamic verification token are required for authentication. Two-factor authentication is also required when a client wants to access his or her core data, such as account opening information and account assets. We store such core data on an isolated network separately from other data, which has greatly improved our data security. A client can also activate the two-factor authentication function for placing trading orders, where he or she is required to provide both the transaction password and a dynamic verification token.

Aside from maintaining regular self-inspection to ensure compliance, we have also engaged external law firms and professional cybersecurity teams to conduct regular cybersecurity studies, examinations and inspections so as to optimize our systems and boost our risk prevention capabilities. While we are subject to similar data and privacy protection requirements in other markets in which we operate, we have been closely monitoring the latest regulatory developments and optimizing our compliance practices. We continuously and actively communicate with regulators and hone our capabilities of safeguarding personal information. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If we fail to protect our platform or the information of our users and clients, whether due to cyber-attacks, computer viruses, physical or electronic break-in, breaches by third parties or other reasons, we may be subject to liabilities imposed by relevant laws and regulations, and our reputation and business may be materially and adversely affected.”

Intellectual Property

Intellectual property is fundamental to our success and competitiveness. We currently hold a collection of intellectual property rights relating to certain aspects of our business operation. As of December 31, 2025, we owned 153 registered copyrights in China. We also maintained trademark registrations worldwide, including 639 in Mainland China, 187 in Hong Kong, 93 in the United States, 136 in Singapore, 102 in Japan, 92 in Australia and 878 in other countries and regions. As of December 31, 2025, we had patents granted worldwide, including 369 patents granted in Mainland China, 18 in Hong Kong, 27 in the United States, 18 in Japan, 27 in Australia, and 30 in other countries and regions. As of December 31, 2025, we had registered over 497 domain names.

We protect our intellectual property rights, including trademarks, patents, copyrights and domain names, strictly in accordance with the relevant laws and regulations. We regularly improve and update our intellectual property management system in line with the development of our business. We seek to maintain registration of intellectual property rights that are material to our business under appropriate categories and in appropriate jurisdictions. We also typically require our employees who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us.

As of the date of this annual report, we were not aware of any material infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. However, unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations.

Competition

The market for online securities brokerage services is emerging and rapidly evolving. We position ourselves as an online retail securities broker based in Hong Kong with an expanded international footprint in Singapore, the United States, Australia, Japan, Canada, Malaysia and New Zealand, as well as strong background and abundant resources in the PRC. We currently compete with two types of competitors in these markets, including (i) pure-play online securities brokerage companies; (ii) traditional securities brokerage companies, featuring a combination of online and offline channels, and securities brokerage business units within commercial banks.

We compete primarily on the basis of:

- client base and user engagement;
- financial services licenses;
- technology infrastructure;
- marketing resources and research and development capabilities;
- security and credibility of the platform;
- brand recognition and reputation;
- operational compliance with applicable regulatory requirements; and
- operating leverage.

We believe that we are well-positioned to effectively compete on the basis of the factors listed above. However, many of our current or future competitors may have longer operating histories, greater brand recognition, stronger infrastructure, larger client bases or greater financial, technical or marketing resources than we do. See "Item 3. Key Information—D. Risk Factors—Risks Related to our Business and Industry—We face significant competition in the online brokerage and wealth management industries, and if we are unable to compete effectively, we may lose our market share and our results of operations and financial condition may be materially and adversely affected."

Corporate Responsibility and Business Ethics

We do not operate any production facilities and therefore are not subject to significant health, work safety, social or environmental risks. Nevertheless, we remain committed to providing employees with a safe and healthy work environment. Throughout our operating history, we have not experienced any significant workplace accidents, nor have we been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

We have adopted internal policies on (i) our governance regarding ESG risks, (ii) our ESG strategies and (iii) identification of the relevant metrics and targets in the long run. Such internal policies include our Code of Business Conduct and Ethics, Anti-Corruption Compliance Policy and Employee Code of Conduct. Our board of directors oversees and key ESG risks, while our management and relevant departments are responsible for implementing our ESG strategies. We closely monitor evolving social trends and political policies relating to ESG that may impact our business model and adjust our approach accordingly within our established ESG overnance framework. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and governance matters may subject us to penalties and adversely affect our business, financial condition and results of operations."

As of the date of this annual report, our business, financial conditions and results of operations have not been materially adversely impacted by ESG risks including those relating to health, work safety, environmental, social or climate-related issues. We do not operate any production facility and the potential impact of environment related regulatory development on our business operations and financial conditions is limited. As an online financial services platform, we do not currently foresee any material risks in this regard. Nevertheless, we recognize the evolving nature of ESG considerations and remain proactive in identifying and mitigating potential mid- to long-term risks. Our environmental protection initiatives are detailed below.

Environmental Protection

As a technology-driven financial services platform, we are committed to minimizing our environmental footprint through sustainable business practices and proactive climate risk management. To reduce our carbon emissions, we have implemented various initiatives detailed in our employee handbook, including promoting energy-saving measures, encouraging virtual meetings, reducing paper consumption and unnecessary business travel. We also partner with ride-hailing services to provide employees with electric vehicle rides and thus reduce carbon emissions. In addition, we actively comply with government requirements on waste sorting, recycling and waste reduction to further minimize environmental impact.

We proactively monitor risks posed by climate changes, assess their potential impact on our business operations, and take appropriate actions to mitigate such risks. The primary risks posed by climate changes to our business include physical risks and transition risks. The physical risks mainly result from extreme climate hazards and long-term chronic risks. In addition, sea level rise and other risks may result in depreciation and loss of physical assets. We have formulated emergency measures for extreme climate hazards to minimize the risk of interruption to our operations and loss of assets. In addition, as part of our carbon neutrality initiatives, we have taken steps to deal with transition risks arising from accelerated transformation to low-carbon economy globally.

Building on our climate risk framework, we have been a pioneer in the industry to embrace paperless trading environment and substantially decrease the consumption of resources including water, electricity and paper in our daily operations. Clients can access their monthly or daily statements through our *Futubull* and *Moomoo* platforms. We also send electronic statements via emails for easy reference. This approach eliminates paper applications, orders and statements that traditional financial service providers still rely on to this day.

From a technology infrastructure perspective, we are expanding our operations through public cloud services to reduce reliance on physical data centers. This approach substantially lowers procurement and operational costs while decreasing energy consumption through advanced cloud technologies. Since 2022, we have been upgrading our infrastructure to Go language and cloud-native architecture, which will reduce server costs and enhance resource efficiency upon completion.

At the operational level, we renovate our offices using eco-friendly materials and implement comprehensive energy management practices. For example, our office superintendents conduct regular building inspections to ensure lights are turned off in unoccupied rooms and remind employees to shut down computers before leaving the office. We have also established air conditioning policies tailored to seasonal conditions, weather patterns and occupancy levels to optimize energy consumption. Environmental protection notices are displayed throughout our offices to reinforce employee awareness of energy conservation practices.

We are continuously evaluating opportunities to further reduce our carbon footprint and plan to establish measurable environmental targets in the coming years.

Social Responsibility

Contributing to the wider community

We are committed to social responsibility and contributing to the wider community. First and foremost, we will continue to lower investment barriers and make investing easier for everyone. To make our platform more accessible to users with color vision deficiency, we launched a color matching function on our platform during 2022 that allows such users to choose non-traditional colors when viewing stock price movements. In addition, our free investment videos on *Futubull* and *Moomoo* provide users with investment knowledge and help them better understand investment risks. We seek to improve our user's financial literacy, which we believe is critical for them to achieve their long-term investment goals.

We actively contribute to the charitable causes in the community. Over the years, we have participated in the "Trailwalker" fundraising event organized by Oxfam, the contributions of which are used to alleviate global poverty and provide disaster relief. We encourage our employees to participate in this hiking event while also raising awareness on inequality and fostering a mindset of social responsibility. In 2025, we sponsored the "Trailwalker" event held in Hong Kong with donation contribution, reflecting our commitment to supporting charitable initiatives. Our founder, chairman of the board of directors and chief executive officer, Mr. Leaf Hua Li, together with our employees, participated the "Trailwalker" event, demonstrating our commitment to enhancing organizational cohesion and resilience.

We have always strived to bring positive benefits to the environment and wider society as a whole. Our Hong Kong subsidiary, Futu Securities, regularly participates in voluntary shoreline cleanup operations in Hong Kong. The operations aim to support the community and respond to the problem of marine debris with actions to create a cleaner coast, which are in line with our continuous commitment to sustainability and innovation. We are committed to achieving a sustainable business through an integral sustainability orientation in the value chain. We procure products and services preferably from suppliers that have minimum environmental footprint, striving to promote sustainable development along with our suppliers to reduce energy consumption and waste generation. We implement a qualified supplier evaluation mechanism and evaluate suppliers regarding their compliance with relevant social responsibility standards, including labor rights, environmental protection, anti-corruption and anti-bribery standards and policies.

During the COVID-19 pandemic, Futu Securities has also distributed testing kits and masks to the general public in Hong Kong through simple sign-ups on the *Futubull* platform, contributing to the aggregated efforts of the community to fight against the pandemic.

In 2022, we partnered with Make-A-Wish International, a charity organization that helps fulfill the wishes of children who have been diagnosed with a life-threatening illness, and donated US\$200,000 to the charity to help bring joy and hope to eligible children from Singapore, Hong Kong, the United States and Australia.

We continue to strengthen our commitment to Hong Kong's sustainable development through strategic community partnerships. In December 2025, we integrated our *Futubull AI* with HKChat, Hong Kong's locally-developed AI-powered public service application, providing leading financial intelligence and advancing financial literacy across the community.

In March 2026, we announced a HK\$30 million donation to the Hong Kong University of Science and Technology, comprising HK\$20 million for research innovation in AI, fintech and biotechnology, and HK\$10 million for the "Futu Scholarship" program – a 10-year initiative supporting 500 students in computer science, AI, fintech and economics. This investment strengthens industry-academia collaboration while nurturing the next generation of fintech leaders and driving innovation within Hong Kong's technology ecosystem.

Employee development

As a “people’s first” company, our employees are an integral part of our business, and we seek to identify and develop talents through the following methods:

- **Comprehensive training.** We provide our employees with a variety of training and support their personal development. In 2025, we scheduled training sessions over many different topics, allowing our employees to broaden their knowledge in different areas. As of the date of this annual report, We have organized a total of 67 training sessions, with over 6,900 participant attendances and a cumulative total of more than 150 training hours.
- **Leadership courses.** We also provide our employees with leadership training based on their different career development stages, ranging from reserve deputy team leader to director level and above training. We also provide a series of management and leadership courses every quarter for management at all levels. In 2025, our employees collectively spent more than 130 hours on online and offline management training, the accumulated attendance of which reached over 3,400.
- **New employee training for social recruitment.** To enable newly hired employees from social recruitment to integrate into their positions more quickly, adapt to company culture, and understand company business, we provided a total of seven sessions of new employee training for social recruitment throughout 2025. The content included company development and business introduction, efficient work and information security training, helping them quickly integrate into the work environment.
- **Personal qualifications.** We also encourage and sponsor our employees to further their education and obtain additional qualifications, including professional and recognized qualifications within the financial industry.

Health, safety and wellbeing

It is our priority to protect the physical and mental health, safety and wellbeing of our employees, and we have implemented various internal policies and measures accordingly, including:

- **Healthy work-life balance.** Together with our comprehensive benefits package, we encourage our employees to pursue a healthy work-life balance. We provide fitness facilities and regularly organize social and team-bonding activities to ensure a positive and cohesive work environment for all. We also provide maternity leave for employees during the breastfeeding period, and set up a dedicated nursing room in the office.
- **Anti-discrimination.** We have strict policies on equal employment opportunities, prohibiting any form of discrimination based on race, color, belief, religion, gender, sexual orientation, among others.
- **Anti-sexual harassment.** We have established a comprehensive Anti-Sexual Harassment Policy with zero tolerance for any form of sexual harassment in the workplace. The policy defines prohibited behaviors, applies to all employees, interns, and contract workers, and covers all work-related settings. We have established confidential reporting channels and conduct thorough investigations led by our Human Resources and Administrative Center. Disciplinary actions for confirmed violations range from warnings to termination and legal referral, with strict confidentiality protection for complainants to prevent retaliation.

Data Privacy and Security

As a licensed securities broker handling sensitive client information and transaction data daily, we view data protection is both a regulatory mandate and a fundamental client commitment. We have achieved ISO 27001 certification, demonstrating our commitment to international information security standards.

Client Data Rights and Protection. We collect only personal information necessary to deliver our services, including account registration, transaction records, and service communications. Clients maintain full control over their data with rights to access, correct, delete, transfer, or restrict use at any time through platform settings or customer service. Information is retained only during active account periods or as required by applicable regulations, with retention determined case-by-case based on nature of the data and compliance obligations. We share client information only with explicit consent or as operationally necessary. This includes essential service providers such as cloud infrastructure operators, payment processors, clearing agents, and identity verification services, as well as affiliated entities delivering our services and legal authorities under lawful orders. We do not sell client data for marketing purposes. We request all third-party providers to meet contractual data protection standards equivalent to our internal controls.

Security Infrastructure and Controls. Our security infrastructure employs multiple layers of protection. Data is encrypted end-to-end both in transit and at rest. We maintain role-based access controls with multi-factor authentication for sensitive systems, supported by 24/7 security monitoring with automated threat detection. Our security posture is validated through quarterly penetration testing and annual third-party security assessments. All employees complete mandatory data privacy and security training, ensuring proper handling of sensitive information across the organization.

Supplier Data Security Standards. We extend our data protection requirements across the supply chain through rigorous vendor management. All data-handling vendors undergo pre-engagement cybersecurity audits to ensure compliance with our standards. Contractual obligations require suppliers to maintain data protection controls matching our internal requirements. We conduct continuous monitoring of supplier security practices and incident response capabilities. Through systematic contract management, security personnel oversight, and regular review mechanisms, we maintain supplier compliance and minimize third-party risks to business continuity and data security.

Business Ethics and Compliance

At Futu, integrity and compliance form the bedrock of our operations. As a licensed securities broker operating across multiple jurisdictions, we are committed to upholding high standards of business ethics and regulatory compliance.

In 2025, we continued to strengthen our compliance program through:

- 98% mandatory compliance training completion for new hires;
- Comprehensive monitoring programs for AML, KYC, data protection, and anti-bribery compliance;
- Structured risk assessment and remediation processes across operations; and
- Active whistleblower program with established investigation procedures and retaliation protection policies

Our governance framework operates through three coordinated layers. Our board of directors and the audit committee provide strategic oversight, approve policies, and review major cases. The Internal Audit Department builds anti-fraud mechanisms, conducts investigations, and reports to the audit committee. Business departments perform regular risk assessments and integrate controls into daily operations.

Anti-Fraud and Anti-Corruption

Our comprehensive Anti-Fraud Policy prohibits fraudulent and corrupt behaviors across multiple categories, including bribery, conflicts of interest, asset misappropriation, financial fraud, and any violations that harm stakeholder interests.

We conduct regular fraud risk assessments at corporate, department, and account levels, evaluating both likelihood and impact. Control measures include approval authorization systems, segregation of duties, regular performance reviews, and enhanced controls for high-risk areas. The Internal Audit Department evaluates all reported cases, with senior manager cases requiring board and audit committee co-investigation to ensure objectivity.

We maintain a “Red Lines” policy defining severe prohibited behaviors subject to immediate termination without compensation. Violations include fraud, bribery, conflicts of interest, confidentiality breaches, and workplace misconduct. Employees who knowingly fail to report others’ violations face the same consequences. Any violations meeting criminal standards are referred to judicial authorities, and managers are held accountable when their direct reports commit violations.

Disciplinary responses are scaled through our “Color Card” system, categorizing violations by severity with corresponding measures ranging from warnings to termination and legal referral. Investigation procedures are conducted by Internal Audit Department with Accountability Committee’s oversight, ensuring proportionate and timely responses. Upon resolution of fraud cases, we prepare written assessments of control improvements and implement necessary enhancements.

In response to evolving regulatory expectations for digital brokers, we have implemented enhanced policies prohibiting the sale of client trading data and misleading communications encouraging excessive trading. These standards are enforced through systematic trade surveillance, communications monitoring, and employee certifications, maintaining full compliance with zero violations identified.

Third-Party and Supply Chain Ethics

Our commitment to integrity extends throughout our supply chain and business partner ecosystem. Our suppliers and other business partners are generally required to enter into an anti-bribery agreement with us prior to working with us. We are committed to building a secure and compliant supplier ecosystem, enhancing data protection and privacy management for suppliers and business partners.

We conduct risk-based due diligence and periodic compliance reviews of third-party relationships, with enhanced scrutiny for high-risk areas including client fund handling, cross-border transactions, and payment intermediaries. In cybersecurity and data-related procurement, we audit suppliers’ data security practices based on a comprehensive compliance assessment system and require them to meet our data protection standards. For supplier data security and cybersecurity requirements, see “Data Privacy and Security” above for more information.

Whistleblower Protection

Futu is committed to fostering a culture where employees, customers, suppliers, and stakeholders can report concerns without fear of retaliation. We have established multiple reporting channels accessible globally, including a dedicated hotline, email, internal portal, and direct contact to the Internal Audit Department. Anonymous reporting is available, with procedures accessible through our corporate website in English and local languages.

Our whistleblowing mechanism covers fraud, corruption, bribery, AML violations, data privacy breaches, conflicts of interest, asset misappropriation, harassment, discrimination, and any violations of laws or our Code of Conduct.

All reports are handled confidentially in accordance with applicable laws. Personnel handling reports sign confidentiality agreements, with access to reporter information strictly limited on a need-to-know basis. We maintain zero tolerance for retaliation, with any employee who retaliates or improperly discloses information facing dismissal.

The Internal Audit Department reviews all reports, prioritizing issues involving potential legal violations or significant business risk. Investigation findings and recommended actions are reported to the audit committee, with appropriate disciplinary or remedial actions taken promptly where violations are confirmed.

Our whistleblowing policy is communicated to all employees during onboarding and through periodic training, with information accessible through our internal resources and employee handbook. External parties can access reporting guidelines through our corporate website and supplier/partner agreements.

In 2025, all reports received were promptly investigated in accordance with our established procedures, with appropriate actions taken where issues were substantiated.

Ethics Training and Culture

We provide comprehensive compliance training to ensure employees understand obligations under our Anti-Fraud Policy, Code of Conduct for employees, and applicable laws. All newly hired employees complete mandatory training covering 10+ core courses, including legal compliance, anti-fraud, conflicts of interest, ethical standards, internal controls, and information security.

In 2025, 98% of newly hired employees completed onboarding training and passed evaluations. Training completion is tracked through our learning management system to ensure accountability.

Beyond initial onboarding, we implement role-specific and region-specific programs addressing compliance risks relevant to different employee groups and management levels. Our curriculum is regularly updated to reflect evolving regulatory requirements and emerging industry risks.

We conduct an annual anonymous Integrity Survey to gauge employee awareness of anti-fraud policies, satisfaction with ethical climate, and confidence in whistleblower protections. The 2025 survey assessed understanding of prohibited behaviors, available reporting channels, and perceptions of areas needing improvement. All feedback is kept strictly confidential to encourage candid responses, and results inform continuous enhancements to our compliance programs.

Ongoing Regulatory Actions

We are subject to various regulatory requirements, including those specified in laws, regulations and guidelines issued by the competent regulatory authorities in jurisdictions where we operate. For example, we were subject to inquiries made by the CSRC in 2022.

As announced by the CSRC on December 30, 2022, the CSRC has initiated inquiries on us regarding our cross-border operations in Mainland China, including the provision of cross-border securities business services for domestic, China-based investors. We have taken and may continue to take rectification measures on our business based on the requirements from the CSRC. In response to the CSRC rectification requirements, we have removed our *Futubull* app from app stores in Mainland China since May 19, 2023. However, there can be no assurance that our rectification measures would fully meet the requirements from the CSRC. As of the date of this annual report, we don't have sufficient information to accurately predict if any disciplinary action or punishment will be taken against us and/or our officers by the CSRC. Furthermore, should any such action be taken, we cannot foresee its nature, scope, or timing. If the CSRC, independently or jointly with other authorities, pursues further regulatory actions, it could also lead to additional investigations or enforcement measures, including but not limited to fines, suspension of parts or all of our operations or activities in Mainland China. They may, individually or taken as a whole, have a material and adverse impact on our operations and financial results.

See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to extensive and evolving regulatory requirements in the markets we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses and trading rights, and consequently may materially and adversely affect our business, financial condition, operations and prospects."

Insurance

We provide social security insurance including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan for our PRC-based employees. We also offer additional life and medical insurance to our PRC-based employees through commercial providers. We provide annual medical examination reimbursement for our employees in China. We contribute to Mandatory Provident Fund and provide labor insurance and medical insurance for our Hong Kong-based employees. In accordance with the Securities and Futures (Insurance) Rules of Hong Kong (Chapter 571A of the laws of Hong Kong), we have purchased and maintained insurance for any loss incurred by us due to any loss to our clients' assets in our custody that are caused by fraudulent conduct of our employees, robbery, theft or other misconduct. We do not maintain business interruption insurance or key-man insurance, and we only maintain limited general property insurance. We believe that our insurance coverage is adequate to cover our key assets, facilities and liabilities.

In addition, we acquired public liability insurance that covers our Singapore offices. We provide health insurance, medical insurance and work-injury compensation insurance for our Singapore-based and U.S.-based employees, respectively. Our Japanese subsidiary provides social security insurance for our Japan-based employees. Our Australian subsidiary provides professional indemnity, WorkCover, medical, and public liability insurance for all Australia-based employees. Our newly established New Zealand subsidiary also provides professional indemnity and workers' compensation insurance for New Zealand based employees. In Mainland China, in addition to full-time employees, we also provide accidental insurance coverage for interns. Further, for employees traveling abroad on business, we purchase international travel insurance.

If we incur any uninsured loss, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have limited business insurance coverage, which may be inadequate to protect us from the liabilities or losses we may incur."

Regulation

Overview of the Laws and Regulations Relating to Our Business and Operations in Hong Kong

As we provide online brokerage services and virtual asset trading platform primarily from our subsidiaries in Hong Kong, our business operations are subject to the laws of Hong Kong. The key laws and regulations which relate to our business and operations in Hong Kong are summarized as follows:

Introduction

The Securities and Futures Ordinance, or the SFO, including its subsidiary legislation, is the principal legislation regulating the securities and futures industry in Hong Kong, including the regulation of securities, futures and leveraged foreign exchange markets, the offering of investments to the public in Hong Kong, and intermediaries and their conduct of regulated activities. In particular, Part V of the SFO deals with licensing and registration matters.

The AMLO sets out statutory obligations of Hong Kong companies to prevent money laundering and terrorist financing. Under the AMLO, virtual asset trading platform operators must implement robust anti-money laundering (AML) and counter-terrorist financing (CTF) controls, and ensure ongoing compliance with statutory and regulatory standards. In particular, Part 5B of the AMLO deals with licensing and registration matters for operators of virtual asset trading platforms (VATPs) in Hong Kong. The SFO and regulations relating to VATP in the AMLO are administered by the HK SFC which is an independent statutory body in Hong Kong set up to regulate the securities and futures markets and the non-bank leveraged foreign exchange market in Hong Kong.

In addition, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), or the CWUMPO, including its subsidiary legislation provides that the HK SFC is responsible for authorizing the registration of prospectuses for offerings of shares and debentures in Hong Kong and/or granting exemptions from strict compliance with the provisions in the CWUMPO. The SFO provides that the HK SFC is also responsible for authorizing certain securities (including the relevant offering documents) that are not shares or debentures.

The Hong Kong securities and futures industry (with respect to listed instruments) is also governed by the rules and regulations introduced and administered by the Hong Kong Stock Exchange and the Hong Kong Futures Exchange.

Types of regulated activities

The SFO provides a licensing regime where a person needs to obtain a license to carry on a business in any of the following regulated activities as defined in Schedule 5 to the SFO:

License	Regulated Activity
Type 1:	Dealing in securities
Type 2:	Dealing in futures contracts
Type 3:	Leveraged foreign exchange trading
Type 4:	Advising on securities
Type 5:	Advising on futures contracts
Type 6:	Advising on corporate finance
Type 7:	Providing automated trading services
Type 8:	Securities margin financing
Type 9:	Asset management
Type 10:	Providing credit rating services
Type 11:	Dealing in OTC derivative products or advising on OTC derivative products ⁽¹⁾
Type 12:	Providing client clearing services for OTC derivative transactions ⁽²⁾
Type 13:	Providing depository services for relevant CISs ⁽³⁾

Notes:

- (1) The amendments to the SFO in relation to Type 11 regulated activity are not yet in operation. The day on which the Type 11 regulated activity will come into operation will be appointed by the Secretary for Financial Services and the Treasury Bureau by notice published in the Gazette.
- (2) The Type 12 regulated activity added by the Securities and Futures (Amendment) Ordinance 2014 (6 of 2014) came into operation on September 1, 2016, in so far as it relates to paragraph (c) of the new definition of excluded services in Part 2 of Schedule 5 to the SFO. The licensing requirement with respect to Type 12 regulated activity is not yet in operation and the effective date will be appointed by the Secretary for Financial Services and the Treasury Bureau by notice published in the Gazette.
- (3) The Type 13 regulated activity has been introduced to Schedule 5 to the SFO pursuant to the Securities and Futures Ordinance (Amendment of Schedule 5) Notice 2023 and came into operation on October 2, 2024.

Part 5B of the AMLO sets out a licensing regime under which a person must obtain a license to provide virtual asset services (operating a virtual asset exchange).

As of the date of this annual report, Futu Securities and Panthertrade were licensed under the SFO and the AMLO (with respect to Panthertrade) to conduct the following regulated activities:

	Regulated Activities by Type of License
Futu Securities	Type 1 ⁽¹⁾ , Type 2, Type 3 ⁽²⁾ , Type 4, Type 5, Type 7 ⁽³⁾ and Type 9 ⁽⁴⁾
Panthertrade ⁽⁵⁾	Type 1, Type 7 Operating a Virtual Asset Trading Platform under the AMLO

Notes:

- (1) The following condition is currently imposed on Futu Securities in relation to Type 1 regulated activity:
 - (i) in relation to virtual asset dealing services, the licensee or registered institution shall: only provide such services through operating an omnibus account established and maintained with an SFC-licensed platform. The term "SFC-licensed platform" refers to a virtual asset trading platform operator which is licensed by the SFC pursuant to section 116 of the Securities and Futures Ordinance and/or section 53ZRK of the AMLO. The term "virtual asset" is defined in section 53ZRA of the AMLO.

- (ii) in relation to virtual asset dealing services, the licensee or registered institution shall: only provide such services to persons which are, and remain at all times, its clients in respect of its business in Type 1 regulated activity (dealing in securities). The term “dealing in securities” is specified in Part 2 of Schedule 5 to the Securities and Futures Ordinance. The term “virtual asset” is defined in section 53ZRA of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.
 - (iii) in relation to virtual asset dealing services, the licensee or registered institution shall: comply with the “Terms and conditions for licensed corporations or registered institutions providing virtual asset dealing services under an omnibus account arrangement” (as amended from time to time). The term “virtual asset” is defined in section 53ZRA of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.
 - (iv) The licensee shall comply with all requirements applicable to it as a custodian in respect of an open-ended fund company, including the requirements set out in the Code on Open-ended Fund Companies and related guidance issued and revised by the Commission from time to time.
- (2) The following condition is currently imposed on Futu Securities in relation to Type 3 regulated activity:
- (i) the licensee shall not provide discretionary account services to clients.
- (3) The following conditions are currently imposed on Futu Securities in relation to Type 7 regulated activity:
- (i) the licensee or any company within the same group of companies as the licensee shall not engage in any principal trading activities in the platform.
 - (ii) the licensee shall: (1) notify the HK SFC of any incident of material service breakdown or disruption of the operations of the platform affecting its clients within one business day. (2) provide the HK SFC with any updated independent review report of the platform when available. (3) provide the HK SFC with the following reports within two weeks after the end of each month or upon request: (a) a statistical summary of shares allotted pursuant to an initial public offering for which transactions have been executed; (b) a statistical summary of transaction volume, expressed in number of trades; number of shares traded; and total settlement value in respect of each issuer’s shares reported in (a) above; (c) a statistical summary of transaction volume expressed in total settlement value by each of the top ten clients in respect of each issuer’s shares reported in (a) above; (d) an analysis of (i) amount receivable from each of the top ten clients; and (ii) amount payable to each of the top ten clients arising from dealing in each issuer’s shares reported in (a) above, including, the name of each client and type of client account (i.e. cash or margin account) and relevant amount receivable or payable to each client at the end of the trading day; (e) a statistical summary of total number of clients participated in the pre-initial public offering trading with breakdown into different client types in each issuer’s shares reported in (a) above; and (f) a statistical summary of total value of trades recorded in the pre-initial public offering trading with breakdown into trades executed for different client types in each issuer’s shares reported in (a) above. (4) for the avoidance of doubt, have arrangements in place to ensure that it and its clients will be able to comply with the Client Identity Rule Policy issued by the HK SFC. (5) upon request, provide the HK SFC with: (a) a list of all clients who have access to the platform; and (b) a list of all clients who have placed orders or traded on the platform in respect of any particular trading day.

- (iii) the licensee shall: (1) have appropriate arrangements in place that enable it to: (a) monitor orders placed into and transactions undertaken on the platform to identify suspected breaches of any rules relating to fair and orderly trading on the platform and conduct that may constitute market abuse; (b) report to the HK SFC as soon as practicable any suspected breaches of its rules relating to fair and orderly trading on the platform or suspected market abuse; and (c) upon request from the HK SFC, supply relevant information to the HK SFC as soon as practicable regarding any suspected breaches or suspected market abuse and provide full assistance to the HK SFC in inquiring into or investigating the suspected breaches or suspected market abuse. (2) notify the HK SFC of any material changes to the matters specified below, prior to the changes taking effect: (a) corporate structure and governance arrangements; (b) business plans or operations; (c) the platform (including changes in trading rules, operating hours, operator of the system, hardware, software, and other technology); and (d) its contractual responsibilities for clients of the platform. (3) notify the HK SFC as soon as practicable of the causes, or possible causes, of and the remedial actions for material delay or failure to the operation of the platform affecting the clients upon its occurrence. (4) notify the HK SFC as soon as practicable of any suspected breaches of its rules relating to fair and orderly trading on the platform or suspected market abuse. (5) put in place appropriate business continuity plans and disaster recovery programmes for its operations and the platform and notify the HK SFC of any material changes to the plans or programmes.
- (iv) the licensee shall: (1) only provide Automated Trading Services via an electronic trading platform, for the purpose of trading shares allotted pursuant to an initial public offering only on the day immediately before their official listing on The Stock Exchange of Hong Kong Limited (SEHK). (2) have controls that: (a) are designed to ensure the integrity of its trading methodology; and (b) enable fair and orderly trading on the platform. (3) provide sufficient pre-trade order information and post-trade transaction information to its clients. (4) have appropriate arrangements in place that ensure the required information about executed transactions of shares allotted pursuant to an initial public offering is reported to SEHK in the prescribed manner and within the prescribed time limit in accordance with the rules of SEHK. (5) have appropriate arrangements in place to minimise the settlement failure of executed transactions. (6) have appropriate written policies and procedures to handle outstanding orders and executed transactions under contingency situations including, but not limited to, (a) postponement, cancellation or alternation to the terms and conditions of an initial public offering; (b) suspension, breakdown, or disruption of the platform; and (c) adverse weather like typhoon or black rainstorm. These policies and procedures should be provided to its clients prior to their using of the platform. (7) keep for a period of not less than seven years the following records in respect of the activities on the platform in such a manner as to enable them to be readily accessible and readily convertible into written form in the Chinese or English language; and provide any of those records to the HK SFC upon request: (a) client details, including their registered names and addresses, dates of admission and cessation, authorised traders and related details, and client agreements; (b) details of restricting, suspending, or terminating any client's access, including related reasons; (c) all notices and other information, whether written or communicated through electronic means, provided to clients generally; (d) routine daily and monthly summary of trading on the platform including: (i) shares allotment details of clients pursuant to an initial public offering; and (ii) transaction volume, expressed in number of trades; number of shares traded; and total settlement value. (8) keep for a period of not less than two years time-sequenced records of orders and any other actions or activities on the platform as particularised below in such a manner as to enable them to be readily accessible and readily convertible into written form in the Chinese or English language; and provide any of those records to the HK SFC upon request: (a) date and time that the order was received, executed, modified, cancelled and expired (where applicable); (b) identity of the client and authorised trader initiating the entry, modification, cancellation and execution of the order; (c) particulars of the order and any subsequent modification and execution of the order (where applicable), including but not limited to, the shares involved, the size and side (buy or sell) of the order, the order type, and any order designation, time and price limit and other conditions specified by the client initiating the order; and (d) particulars of the allocation and re-allocation (where applicable) of an execution.
- (4) The following conditions are currently imposed on Futu Securities in relation to Type 9 regulated activity:
- (i) the licensee shall not provide a service of managing a portfolio of futures contracts for another person; and

- (ii) the licensee shall only provide services to “professional investors” as defined under the SFO and its subsidiary legislation.
- (5) The following conditions are currently imposed on Panthertrade in relation to Type 1 and Type 7 regulated activity and as a virtual asset trading platform operator:
 - (i) the licensee shall obtain the HK SFC’s prior written approval for any plan or proposal to introduce or offer a new or incidental service, or activity, or to make a material change to an existing service or activity (including long suspension or termination of an existing service or activity);
 - (ii) the licensee shall immediately notify the HK SFC if it becomes aware of its inability to maintain, or to ascertain whether it maintains, liquid capital not less than its required liquid capital or minimum paid-up share capital and immediately cease carrying on VA service business. The “liquid capital”, “required liquid capital” and “minimum paid-up share capital” shall be calculated according to the Guidelines for Virtual Asset Trading Platform Operators issued by the HK SFC;
 - (iii) the licensee shall (1) provide monthly reports to the HK SFC on its business activities in a format as prescribed by the HK SFC and submit the report to the HK SFC within two weeks after the end of each calendar month and additionally upon the HK SFC’s request; and (2) provide any other information as the HK SFC thinks fit from time to time;
 - (iv) the licensee shall only operate a centralised online virtual asset trading platform for trading of virtual assets on its platform and carry on (1) off-platform virtual asset trading business and incidental services provided by it to its clients; and (2) activities conducted in relation to such off-platform business. The term “virtual asset” is as defined in the Guidelines for Virtual Asset Trading Platform Operators issued by the HK SFC;
 - (v) the licensee shall engage an independent professional firm acceptable to the HK SFC to conduct an annual review of its activities and operations and prepare a report confirming that it has complied with the licensing conditions and all relevant legal and regulatory requirements. The first report shall be submitted to the HK SFC within 18 months from the date of the Second-phase Assessment report. Subsequent reports shall be submitted to the HK SFC within four months after the end of each financial year and additionally upon the HK SFC’s request;
 - (vi) the licensee shall comply with applicable laws and regulations in all jurisdictions in which it provides services. It should establish and implement measures which include ensuring its marketing activities are only conducted in permitted jurisdictions, and preventing persons from jurisdictions which have banned trading in virtual assets from accessing its services (including Mainland residents). The licensee shall take all necessary measures to procure its controlling entities, related corporations and ultimate owner(s) comply with applicable laws and regulations in all jurisdictions in which such corporation provides services, including preventing Mainland residents from accessing any virtual asset-related service provided by them. The term “controlling entity” is defined in Part 1 of Schedule 1 to the Securities and Futures Ordinance. The term “related corporation” is defined in section 53ZRC of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance; and
 - (vii) the licensee shall at all times be in compliance with the requirements of the Guidelines for Virtual Asset Trading Platform Operators (“Guidelines”) issued by the HK SFC, save that the requirement that a virtual asset to be issued for at least 12 months (“12-month track record”) under 7.6(c) of the Guidelines shall not apply to: (1) virtual assets admissible for trading by professional investors and (2) specified stablecoins issued by HKMA-licensed stablecoin issuers. The licensee shall disclose on its website and mobile application (where applicable) which virtual assets admitted for trading by the licensee for professional investors do not have a 12-month track record and enhance the risk disclosures of such virtual assets. The term “virtual asset” is as defined in the Guidelines. “Professional investor” has the meaning as defined in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance. “Specified stablecoins” has the meaning as defined in section 4 of the Stablecoins Ordinance and the term “HKMA-licensed stablecoin issuers” means a stablecoin issuer which is licensed by the HKMA pursuant to section 15 of the Stablecoins Ordinance.

In addition to the above licenses granted to Futu Securities and Panthertrade by the HK SFC, Futu Lending Limited also holds a money lenders license issued by the licensing court under the Money Lenders Ordinance, which allows it to provide loans to its clients in its ordinary course of business. Furthermore, Futu Securities has been registered as a Mandatory Provident Fund Intermediary with the Mandatory Provident Fund Schemes Authority in Hong Kong since August 2020.

Overview of Licensing Requirements under the SFO

Under the SFO, any person who carries on a business in a regulated activity or holds itself out as carrying on a business in a regulated activity must be licensed under the relevant provisions of the SFO to carry on that regulated activity, unless any exemption under the SFO applies. This applies to a corporation carrying on a business in a regulated activity and to any individuals acting on behalf of that corporation in carrying on such activities, as further described below. It is an offense for a person to conduct any regulated activity without the appropriate license issued by the HK SFC.

Further, if a person (whether by itself or another person on his behalf, and whether in Hong Kong or from a place outside of Hong Kong) actively markets to the public in Hong Kong any services that it provides and such services, if provided in Hong Kong, would constitute a regulated activity, then that person is also subject to the licensing requirements under the SFO.

Responsible Officers

In order for a licensed corporation to carry on any of the regulated activities, it must appoint no less than two Responsible Officers for each regulated activity conducted by a licensed corporation, at least one of whom must be an executive director, to supervise each regulated activity.

An “executive director” of a licensed corporation is defined as a director of the corporation who (a) actively participates in or (b) is responsible for directly supervising, the business of a regulated activity or activities for which the corporation is licensed. Every executive director of the licensed corporation who is an individual must apply to the HK SFC to be approved as a Responsible Officer of such licensed corporation in relation to the regulated activities.

Managers-in-Charge of Core Functions, or MICs

A licensed corporation is required to designate certain individuals as MICs and provide to the HK SFC information about its MICs and their reporting lines. MICs are individuals appointed by a licensed corporation to be principally responsible, either alone or with others, for managing each of the following eight core functions of the licensed corporation:

- (a) overall management oversight;
- (b) key business lines;
- (c) operational control and review;
- (d) risk management;
- (e) finance and accounting;
- (f) information technology;
- (g) compliance; and
- (h) anti-money laundering and counter-terrorist financing.

The management structure of a licensed corporation (including its appointment of MICs) should be approved by the board of the licensed corporation. The board should ensure that each of the licensed corporation's MICs has acknowledged his or her appointment as MIC and the particular core function(s) for which he or she is principally responsible.

Licensed Representatives

In addition to the licensing requirements for corporations that carry on regulated activities, any individual who:

- (a) performs any regulated function for his principal which is a licensed corporation in relation to a regulated activity carried on as a business; or
- (b) holds himself out as performing such regulated function, must separately be licensed under the SFO as a Licensed Representative accredited to his principal.

Fit and Proper Requirement

Persons who apply for licenses to carry on regulated activities under the SFO must satisfy, and continue to satisfy the HK SFC after the grant of such licenses by the HK SFC, that they are fit and proper persons to be so licensed. The Fit and Proper Guidelines issued by the HK SFC under section 399 of the SFO summaries certain matters that the HK SFC will generally consider when determining whether the applicant is a fit and proper person to be licensed under the SFO. Effective from January 1, 2022, the additional fit and proper guidelines for corporations and authorized financial institutions applying or continuing to act as sponsors and compliance advisers are addressed under the Guidelines on Competence and Guidelines on Continuous Professional Training.

Under the Fit and Proper Guidelines, the HK SFC will consider the following matters of the applicant in addition to any other issues as it may consider to be relevant:

- (a) the financial status or solvency;
- (b) the educational or other qualifications or experience having regard to the nature of the functions to be performed;
- (c) the ability to carry on the regulated activity competently, honestly and fairly; and
- (d) the reputation, character, reliability and financial integrity.

The HK SFC will consider the above matters in respect of the person (if an individual), the corporation and any of its officers (if a corporation) or the institution, its directors, chief executive, managers and executive officers (if an authorized financial institution).

In addition to the above, the HK SFC may also take into account of the following matters:

- (a) any decisions made by the Monetary Authority, the Insurance Authority, the Mandatory Provident Fund Schemes Authority or any other authorities or organizations performing similar functions as those of HK SFC (in the HK SFC's opinion) whether in Hong Kong or elsewhere in respect of the applicant;
- (b) any information relating to:
 - (i) any person who is or is to be employed by, or associated with, the applicant for the purpose of the regulated activity in question;
 - (ii) any person who will be acting for or on behalf of the applicant in relation to the regulated activity in question; and

- (iii) if the applicant is a corporation in a group of companies, any other corporation within the same group of companies or any substantial shareholder or officer of any such corporation;
- (c) whether the applicant has established effective internal control procedures and risk management systems to ensure its compliance with all applicable regulatory requirements under any of the relevant provisions; and
- (d) the state of affairs of any other business which the person carries on or proposes to carry on.

Licensing Requirements of VATP operators under the AMLO

Under the AMLO, any person carrying on a business of providing a virtual asset service in Hong Kong, or actively marketing to the Hong Kong public any such service (whether in Hong Kong or from elsewhere), must obtain an AMLO license from the HK SFC, unless an exemption under the AMLO applies. This requirement specifically applies to corporations carrying on such businesses and to all individuals performing regulated functions for or on behalf of those corporations.

It is an offense to carry on a regulated virtual asset service or to actively market such services to the Hong Kong investing public without the required license(s). A VATP operator will be required to obtain dual licensing, that is, a SFO license and/or an AMLO license, if it engages in the relevant activities as follows: (a) operating centralized platforms providing trading services in security tokens using an automated trading engine which matches client orders and also providing custody services as an ancillary service to their trading services, where the VATP operator will be conducting Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under the SFO; and (b) operating centralized platforms providing trading services in non-security tokens using an automated trading engine which matches client orders and also providing custody services as an ancillary service to their trading services, where the VATP operator will need to hold the license for Operating a Virtual Asset Trading Platform under the AMLO. VATPs must demonstrate compliance with the relevant legal frameworks above.

Given that the terms and features of a virtual asset may evolve over time, a virtual asset's classification may change from a non-security token to a security token (or vice versa). To avoid contravention of the licensing regimes and to ensure business continuity, the HK SFC has suggested that VATPs apply for licenses under both the SFO and AMLO regimes.

Responsible Officers

The same requirements under the SFO licensing regime apply. See “— Overview of Licensing Requirements under the SFO — Responsible Officers.”

Managers-in-Charge of Core Functions, or MICs

The same requirements under the SFO licensing regime apply. See “— Overview of Licensing Requirements under the SFO — Managers-in-Charge of Core Functions, or MICs.”

Licensed Representatives

The same requirements under the SFO licensing regime apply. See “— Overview of Licensing Requirements under the SFO — Licensed Representatives.”

Fit and Proper Requirement

Persons who apply for licenses to carry on a virtual asset service under the AMLO must satisfy and continue to satisfy that they are fit and proper persons to be so licensed under sections 53ZRJ and 53ZRK of the AMLO.

The same considerations illustrated in SFO licensing apply. See “— Overview of Licensing Requirements under the SFO — Fit and Proper Requirement.”

Financial Resources Requirement

A VATP operator licensed in Hong Kong must meet strict financial resources requirements at all times. The VATP operator is required to maintain a minimum paid-up share capital of not less than HK\$5,000,000 and liquid capital that is the greater of HK\$3,000,000 or the “basic amount” stipulated under section 2 of the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong).

In addition, the VATP operator must keep in Hong Kong, at all times, sufficiently liquid assets, such as cash, deposits, treasury bills, and certificates of deposit, but excluding virtual assets, equivalent to at least 12 months of actual operating expenses, calculated on a rolling basis.

Custody and Client Asset

Custody of client assets is a central obligation for Hong Kong-licensed VATP operators, requiring that all client money and client virtual assets are held on trust exclusively through an “Associated Entity” that conducts no business other than receiving or holding client assets on behalf of the platform. This entity must be incorporated in Hong Kong, licensed as a trust or company service provider under the AMLO, and be a wholly owned subsidiary of the platform operator. Strict safeguards are mandated, including segregation of client assets from company assets, robust reconciliation and audit processes, comprehensive internal controls over access to client wallets, with at least 98% of client virtual assets stored in cold wallets (except under limited circumstances permitted by the HK SFC on a case-by-case basis), and strong governance of private key management and withdrawal procedures to prevent fraud, theft, or unauthorized access.

VATP operators must facilitate only client-initiated deposits and withdrawals between whitelisted addresses, maintain detailed records for at least seven years, and implement regular internal audits and insurance or compensation arrangements covering at least 50% of cold storage and all hot wallet client virtual assets. Full and transparent disclosure of custody arrangements and associated risks to clients, such as potential limitations in legal protection and recourse, risks from technological failures, or cyberattacks, is also required.

Continuing Obligations of Licensed Corporations and HK SFC Licensed VATPs

Licensed corporations, Licensed Representatives and Responsible Officers must remain fit and proper at all times. They are required to comply with all applicable provisions of the SFO and the AMLO and its subsidiary rules and regulations, as well as the codes and guidelines issued by the HK SFC.

Outlined below are some of the key continuing obligations of our licensed corporations under the SFO:

- maintenance of minimum paid-up share capital and liquid capital, and submission of financial resources returns to the HK SFC in accordance with the requirements under the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong) (“FRR”);
- maintenance of segregated account(s), and custody and handling of client securities in accordance with the requirements under the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong);
- maintenance of segregated account(s), and holding and payment of client money in accordance with the requirements under the Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong);
- issuance of contract notes, statements of account and receipts in accordance with the requirements under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Chapter 571Q of the Laws of Hong Kong);
- maintenance of proper records in accordance with the requirements prescribed under the Securities and Futures (Keeping of Records) Rules (Chapter 571O of the Laws of Hong Kong);

- submission of audited accounts and other required documents in accordance with the requirements under the Securities and Futures (Accounts and Audit) Rules (Chapter 571P of the Laws of Hong Kong);
- maintenance of insurance against specific risks for specified amounts in accordance with the requirements under the Securities and Futures (Insurance) Rules (Chapter 571AI of the Laws of Hong Kong);
- payment of annual fees and submission of annual returns to the HK SFC within one month after each anniversary date of the license;
- notification to the HK SFC of certain changes and events in accordance with the requirements under the Securities and Futures (Licensing and Registration) (Information) Rules (Chapter 571S of the Laws of Hong Kong);
- notification to the HK SFC of any changes in the appointment of MICs or any changes in certain particulars of MICs pursuant to the Circular to Licensed Corporations Regarding Measures for Augmenting the Accountability of Senior Management dated December 16, 2016 issued by the HK SFC;
- compliance with the continuous professional training and related record keeping requirements under the Guidelines on Continuous Professional Training issued by the HK SFC;
- implementation of appropriate policies and procedures relating to client acceptance, client due diligence, record keeping, identification and reporting of suspicious transactions and staff screening, education and training in accordance with the requirements under the Guideline on Anti-Money Laundering and Counter- Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers) issued by the HK SFC, or the AML/CTF Guideline;
- compliance with the business conduct requirements under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the Securities and Futures Commission, the Fund Manager Code of Conduct and the Fit and Proper Guidelines;
- compliance with employee dealings requirements under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, which requires licensed corporations to implement procedures and policies on employee trading, to actively monitor the trading activities in their employees' accounts and their related accounts;
- compliance with the Advertising Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes, the Guidelines on Disclosure of Fees and Charges Relating to Securities Services and other applicable codes, circulars and guidelines issued by the Securities and Futures Commission; and
- compliance with the requirements in relation to provision of order execution, distribution or advisory services in respect of investment products via online platforms under the Guidelines on Online Distribution and Advisory Platforms issued by the Securities and Futures Commission.

Below are some of the key continuing obligations for our HK SFC Licensed VATP under the SFO and the AMLO:

- maintenance of fit and proper status at all times by the VATP and licensed representatives, and compliance with all applicable provisions of the SFO, AMLO, and the codes and guidelines issued by the HK SFC;
- appointment and maintenance of at least two responsible officers for the relevant activities, with at least one of whom shall be an executive director of VATP, and at least one responsible officer ordinarily should be residing in Hong Kong;

- obligation to notify the HK SFC and request a revocation of license under the SFO and/or the AMLO upon intending to cease relevant activities, including (i) submission of notification of intended business cessation no later than seven business days before such cessation, (ii) submission of audited accounts within four months after the date of cessation of Relevant Activities; (iii) arrangement for the return of all client funds and/or assets as soon as practicable upon cessation of business;
- notification to the HK SFC of specific changes in the information provided to the HK SFC, pursuant to notification requirements specified in the SFO, the Securities and Futures (Licensing and Registration) (Information) Rules (Chapter 571S of the Laws of Hong Kong), and/or the AMLO;
- notification to the HK SFC (i) by a director of him/her becoming or ceasing to be a director of the VATP, (ii) by an associated entity of the VATP of it becoming or ceasing to be an associated entity and its financial year-end, and (iii) by a substantial shareholder or ultimate owner of changes in his/her particulars, pursuant to the SFO, the Securities and Futures (Licensing and Registration) (Information) Rules (Chapter 571S of the Laws of Hong Kong), and/or the AMLO;
- adherence to all other notification requirements for change events as detailed in the relevant provisions of the SFO and AMLO;
- submission of audited accounts and other required documents by the VATP and its associated entities within four months after (i) the end of each financial year, (ii) the VATP ceases relevant activities, or (iii) an associated entity ceases to be an associated entity, pursuant to the SFO and/or the AMLO;
- submission of monthly financial resources returns to the HK SFC in accordance with the Guidelines for Virtual Asset Trading Platform Operators;
- payment of annual fees;
- submission of annual returns by the VATP and licensed individuals within one month after each license anniversary date, pursuant to the SFO and/or the AMLO; and
- planning and implementing a continuous professional training (CPT) program for licensed representatives and performing due diligence to ensure their CPT compliance, and ensuring CPT content is relevant to the functions performed by the individual, with reference to the Guidelines for Virtual Asset Trading Platform Operators.

Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong)

Subject to certain exemptions specified under the FRR, a licensed corporation is required to maintain minimum paid-up share capital in accordance with the FRR. The following table sets out a summary of the key requirements on minimum paid-up share capital under the FRR which are applicable to Futu Securities and Panthertrade:

	Regulated Activities	Minimum Amount of Paid-up Share Capital	
Futu Securities	A corporation licensed for Type 1, Type 2, Type 3, Type 4, Type 5, Type 7 and Type 9 regulated activities	HK\$	30,000,000
Panthertrade	A corporation licensed for Type 1 and Type 7 regulated activities Operating a Virtual Asset Trading Platform under the AMLO	HK\$	5,000,000

In addition, the FRR also requires a licensed corporation to maintain minimum liquid capital. The minimum liquid capital requirements under the FRR that are applicable to Futu Securities and Panthertrade are the higher of the amount of (a) and the amount in (b) or (c) (as applicable) below:

(a) the amount of:

	Regulated Activities	Minimum Amount of Required Liquid Capital	
Futu Securities	A corporation licensed for Type 1, Type 2, Type 3, Type 4, Type 5, Type 7 and Type 9 regulated activities	HK\$	15,000,000
Panthertrade	A corporation licensed for Type 1 and Type 7 regulated activities Operating a Virtual Asset Trading Platform under the AMLO	HK\$	3,000,000 and the amount in note (c) below

(b) in the case of a corporation licensed for Type 3 regulated activity (whether or not it is also licensed for any other regulated activity), means the sum of its variable required liquid capital which means 5% of the aggregate of (i) its adjusted liabilities, (ii) the aggregate of the initial margin requirements in respect of outstanding futures contracts and outstanding unlisted options contracts held by it on behalf of its clients, and (iii) the aggregate of the amounts of margin required to be deposited in respect of outstanding futures contracts and outstanding unlisted options contracts held by it on behalf of its clients, to the extent that such contracts are not subject to the requirement of payment of initial margin requirements and 1.5% of its aggregate gross foreign currency position which means the aggregate of (i) the value of assets, other than fixed assets, beneficially owned by Futu Securities which are denominated in the foreign currency, (ii) all of Futu Securities' on-balance sheet liabilities, other than excluded liabilities, which are denominated in the foreign currency and (iii) the aggregate of the total amount of the foreign currency in respect of which Futu Securities is exposed to the risk of a decline or rise in the value of the foreign currency under outstanding contracts (including spot contracts).

(c) subject to the "basic amount" as defined in section 2 of the FRR, which is 5% of the aggregate of (i) adjusted liabilities; (ii) the aggregate of the initial margin requirements in respect of outstanding futures contracts and outstanding unlisted options contracts held on behalf of clients; and (iii) the aggregate of the amounts of margin required to be deposited in respect of outstanding futures contracts and outstanding unlisted options contracts held on behalf of clients, to the extent that such contracts are not subject to payment of initial margin requirements.

Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong) (the "Client Securities Rules")

The repledging limit stipulated under section 8A of the Client Securities Rules applies to an intermediary which is licensed for dealing in securities and/or securities margin financing and where the intermediary or an associated entity of such intermediary repledges securities collateral of the intermediary. On each business day, the intermediary shall ascertain the aggregate market value of the repledged securities collateral, which shall be calculated by reference to the respective closing prices of the collateral on that business day.

Pursuant to section 8A of the Client Securities Rules, if the aggregate market value of the repledged securities collateral as calculated above exceeds 140% of the intermediary's aggregate margin loans on the same business day, or the Relevant Day, the intermediary shall by the close of business on the next business day following the Relevant Day, or the Specified Time, withdraw, or causes to be withdrawn, from deposit an amount of repledged securities collateral such that the aggregate market value of the repledged securities collateral at the Specified Time, which is calculated by reference to the respective closing prices on the Relevant Day, does not exceed 140% of the intermediary's aggregate margin loans as of the close of business on the Relevant Day.

Exchange and Clearing Participantship

As of the date of this annual report, Futu Securities was a participant of the following:

Exchange / Clearing House	Type of Participantship
The Stock Exchange of Hong Kong Limited (SEHK)	Participant China Connect Exchange Participant Options Trading Exchange Participant
Hong Kong Securities Clearing Company Limited (HKSCC)	Direct Clearing Participant China Connect Clearing Participant
SEHK Options Clearing House Limited (SEOH)	Direct Clearing Participant
HKFE Clearing Corporation Limited (HKCC)	Clearing Participant
Hong Kong Futures Exchange Limited (HKFE)	Futures Commission Merchant

Trading Rights

In addition to the licensing requirements under the SFO, the rules promulgated by the Stock Exchange of Hong Kong and the Hong Kong Futures Exchange require any person who wishes to trade on or through their respective facilities to hold a trading right, or Trading Right. The Trading Right confers on its holder the eligibility to trade on or through the relevant exchange. However, the holding of a Trading Right does not, of itself, permit the holder to actually trade on or through the relevant exchange. In order to do this, it is also necessary for the person to be registered as a participant of the relevant exchange in accordance with its rules, including those requiring compliance with all relevant legal and regulatory requirements.

The Stock Exchange of Hong Kong Trading Rights and the Hong Kong Futures Exchange Trading Rights are issued by the Stock Exchange of Hong Kong and the Hong Kong Futures Exchange at a fee and in accordance with the procedures set out in their respective rules. Alternatively, the Stock Exchange of Hong Kong Trading Rights and the Hong Kong Futures Exchange Trading Rights can be acquired from existing Trading Right holders subject to the rules of the respective exchanges.

Exchange Participantship

The table below sets out a summary of the key requirements for becoming an exchange participant of the relevant exchange:

	Stock Exchange Participant / Stock Options Exchange Participant	Futures Exchange Participant
Legal Status	Being a company limited by shares incorporated in Hong Kong	Being a company limited by shares incorporated in Hong Kong
SFC Registration	Being a licensed corporation qualified to carry out Type 1 regulated activity under the SFO	Being a licensed corporation qualified to carry out Type 2 regulated activity under the SFO
Trading Right	Holding a Stock Exchange Trading Right	Holding a Futures Exchange Trading Right
Financial Standing	Having good financial standing and integrity	Having good financial standing and integrity
Financial Resources Requirement	Complying with the minimum capital requirement, liquid capital requirement and other financial resources requirements as specified by the FRR and other applicable rules	Complying with the minimum capital requirement, liquid capital requirement, other financial resources requirements as specified by the FRR and other applicable rules

Clearing Participantship

An entity must be an exchange participant of the relevant exchange before it can become a clearing participant of the following clearing houses, namely the HKSCC, HKCC and SEOCH.

HKSCC

HKSCC has, among others, two categories of participantship: (1) the Direct Clearing Participant; and (2) the General Clearing Participant. The requirements of Direct Clearing Participantship are as follows:

- to be an Exchange Participant of the Stock Exchange of Hong Kong;
- to undertake to (i) sign a participant agreement with HKSCC; (ii) pay to HKSCC an admission fee of HK\$50,000 in respect of each Stock Exchange Trading Right held by it; and (iii) pay to HKSCC its contribution to the guarantee fund of HKSCC as determined by HKSCC from time to time subject to a minimum cash contribution of the higher of HK\$50,000 or HK\$50,000 in respect of each Stock Exchange Trading Right held by it;
- to open and maintain a single current account with one of the CCASS designated banks and execute authorizations to enable the designated bank to accept electronic instructions from HKSCC to credit or debit the account for CCASS money settlement, including making payment to HKSCC;
- to provide a form of insurance to HKSCC as security for liabilities arising from defective securities deposited by it into CCASS, if so required by HKSCC; and
- to have a minimum liquid capital of HK\$3,000,000.

SEOCH

SEOCH has two categories of participantship: (1) the Direct Clearing Participant; and (2) the General Clearing Participant. The requirements of Direct Clearing Participantship are as follows:

- be an Options Trading Exchange Participant of the Stock Exchange of Hong Kong;
- have in place procedures and a back office computer system appropriate to the type of SEOCH Participant applied for;
- have a liquid capital of not less than the higher of:
 - (a) its required liquid capital under the Securities and Futures (Financial Resources) Rules; or
 - (b) HK\$5,000,000; and
- contribute HK\$1,500,000 to the reserve fund under the rules of SEOCH.

HKCC

HKCC has two categories of participantship: (1) the General Clearing Participant; and (2) the Clearing Participant. The requirements of Clearing Participantship are as follows:

- be an Exchange Participant of the Hong Kong Futures Exchange;
- have a liquid capital of not less than the higher of:

- (a) its required liquid capital under the Securities and Futures (Financial Resources) Rules; or
- (b) HK\$5,000,000; and
- contribute HK\$1,500,000 participant deposit to the reserve fund under the rules of HKCC.

China Connect Exchange Participant

China Connect is open to all Exchange Participants, but Exchange Participants who wish to participate must satisfy certain eligibility requirements published on the Stock Exchange website at <http://www.hkex.com.hk/mutualmarket>.

Only the following Exchange Participants shall be eligible to apply for registration and to remain registered as China Connect Exchange Participants: (1) Exchange Participants that are CCASS Clearing Participants, and (2) Exchange Participants that are not CCASS Clearing Participants but have entered into a valid, binding and effective CCASS Clearing Agreement with a CCASS GCP which is and remains registered by HKSCC as a China Connect CCASS Clearing Participant for the clearing of its China Connect Securities Trades (capitalized terms of which are defined in the Rules of the Hong Kong Stock Exchange).

The Stock Exchange may publish the China Connect Exchange Participant Registration Criteria (as defined in the Rules of the Stock Exchange) and a list of the China Connect Exchange Participants registered from time to time on the website of the Stock Exchange or by other means that it considers appropriate.

China Connect Clearing Participant

Only China Connect Clearing Participants may use China Connect Clearing Services relating to the clearing and settlement of China Connect Securities Trades. The requirements for being accepted for registration and remaining registered as a China Connect Clearing Participant are as follows:

- to be a Direct Clearing Participant or a General Clearing Participant;
- to undertake to pay HKSCC such amount of Mainland Settlement Deposit, Mainland Security Deposit, Marks and Collateral as may be specified by HKSCC in accordance with the Operational Procedures of HKSCC in relation to CCASS; and
- to meet all other relevant China Connect Clearing Participant Registration Criteria.

HKSCC may from time to time prescribe additional eligibility criteria for participants to be accepted for registration and to remain registered as China Connect Clearing Participants. HKSCC may publish the China Connect Clearing Participant Registration Criteria and a list of China Connect Clearing Participants on the website of the Stock Exchange or by other means that it considers appropriate.

Anti-Money Laundering and Counter-Terrorist Financing

Licensed corporations are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Hong Kong as well as the AML/CTF Guideline and the Prevention of Money Laundering and Terrorist Financing Guideline issued by the Securities and Futures Commission for Associated Entities of Licensed Corporations and SFC-licensed Virtual Asset Service Providers.

The AML/CTF Guideline provides practical guidance to assist licensed corporations and their senior management in formulating and implementing their own policies, procedures and controls in order to meet applicable legal and regulatory requirements in Hong Kong. Under the AML/CTF Guideline, licensed corporations should, among other things:

- assess the risks of any new products and services before they are introduced and ensure that appropriate additional measures and controls are implemented to mitigate and manage the risks associated with money laundering and terrorist financing;
- consider the delivery and distribution channels (which may include sales through online, postal or telephone channels where a non-face-to-face account opening approach is used and business sold through intermediaries) and the extent to which they are vulnerable to abuse for money laundering and terrorist financing;
- identify the client and verify the client's identity and any beneficial owner's identity by reference to any documents, information or data from reliable and independent sources, and take steps from time to time to ensure that the client information obtained is up-to-date and relevant;
- conduct on-going monitoring of activities of the clients to ensure that they are consistent with the nature of business, the risk profile and source of funds, as well as identify transactions that are complex, large or unusual, or patterns of transactions that have no apparent economic or lawful purpose and which may indicate money laundering and terrorist financing;
- maintain a database of names and particulars of terrorist suspects and designated parties which consolidates the information from various lists that have been made known to them, as well as conduct comprehensive on-going screening of the client database; and
- conduct on-going monitoring for identification of suspicious transactions and ensure compliance with their legal obligations of reporting funds or property known or suspected to be proceeds of crime or terrorist property to the Joint Financial Intelligence Unit, a unit jointly run by the Hong Kong Police Force and the Hong Kong Customs and Excise Department to monitor and investigate suspicious financial or money laundering activities.

We set out below a brief summary of the principal legislation in Hong Kong that is concerned with anti-money laundering and counter-terrorist financing.

Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong), or the AMLO

Among other things, the AMLO imposes on certain institutions (which include licensed corporations as defined under the SFO) certain requirements relating to customer due diligence and record-keeping. The AMLO empowers the relevant regulatory authorities to supervise compliance with the requirements under the AMLO. In addition, a financial institution must take all reasonable measures to (1) ensure that proper safeguards exist to prevent contravention of specific provisions in the AMLO, and (2) mitigate money laundering and terrorist financing risks.

Licensing Requirements for Trust or Company Service Providers ("TCSP") under the AMLO

A person who carries on or wishes to carry on a trust or company service business in Hong Kong is required to apply for a license under the AMLO, unless any exemption under the AMLO applies. The Companies Registry of Hong Kong is responsible for the administration of the licensing regime for TCSPs. It is an offense for a person to carry on a trust or company service business in Hong Kong without a license.

A TCSP license, once granted, will generally be valid for three years. The Companies Registry of Hong Kong is empowered to grant, refuse to grant, renew, suspend or revoke a license, and impose or vary any conditions in relation to a license. TCSP licensees are required to obtain prior approval from the Registrar of Companies of Hong Kong before any person becomes an ultimate owner, a partner or a director of a licensee. They should also give notifications to the Registrar of Companies of Hong Kong of any changes in particulars previously provided in connection with an application for the grant or renewal of a license within one month of the change. A TCSP licensee who intends to cease to carry on the trust or company service business is also required to, before the intended date of cessation, notify the Registrar of Companies of Hong Kong of that intention and the intended date of cessation.

TCSP licensees are also required to comply with the statutory customer due diligence and record-keeping requirements as set out in Schedule 2 to the AMLO.

The Companies Registry of Hong Kong published the "Guideline on Licensing of Trust or Company Service Providers" to provide information on the licensing requirements and the "Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Trust or Company Service Providers" to provide guidance on the ongoing obligations of TCSP licensees. The register of licensees, which contains the name and business address of every TCSP licensee, is maintained by the Registrar of Companies of Hong Kong and is available for public inspection.

Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong), or the DTROP

Among other things, the DTROP contains provisions for the investigation of assets suspected to be derived from drug trafficking activities, the freezing of assets on arrest and the confiscation of the proceeds from drug trafficking activities by the competent authorities. It is an offense under the DTROP for a person to deal with any property knowing or having reasonable grounds to believe it to represent the proceeds from drug trafficking. The DTROP requires a person to report to an authorized officer if he/she knows or suspects that any property (in whole or in part directly or indirectly) represents the proceeds of drug trafficking or is intended to be used or was used in connection with drug trafficking, and failure to make such disclosure constitutes an offense under the DTROP.

Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong), or the OSCO

Among other things, the OSCO empowers officers of the Hong Kong Police Force and the Hong Kong Customs and Excise Department to investigate organized crime and triad activities, and confers jurisdiction on the Hong Kong courts to confiscate the proceeds of organized and serious crimes, to issue restraint orders and charging orders in relation to the property of defendants of specified offenses under the OSCO. The OSCO extends the money laundering offense to cover the proceeds from all indictable offenses in addition to drug trafficking.

United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong), or the UNATMO

Among other things, the UNATMO stipulates that it is a criminal offense to: (1) provide or collect property (by any means, directly or indirectly) with the intention or knowledge that the property will be used to commit, in whole or in part, one or more terrorist acts; or (2) make any property or financial (or related) services available, by any means, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, such person is a terrorist or terrorist associate, or collect property or solicit financial (or related) services, by any means, directly or indirectly, for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate. The UNATMO also requires a person to disclose his knowledge or suspicion of terrorist property to an authorized officer, and failure to make such disclosure constitutes an offense under the UNATMO.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), or the PDPO

The PDPO imposes a statutory duty on data users to comply with the requirements of the six data protection principles (the "Data Protection Principles") contained in Schedule 1 to the PDPO. The PDPO provides that a data user shall not do an act, or engage in a practice, that contravenes a Data Protection Principle unless the act or practice, as the case may be, is required or permitted under the PDPO. The six Data Protection Principles are:

- Principle 1 - purpose and manner of collection of personal data;

- Principle 2 - accuracy and duration of retention of personal data;
- Principle 3 - use of personal data;
- Principle 4 - security of personal data;
- Principle 5 - information to be generally available; and
- Principle 6 - access to personal data.

Non-compliance with a Data Protection Principle may lead to a complaint to the Privacy Commissioner for Personal Data (the "Privacy Commissioner"). The Privacy Commissioner may serve an enforcement notice to direct the data user to remedy the contravention and/ or instigate prosecution actions. A data user who contravenes an enforcement notice commits an offense which may lead to a fine and imprisonment.

The PDPO also gives data subjects certain rights, inter alia:

- the right to be informed by a data user whether the data user holds personal data of which the individual is the data subject;
- if the data user holds such data, to be supplied with a copy of such data; and
- the right to request correction of any data they consider to be inaccurate.

The PDPO criminalizes, including but not limited to, the misuse or inappropriate use of personal data in direct marketing activities, non-compliance with a data access request and the unauthorized disclosure of personal data obtained without the relevant data user's consent. An individual who suffers damage, including injured feelings, by reason of a contravention of the PDPO in relation to his or her personal data may seek compensation from the data user concerned.

Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)

Money lenders and money-lending transactions in Hong Kong are regulated by the Money Lenders Ordinance. In general, any person who carries on business as a money lender must apply for and maintain a money lenders license (valid for 12 months) granted by the licensing court under the Money Lenders Ordinance, unless any exemption under the Money Lenders Ordinance applies.

An application for or renewal of this license is subject to any objection by the Registrar of Money Lenders (the role is presently performed by the Registrar of Companies) and the Commissioner of Police. The Commissioner of Police is responsible for enforcing the Money Lenders Ordinance, including carrying out examinations on applications for money lenders licenses, renewal of licenses and endorsements on licenses, and is responsible for investigations of complaints against money lenders.

The register of licensed money lenders is currently kept in the Companies Registry of Hong Kong and is available for inspection. The Money Lenders Ordinance provides for protection and relief against excessive interest rates and extortionate stipulations in respect of loans by, for example, making it an offense for a person to lend money at an effective interest rate exceeding 48% per annum (reduced from 60% per annum with effect from December 30, 2022) or with extortionate provisions. It also stipulates various mandatory documentary and procedural requirements that are required to be observed by a money lender in order to enforce in the courts of law a lending agreement or security being the subject of the Money Lenders Ordinance.

Over the years, the Companies Registry of Hong Kong has introduced more stringent licensing conditions on all money lenders licenses, with an aim to facilitate effective enforcement of the statutory ban on separate fee charging by money lenders and their connected parties, ensure better protection of privacy of intending borrowers, enhance transparency and disclosure, promote the importance of prudent borrowing, address increasing public concern about over-indebtedness and ensure better regulation of money lending-related practices. For example, one of the additional licensing conditions is that all money lenders should include a warning statement in their advertisements in relation to their money lending business, namely "Warning: You have to repay your loans. Don't pay any intermediaries."

Additional licensing conditions came into effect on December 1, 2016, October 11, 2018 and March 16, 2021. The Companies Registry of Hong Kong also published the Guidelines on Licensing Conditions of Money Lenders License to provide guidance for money lenders licenses on the requirements of the licensing conditions. One of the additional licensing conditions is that a money lender shall comply with the Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders, which is similar to the AML/CTF Guideline.

Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), or the IO

The IO (along with its subsidiary legislation) provides the regulatory framework for the business of insurers and insurance intermediaries (covering insurance agents and brokers) in Hong Kong. The IO provides that a person must not carry on a regulated activity, or must not hold out that the person is carrying on a regulated activity, in the course of business or employment, or for reward unless the person holds an appropriate type of insurance intermediary license or is exempt under the IO. Regulated activities include:

- negotiating or arranging a contract of insurance;
- inviting or inducing a person to enter into a contract of insurance (or attempting to do so);
- inviting or inducing a person to make a material decision in relation to a contract of insurance (or attempting to do so); and
- giving regulated advice.

Types of Licensed Insurance Brokers

The licensing regime under the IO prescribes two types of licensed insurance brokers:

- licensed insurance broker companies, which is a company that is granted a license to carry out regulated activities and to perform the act of negotiating or arranging an insurance contract as an agent of any policy holder or potential policy holder; and
- licensed technical representatives (broker), which is an individual who is granted a license to carry on regulated activities, as an agent of any licensed insurance broker company.

Application for licensing

An application for an insurance intermediary license under the IO should be made to the Insurance Authority of Hong Kong, or the IA.

Effective September 23, 2019, the IA took over the regulation of insurance intermediaries from the three self-regulatory organizations (i.e., the Insurance Agents Registration Board, or the IARB, established under the Hong Kong Federation of Insurers, the Hong Kong Confederation of Insurance Brokers, or the HKCIB and the Professional Insurance Brokers Association, or the PIBA), and became the sole regulator to license and supervise all insurance intermediaries in Hong Kong.

A license granted to a licensed insurance broker company or licensed technical representative by the IA is valid for three years or, if the IA considers it appropriate in a particular case, another period determined by the IA. The IA maintains a register of licensed intermediaries on its website.

Transitional Arrangements for Insurance Brokers

To facilitate a smooth transition, all insurance brokers who were validly registered with the IARB, the HKCIB and the PIBA immediately before September 23, 2019 are deemed as licensed insurance brokers under the IO for a period of three years. The incumbent chief executives and responsible officers of the insurance broker companies are also eligible for the transitional arrangements. The IA has, staggered over the three-year transitional period, invited deemed licensees to submit applications to the IA for granting of formal licenses and approvals. The transitional period came to an end on September 22, 2022.

Requirements for Broker Companies

Under the IO, a person who is, is applying to be, or is applying for a renewal of a license to be, a licensed insurance broker is required to satisfy the IA that he/she/it is a fit and proper person. In addition, the responsible officer(s), controller(s), and director(s) (where applicable) of a licensed insurance broker company are also required to be fit and proper persons. These “fit and proper” requirements aim at ensuring that the licensed insurance brokers are competent, reliable and financially sound, and have integrity.

The IO imposes requirements (set out in rules made under section 129 of the IO) on licensed insurance broker companies in relation to the following aspects:

- capital and net assets;
- professional indemnity insurance;
- client accounts;
- proper books and accounts; and
- accounting disclosure.

The IO (and rules, regulations, codes and guidelines administered or issued by the IA) also includes requirements, which focus on the interactions which licensed insurance brokers have with policy holders and potential policy holders when carrying on regulated activities. These requirements include:

- the statutory conduct requirements, with which licensed insurance brokers must comply in carrying on regulated activities, in sections 90 and 92 of the IO;
- the relevant requirements set out in the rules, regulations, codes and guidelines made or issued under the IO; and
- the general principles, standards and practices set out in the Code of Conduct for Licensed Insurance Brokers.

Hong Kong Taxation

Hong Kong profits tax is chargeable on every person, including corporations, carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets). However, profits arising from the sale of capital assets are not subject to Hong Kong profit tax. Whether (i) an activity amounted to trade, profession or business; (ii) an asset is capital in nature or revenue in nature; and/or (iii) profits are arising in or derived from Hong Kong are questions of fact. Under the current Hong Kong Inland Revenue Ordinance, Hong Kong profits tax for a corporation from the year of assessment 2018/2019 onwards is generally 8.25% on assessable profits up to HK\$2.0 million; and 16.5% on any part of assessable profits over HK\$2.0 million.

In addition, if the transfer of a share is required to be registered in a share register in Hong Kong, or Hong Kong Share, stamp duty will be payable by the person(s) who effects any sale or purchase of such Hong Kong Share. The stamp duty in relation to transfer of Hong Kong Share is charged at the ad valorem rate of 0.13% of the consideration for, or (if greater) the value of, the shares transferred on each of the seller and purchaser. In other words, a total of 0.26% of the consideration for, or (if greater) the value of, the shares transferred is currently payable on a typical sale and purchase transaction of Hong Kong Share. In addition, the instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5.00.

Regulations on Employment and Social Welfare

Regulations on Employment in Hong Kong

The principle legislations that govern employment matters in Hong Kong include: (i) the Employment Ordinance (Chapter 57 Laws of Hong Kong); (ii) Minimum Wage Ordinance (Chapter 608 Laws of Hong Kong); (iii) Occupational Retirement Schemes Ordinance (Chapter 426 Laws of Hong Kong); (iv) Mandatory Provident Fund Schemes Ordinance (Chapter 485 Laws of Hong Kong); (v) Employees' Compensation Ordinance (Chapter 282 Laws of Hong Kong); and (vi) Occupational Safety and Health Ordinance (Chapter 509 Laws of Hong Kong).

According to the legislations above, although there is no specific requirement that employment contracts must be in written form, an employer is required to provide particulars of the terms of employment to the employee upon request. Wages should not be lower than the statutory minimum wage and shall be paid to the employees within seven days from the end of the relevant wage period. Employers also required to take out sufficient employees compensation insurance in respect of their liability to compensate employees for any injury or accident arising out of and in the course of employment. In addition, all employers are required to provide a safe and healthy work environment to all employees and put in place appropriate measures in the workplace. Violations of the relevant legislation may result in the imposition of fines or imprisonments and also claims from the employees.

Regulations on Social Welfare in Hong Kong

Employers in Hong Kong are required by Hong Kong laws to enroll all eligible employees to their mandatory provident fund ("MPF") scheme. Both the employer and the employee are each required to contribute an amount equal to at least 5% of an employee's salary (subject to a statutory cap at HK\$1,500) per month to a retirement scheme that is registered as a MPF scheme. Some employers in Hong Kong may provide occupational retirement scheme as an alternative or additional benefit through occupational retirement scheme. Failure to maintain a retirement scheme, enroll eligible employees to its retirement scheme, or make the required contributions would be a criminal offence. Employers who are in breach may be subject to fine or imprisonment.

Overview of the Laws and Regulations Relating to Our Business and Operations in China

This section sets forth a summary of the most significant laws, regulations and rules that affect our operations in the PRC or the rights of our shareholders to receive dividends and other distributions from us.

Regulations on Corporate Governance

On December 29, 2023, the SCNPC promulgated the amended PRC Company Law, which came into effect on July 1, 2024, to supersede the existing PRC Company Law which was amended in October 2018. The amended PRC Company Law has made material amendments on corporate governance and shareholders rights of the PRC companies, including, among others, the statutory period for payment of registered capital, the setting of the board of directors and the board of supervisors, and transfer of equity interests in a company.

With respect to the period for payment of the registered capital, pursuant to the amended PRC Company Law, all shareholders of a PRC limited liability company shall fully pay up the registered capital subscribed for by such shareholders within five years since the date of establishment of such PRC limited liability company, unless otherwise provided by laws and regulations. With respect to any company established before the effective date of the amended PRC Company Law, the period of capital contribution provided in its articles of association shall be amended to meet the time limit provided in the amended PRC Company Law if such period of capital contribution in its articles of association exceeds that as required by the amended PRC Company Law; with respect to any company whose period of capital contribution or amount of the registered capital are obviously abnormal, the competent government authority may require such company to adjust its period of capital contribution or amount of the registered capital in a timely manner. The amended PRC Company Law provides that the detailed implementation measures for the aforesaid provisions will be formulated by the State Council of the PRC. If any shareholder fails to make capital contributions on schedule and in full as provided in the articles of association, the company shall send a written notice requesting such shareholder to pay up all overdue registered capital within a grace period no less than sixty days from the issuance date of such notice. If, upon the expiration of the foregoing grace period, such shareholder still hasn't fulfilled the obligation of capital contribution with respect to such overdue registered capital, the company may, upon adoption of the resolution of the board of directors, send a notice of forfeiture to such shareholder in writing. Since the issuance date of the foregoing notice, such shareholder shall forfeit the equity interests for which the capital contribution has not been paid up. The forfeited equity interests shall be transferred or cancelled in accordance with the applicable laws. On July 1, 2024, the SAMR issued the Provisions of the State Council on Implementing the Registered Capital Registration and Management System under the PRC Company Law, which further specify the detailed requirements and measures of the registration and management of registered capital under the amended PRC Company Law. Pursuant to such provisions, there shall be a three-year interim period from July 1, 2024 to June 30, 2027 for the existing companies to adjust their periods of capital contribution. If the period of capital contribution of a company established before the effective date of the amended PRC Company Law exceeds the period prescribed under the amended PRC Company Law, such company shall make an adjustment within the foregoing interim period to meet the requirements under the amended PRC Company Law. The adjusted period of capital contribution shall be recorded in such company's articles of association and publicized through the national enterprise credit information publicity system in accordance with laws. If a limited liability company established before the effective date of the amended PRC Company Law fails to adjust its period of capital contribution during the interim period, the competent registration authority may order it to make adjustment. In case of failure to make corrections, the company registration authority shall make special notes in the National Enterprise Credit Information Publicity System and make public the same.

With respect to the board of directors and the board of supervisors, the amended PRC Company Law eliminates the upper limit on the number of the directors of a limited liability company, and stipulates that a limited liability company with more than 300 employees shall have an employee representative in its board of directors, unless this company has set up a board of supervisors with employee representative(s) as the member(s). In addition, after the effective date of the amended PRC Company Law, limited liability companies, joint stock limited companies with small scale or a small number of shareholders and wholly state-owned companies may set up an audit committee to replace the functions and powers of the board of supervisors, and such companies may not set the board of supervisors or any supervisor.

With respect to the transfer of equity interest of a limited liability company, the amended PRC Company law stipulates that the shareholders of a limited liability company may transfer the equity interest without the consent of other shareholders, provided that such shareholder shall notify other shareholders in writing with respect to transfer of such equity interest. Other shareholders will be regarded as giving up the right of first refusal if they fail to reply within 30 days after receiving the written notice. If a shareholder transfers the equity interest held by it, it shall notify the company in writing to request the company (i) to change the register of shareholders and (ii) to register the change with the competent enterprise registration authority. If the company refuses or fails to respond, the transferee and transferor may file a lawsuit with the competent court.

Regulations on Securities Business

Regulations on the Engagement of Securities Business within the PRC by Foreign-Invested Securities Companies

On December 29, 1998, the SCNPC promulgated the Securities Law of the PRC, or the Securities Law, and most recently amended on December 28, 2019 and became effective on March 1, 2020, governs all the issuance or trading of shares, corporate bonds or any other securities approved by the State Council within China. No entities or individuals shall engage in securities business in the name of a securities company without the approval by the securities regulatory authority of the State Council. Offering and trading of securities outside China which disrupt the domestic market order of China and harm the legitimate rights and interests of domestic, China-based investors shall be dealt with pursuant to the relevant provisions of the Securities Law of the PRC. However, there are no further explanations or detailed rules and regulations with respect to the implementation of these rules.

The State Council promulgated the Regulations on the Supervision and Administration of Securities Companies on April 23, 2008 and most recently amended on July 29, 2014, which clarifies that the operation of securities businesses or establishment of representative agencies in China by foreign-invested securities companies shall be subject to the approval of the securities regulatory authority of the State Council. Article 95 of the Regulations on Supervision and Administration of Securities Firms stipulates that an overseas securities business entity that conducts securities business or establishes a representative office in Mainland China shall obtain the approval of the securities regulatory authority of the State Council. The specific measures shall be formulated by the securities regulatory agency of the State Council and submitted to the State Council for approval.

In January 2023, the CSRC published the Measures for the Administration of Securities Brokerage Business, or the Measures on Securities Brokerage Business, which became effective on February 28, 2023. Article 46 of the Measures on Securities Brokerage Business stipulates that an overseas securities business entity violating Article 95 of the Regulations on Supervision and Administration of Securities Firms, directly or through its affiliates conducting activities such as opening account, marketing and other activities of overseas securities trading services within the PRC, shall be penalized according to the Securities Law.

According to Article 202 of the Securities Law, any person who violates the provisions of the first paragraph of Article 118 or the fourth paragraph of Article 120 (which prohibits establishing a securities company arbitrarily, operating securities business illegally or carrying out securities business activities in the name of a securities company without approval) shall be subject to correction orders, confiscation of illegal income and the imposition of a fine. The directly accountable person(s) in charge and other directly accountable personnel shall be reprimanded and subject to a fine.

As announced by the CSRC on December 30, 2022, the CSRC has initiated inquiries on us regarding our cross-border operations in Mainland China, including the provision of cross-border securities business services for domestic, China-based investors. We have taken and may continue to take rectification measures on our business based on the requirements from the CSRC. In response to the CSRC rectification requirements, we have removed our *Futubull* app from app stores in Mainland China since May 19, 2023. However, there can be no assurance that our rectification measures would fully meet the requirements from the CSRC. As of the date of this annual report, we don't have sufficient information to accurately predict if any disciplinary action or punishment will be taken against us and/or our officers by the CSRC. Furthermore, should any such action be taken, we cannot foresee its nature, scope, or timing. If the CSRC, independently or jointly with other authorities, pursues further regulatory actions, it could also lead to additional investigations or enforcement measures, including but not limited to fines, suspension of parts or all of our operations or activities in Mainland China. They may, individually or taken as a whole, have a material and adverse impact on our operations and financial results. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We do not hold any license or permit for providing securities brokerage services in Mainland China. As announced by the CSRC on December 30, 2022, the CSRC has initiated inquiries on us regarding our cross-border operations in Mainland China, including the provision of cross-border securities services for domestic, China-based investors. We have taken and may continue to take rectification measures based on our communication with or the requirements from the CSRC. If the CSRC is not satisfied with our rectification measures or imposes other further regulatory actions or penalties on us, our business and results of operations may be materially and adversely affected.

Regulations on the Securities Investment Consulting Service

On October 11, 2001, the CSRC promulgated the Notice with Respect to Certain Issues on Regulating the Securities Investment Consulting Services Provided for the Public, which became effective on the same day and was amended on October 30, 2020, stipulates that media which disseminate securities-related information shall not publish or broadcast any analysis, prediction or recommendation in respect of the trends of securities markets and securities products, as well as the feasibility of the securities investment made by any institution which does not obtain the operation permits for securities investment consulting services from CSRC or any individual who is not employed by a qualified securities investment consulting services institution and who does not satisfy the relevant professional requirements. Any media in violation of the foregoing stipulation will be subject to reprimand or exposure by the CSRC, or be transferred to competent department or judicial organ for further handling.

On December 5, 2012, the CSRC published the Interim Provisions on Strengthening the Regulation over Securities Investment Consulting Services by Using "Stock Recommendation Software" Products, or the Interim Provisions, which came into effect on January 1, 2013 and was most recently amended on October 30, 2020. Pursuant to the Interim Provisions, selling or providing "stock recommendation software" products to investors and directly or indirectly obtain economic benefits therefrom shall be considered as engaging in securities investment consulting business and the operation permits for securities investment consulting services from CSRC shall be obtained.

On July 14, 2021, the CSRC issued the Measures for Administrative Penalties on Illegal Securities and Futures Activities, which became effective on the same day. Pursuant to the Measures for Administrative Penalties on Illegal Securities and Futures Activities, any individual or entity may be subject to an administrative penalty when violates any of the relevant laws, regulations, or rules on securities and futures.

On December 20, 2019, the People's Bank of China ("PBOC"), the China Banking and Insurance Regulatory Commission, the CSRC and the SAFE promulgated the Notice on Further Regulating Financial Marketing and Publicity Activities, which came into effect on January 25, 2020. Pursuant to the Notice on Further Regulating Financial Marketing and Publicity Activities, "financial marketing and publicity activities" refers to the advertising and promotional activities of the financial institutions from the banking, securities and insurance sectors as well as institutions that conduct financial activities or financial related activities, or the Financial Offerings Providers, via the use of various promotional tools and approaches, which shall be conducted within the scope of the financial businesses approved by the financial supervision authorities under the State Council and its local regulatory agencies. A market entity which fails to obtain the required qualifications for the relevant financial activities is prohibited from carrying out marketing and advertising activities relating to such financial activities, except for marketing and advertising activities performed by information publishing platforms or medias as entrusted by Financial Offerings Providers that have acquired qualifications for financial business operations by operation of law.

Regulations on Offshore Stocks Investment

On January 29, 1996, the State Council promulgated the Foreign Exchange Administration Regulations of the PRC, which was last amended and such amendment became effective on August 5, 2008. Pursuant to the Foreign Exchange Administration Regulations of the PRC, PRC nationals shall register with the foreign exchange administration department of the State Council for any foreign direct investment or engagement in any issuance or transaction of offshore valuable securities or derivative products. On December 25, 2006, the PBOC promulgated the Administrative Measures for Personal Foreign Exchange, which became effective on February 1, 2007, to further clarify that any offshore equity, fixed-income or other approved financial investments by PRC nationals, shall be conducted through a qualified domestic financial institution. On January 5, 2007, the SAFE published the Implementation of the Administrative Measures for Personal Foreign Exchange and last amended on March 23, 2023, under which PRC nationals are limited to a foreign exchange quota of US\$50,000 per year for approved uses only.

In addition, pursuant to the SAFE Officials Interview on Improving the Management of Declarations of Individual Foreign Exchange Information on December 31, 2016, PRC nationals can only engage in offshore investments under capital items only via methods such as Qualified Domestic Institutional Investors, otherwise PRC nationals can only purchase foreign currency for the purpose of external payments within the scope of current items, including private travel, overseas study, business trips, family visits, overseas medical treatment, trade in goods, purchase of non-investment insurance and consulting services. Furthermore, in 2016, CSRC published a response letter to investors on its website to remind domestic, China-based investors that any offshore investments conducted by ways which are not explicitly specified under applicable PRC Laws, may not be adequately protected by the PRC Laws.

As we do not provide cross-border currency conversion services related to Renminbi to PRC residents or institutions, we do not require our clients (including PRC-based users) to submit evidence of approval or registration from relevant authorities with respect to the foreign currency used for offshore investments. However, since the PRC authorities and the commercial banks designated by the SAFE to conduct foreign exchange services have significant amount of discretion in interpreting, implementing and enforcing the relevant foreign exchange rules and regulations including the abovementioned laws and regulations, and for many other factors that are beyond our control, we may be subject to further regulatory requirements, including but not limited to verifying evidence of approval from relevant authorities with respect to foreign currency exchange, which, individually or taken as a whole, may have a material adverse effect on our ability to continue providing services to PRC-based clients and operating within the PRC. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have not obtained licenses from relevant PRC regulatory authorities in connection with some of the information and services available on our platform. Future change in regulations and rules may impose additional requirements or restrictions on our platform.”

Regulations on brokerage business involving securities qualified under the Hong Kong, Shanghai and Shenzhen Stock Connect

On September 30, 2016, the CSRC promulgated the Several Provisions on the Inter-connected Mechanism for Trading on Stock Markets in China and Hong Kong, or the Several Provisions, which regulates that the Shanghai Stock Exchange and the Shenzhen Stock Exchange separately shall set up technical connections with the Stock Exchange of Hong Kong Limited to allow investors in China and Hong Kong to, through their local securities companies or brokers, trade qualified shares listed on the stock exchange of the other side, including the Shanghai-Hong Kong Stock Connect Program and the Shenzhen-Hong Kong Stock Connect Program, together the Stock Connect. On June 10, 2022, the CSRC further amended the Several Provisions, which became effective on July 25, 2022, stating that such investors that entitle to the rights and interests of stocks purchased through the Stock Connect shall not include investors from Mainland China. Moreover, such investors from Mainland China, or the Mainland Investors, who has already obtained the trading permission to trade under the Stock Connect shall not purchase any A-shares since July 24, 2023.

The Implementing Measures of the Shanghai Stock Exchange for the Shanghai-Hong Kong Stock Connect Program and the latest version of the Implementing Measures of the Shenzhen Stock Exchange for the Shenzhen-Hong Kong Stock Connect Program, together the Implementing Measures, last amended by the Shanghai Stock Exchange and the Shenzhen Stock Exchange on June 14, 2024 respectively, further clarified that the Mainland Investors shall include individuals that possess China ID documents and corporate or unincorporated entities which are registered in the China, however PRC citizens that hold overseas permanent residence permits shall not be included.

Regulation on Fund Sales Business

On October 28, 2003, the SCNPC promulgated the Securities Investment Funds Law and newly amended on April 24, 2015, which indicated that any agencies that engages in the fund services, including but not limited to sales, investment consulting, information technology system services, shall be registered or filed with the provisions of the securities regulatory authority of the State Council. The Measures for Supervision and Administration of Sales Agencies for Publicly-offered Securities Investment Funds, which was promulgated by the CSRC on August 28, 2020 and became effective on October 1, 2020, further regulates securities companies and other institutions, subject to satisfaction of the relevant requirements, shall apply for business qualification for sales of funds from the local branches of the CSRC.

Regulations on Overseas Listing

According to Article 6 of the Negative List, with respect to the securities offering and listing in an overseas market by a domestic company engaging in the fields prohibited by the Negative List, the consent of the relevant competent authorities of the PRC shall be obtained, and overseas investors shall not participate in the operation and management of the enterprise, and overseas investors' shareholding percentage shall be subject to the relevant provisions on administration of domestic securities investment by overseas investors. On February 17, 2023, the CSRC released rules and regulations concerning the filing management of overseas listing, which came into effect on March 31, 2023. The rules and regulations issued include the Provisional Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, or the New Filing Rules, and five supporting guidelines. The New Filing Rules dictate that enterprises that have been listed overseas prior to March 31, 2023 constitute "Existing Issuers" and are not required to conduct the overseas listing filing procedure immediately, but shall carry out filing procedures as required if they conduct refinancing or are involved in other circumstances that require filing with the CSRC.

On February 24, 2023, the CSRC and certain other PRC regulatory authorities jointly published the revised Provisions on Strengthening Confidentiality and Archives Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, or the Confidentiality and Archives Administration Provisions, which came into effect on March 31, 2023. The Confidentiality and Archives Administration Provisions, among other things, (i) require PRC enterprises to comply with confidentiality obligations under applicable PRC rules and regulations when providing documents and materials to securities companies and securities service institutions; (ii) mandate that working papers created within the PRC by securities companies and securities service institutions in connection with their services for overseas securities offerings and listing of PRC enterprises shall be retained within the territory of the PRC; and (iii) prohibit the cross-border transfer of the aforementioned working papers outside the PRC absent prior examination and approval from competent PRC regulatory authorities. The Confidentiality and Archives Administration Provisions, as well as the Provisional Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, also emphasize that the investigation and evidence collection in relation to the overseas securities offering and listing by the domestic companies by the overseas authorities shall be conducted through the cross-border cooperation mechanism for supervision and administration.

Regulations on Internet Service

Regulation on Foreign Investment

The Foreign Investment Law, promulgated by the National People's Congress on March 15, 2019, has come into effect on January 1, 2020 and has replaced the trio of old laws and regulations regulating foreign investment in China. The Foreign Investment Law is formulated to further expand opening-up, vigorously promote foreign investment and protect the legitimate rights and interests of foreign investors. According to the Foreign Investment Law, China adopts a system of national treatment plus Negative List with respect to foreign investment administration, and the Negative List will be issued by, amended or released upon approval by the State Council, from time to time. Foreign investment and domestic investment in industries outside the scope of the Negative List would be treated equally.

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises, promulgated by the State Council with the latest amendments becoming effective in May 2022, the ultimate foreign equity ownership in a value-added telecommunication services provider must not exceed 50%. On September 6, 2024, the Ministry of Commerce, or the MOFCOM, and the National Development and Reform Commission, or the NDRC, promulgated the Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2024 version), or the Negative List, which became effective on November 1, 2024. The Negative List sets out the industries in which foreign investments are prohibited or restricted. Foreign investors would not be allowed to make investments in prohibited industries, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. According to the Negative List, the proportion of foreign investment in entities engaged in value-added telecommunication services (excluding e-commerce, domestic multi-party communications services, store-and-forward services, and call center services) shall not exceed 50%.

On April 8, 2024, the Ministry of Industry and Information Technology promulgated the Notice on the Pilot Program for Expanding the Opening-up of Value-added Telecommunications Services to the Outside World, which became effective on the same date. Pursuant to this notice, a pilot program for further opening up value-added telecommunications services to foreign investment will be implemented in designated regions, including the Comprehensive Demonstration Zone for Expanding Opening-up in the Service Sector in Beijing, the Lingang New Area of the China (Shanghai) Pilot Free Trade Zone and the Leading Area for Socialist Modernization Construction, the Hainan Free Trade Port, and the Pilot Demonstration Area of Socialism with Chinese Characteristics in Shenzhen. In the regions approved for the pilot program, foreign ownership restrictions on certain value-added telecommunications services will be removed, including internet data center (IDC) services, content delivery network (CDN) services, internet service provider (ISP) services, online data processing and transaction processing services, information release platforms and delivery services included in information services (excluding internet news information, online publishing, online audio and video, and internet culture operations), as well as information protection and processing services.

On December 26, 2019, the Stated Council issued the Implementation Regulations for the Foreign Investment Law of the PRC, or the Implementation Regulations, which also became effective on January 1, 2020. On December 30, 2019, the MOFCOM and the SAMR jointly promulgated the Measures for Information Reporting on Foreign Investment, which became effective on January 1, 2020, replacing the then existing filing and approval procedures regarding the establishment and change of foreign-invested companies. Where foreign investors make investments in China directly or indirectly, such foreign investors or foreign-invested enterprises shall submit their investment information to the competent commerce authorities in accordance with the Measures for Information Reporting on Foreign Investment.

On December 19, 2020, the NDRC and the MOFCOM jointly promulgated the Measures for the Security Review of Foreign Investment, which became effective on January 18, 2021. Pursuant to the Measures for the Security Review of Foreign Investment, the NDRC and the MOFCOM will establish a working mechanism office in charge of the security review of foreign investment, and any foreign investment which has or could have an impact on national security shall be subject to security review by such working mechanism office. The Measures for the Security Review of Foreign Investment further require that a foreign investor or its domestic affiliate shall apply for clearance of national security review with the working mechanism office before they conduct any investment into certain fields.

Regulations on Telecommunication Services

The Telecommunications Regulations of the PRC (2016 Revision), or the Telecom Regulations, promulgated on September 25, 2000 by the State Council and most recently amended on February 6, 2016, which distinguish “basic telecommunication services” from “value-added telecommunications services.” The value-added telecommunications service provider shall obtain an operating license from the Ministry of Industry and Information Technology, or the MIIT, or its counterparts at provincial level prior to its commencement of operations. The Administrative Measures for Telecommunication Business Operating License, promulgated by the MIIT with latest amendments becoming effective in September 2017, set forth the types of licenses required for value-added telecommunication services and the qualifications and procedures for obtaining such licenses.

The Administrative Measures on Internet Information Services (2011 Revision), promulgated on September 25, 2000 and amended on January 8, 2011 and December 6, 2024 by the State Council, further defines that commercial internet information services providers, which mean providers of information and/or other services to internet users with charge, shall obtain an Internet Content Provider License or the ICP License, from competent government authorities before providing any commercial internet content services within the PRC. The Catalog of Classification of Telecommunications Services (2015 Edition), promulgated by the MIIT in December 2015 and amended in June 2019 further divides ICP services into information publication platform and delivery services, information search and inquiry services, information communities platform services, instant message services, and information security and management services. To comply with the relevant laws and regulations, Shenzhen Futu held a valid ICP License as of the date of this annual report.

Regulation on Internet Audio-Visual Program Services

The Administrative Provisions on the Internet Audio-Video Program Service, or the Audio-Video Program Provisions, promulgated on December 20, 2007, and amended on August 28, 2015, by the Ministry of Information Industry (the predecessor of the MIIT) and the State Administration of Press, Publication, Radio, Film and Television (the predecessor of the National Radio and Television Administration), or the SAPPRFT, stipulates that providers of internet audio-visual program services should obtain an Audio and Video Service Permission, or AVSP. The Categories of the Internet Audio-Video Program Services, or the Audio-Video Program Categories, promulgated on March 17, 2010, and amended on March 10, 2017, by SAPPRFT, classifies internet audio-video programs into four categories. Aggregating and broadcasting service of arts, entertainment, technology, finance and economics, sports, education and other specialized audio-video programs falls into Category II of above four categories. In general, providers of internet audio-visual program services must be either state-owned or state-controlled entities, and their businesses must satisfy the overall planning and guidance catalog for internet audio-visual program service determined by SAPPRFT. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services.

Regulation on Internet Culture Activities

The Interim Administrative Provisions on Internet Culture, or the Internet Culture Provisions, promulgated on February 17, 2011, and amended on December 15, 2017, by the Ministry of Culture (the predecessor of the Ministry of Culture and Tourism), stipulates that providers of internet cultural products or services, such as internet shows or programs and internet games must file an application for establishment to the competent culture administration authorities for approval and must obtain the online culture operating permit. If any entity engages in commercial internet culture activities without approval, the cultural administration authorities or other relevant government may order such entity to cease to operate internet culture activities as well as levying penalties including administrative warning and fines up to RMB30,000. In addition, foreign-invested enterprises are not allowed to engage in the above-mentioned services except online music. To comply with the relevant laws and regulations, Shenzhen Futu held a valid Internet Culture Operation License as of the date of this annual report.

Regulation on Production and Operation of Radio and Television Programs

The Administration of Production and Operation of Radio and Television Programs, promulgated on July 19, 2004, and amended on August 28, 2015 by the SAPPRFT and October 29, 2020 by the National Radio and Television Administration, or the NRTA, provides that entities engaging in the production of radio and television programs must obtain a License for Production and Operation of Radio and TV Programs from the SAPPRFT or its counterparts at the provincial level. Entities with the License for Production and Operation of Radio and TV Programs must conduct their operations strictly in compliance with the approved scope of production and operations. In addition, foreign-invested enterprises are not allowed to produce or operate the radio and TV programs. To comply with the relevant laws and regulations, Shenzhen Futu held a valid Radio and Television Program Production and Operation License as of the date of this annual report.

Regulation on Internet News Dissemination

The Provisions for the Administration of Internet News Information Services was promulgated by the Cyberspace Administration of China, or the CAC, on May 2, 2017, and became effective on June 1, 2017 stipulates that the providers of internet news information (includes reports and comments relating to social and public affairs such as politics, economy, military affairs and foreign affairs, as well as relevant reports and comments on social emergencies) services to the public in a variety of ways, including editing and publishing internet news information, reposting internet news information and offering platforms for users to disseminate internet news information, shall obtain the internet news license from the CAC. Various qualifications and requirements which service providers shall meet have been provided in this regulation. For those who carrying out Internet-based news information service activities without being licensed or beyond the licensed scope, the competent cyberspace administration shall order them to cease the relevant service activities and impose a fine no less than RMB10,000 and up to RMB30,000. In addition, such regulation also stipulates that no organization may establish Internet-based news information service agencies in the form of Sino-foreign joint ventures, Sino-foreign cooperative ventures or wholly foreign-owned enterprises.

The Implementation Rules for the Administration of the Licensing for Internet-based News Information Services, promulgated on May 22, 2017, by the CAC, and became effective on June 1, 2017, further clarifies that only a news agency (including the controlling shareholder of a news agency) or an entity under news publicity authorities may apply for a license for editing and publishing services in respect of internet-based news information. Foreign-invested enterprises are not allowed to establish any internet-based news information service entities.

Displaying news on a website and disseminating news through the internet are highly regulated in the PRC. The Administration of Engagement by Internet Sites in the Business of News Publication Tentative Provisions, jointly promulgated by the News Office of State Council and the Ministry of Information Industry in November 2000, require an internet site (other than a government authorized news unit) to obtain an approval from the News Office of State Council to post news or to disseminate news through the internet. Furthermore, the disseminated news must come from government-approved sources pursuant to contracts between the internet site and the sources, copies of which must be filed with the relevant government authorities.

Regulations on Cybersecurity and Privacy

Regulations on Cybersecurity

On December 13, 2005, the Ministry of Public Security, or the MPS, promulgated the Provisions on Technological Measures for the Internet Security Protection, or the Internet Protection Measures, which took effect on March 1, 2006. Pursuant to the Internet Protection Measures, internet service providers and entity users of interconnection shall not public or divulge user registration information without the consent of the users or otherwise specified in the relevant laws and regulations. In addition, the Internet Protection Measures requires all internet service providers and entity users of interconnection to take proper measures to control computer viruses, back up data, and keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least sixty days. On June 22, 2007, the Administrative Measures for Multi-level Protection of Information Security were jointly promulgated by four PRC regulatory agencies, including the MPS, under which companies operating and using information systems shall protect the information systems and any system equal to or above level II as determined in accordance with these measures, a record-filing with the competent authority is required.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC, or the Cybersecurity Law, which became effective on June 1, 2017 and last amended on January 1, 2026. The Cybersecurity Law regulates all the construction, operation, maintenance, use of networks and the supervision and administration of network security within the PRC, and pursuant to which, network operators shall follow their cybersecurity obligations pursuant to the requirements of the classified protection system for cybersecurity. In addition, the Cybersecurity Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data. In addition, on September 22, 2020, the MPS issued the Guiding Opinions on Implementing the Cybersecurity Protection System and Critical Information Infrastructure Security Protection System to further improve the national cybersecurity prevention and control system. In addition, the latest amendments further strengthen cybersecurity protection obligations, expand regulatory coverage, and significantly increase penalties for non-compliance, including substantially higher fines as well as additional sanctions such as suspension of relevant businesses, removal of applications from platforms, and revocation of licenses.

On December 28, 2021, the CAC, the NDRC, the MIIT and several other PRC governmental authorities jointly issued the Cybersecurity Review Measures, which became effective on February 15, 2022 and replaced the Measures for Cybersecurity Review published on April 13, 2020. Pursuant to Cybersecurity Review Measures, critical information infrastructure operators that purchase network products and services and network platform operators engaging in data processing activities that affect or may affect national security are subject to cybersecurity review under the Cybersecurity Review Measures. According to the Cybersecurity Review Measures, before purchasing any network products or services, a critical information infrastructure operator shall assess potential national security risks that may arise from the launch or use of such products or services, and apply for a cybersecurity review with the cybersecurity review office of CAC if national security will or may be affected. In addition, network platform operators who possess personal information of more than one million users, and intend to be listed at a foreign stock exchange must be subject to the cybersecurity review.

On June 10, 2021, the SCNPC issued the Data Security Law of the PRC, or the Data Security Law, which came into effect on September 1, 2021. The Data Security Law clarifies the scope of data to cover a wide range of information records generated from all aspects of production, operation and management of government affairs and enterprises in the process of the gradual transformation of digitalization, and requires that data collection shall be conducted in a legitimate and proper manner, and theft or illegal collection of data is not permitted. Data processors shall establish and improve the whole-process data security management rules, organize and implement data security trainings as well as take appropriate technical measures and other necessary measures to protect data security. In addition, data processing activities shall be conducted on the basis of the graded protection system for cybersecurity.

On July 30, 2021, the State Council promulgated the Regulations on Protection of Security of Critical Information Infrastructure, effective on September 1, 2021, pursuant to which, a “critical information infrastructure” refers to critical network facilities and information systems involved in important industries and sectors, such as public communication and information services, energy, transportation, water conservancy, finance, public services, governmental digital services, science and technology related to national defense industry, as well as those which may seriously endanger national security, national economy and citizen's livelihood or public interests if damaged or malfunctioned, or if any leakage of data in relation thereto occurs. The competent governmental departments and supervision and management departments of the aforementioned important industries will be responsible for (i) organizing the identification of critical information infrastructures in their respective industries in accordance with relevant identification rules, and (ii) promptly notifying the identified operators and the public security department of the State Council of the identification results. In the event of occurrence of any major cybersecurity incident or discovery of any major cybersecurity threat for the critical information infrastructure, the operator shall report to the protection authorities and the public security authorities as required.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer which has become effective on September 1, 2022. Such data export measures requires that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information abroad, including the following circumstances: (i) important data will be provided overseas by any data processor; (ii) personal information will be provided overseas by any operator of critical information infrastructure or any data processor who processes the personal information of more than 1,000,000 individuals; (iii) personal information will be provided overseas by any data processor who has provided the personal information of more than 100,000 individuals in aggregate or has provided the sensitive personal information of more than 10,000 individuals in aggregate since January 1 of last year; and (iv) other circumstances where the security assessment is required as prescribed by the CAC. A data processor shall, before applying for the security assessment of an outbound data transfer, conduct a self-assessment of the risks in the outbound data transfer. The security assessment of a cross-border data transfer shall focus on assessing risks that may be brought about by the cross-border data transfer to national security, public interests, or the lawful rights and interests of individuals or organizations.

On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-border Data Flows, which took effect on the same day. The Provisions is aimed at protecting data security, personal information rights and interests, and promoting the orderly and free flow of data in accordance with the law. In case of any discrepancy between the Provisions and the relevant rules such as the Measures on Security Assessment of Cross-border Data Transfer promulgated on July 7, 2022 and the Measures on Standard Contracts for Cross-border Provision of Personal Information promulgated on February 22, 2023, the Provisions shall prevail.

Pursuant to the Ninth Amendment to the Criminal Law, issued by the SCNPC on August 29, 2015, which became effective on November 1, 2015, any internet service provider that fails to fulfill the obligations related to internet information security administration and refuses to rectify upon orders is subject to criminal penalty for causing (i) any dissemination of illegal information in large scale; (ii) any significant damages due to the leakage of the client's information; (iii) any serious loss of criminal evidence; or (iv) other serious harm, and any individual or entity information may be subject to criminal penalty for (a) illegally selling or providing personal information to third parties, or (b) stealing or illegally obtaining any personal information.

On July 6, 2021, the relevant PRC government authorities made public the Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law, or the July 6 Opinion, which called for the enhanced cross-border regulatory cooperation and administration and supervision of overseas-listed China-based companies. Along with the promulgation of the July 6 Opinion, laws and regulations regarding data security, cross-border data flow and management of confidential information are expected to undergo further changes, which may require increased information security responsibilities and stronger cross-border information management mechanism and process.

On December 8, 2022, the MIIT issued the MIIT Notice on Promulgation of the Administrative Measures on Data Security in the Field of Industry and Information Technology (for Trial Implementation), which became effective on January 1, 2023. According to this MIIT Notice, data in the field of industry and information technology include industrial data, telecommunication data and radio data. Data handlers in the field of industry and information technology include software and information technology service providers and other entities in the field of industry and information technology that independently determine handling purposes and handling methods in the data handling activities and data handling activities include, but are not limited to, data collection, storage, use, processing, transmission, provision and publication. According to such measures, data handlers in the field of industry and information technology shall file their catalogues of important data and core data with the local industrial regulatory authorities for the record. Data handlers in the field of industry and information technology shall follow the principles of legality and legitimacy in collecting data and shall not steal or collect data by other illegal means. To provide data handling services which involve operation of telecommunications business, data handlers in the field of industry and information technology shall obtain a telecommunications business permit in accordance with the provisions of relevant laws and administrative regulations.

On September 24, 2024, the State Council of China published the Regulations on Network Data Security Administration, which became effective on January 1, 2025. It provides that data processing operators engaging in data processing activities that affect or may affect national security must be subject to network data security review by the relevant cyberspace administration of the PRC. Network data processing activities refer to the collection, retention, use, processing, transmission, provision, disclosure, deletion, and other activities of network data.

Regulations on Privacy Protection

The PRC Constitution states that PRC law protects the freedom and privacy of communications of citizens and prohibits infringement of these rights. In recent years, PRC government authorities have enacted legislation on internet use to protect personal information from any unauthorized disclosure. On May 28, 2020, the National People's Congress adopted the Civil Code, which came into effect on January 1, 2021. The Civil Code provides in a stand-alone chapter of right of personality and reiterates that the personal information of a natural person shall be protected by the law. Any organization or individual shall legitimately obtain such person information of others in due course on a need-to-know basis and ensure the safety and privacy of such information, and refrain from excessively handling or using such information.

On December 29, 2011, the MIIT issued The Several Provisions on Regulating the Market Order of Internet Information Services, which became effective on March 15, 2012 and provides that an internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent. Pursuant to The Several Provisions on Regulating the Market Order of Internet Information Services, internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, internet information service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

In addition, on December 28, 2012, the Decision on Strengthening Network Information Protection promulgated by the SCNPC which requires internet service providers to establish and publish policies regarding the collection and use of electronic personal information and to take necessary measures to ensure the security of the information and to prevent leakage, damage or loss. On July 16, 2013, MIIT promulgated the Regulations on Protection of the Personal Information of Telecommunications and Internet Users, or the Regulations on Personal Information Protection, which took effect on September 1, 2013, to enhance the legal protection over user information security and privacy on the Internet. The Regulations on Personal Information Protection require that telecommunications business operators and internet information service providers shall, in the course of providing services, collect and use the personal information of users in a lawful and proper manner by following the principle that information collection or use is necessary and responsible for the security of the personal information of users collected and used in the course of providing services.

Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

With respect to the security of information collected and used by operators of mobile apps, pursuant to the Announcement of Conducting Special Supervision against the Illegal Collection and Use of Personal Information by Apps, which was issued on January 23, 2019, the operators shall collect and use personal information in compliance with the Cybersecurity Law and be responsible for the security of personal information obtained from users and take effective measures to strengthen the protection of personal information.

Furthermore, in order to improve the protection of personal information, the National Information Security Standardization Technical Committee also issued the Guide to Self-evaluation of Collection and Use of Personal Information by Mobile Internet Applications (Apps) on July 22, 2020 regarding the security of information collected and used by operators of mobile apps. On March 12, 2021, the CAC, the MIIT, the MPS and the SAMR collectively promulgated the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications, which came into effect on May 1, 2021. On June 14, 2022, the CAC promulgated the Administrative Provisions on Mobile Internet Application Information Services, or the Mobile Application Administrative Provisions, which was subsequently and became effective on August 1, 2022.

On April 10, 2019, the MPS issued the Guidelines for Internet Personal Information Security Protection, which is applicable to entities or individuals who control and process personal information by providing services through the Internet, private networks or non-networked environments, and require such entities and individuals to establish personal information management systems, implement technical protection measures and protect personal information in business processes.

The SCNPC promulgated the Personal Information Protection Law of the PRC, or the Personal Information Protection Law on August 20, 2021, which integrates the scattered rules with respect to personal information rights and privacy protection. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law and promoting the reasonable use of personal information. The Personal Information Protection Law applies to the processing of personal information within China, as well as certain personal information processing activities conducted by entities outside China for natural persons within China, including those for the provision of products and services to natural persons within China or for the analysis and assessment of acts of natural persons within China. Therefore, our PRC operating entities and our overseas subsidiary that directly collects personal data of PRC-based clients are subject to relevant personal information protection laws of the PRC. The Personal Information Protection Law entered into force on November 1, 2021. According to the Personal Information Protection Law, personal information is all kinds of information, recorded by electronic or other means, related to identified or identifiable natural persons, not including information after anonymization handling. The principles of legality, propriety, necessity, and sincerity shall be observed for personal information handling. Moreover, the Personal Information Protection Law specifically specified the rules for handling sensitive personal information, which means personal information that, once leaked or illegally used, may easily cause harm to the dignity of natural persons or grave harm to personal or property security, including information on biometric characteristics, financial accounts and individual location tracking, as well as the personal information of minors under the age of 14. Personal information handlers shall bear responsibility for their personal information handling activities, and adopt the necessary measures to safeguard the security of the personal information they handle. Otherwise, the personal information handlers will be ordered to correct or suspend or terminate the provision of services, confiscation of illegal income, fines or other penalties. Any personal information processor outside the PRC under the circumstance where the activities of domestic natural persons are analyzed and evaluated shall establish a special agency or designate a representative within the PRC to be responsible for handling matters relating to personal information protection. Where a personal information processor really needs to provide personal information outside the PRC due to business or other needs, it shall meet one of the conditions prescribed by the Personal Information Protection Law, such as, passing the security evaluation organized by the CAC, or other conditions prescribed by laws, administrative regulations or the CAC. Where an overseas organization or individual engages in the personal information processing activities infringing upon the personal information rights and interests of PRC citizens or endangering the national security and public interests of the PRC, the CAC may include such organization or individual in the list of subjects to whom provision of personal information is restricted or prohibited, announce the same, and take measures such as restricting or prohibiting provision of personal information to such organization or individual. In addition, the Personal Information Protection Law imposes pre-approval and other requirements for any cross-border data transfer by PRC entities.

On June 27, 2022, the CAC issued the Administrative Provisions on the Account Information of Internet Users, or the Internet Users Account Information Provisions, which became effective on August 1, 2022. Pursuant to the Internet Users Account Information Provisions, Internet-based information service providers that provide internet users with information release services, shall formulate and make public the rules for the management of accounts of Internet users and platform conventions, enter into service agreements with Internet users, and shall authenticate the real identity information of the users who apply for registration of accounts for production of information content in the fields of economy, education, medical care and health, justice, etc., Internet-based information service providers shall require them to provide relevant materials such as service qualification, professional qualification and professional background, verify the same and add a special mark to the account information. Any Internet-based information service provider in violation of the present Provisions shall be punished in accordance with relevant laws and administrative regulations.

On December 29, 2017, the Information Security Technology — Personal Information Security Specification, or the China Specification, was promulgated by the General Administration of Quality Supervision, Inspection and Quarantine, which was last amended on March 6, 2020 and came into effect on October 1, 2020. Under the China Specification, after collecting the personal information, the controller of the personal information must immediately conduct the data de-identification, implement the technical and administrative measures to store separately the de-identified data and the data which may be used to recover the identity of the persons and make sure not to identify the persons in the subsequent process of processing the personal information data. In addition, the data controller must provide the purpose of collecting and using subject personal information, as well as the business functions of such purpose, and the China Specification requires the data controller to distinguish its core function from additional functions to ensure the data controller will only collect personal information as needed. The China Specification set a national standard for personal information security. Although the China Specification is not a mandatory regulation, PRC government agencies are reasonably expected to use it to determine whether businesses are in compliance with PRC's data protection rules and regulations. On December 16, 2022, the National Information Security Standardization Technical Committee issued the Practical Guidance on Cybersecurity Standard — the Regulations on Safety Verification in Cross-border Personal Information Processing, which stipulates personal information protection obligations of personal information processor and foreign recipient.

Since many of the PRC laws and regulations on cybersecurity and privacy and data privacy are constantly evolving, there are uncertainties as to the interpretation and application of these regulations and how these will be enforced by relevant regulatory authorities, there also remain uncertainties as to the applicability and requirements of these regulations for our business, operation, or our presence in Mainland China. We cannot assure you that the measures we have taken or will take in the future will be effective or fully satisfy the relevant regulatory authorities' requirements, and any failure or perceived failure by us to comply with such laws and regulations may result in governmental investigations, fines, removal of our app from the relevant application stores and/or other sanctions on us and may affect our clients and users in conducting investment activities on our Group's platform, which, individually or taken as a whole, may have a material adverse effect on our ability to continue providing services to PRC-based clients and operating within the PRC.

Regulations on Intellectual Property

Software

The State Council and the National Copyright Administration have promulgated various rules and regulations relating to protection of software in China. According to these rules and regulations, software owners, licensees and transferees may register their rights in software with the Copyright Protection Center or its local branches and obtain software copyright registration certificates. Although such registration is not mandatory under PRC law, software owners, licensees and transferees are encouraged to go through the registration process and registered software copyrights may be entitled to better protections.

Trademark

According to the Trademark Law of the PRC, adopted in 1982 and last amended in 2019, as well as the Implementation Regulation of the Trademark Law of the PRC adopted by the State Council in 2002 and subsequently amended in 2014, the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registrations, and the registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Upon expiry of the period of validity, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is ten years, from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiration, the registered trademark shall be cancelled.

Copyright

On September 7, 1990, the SCNPC promulgated the PRC Copyright Law, which was last amended on November 11, 2020 and such amendment became effective on June 1, 2021, and the Implementation of Copyright Law of PRC, was last amended on January 30, 2013 and became effective on March 1, 2013.

On May 18, 2006, the State Council promulgated the Regulations on the Protection of the Right to Network Dissemination of Information, as amended on January 30, 2013. Under these regulations, an owner of the network dissemination rights with respect to written works or audio or video recordings who believes that information storage, search or link services provided by an internet service provider infringe his or her rights may require that the internet service provider delete, or disconnect the links to, such works or recordings.

Domain name

In China, the administration of PRC internet domain names is mainly regulated by the MIIT, under supervision of the China Internet Network Information Center, or CNNIC. On August 24, 2017, the MIIT promulgated the Administrative Measures for Internet Domain Names, or the Domain Name Measures, and became effective on November 1, 2017. The principle of “first apply, first register” applies to domain name registration service in accordance with the Domain Name Measures.

According to the Circular of the MIIT on Regulating the Use of Domain Names in Providing Internet based Information Services issued by the MIIT on November 27, 2017, and became effective on January 1, 2018, an internet access service provider shall, pursuant to requirements stated in the Anti-Terrorism Law of the PRC and the Cybersecurity Law of the PRC, verify the identities of internet-based information service providers, and the internet access service providers shall not provide access services for those who fail to provide their real identity information.

Patent

The National People's Congress promulgated the PRC Patent Law in 1984 and last amended on October 17, 2020 and such amendment became effective on June 1, 2021. Any invention, utility model or design must meet three conditions to be patentable: novelty, inventiveness and practical applicability. Patents cannot be granted for scientific discoveries, rules and methods for intellectual activities, methods used to diagnose or treat diseases, animal and plant breeds or substances obtained by means of nuclear transformation. The Patent Office under the China National Intellectual Property Administration is responsible for receiving, examining and approving patent applications. A patent is valid for a twenty-year term for an invention, a ten-year term for a utility model and a fifteen-year term for a utility design, starting from the application date. Except under certain specific circumstances provided by law, any third-party user must obtain consent or a proper license from the patent owner to use the patent, or else the use will constitute an infringement of the rights of the patent holder.

Regulations on Foreign Exchange

Regulations on Foreign currency exchange

The core regulations governing foreign currency exchange in China is the PRC Foreign Exchange Administration Regulation, which was promulgated in 1996 and last amended in August 2008. Under the PRC Foreign Exchange Administration Regulations, Renminbi is freely convertible into foreign currencies without prior approval from SAFE for payments of current account items, such as distribution of dividends, interest payments and trade and service-related foreign exchange transactions. On the contrast, approval from or registration with appropriate government authorities is required where Renminbi is to convert into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or the SAFE Circular 59 promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012 and last amended on December 30, 2019, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously.

On March 30, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19, which became effective on June 1, 2015 and was last amended on March 23, 2023, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises. According to SAFE Circular 19, foreign-invested enterprises are allowed, within the scope of business, to settle their foreign exchange capital in their capital accounts, for which the relevant foreign exchange bureau has confirmed monetary capital contribution rights and interests (or for which the bank has registered the injection of the monetary capital contribution into the accounts), on a discretionary basis according to the actual needs of their business operation. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, which became effective in June 2016 and was amended on December 24, 2023. SAFE Circular 19 and SAFE Circular 16 prohibit foreign-invested enterprises from using Renminbi fund converted from their foreign exchange capitals for expenditure beyond their business scopes, providing entrusted loans or repaying loans between non-financial enterprises. On October 23, 2019, the SAFE issued the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment, or SAFE Circular 28, which was amended on December 4, 2023. SAFE Circular 28 expressly allows non-investing foreign-invested enterprises that do not have equity investments in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investments provided that the investments are bona fide investments and comply with the foreign investment-related laws and regulations.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit of more than USD50,000 from domestic entities to offshore entities, including that banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements. Besides, SAFE Circular 3 also requires domestic entities to hold their income to account for previous years' losses before remitting the profits. Further, according to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

According to the SAFE Circular on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business, which was promulgated and became effective on April 10, 2020, the reform to facilitate payment of income under capital accounts shall be extended nationwide. Enterprises, if they meet the bona fide and compliant use of funds requirements under the prevailing administrative provisions on use of income from capital projects, may use income under capital accounts, such as capital funds, proceeds from issuance of foreign debt and overseas listing, in domestic payment without the need to provide banks with verification materials for each transaction.

Regulations on Dividend distribution

The principal regulations governing distribution of dividends of foreign-owned enterprises include the Company Law of the PRC, and the Foreign Investment Law. Pursuant to these regulations, a wholly foreign-owned enterprise in China, or a WFOE, may pay dividends only out of its accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a WFOE is required to allocate at least 10% of its accumulated profits each year, if any, to statutory surplus funds unless its reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends. The proportional ratio for withdrawal of rewards and welfare funds for employees shall be determined at the discretion of the WFOE. Profits of a WFOE shall not be distributed before the losses thereof before the previous accounting years have been made up. Any undistributed profit for the previous accounting years may be distributed together with the distributable profit for the current accounting year.

Regulations on Foreign Exchange Registration of Overseas Investment by PRC Residents

Pursuant to the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, which was issued and became effective on July 4, 2014, PRC residents, including PRC institutions and individuals, are required to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interest in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, including but not limited to increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event.

In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making distributions of profit to the offshore parent and from carrying out subsequent cross-border foreign exchange activities and the special purpose vehicle may be restricted in their ability to contribute additional capital into its PRC subsidiary. Failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for foreign exchange evasion, including (i) of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive, and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive. Furthermore, the persons-in-charge and other persons at our PRC subsidiaries who are held directly liable for the violations may be subject to criminal sanctions.

In February 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment, or SAFE Circular 13, which became effective on June 1, 2015 and amended on December 30, 2019. The SAFE Circular 13 cancels the administrative approval requirements of foreign exchange registration of foreign direct investment and overseas direct investment, and simplifies the procedure of foreign exchange-related registration, and foreign exchange registrations of foreign direct investment and overseas direct investment will be handled by the banks designated by the foreign exchange authority instead of SAFE and its branches.

Regulations on Employee Share Incentive Plans of Overseas Publicly-Listed Company

In February 2012, SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participation in Share Incentive Plan of Companies Listed Overseas, or the 2012 SAFE Notice. Under such notice and other relevant rules and regulations, PRC residents, including PRC citizens or non-PRC citizens who reside in China for a continuous period of not less than one year, that participate in any share incentive plan of any overseas publicly-listed company are required to register with SAFE or its local branches and complete certain other procedures. Participants of a share incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the share incentive plan on behalf of the participants.

Regulations on M&A

Six PRC regulatory agencies, including the CSRC, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective in September 2006 and was amended in June 2009. The M&A Rules, among other things, require offshore special purpose vehicles, formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, must obtain approval from the CSRC prior to publicly listing such special purpose vehicle's securities on an overseas stock exchange.

In addition, pursuant to the Circular of the General Office of State Council on Establishing the Security Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the General Office of the State Council on February 3, 2011 and took effect on March 3, 2011 and the Provisions of the Ministry of Commerce on the Implementation of the Safety Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the MOFCOM that became effective in September 2011, mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. On July 6, 2021, the General Office of the State Council and General Office of the Central Committee of the Communist Party of China issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law. The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies.

Regulations on Tax

Regulations on Enterprise Income Tax

On March 16, 2007, the National People’s Congress promulgated the Enterprise Income Tax Law of the PRC, which was most recently amended on December 29, 2018.

On December 6, 2007, the State Council enacted the Regulations for the Implementation of the Enterprise Income Tax Law, which was amended on April 23, 2019 and December 6, 2024, or collectively with the Enterprise Income Tax Law of the PRC, the EIT Laws. Under the EIT Laws, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Laws and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from inside the PRC.

Pursuant to the EIT Laws and relevant implementing regulations, a High and New Technology Enterprise, or HNTE, is subject to a reduced enterprise income tax rate of 15%. Pursuant to the EIT Laws and other relevant implementing regulations, an entity qualified as software enterprise, or SE, is entitled to an exemption from income taxation for the first two years, counting from the first year the entity makes a profit, and a reduction of half EIT tax rate for the next three years.

Regulations on Value-added Tax

On April 4, 2018, the Ministry of Finance and the SAT issued the Circular on Adjustment of Value-added Tax Rates. According to which relevant Value-added Tax rates have been reduced from May 1, 2018, such as the deduction rates of 17% and 11% applicable to the taxpayers who have Value-added taxable sales activities or imported goods have been adjusted to 16% and 10%, respectively.

On March 20, 2019, the Ministry of Finance, the STA, and the General Administration of Customs jointly issued the Announcement on Relevant Policies on Deepen the Reform of Value-added Tax, which became effective on April 1, 2019. Pursuant to this announcement, the general applicable VAT rates are simplified as 13%, 9%, 6%, and 0%.

On December 25, 2024, the SCNPC promulgated the Value-added Tax Law of the PRC, or the VAT Law, which became effective on January 1, 2026.

As of the date of this annual report, our PRC subsidiaries and Consolidated Affiliated Entities are subjected to VAT rates of 6%.

Regulations on Dividend Withholding Tax

Pursuant to an Arrangement Between the China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the SAT Circular 81, effective on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretions, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. The Circular on Several Questions regarding the “Beneficial Owner” in Tax Treaties, which became effective on April 1, 2018, enumerates the factors that shall be taken into account when assessing whether a recipient of China-source income is a Beneficial Owner under applicable tax treaty. Generally, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, will not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Regulations on Tax regarding Indirect Transfer

On February 3, 2015, the SAT issued the Circular on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Circular 7. Pursuant to Circular 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises, may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. When determining whether there is a “reasonable commercial purpose” of the transaction arrangement, considerations include, inter alia, (i) whether the main value of the equity interest of the relevant offshore enterprise derives directly or indirectly from PRC taxable assets; (ii) whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income is mainly derived from China; and (iii) whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature evidenced by their actual function and risk exposure. According to the Circular 7, where the payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. The Circular 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired on a public stock exchange. On October 17, 2017, the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or the SAT Circular 37, last amended on June 15, 2018 and such amendment became effective on the same day, which further elaborates the relevant implemental rules regarding the calculation, reporting and payment obligations of the withholding tax by the non-resident enterprises. Nonetheless, there remain uncertainties as to the interpretation and application of the SAT Circular 7. The SAT Circular 7 may be determined by the tax authorities to be applicable to our offshore transactions or sale of our shares or those of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved.

Regulations on Employment and Social Welfare

Regulations on Employment in the PRC

The principle regulations that govern employment and labor matters in PRC include: (i) Labor Law of the PRC, which was promulgated by the SCNPC on July 5, 1994, and last amended on December 29, 2018; (ii) the Labor Contract Law of the PRC which was promulgated by the SCNPC on June 29, 2007 and last amended on December 28, 2012, and (iii) the Implementing Regulations of the Labor Contract Law of the PRC which was promulgated by the State Council on September 18, 2008.

According to the regulations above, labor relationships between employers and employees must be executed in written form, and wages shall not be lower than local standards on minimum wages and shall be paid to employees timely. In addition, all employers are required to establish a system for labor safety and sanitation, strictly comply with state rules and standards and provide employees with workplace safety training. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative penalties. For serious violations, criminal liability may arise.

Regulations on Social Welfare in the PRC

Employers in China are required by PRC laws and regulations to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. According to the Social Insurance Law of the PRC promulgated by the SCNPC on October 28, 2010 and amended on December 29, 2018, together with other relevant laws and regulations, any employer shall register with the local social insurance agency within 30 days after its establishment and shall register for the employee with the local social insurance agency within 30 days after the date of hiring. An employer shall declare and make social insurance contributions in full and on time. The occupational injury insurance and maternity insurance shall be only paid by employers while the contributions of basic pension insurance, medical insurance and unemployment insurance shall be paid by both employers and employees.

According to the Regulations on Administration of Housing Fund promulgated by the State Council on April 3, 1999, and last amended on March 24, 2019, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, a petition may be made to a local court for enforcement. In addition, the PRC Individual Income Tax Law requires companies operating in China to withhold individual income tax on employees' salaries based on the actual salary of each employee upon payment. We have not made adequate contributions to employee benefit plans, as required by applicable PRC laws and regulations.

Regulations on Anti-Monopoly Matters related to Internet Platform Companies

The Anti-monopoly Law of the PRC, which was promulgated by the SCNPC on August 30, 2007 and took effect on August 1, 2008, On June 24, 2022, the SCNPC revised the Anti-monopoly Law which became effective on August 1, 2022. The Anti-monopoly Law prohibits monopolistic conduct, such as entering into monopoly agreements, abuse of dominant market position and concentration of undertakings that have the effect of eliminating or restricting competition. The PRC Anti-monopoly Law requires that the Anti-monopoly law enforcement agency be notified in advance of any transaction where the parties' turnover in the China market and/or global market exceed certain thresholds and the buyer would obtain control of, or decisive influence over, the target as a result of the business combination.

On April 25, 2024, the Anti-monopoly and Anti-unfair Competition Commission of the State Council issued the Anti-monopoly Compliance Guideline for Operators (2024 Revision), which requires, under the PRC Anti-monopoly Law, operators to establish Anti-monopoly compliance management systems to prevent Anti-monopoly compliance risks.

On January 28, 2026, State Administration for Market Regulation published Notice of the State Administration for Market Regulation on Issuing the Anti-Monopoly Compliance Guidelines for Internet Platforms, or the Anti-Monopoly Guidelines for Internet Platforms. The Anti-Monopoly Guidelines for Internet Platforms prohibits certain monopolistic acts of Internet platforms so as to protect market competition and safeguard interests of users and undertakings participating in Internet platform economy, including without limitation, prohibiting platforms with dominant position from abusing their market dominance (such as discriminating customers in terms of pricing and other transactional conditions using big data and analytics, using bundle services to sell services or products).

On November 15, 2021, the SAMR published the Overseas Anti-monopoly Compliance Guidelines for Enterprises, which is aimed at helping PRC companies establish and strengthen overseas anti-monopoly compliance systems to reduce overseas anti-monopoly compliance risks.

On January 22, 2024, the State Council released the Provisions of the State Council on the Threshold for the Filing of Concentration of Undertaking (2024 Revision). These provisions significantly adjust the revenue threshold of merger control filing to either one of the following two conditions: (i) the worldwide revenue of all business operators involved in the concentration exceeds RMB12 billion (increased from the previous threshold of RMB10 billion) collectively in the last fiscal year, and the revenue in mainland China of at least two business operators among them each exceeds RMB800 million (increased from the previous threshold of RMB400 million) in the last fiscal year; or (ii) the revenue in mainland China of all the business operators involved in the concentration exceeds RMB4 billion (increased from the current threshold of RMB2 billion) collectively in the last fiscal year, and the revenue in mainland China of at least two business operators among them each exceeds RMB800 million (increased from the previous threshold of RMB400 million) in the last fiscal year. Furthermore, if there is evidence indicating that the concentration of business operator has or may have an effect of excluding or limiting competition, the anti-monopoly authority may order the operators to file for clearance, regardless of the threshold standard.

On December 20, 2024, SAMR issued the Guidelines for the Review of Horizontal Concentrations of Undertakings, also known as the Guidelines for Review of Horizontal Concentrations, which clarifies the quantitative standards for the review of business operator concentrations. According to the Guidelines for Review of Horizontal Concentrations, the anti-monopoly law enforcement agency will pay special attention to a horizontal concentration of undertakings in which the total market share of the parties to the concentration is between 25% and 50%. To be specific, for a horizontal concentration of undertakings in which the total market share of the parties to the concentration is between 35% and 50%, the anti-monopoly law enforcement agency is inclined to deem that the concentration has or may have the effect of excluding or restricting competition in the relevant market.

Regulations on Anti-unfair Competition Law

Competition among business operators is generally governed by the Anti-unfair Competition Law of the PRC, or the Anti-unfair Competition Law, which was promulgated by the SCNPC on September 2, 1993 and amended on November 4, 2017, April 23, 2019 and June 27, 2025, respectively. According to the Anti-unfair Competition Law, when trading on the market, operators must abide by the principles of voluntariness, equality, fairness and honesty and observe laws and business ethics. Acts of operators constitute unfair competition where they contravene the provisions of the Anti-unfair Competition Law and disturb market competition with a result of damaging the lawful rights and interests of other operators or consumers. When the lawful rights and interests of an operator are damaged by the acts of unfair competition, it may institute proceedings in a People's court. In comparison, where an operator commits unfair competition in contravention of the provisions of the Anti-unfair Competition Law and causes damage to another operator, it will be responsible for compensating for the damages.

On May 6, 2024, the SAMR issued the Interim Provisions Against Unfair Competition in Cyberspace, which became effective on September 1, 2024. It classifies certain practices as new forms of unfair competition in cyberspace, which includes traffic hijacking behaviors such as inserting links or forcibly redirecting users without the consent of other business operators. The provisions also prohibit actions that interfere with user choice by violating user intent, increasing operational complexity, or disrupting a seamless user experience. Additionally, the regulations identify as unfair competition practices that obstruct the legitimate provision of online products by other business operators, including blocking, closing, uninstalling, or restricting the operation of such products, implementing search demotions, engaging in reverse fake transactions, and creating malicious incompatibility.

On June 6, 2024, the State Council promulgated the Regulation on Fair Competition Review, which came into effect on August 1, 2024. The Regulation on Fair Competition Review defines the standards for fair competition review, stating that policy measures drafted by local governments must not restrict market access and exit, hinder the free flow of goods and factors, impact production and operational costs, or interfere with production and operational activities. The Regulations on Fair Competition Review also improves the fair competition review mechanism by adjusting and clarifying the division of responsibilities among government departments and introducing procedural requirements such as the need to solicit public opinions when drafting policies that affect the public interest. The Regulations on Fair Competition Review strengthen the supervision of fair competition reviews by establishing a comprehensive oversight mechanism, including random checks, handling of complaints, inspections, interviews, and enforcement of legal responsibilities. These measures enhance the rigidity of the fair competition review system. As a supporting rule to the Regulations on Fair Competition Review, the SAMR issued the Rules for Handling Complaints on Fair Competition Review on October 13, 2024 and effective on the same day, further improving the complaint handling procedures and facilitating channels for reporting concerns.

Overview of the Laws and Regulations Relating to Our Business and Operations in the United States

As SEC-registered broker-dealers, Moomoo Financial Inc. and Futu Clearing Inc. are subject to various laws and regulations that are administered and enforced by both federal and state regulators, as well as self-regulatory organizations in the United States. Moomoo Crypto Inc., a money service business registered with the Financial Crimes Enforcement Network is authorized to offer cryptocurrency trading services in several states. This overview summarizes certain material aspects of those laws and regulations as they pertain to Moomoo Financial Inc., Futu Clearing Inc. and Moomoo Crypto Inc.

Licensing

Broker-Dealer Regulation

Broker-dealers operating in the United States are, with limited exceptions, required to register with the SEC. Registration with the SEC is conditioned upon the broker-dealer becoming a member in good standing with FINRA. There are not separate categories of broker-dealer registration with the SEC. However, a broker-dealer's membership agreement with FINRA will specify the nature and scope of the business which may be conducted by the broker-dealer. Any material changes in the broker-dealer's business and certain changes of control must be approved by FINRA. Moomoo Financial Inc. is currently authorized to conduct business as an introducing broker, engaging in transactions in equity securities, mutual funds and options. It is also authorized to act as an underwriter or selling group participant in offerings of corporate securities other than mutual funds. Futu Clearing Inc. is currently authorized to conduct business as a clearing broker in equity securities and options and to arrange transactions in listed and over-the-counter securities.

In addition to SEC registration and FINRA membership, broker-dealers in the United States are required to register with certain states, based upon the location of their business facilities and the nature of their operations in any particular state.

The principals and employees of U.S. broker-dealers are also required to be licensed with FINRA and the applicable states unless their conduct is limited to ministerial activities. There are a variety of individual license categories for both supervisors and other employees, each of which requires the individual to pass a specific qualification exam.

All broker-dealers in the United States are also required to become members of the Securities Investor Protection Corporation, or the SIPC, which insures customer brokerage accounts against losses (subject to a cap) that result from the broker-dealer becoming bankrupt of experiencing financial trouble. SIPC does not insure against investment losses.

Regulation of Cryptocurrency Trading Services

Moomoo Crypto Inc. is licensed as a money transmitter or otherwise authorized to provide its cryptocurrency trading services in the majority of states in the U.S. Moomoo Crypto is subject to regulation, primarily at the state level and is subject to various Federal and state consumer protection laws. Moomoo Crypto is subject to obligations and restrictions with respect to the investment of customer funds, reporting requirements, bonding requirements, and inspection by state regulatory agencies concerning those aspects of our business considered money transmission. Evaluation of our compliance efforts, as well as the questions of whether and to what extent our products and services are considered money transmission, are matters of regulatory interpretation and could change over time. There are substantial costs and potential product and operational changes involved in maintaining and reviewing these licenses, certifications, and approvals, and we could be subject to fines, other enforcement actions, and litigation if we are found to violate any of these requirements.

Net Capital and Customer Protection

Broker-dealers in the United States are required to maintain minimum net capital in accordance with Rule 15c3-1 of the Exchange Act of 1934. The primary purpose of this requirement is to protect customers and creditors of registered broker-dealers from monetary losses in the event the broker-dealer fails. The computation of net capital is intended to determine the broker-dealer's liquidity and requires various adjustments to GAAP net worth. The amount of required net capital varies based upon the nature and scope of the broker-dealer's business. Clearing brokers that carry customer accounts typically have substantially higher minimum net capital requirements than introducing brokers. Broker-dealers that fall out of compliance with the minimum net capital requirements must immediately correct the shortfall or suspend business operations until they are again in compliance with the requirements.

Pursuant to Rule 15c3-3 of the Exchange Act of 1934, the SEC's Customer Protection Rule, broker-dealers who have custody of client assets are required to establish a segregated bank account for the exclusive benefit of its customers. The rule also requires broker-dealers to obtain possession or control of securities carried by the broker-dealer for the account of clients, places limitations on the ability of a broker-dealer to access client funds or securities for use in the broker-dealer's business, and delineates the requirements for directing free credit balances in a customer account to a bank pursuant to a sweep program. Rule 15c3-3 also delineates requirements for broker-dealers who want to lend fully paid or excess margin securities held in a customer's account.

Margin Lending

Margin lending by broker-dealers is subject to the margin rules adopted by the Federal Reserve Board ("Regulation T") and certain FINRA rules. Futu customers in the U.S. generally trade through margin accounts. Regulation T provides that broker-dealers may only extend credit for the purchase of "margin securities"; generally securities traded on a registered stock exchange. The initial extension of credit may not exceed 50% of the value of the securities to be purchased. Regulation T requires broker-dealers to impose trading restrictions on accounts that fail to make timely payment for securities.

FINRA rules supplement Regulation T, particularly with respect to the maintenance margin required. In addition, broker-dealers are free to impose their own margin requirements that are more restrictive than those set pursuant to Regulation T or by FINRA.

Before a customer may trade on margin, the broker-dealer must provide the customer with extensive disclosure about the risks of margin trading and the customer must agree in writing to the margin terms offered by the broker-dealer.

Know Your Customer; Anti-Money Laundering

Under the Bank Secrecy Act and related SEC and FINRA rules, broker-dealers are required to guard against money laundering and terrorist financing. This requires broker-dealers to implement a customer identification program to verify a customer's identity and to determine if a proposed customer is on any lists of restricted persons with whom business is prohibited. In addition, broker-dealers must adopt and enforce a written anti-money laundering compliance program, reasonably designed to achieve and monitor compliance with the requirements of the Bank Secrecy Act and its implementing regulations. Such programs must include policies and procedures that: (i) can be reasonably expected to detect and cause the reporting of suspicious transactions; (ii) provide for independent testing for compliance; (iii) designate and identify an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program, and (iv) provide ongoing training for appropriate broker-dealer personnel.

Disclosures to Clients

All broker-dealers that provide brokerage services to retail customers must provide the customers with certain disclosures on Form CRS. Disclosures in the Form CRS include the nature of the services offered by the broker-dealer, the standard of care associated with those services, fees and charges, conflicts of interest and whether or not any of the broker-dealer's personnel have been subjected to disciplinary proceedings. The Form CRS must also be filed with the SEC and made available on the broker-dealer's website.

Broker-dealers are also required to disclose to their clients in new account documentation and/or through their website various matters such as the risks of investing in foreign securities, the risks of margin trading, the risks of investing in penny stocks, the risks of day trading, any arrangements the broker-dealer may have for payment for order flow and the broker-dealer's business continuity plan.

SEC and FINRA rules require broker-dealers to provide clients with trade confirmations that comply with the requirements of Exchange Act Rule 10b-10. In addition, clients must be provided with an account statement not less than once a quarter. Clients may consent to electronic delivery of confirmations, statements and other communications from the broker-dealer.

Sales Practices

SEC and FINRA rules prohibit the use of false, deceptive and misleading sales practices. The SEC and FINRA recently conducted an industry-wide review to determine whether certain digital engagement practices used by broker-dealers improperly incentivize customers to undertake excessive or risky trading.

The Exchange Act's Regulation Best Interest (Reg BI) requires a broker-dealer to act in the best interest of its retail customers, and FINRA's suitability rules requires a broker to limit recommendations to securities that are suitable for the customer. Because Futu Clearing does not have any retail clients and does not make investment recommendations, these requirements are of limited applicability to its business. While Moomoo Financial Inc. has retail clients, it also does not make investment recommendations. Accordingly, Reg BI and FINRA's suitability rules are of limited applicability to its business as well.

In 2024, we introduced an AI summary feature that automatically extracts corporate announcement contents for U.S. and Hong Kong stocks on *Moomoo*, making it easier for investors to understand key information in the announcements more efficiently.

FINRA has cautioned market participants to consider, among other things, model risk management, data governance, customer privacy, and supervisory control systems when seeking to adopt AI-based applications. Other factors for potential consideration include cybersecurity, outsourcing/vendor management, books and records, and workforce structure. The deployment of AI-based applications will likely continue to draw regulatory scrutiny from the SEC, FINRA, and states.

Best Execution

The SEC and FINRA require broker-dealers that execute trades to use reasonable diligence to obtain for their clients the most favorable terms available under prevailing market conditions. In determining whether a broker-dealer has used “reasonable diligence”, factors that are considered include the size of the order, the availability of the security in various markets, liquidity, timing and any other requirements of the client. Broker-dealers that receive third party payments for order flow or that execute through affiliated firms must ensure that such arrangements do not compromise their duty of obtaining best execution for their clients. Recent SEC statements indicate that the U.S. securities regulators will be increasingly focused on whether various industry arrangements are consistent with a broker-dealer’s best execution obligations.

Participation in Underwritten Offerings

Broker-dealers that act as underwriters or selling group members in SEC-registered, underwritten offerings are required to comply with various SEC rules governing such offering participation. Such requirements include a prohibition on accepting customer orders prior the SEC declaring the relevant registration statement effective, limitations on the timing and content of marketing materials that may be used in connection with the offering, and restrictions on trading activity during the period immediately preceding and following a new issue or an underwritten offering for a thinly traded stock.

Prevention of Insider Trading

All broker-dealers are required to adopt policies and procedures reasonably designed to prevent unlawful trading based on material, non-public information. Neither broker-dealers nor their employees may use material non-public information obtained in the course of their business to trade securities or to provide trading tips to other persons. Such policies and procedures should include a clear statement of the policy provided to all personnel, on-going training, procedures to monitor trading by all personnel and, as appropriate, internal information barriers to prevent the sharing of material non-public information with persons who do not need access to such information.

Protecting Privacy of Customer Data and Information

Exchange Act Regulation S-P requires broker-dealers to provide their customers with a copy of their privacy policy, which describes among other things what non-public information about customers is collected by the broker-dealer, and what non-public information might be shared with affiliates or third parties. With limited exceptions, customers must be provided with an opportunity to opt out of disclosures to third parties. Certain states such as California have imposed additional privacy requirements.

Regulation S-P also requires broker-dealers to adopt policies and procedures redesigned to safeguard customer data and records from unauthorized access. Broker-dealers are required to implement appropriate cybersecurity measures that include administrative, technical and physical safeguards. The cybersecurity measures must be periodically tested for effectiveness. Regulatory authorities in the United States have recently increased their scrutiny of the programs implemented by broker-dealers to prevent cybersecurity breaches or unauthorized access to customer accounts. In May 2024, the SEC adopted amendments to Reg S-P that require broker-dealers to adopt robust cybersecurity protocols, expand the definition of customer information subject to privacy protections and specify customer notification requirements in the event of a security breach. The amended rules went into effect for large broker-dealers in December of 2025 and both Moomoo Financial Inc. and Futu Clearing Inc., as “large entities” under Regulation S-P, are subject to such enhanced data protection requirements.

Records and Reporting

SEC-registered broker-dealers are subject to extensive recordkeeping and reporting requirements. Exchange Act Rule 17a-3 specifies a range of records that must be maintained, including trading and customer account records, financial records and net capital computations, employee records and copies of all advertisements and written communications with customers. In addition, broker-dealers must ensure that all of their email communications relating to the broker-dealer’s business are transmitted using authorized systems and are archived for future access.

All required records must be preserved for various periods of time specified in Exchange Act Rule 17a-4. Generally, records may be preserved electronically, as long as the electronic system satisfies minimum standards to ensure the records are accessible and not subject to alteration. Certain records may be maintained with third party providers, including cloud services, if the third party agrees to make the records available to the SEC and other regulatory authorities upon request.

Broker-dealers must file with the SEC annual reports that include audited financial systems, as well as quarterly financial reports. In addition, net capital computations must be filed on a quarterly or monthly basis, depending upon the nature of the broker-dealer's business. An additional annual filing is required with FINRA to address the firm's compliance with its regulatory obligations.

U.S. broker-dealers are also required to report to the SEC and FINRA most customer complaints and legal actions. The broker-dealer must update the reporting to disclose how the matter was resolved.

Supervision

All SEC-registered broker-dealers must adopt written supervisory procedures and implement supervisory controls and procedures designed to enable the broker-dealer to monitor and enforce compliance with applicable regulatory requirements. Supervisory procedures should include, among other things, a designated chief compliance officer, internal monitoring and surveillance requirements, communication reviews and reasonable investigations of new hires. The broker-dealer must also prohibit its employees from engaging in outside business activities or from maintaining outside securities accounts unless such activity has been disclosed to and approved by the broker-dealer. Broker-dealers are required to review and approve advertising materials that promote their business, including materials prepared or disseminated by affiliates or third-party contractors. The broker-dealer must also ensure that it implements an appropriate training program for its personnel in compliance with FINRA rules.

Regulatory Oversight

Broker-dealers conducting business in the United States may be examined at any time by officials from the SEC, FINRA or any state in which the broker-dealer is licensed. Similarly, companies that provide cryptocurrency trading services in the U.S. may be examined at any time by state agencies. Following an examination, the regulatory authority will usually issue a written report discussing any identified deficiencies. The broker-dealer is provided an opportunity to respond to the report. While most deficiencies are resolved through mutually agreed corrective actions, more serious violations may be referred for administrative or civil proceedings. Such proceedings may result in the imposition of fines, cease and desist orders, disgorgement orders, the suspension of personnel or lines of business or the revocation of licenses to conduct business. While broker-dealers have the right to contest proceedings brought against them by regulatory authorities, as a practical matter most such proceedings are resolved through a negotiated settlement. The resolution is a public record. Under applicable law, regulation, and rule, a company and its principals may be held responsible for misconduct committed by persons under their supervision. It is fairly common in regulatory enforcement proceedings for a broker-dealer and its supervisory personnel to be sanctioned whenever there has been serious misconduct by any of the broker-dealer's personnel.

Overview of the Laws and Regulations Relating to Our Business and Operations in Singapore

As we provide online brokerage services in Singapore through our subsidiary, Moomoo Financial Singapore, our business operations are subject to the laws of Singapore. The key laws and regulations which relate to our business and operations in Singapore are summarized as follows:

Regulatory Requirements under the Securities and Futures Act

The Securities and Futures Act 2001 of Singapore (2020 Revised Edition), or the SFA, is the principal legislation regulating activities and institutions in the securities and derivatives industry in Singapore.

The SFA is administered by the Monetary Authority of Singapore, or the MAS, which is Singapore's central bank and integrated financial regulator. As an integrated financial supervisor, the MAS has oversight of all financial institutions in Singapore, including banks, insurers, capital market intermediaries (such as Moomoo Financial Singapore), and financial advisors. To this end, the MAS also establishes rules for such financial institutions which are implemented through legislation, regulations, directions and notices. MAS guidelines are also formulated and published to encourage best practices among financial institutions in Singapore.

In particular, Part 4 of the SFA provides for the licensing and regulation of certain regulated activities typically carried out by capital markets intermediaries (such as Moomoo Financial Singapore).

Types of Regulated Activities under Part 4 of the SFA

Part 4 of the SFA governs the conduct of regulated activities typically carried out by capital market intermediaries. Under Section 82(1) of the SFA, a person carrying on business in a regulated activity is required to hold a Capital Markets Services License, or CMSL, issued by the MAS, unless an exemption applies. The CMSL system is a modular licensing system, in that an entity will hold one single CMSL covering the different types of regulated activities under the SFA which it engages or intends to engage in.

The categories of activities regulated under the SFA are set out under Part 1 of the Second Schedule to the SFA as follows:

- (1) dealing in capital markets products;
- (2) advising on corporate finance;
- (3) fund management;
- (4) real estate investment trust management;
- (5) product financing;
- (6) providing credit rating services; and
- (7) providing custodial services.

It is an offense for a person to carry on business, or hold himself out as carrying on business, in any regulated activity without the appropriate license issued by the MAS.

In addition, where a CMSL has been granted by the MAS, the grant may be subject to such conditions and restrictions as the MAS thinks fit. It is an offence for a person to contravene any such condition or restriction in the license.

Activities which Moomoo Financial Singapore is Licensed to Conduct in Singapore

As of the date of this annual report, Moomoo Financial Singapore holds a CMSL (License No. CMS101000) and is licensed under the SFA to conduct the following regulated activities:

- (1) dealing in capital markets products;
- (2) product financing; and
- (3) providing custodial services.

Under the SFA, “capital markets products” include, amongst others, securities,⁽¹⁾ units in a collective investment scheme, derivatives contracts, and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading. The term “dealing in capital markets products” in turn means (whether as principal or agent) making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into any agreement for or with a view to acquiring, disposing of, entering into, effecting, arranging, subscribing for, or underwriting any capital markets products. This definition thus captures both the role of executing transactions involving capital markets products as well as the role of soliciting transactions involving capital markets products. Currently, under the CMSL granted to it, Moomoo Financial Singapore may carry on business in dealing in capital markets products only in respect of securities, units in collective investment schemes, exchange-traded derivatives contracts, over-the-counter derivatives contracts, and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading.

“Product financing” is described under the SFA as referring generally to providing any credit facility, advance or loan to facilitate (directly or indirectly) the subscription or purchase of specified products⁽²⁾ listed or to be listed on an organized market,⁽³⁾ the purchase of specified products prescribed by the MAS, or the continued holding of such specified products (whether or not the specified products are pledged as security).

Notes:

- (1) Under the SFA, the term “securities” generally refers to shares, debentures, and units in a business trust or any instrument conferring or representing a legal or beneficial ownership interest in a corporation, partnership or limited liability partnership.
- (2) Under the SFA, “specified products” means securities, specified securities-based derivatives contracts or units in a collective investment scheme.
- (3) “Organized market” typically refers to securities exchanges, and is defined under the SFA to mean (among other things), a place at which, or a facility (whether electronic or otherwise) by means of which, offers or invitations to exchange, sell or purchase derivatives contracts, issued securities or issued units in collective investment schemes, are regularly made on a centralised basis, being offers or invitations that are intended or may reasonably be expected to result, whether directly or indirectly, in the acceptance or making, respectively, of offers to exchange, sell or purchase derivatives contracts, issued securities or issued units in collective investment schemes (whether through that place or facility or otherwise). The term however does not include a place or facility used by only one person to regularly make offers or invitations, or to regularly accept offers, to sell, purchase or exchange derivatives contracts, securities or units in collective investment schemes.

“Providing custodial services” is described under the SFA to mean broadly, in relation to specified products, providing or agreeing to provide any service where the person providing the service has, under an arrangement with another person (the customer), possession or control of the specified products of the customer and carries out one or more of the following functions for the customer:

- (a) settlement of transactions relating to the specified products;
- (b) collecting or distributing dividends or other pecuniary benefits derived from ownership or possession of the specified products;
- (c) paying tax or other costs associated with the specified products;
- (d) exercising rights, including without limitation voting rights, attached to or derived from the specified products; and
- (e) any other function necessary or incidental to the safeguarding or administration of the specified products.

The CMSL granted to Moomoo Financial Singapore by the MAS is subject to certain conditions.(4)

Notes:

(4) The conditions are as follows:

1. Moomoo Financial Singapore shall obtain the prior approval of the MAS for any change of its members or shareholdings of its members which will result in any person, alone or acting together with any connected person, being in a position to control not less than 20% of the voting power in Moomoo Financial Singapore or to hold interest in not less than 20% of the issued shares of Moomoo Financial Singapore. Moomoo Financial Singapore shall immediately notify the MAS of any other changes of its members or shareholding of its members.
2. Moomoo Financial Singapore shall inform MAS of (i) the resignation of its chief executive officer or any of its directors; (ii) any change in the nature of appointment or country of residence of the chief executive officer or any of its directors; and (iii) any change in the business interests or shareholdings of its chief executive officer or any of its directors provided to the MAS in the prescribed form.
3. Moomoo Financial Singapore shall not acquire or hold, whether directly or indirectly, an interest of 20% or more of the share capital of any corporation, or establish any branch (whether in Singapore or elsewhere), without first obtaining the prior approval of MAS.
4. Moomoo Financial Singapore shall immediately inform MAS of any matter which may adversely affect its financial position to a material extent.
5. Moomoo Financial Singapore shall conduct its business in such a manner as to avoid conflicts of interests, and should such conflicts arise, shall ensure that they are resolved fairly and equitably.
6. Prior to the cessation of its business in the regulated activities for which it is licensed, Moomoo Financial Singapore shall ensure that its liabilities and obligations to all customers have been fully discharged or provided for.
7. Moomoo Financial Singapore shall immediately inform the MAS when it becomes aware of the occurrence of any of the following:
 - (i) where any offence is committed by or any disciplinary action is taken against Moomoo Financial Singapore or any of its officers or representatives, whether in Singapore or elsewhere;
 - (ii) where Moomoo Financial Singapore or any of its officers or representatives is the subject of an investigation or when any civil or criminal proceedings are instituted against Moomoo Financial Singapore or any of its officers or representatives, whether in Singapore or elsewhere;
 - (iii) where there is any breach of any laws or regulations, business rules or codes of conduct, whether in Singapore or elsewhere; or
 - (iv) any other matter that would affect Moomoo Financial Singapore or any of its officers' or representatives' ability to meet the criteria set out in the Guidelines on Fit and Proper Criteria issued by MAS.
8. Moomoo Financial Singapore shall produce its books to independent auditors to be selected by the MAS to conduct any audit on Moomoo Financial Singapore. All expenses arising from such audit shall be borne by Moomoo Financial Singapore.

9. Moomoo Financial Singapore shall give written notice to MAS seven days prior to the execution of an agreement for the purchase, sale, merger or any other business combination of all or any part of the business (where such part could operate as a viable business enterprise if it were a stand-alone entity) in a regulated activity under the SFA for which its CMSL is granted. Where any transaction, as described in the foregoing, is not documented in an agreement, Moomoo Financial Singapore shall give written notice to MAS seven days prior to the execution of the transaction.
10. Moomoo Financial Singapore shall ensure that any person it employs or appoints to act as its representative in respect of any regulated activity for which Moomoo Financial Singapore is licensed to provide is an appointed, temporary or provisional representative in respect of that regulated activity.
11. Moomoo Financial Singapore shall not carry on any moneylending without the prior approval of the MAS.
12. Moomoo Financial Singapore shall inform MAS promptly when it has fewer than 2 full-time appointed representatives in respect of each relevant regulated activity under the SFA.
13. Moomoo Financial Singapore shall provide MAS with a Letter of Responsibility, Letter of Undertaking, Banker's Guarantee and/or Professional Indemnity Insurance, as may be required by MAS and in such form as MAS may require. Moomoo Financial Singapore shall ensure that such Letter of Responsibility, Letter of Undertaking, Banker's Guarantee and/or Professional Indemnity Insurance, as may be required by MAS, remain(s) in force as long as the license remains valid.
14. Moomoo Financial Singapore and its representatives shall at all times, comply with all foreign laws and regulations that apply to the activities that they conduct.
15. Moomoo Financial Singapore must ensure that each of its appointed, temporary or provisional representatives only carries on business in dealing in capital markets products in respect of 1 or more types of capital markets product that are indicated against the name of that representative in the public register of representatives. The aforementioned "types of capital markets products" refer to each of the following classes:
 - (a) securities;
 - (b) units in a collective investment scheme;
 - (c) exchange-traded derivatives contracts;
 - (d) over-the-counter derivatives contracts; or
 - (e) spot foreign exchange contracts for the purposes of leveraged foreign exchange trading.
16. Moomoo Financial Singapore must notify the MAS of any addition to the list of capital markets products indicated against its appointed representative's name in the public register of representatives, by lodging a notice in the prescribed form and in the manner specified at <http://www.mas.gov.sg>.
17. Moomoo Financial Singapore shall, no later than the next business day after the day on which any of its appointed representatives, provisional representatives or temporary representatives has ceased to carry on business in dealing in capital markets products in respect of any or all types of capital markets products indicated against his name in the public register of representatives, notify the MAS by lodging a notice in the prescribed form and in the manner specified at <http://www.mas.gov.sg>.

18. Where Moomoo Financial Singapore intends to carry on business in dealing in capital markets products in respect of any additional type of capital markets products other than securities, units in a collective investment scheme, exchange-traded derivatives contracts, over-the-counter derivatives contracts, and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading, Moomoo Financial Singapore must seek MAS' approval to deal in those additional types of capital markets products by lodging a notice in the prescribed form and in the manner specified at <http://www.mas.gov.sg>. The MAS may require Moomoo Financial Singapore to furnish it with such information or documents as the MAS considers necessary in relation to its request.
19. Where Moomoo Financial Singapore ceases carrying on business in dealing in capital markets products in respect of any type of capital markets products, but has not ceased to carry on business in dealing in capital markets products in the remaining types of capital markets products, Moomoo Financial Singapore must notify MAS of such cessation by lodging a notice in the prescribed form and in the manner specified at <http://www.mas.gov.sg>, by not later than 14 days from the date of cessation.
20. Where Moomoo Financial Singapore has commenced carrying on business in dealing in capital markets products in respect of some types of capital markets products but not others for which it is allowed to deal in under its license by the end of the period of 6 months from the date on which its license was granted (or such longer period as the MAS may allow in any particular case), Moomoo Financial Singapore must immediately lodge with the MAS a notice in the prescribed form.
21. Where the MAS varies the types of capital markets products in respect of which Moomoo Financial Singapore carries on business in dealing after receiving the request in condition 18 above, or the notifications in conditions 19 or 20 above, the MAS may issue a new license to Moomoo Financial Singapore which reflects the types of capital markets products in respect of which it carries on business in dealing.
22. Moomoo Financial Singapore must carry on business in dealing in capital markets products only in respect of capital markets products that are securities, units in a collective investment scheme, exchange-traded derivatives contracts, over-the-counter derivatives contracts, and spot foreign exchange contracts for the purposes of leveraged foreign exchange trading.
23. Moomoo Financial Singapore shall satisfy itself of compliance with all relevant laws and requirements in the relevant foreign jurisdictions, before it starts offering products and services to investors residing in that foreign jurisdiction.

Representatives, Directors, and CEO Requirements

Under Section 99B(1) of the SFA, individuals who are employed by or who are acting for a CMSL holder in Singapore to carry out the regulated activities are required to be appointed, provisional or temporary representatives under the SFA, unless exempted.

In addition, pursuant to the MAS Guidelines SFA 04-G01 on Criteria for the Grant of a Capital Markets Services License (last revised on January 21, 2025), Moomoo Financial Singapore is required to employ at least two full-time individuals as appointed representatives in respect of each of the regulated activities which it is being licensed to conduct. Moomoo Financial Singapore should also ensure a minimum of two directors on its board, at least one of whom is resident in Singapore. The chief executive officer of Moomoo Financial Singapore should also be resident in Singapore. The approval of the MAS should be obtained prior to the appointment of its chief executive officer, resident directors, and any director who is directly responsible for its business in Singapore.

"Fit and Proper" Requirement

Persons applying to the MAS for a CMSL under the SFA, as well as its directors, representatives, and shareholders, must satisfy, and continue to satisfy after the grant of the CMSL by the MAS, that they are fit and proper persons. Generally, a fit and proper person means one who is financially sound, competent, honest, and has not been in breach of relevant laws and regulations. MAS administers this regime through the MAS Guidelines on Fit and Proper Criteria (Guideline No: FSG-G01) (last revised on May 30, 2025) which all classes of regulated entities (including CMSL holders) are ordinarily expected to follow.

Base Capital Requirements

A corporation granted a CMSL in respect of regulated activities shall at all times meet the base capital requirement thresholds under the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licenses) Regulations ("SF(FMR)R"), in respect of the regulated activities for which it is licensed to conduct. In view of this obligation, it would be prudent for the CMSL holder to maintain an additional capital buffer over and above the requisite base amount. The base capital requirement thresholds applicable to the regulated activities carried on by Moomoo Financial Singapore are set out under the First Schedule to the SF(FMR)R as follows:

Regulated activity	Base capital requirement	
Dealing in capital markets products that are securities, units in a collective investment scheme or exchange-traded derivatives contracts and the applicant is not a member of an approved exchange. ⁽⁵⁾	S\$	1 million
Carrying out product financing.	S\$	1 million
Providing custodial services.	S\$	1 million

Notes:

(5) Under the SFA, an "approved exchange" means a corporation that is approved by the MAS under the SFA as an approved exchange. An example of such an approved exchange is the Singapore Exchange Securities Trading Limited, or SGX.

Generally, where more than one base capital requirement is applicable to a CMSL holder, the highest of such base capital requirements will apply. Hence, the base capital requirement of Moomoo Financial Singapore is S\$1 million.

By Regulation 4 of the SF(FMR)R, a CMSL holder shall not cause or permit its base capital to fall below the base capital requirement applicable to it. Where the base capital falls below the base capital requirement or where the CMSL holder becomes aware that the base capital will fall below the base capital requirement, the MAS must be notified immediately.

Risk Capital Requirements

Furthermore, a CMSL holder shall at all times meet the risk-based capital requirement in the SF(FMR)R upon obtaining its license. The particular capital requirements are generally based on various risk factors faced by the CMSL holder, and the risk measurements are proxied from various items of information within the CMSL holder's financial statements. In this regard, under Regulations 6 and 7 of the SF(FMR)R, a licensed corporation shall:

- (a) not cause or permit its financial resources (as defined in the SF(FMR)R and by notices issued by MAS) to fall below the total risk requirement (as defined in the SF(FMR)R and by notices issued by MAS); and
- (b) immediately notify the MAS if its financial resources fall below 120% of its total risk requirements.

Continuing Obligations

An entity licensed under Part 4 of the SFA would typically expect that various ongoing operational obligations would apply, in addition to any specific conditions which the MAS may impose when granting its license. There are different ongoing business conduct compliance obligations depending on the relevant licensing category. In respect of Moomoo Financial Singapore, these include, but are not limited to, the following requirements under the Securities and Futures (Licensing and Conduct of Business) Regulations, or the SF(LCB)R:

- (a) maintenance of a minimum deposit in the sum of S\$100,000 with the MAS (Regulation 7 of the SF(LCB)R);
- (b) implement, and ensure compliance with, effective written policies on all operational areas, including financial policies, accounting and internal controls, and internal auditing (Regulation 13(b)(i) of the SF(LCB)R);

- (c) identify, address and monitor the risks associated with the trading or business activities (Regulation 13(b)(iii) of the SF(LCB)R);
- (d) ensure that its business activities are subject to adequate internal audit (Regulation 13(b)(iv) of the SF(LCB)R);
- (e) detailed book-keeping and record-keeping obligations (Regulation 39 of the SF(LCB)R);
- (f) provision of statements to customers (Regulation 40 of the SF(LCB)R); and
- (g) regulations on product advertisements (Regulation 46 of the SF(LCB)R).

Licensing Regime under the Payment Services Act

The Payment Services Act 2019 of Singapore (2020 Revised Edition), or the PSA, is the principal legislation regulating the provision of payment services, including digital payment token services in Singapore.

Under Section 5(1) of the PSA, a person must not carry on a business of providing any type of payment service in Singapore unless the person holds a valid licence that entitles the person to provide that type of payment service, or the person is otherwise exempted. The types of payment services regulated under the PSA are set out under Part 1 of the First Schedule to the PSA, which includes:

- (1) account issuance service;
- (2) domestic money transfer service;
- (3) cross-border money transfer service;
- (4) merchant acquisition service;
- (5) e-money issuance service;
- (6) digital payment token service; and
- (7) money-changing service.

It is an offence for a person to carry on a business of providing any payment service in Singapore without holding a valid licence that entitles the person to do so, unless an exemption applies. A person (who is not an individual) convicted of carrying on a business of providing a payment service without the requisite licence shall be liable to a fine of up to S\$250,000.

As at the date of this annual report, Moomoo Financial Singapore holds a major payment institution (MPI) licence for digital payment token service (License No. PS20200617).

Under the PSA, a “digital payment token” means any digital representation of value (other than an excluded digital representation of value) that is (a) expressed as a unit, (b) is not denominated in any currency, and is not pegged by its issuer to any currency, (c) is, or is intended to be, a medium of exchange accepted by the public, or a section of the public, as payment for goods or services for the discharge of a debt, and (d) can be transferred, stored or traded electronically.

A “digital payment token service” includes the following services:

- (1) any service of dealing in digital payment tokens;
- (2) any service of facilitating the exchange of digital payment tokens;

(3) any service of accepting (whether as principal or agent) digital payment tokens from one digital payment token account (whether in Singapore or elsewhere), for the purposes of transmitting, or arranging for the transmission of, the digital payment tokens to another digital payment token account (whether in Singapore or elsewhere);

(4) any service of arranging (whether as principal or agent) for the transmission of digital payment tokens from one digital payment token account (whether in Singapore or elsewhere) to another digital payment token account (whether in Singapore or elsewhere);

(5) any service of inducing or attempting to induce any person to enter into or to offer to enter into any agreement for or with a view to buying or selling any digital payment token in exchange for any money or any other digital payment token (whether of the same or a different type);

(6) any service of safeguarding a digital payment token, where the service provider has control over the digital payment token;

(7) any service of carrying out for a customer an instruction relating to a digital payment token, where the service provider has control over the digital payment token;

(8) any service of safeguarding a digital payment token instrument, where the service provider has control over one or more digital payment tokens associated with the digital payment token instrument; and

(9) any service of carrying out for a customer an instruction relating to one or more digital payment tokens associated with a digital payment token instrument, where the service provider has control over the digital payment token instrument.

As an MPI, Moomoo Financial Singapore is required to meet initial and ongoing financial requirements, including maintaining a base capital of at least S\$250,000. MPIs are also required to maintain a security deposit as a small buffer for the protection of customer money. In addition to its MPI licence conditions, Moomoo Financial Singapore is also subject to various business conduct requirements, AML/CFT obligations, technology risk management and cyber hygiene requirements etc., as set out in the PSA, Payment Services Regulations 2019, and the relevant notices and guidelines – which includes, for example, the Guidelines on the Provision of Consumer Protection Safeguards by Digital Payment Token Service Providers, which sets out the measures that Digital Payment Token service providers should adopt to minimise risks arising from dealing in digital payment tokens and address consumer protection risks.

Licensing Regime under the Financial Advisers Act

For completeness, the provision of financial advisory services is regulated in Singapore under the Financial Advisers Act 2001 (2020 Revised Edition) ("FAA"), and its related subsidiary legislation.

Under Section 6(1) of the FAA, a person is not to act as a financial adviser in Singapore in respect of any financial advisory services unless he is authorised to do so in respect of that financial advisory service by a financial adviser's license ("FAL"), or is an exempt financial adviser. Further, under Section 6(4) of the FAA, a person who contravenes Section 6(1) will be liable on conviction to a maximum fine of S\$75,000 or imprisonment for a term of up to 3 years or both.

The term "financial adviser" generally refers to a person who carries on a business of providing any financial advisory service under the FAA. There are currently 3 types of financial advisory services under the FAA:

- a. advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning any investment product;(6)
- b. advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product; and
- c. arranging of any contract of insurance in respect of life policies (other than a contract of reinsurance).

As at the date of this annual report, Moomoo Financial Singapore is an exempt financial adviser under the FAA, but has not commenced to conduct the above regulated activities in Singapore yet.

Notes:

- (6) Under the FAA, “investment product” includes any capital markets products, spot foreign exchange contracts other than for the purposes of leveraged foreign exchange trading, and any life policy.

Anti-Money Laundering And Counter-Terrorist Financing (“AML/CTF”)

Sector-specific requirements applicable to capital markets intermediaries and digital payment token service providers

In Singapore, corporations which are licensed by the MAS are required to comply with the applicable anti-money laundering and counter-terrorist financing laws and regulations in Singapore as well as various notices and guidelines. In particular, Moomoo Financial Singapore as a CMSL holder will be required to comply with the Notice on Prevention of Money Laundering and Countering the Financing of Terrorism - Capital Markets Intermediaries (last revised on June 30, 2025) (“**SFA 04-N02**”) issued by the MAS, read together with the Guidelines to MAS Notice SFA 04-N02. As an MPI providing digital payment token service, it is also required to comply with the Notice on Prevention of Money Laundering and Countering the Financing of Terrorism – Holders of Payment Services Licence (Digital Payment Token Service) (last revised on June 30, 2025) (“PSN02”) read together with the Guidelines to MAS Notice PSN02 (collectively, the “**AML/CTF Notices and Guidelines**”).

The AML/CTF Notices and Guidelines establish a framework within which CMSL holders and MPIs are to design and develop their own AML/CTF policies, procedures and controls to help prevent money laundering and terrorism financing in Singapore. As a CMSL holder and digital payment token service provider, Moomoo Financial Singapore should, among other things:

- (a) take appropriate steps to identify, assess and update its money laundering and terrorism financing risks in relation to the launch or use of new products, new business practices, new delivery mechanisms, or new or developing technologies, and to ensure that appropriate measures and controls are implemented to mitigate and manage such risks;
- (b) conduct anti-money laundering and customer due diligence (“CDD”) checks on all new customers (extending to the beneficial owners, connected parties of the customer and persons appointed to act on the customer’s behalf), and update its CDD checks on existing customers from time to time;
- (c) perform such CDD checks where the licensed corporation first establishes business relations with any customer, where the licensed corporation undertakes any transaction of a value exceeding S\$20,000 for any customer who has not otherwise established business relations with it, where there is a suspicion of money laundering or terrorism financing, or where the licensed corporation has doubts about the veracity or adequacy of any information previously obtained;
- (d) reserve the right to request for such information as deemed necessary to verify the identity, tax status and/or source of payment of a customer in order to comply with any applicable law or regulation of any jurisdiction;
- (e) implement internal risk management systems, policies, procedures and controls to determine if particular business relations with or transactions for any customer presents a higher risk for money laundering or terrorism financing;
- (f) conduct on-going monitoring of activities of its customers to ensure that they are consistent with the nature of business, the risk profile and source of funds, as well as identify transactions that are complex, large or unusual, or patterns of transactions that have no apparent economic or lawful purpose;
- (g) conduct comprehensive on-going screening against the United Nations watch lists, other relevant money laundering and terrorism financing sources and lists and information provided by the MAS or other relevant authorities in Singapore; and

- (h) report transactions suspected to contain the proceeds of criminal conduct or that is connected in any way with money laundering, tax evasion or terrorist financing to the Suspicious Transactions Reporting Office and the MAS, and document the basis for its assessment and the decision to report the transaction.

Aside from the AML/CTF Notices and Guidelines, Singapore's AML/CTF legal framework is governed by a patchwork of legal instruments. We set out below the key legislations in Singapore applicable to Moomoo Financial Singapore which concern money laundering and terrorist financing.

Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act

The Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 of Singapore (2020 Revised Edition) ("CDSA") criminalizes money laundering and organizes money laundering offences into two main groups: drug-related offences and other criminal offences. In particular, Part 6 of the CDSA criminalizes the laundering of proceeds generated by drug trafficking and criminal conduct via the following principal offences:

- (a) the assistance of another person in retaining, controlling or using the benefits of drug dealing or criminal conduct under an arrangement (whether by concealment, removal from jurisdiction, transfer to nominees or otherwise) (Sections 50(1) and 51(1) of the CDSA);
- (b) the concealment, conversion, transfer or removal from the jurisdiction, or the acquisition, possession or use of benefits of drug dealing or criminal conduct (Sections 53(1) and 54(1) of the CDSA)
- (c) the concealment, conversion, transfer or removal from the jurisdiction of another person's benefits of drug dealing or criminal conduct (Sections 53(2) and 54(2) of the CDSA);
- (d) the acquisition, possession or use of another person's benefits of drug dealing or criminal conduct (Sections 53(3) and 54(3) of the CDSA); and
- (e) the possession or use of any property that may be reasonably suspected of being benefits of drug dealing or criminal conduct, without a satisfactory account as to how the property had been occasioned (Section 55(1) of the CDSA).

Upon conviction of an offence under Sections 50, 51, 53, 54 and 55 of the CDSA, individuals will be liable to a maximum fine of S\$500,000 or imprisonment for a term of up to 10 years or both, while non-individuals will be liable to a maximum fine of S\$1 million or twice the value of the benefits of drug dealing or criminal conduct in respect of which the money laundering offence was committed, whichever is higher. If convicted under Section 55 of the CDSA, individuals will be liable to a maximum fine of S\$150,000 or imprisonment for a term of up to 3 years, or both, while non-individuals will be liable to a maximum fine of S\$300,000.

In addition to any criminal liability, the CDSA also allows for the confiscation of proceeds of crime. In particular, a confiscation, restraint or charging order may be made by the court in respect of realizable property. A confiscation order under the CDSA is an order for the defendant to pay an amount of money assessed to correspond to the value of the benefit he or she derived from drug dealing or criminal conduct, a restraint order under Section 19 serves to prohibit any person from dealing with realizable property, and a charging order under Section 20 (applicable to immovable property and to capital markets products) serves to secure payment of any amount payable under a confiscation order.

In terms of reporting requirements, Section 45(1) of the CDSA provides for the mandatory reporting of suspicious transactions when a person, in the course of his or her trade, profession, business or employment, knows or has reasonable grounds to suspect money laundering. Suspicious transaction reports are to be made to the Commercial Affairs Department of the Singapore Police Force. A failure to report a suspicious transaction would constitute an offence under Section 45(3) of the CDSA. Individuals will be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding 3 years or to both, while non-individuals would be liable on conviction to a fine not exceeding S\$500,000.

The CDSA also provides for the offence of tipping-off. Section 57 of the CDSA provides that it is an offence if: (i) a person, who knows or reasonably suspects that an authorized officer is acting or proposing to act in a money laundering investigation, discloses, to a second person, any information that is likely to prejudice that investigation or proposed investigation; or (ii) a person, who knows or reasonably suspects that a suspicious transaction report has been filed, discloses to a second person, any information that is likely to prejudice any investigation that might be conducted following the suspicious transaction report. A contravention of Section 57 will lead to an offence, and a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding 3 years or to both.

Terrorism (Suppression of Financing) Act

The Terrorism (Suppression of Financing) Act 2002 of Singapore (2020 Revised Edition) ("TSOFA") implements within Singapore the provisions of the International Convention for the Suppression of Financing of Terrorism, as well as resolutions of the United Nations ("UN") Security Council concerning terrorism-related sanctions. It broadly operates in parallel with the CDSA, and like the CDSA, it also provides for mandatory reporting of suspicious transactions. Transactions reported under the TSOFA are also made to the Commercial Affairs Department of the Singapore Police Force.

The TSOFA sets out various actions which are deemed terrorist financing acts and constitute offence under the TSOFA. Broadly speaking, the TSOFA criminalizes the handling of terrorist property and the provision of services (including financial support) for terrorist activity. This effectively prohibits any and all dealings with terrorists and terrorist property, including the provision of services supporting terrorism. As such, financial institutions must ensure that they do not, inadvertently or otherwise, have dealings with persons or entities which have been designated as terrorists under the TSOFA.

The TSOFA also has a designation regime, whereby certain individuals and entities may be designated as terrorists by the Singapore government or by the UN Security Council.

Sanctions

Within the financial sector, the UN sanctions are given effect to via regulations issued by the MAS pursuant to Section 15 of the Financial Services and Markets Act 2022 of Singapore Monetary Authority of Singapore Act 1970 of Singapore (the "FSMA"). As at the date of this annual report, the sanctions regulations which have been issued pursuant to Section 15 of the FSMA are as follows:

- (a) Financial Services and Markets (Freezing of Assets of Persons – Democratic Republic of the Congo) Regulations 2023;
- (b) Financial Services and Markets (Freezing of Assets of Persons – Sudan) Regulations 2023;
- (c) Financial Services and Markets (Sanctions and Freezing of Assets of Persons – Somalia) Regulations 2023;
- (d) Financial Services and Markets (Sanctions and Freezing of Assets of Persons – Libya) Regulations 2023;
- (e) Financial Services and Markets (Freezing of Assets of Persons – South Sudan) Regulations 2023;
- (f) Financial Services and Markets (Freezing of Assets of Persons – Yemen) Regulations 2023;
- (g) Financial Services and Markets (Sanctions and Freezing of Assets of Persons – Democratic People's Republic of Korea) Regulations 2023; and
- (h) Financial Services and Markets (Sanctions and Freezing of Assets of Persons – Iran) Regulations 2023.

While specific provisions may differ, broadly speaking, these above regulations generally:

- (i) prohibit financial institutions from entering into transactions with or relating to a sanctioned person;

- (ii) prohibit financial institutions from entering into transactions that have a specific purpose which is being targeted by the sanctions rule; or
- (iii) require financial institutions to freeze assets that may be in their possession or control, where the assets belong to or are controlled by a sanctioned person or where the assets are for the specific purpose that the sanctions rule is targeting, and to notify the authorities accordingly.

The failure to comply with any MAS sanctions regulation is an offence under Section 15(5) of the FSMA, for which the financial institution will be liable on conviction to a fine of up to S\$1 million.

Employees

The Employment Act 1968 of Singapore (2020 Revised Edition) (the “**EA**”) is regulated by the Ministry of Manpower (the “**MOM**”) and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA.

In particular, Section 35 of the Employment Act provides that Part 4 of the EA, which sets out requirements for rest days, hours of work and other conditions of service, apply in respect of workmen who receive monthly basic salaries not exceeding S\$4,500 and employees (other than workmen) who receive monthly basic salaries not exceeding S\$2,600.

Section 38(8) of the EA provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the EA limits the extent of overtime work that an employee can perform to 72 hours a month. An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both, pursuant to Section 53 of the EA.

Employment of Foreign Manpower Act

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act 1990 (2020 Revised Edition) (the “**EFMA**”) and is regulated by the MOM.

In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign employee unless he has obtained a valid work pass which allows the foreign worker to work for him. Section 5(6) of the EFMA provides that any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall (a) be liable on conviction to a fine not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and (b) on a second or subsequent conviction, (i) in the case of an individual, be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or (ii) in any other case, be punished with a fine not less than S\$20,000 and not more than S\$60,000.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the EA, the EFMA, the Immigration Act 1959 of Singapore (2020 Revised Edition) (the “**Immigration Act**”) and the regulations issued pursuant to the Immigration Act.

Central Provident Fund Act

The Central Provident Fund (the “CPF”) system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act 1953 of Singapore (2020 Revised Edition) (the “CPFA”), an employer is obliged to make CPF contributions for all employees who are citizens or permanent residents of Singapore who are employed in Singapore under a contract of service and employed under a permanent, part-time or casual basis (with the exception of a contract of service or other agreement entered into in Singapore as a master, a seaman or an apprentice in any vessel where the owners have been exempted from the provisions of the CPFA).

CPF contributions are required for both ordinary wages and additional wages (subject to the respective CPF contribution ceilings) of employees at the applicable prescribed rates which are dependent on, inter alia, the amount of monthly wages and the age of the employee. Ordinary wages are wages due wholly or exclusively for an employee's employment in a month and are payable before the due date of CPF contributions for that month, whereas additional wages are wages which are not granted wholly and exclusively for the employment in a month, such as annual bonus and leave pay.

Under Section 7 of the CPFA, an employer shall pay both the employer's and employee's shares of the monthly CPF contribution. However, pursuant to Section 7(2) of the CPFA, an employer is entitled to recover its employee's share of the CPF contribution by deducting such a share from the wages of the employee. An employer who fails to pay the CPF contributions in accordance with the CPFA shall be guilty of an offence and may be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 7 years or to both, pursuant to Section 7(3) of the CPFA.

Personal Data Protection Act

The Personal Data Protection Act 2012 (2020 Revised Edition) ("PDPA") is the main legislation governing the protection and handling (collection, storage, use or onward disclosure) of personal data in Singapore. The PDPA also established the Personal Data Protection Commission ("PDPC") to administer and enforce the PDPA.

Under Section 2 of the PDPA, "personal data" means any data, whether true or not, about an individual who can be identified from that data, or from that data and some other information to which an organization has or is likely to have access.

Under the PDPA, an organization will have to comply with the following general obligations when dealing with personal data:

- (a) obtain the consent of the individual before collecting, using or disclosing his personal data for a purpose. Consent is not considered given unless the purpose of collection, use or disclosure is notified to the individual and his consent is obtained in relation to such notified purpose;
- (b) collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate and, if applicable, have been notified to the individual concerned;
- (c) notify the individual of the purposes for which an individual's personal data is intended to be collected, used or disclosed on or before such collection, use or disclosure;
- (d) give an individual reasonable access to his or her own personal data which the organization has in its possession or control (including informing the individual of the ways in which his personal data has been used or disclosed over the past year);
- (e) correct errors and omissions in the personal data of an individual if the individual so requests;
- (f) make reasonable effort to ensure that personal data collected by it is accurate and complete;
- (g) take reasonable security measures to protect the personal data from unauthorised access, collection, use, disclosure, tampering or disposal, and the loss of any storage medium or device on which the personal data is stored;
- (h) not retain personal data or to remove the means by which personal data can be associated with particular individuals, as soon as it is reasonable to assume that the original purpose of the collection is no longer served by retention and that retention is also no longer needed for legal or business purposes;
- (i) ensure that when personal data is transferred out of Singapore to another country, a standard of protection comparable to that under Singapore law is given to the transferred personal data;

- (j) notify the PDPC of a data breach that results in or is likely to result in significant harm to an affected individual or that is or is likely to be of a significant scale; and
- (k) implement policies and procedures to comply with the PDPA and to make information about such policies and procedures publicly available.

If an organization intentionally or negligently fails to comply with its obligations under the PDPA, it will be liable under Sections 48J(1)(a) and 48J(3) of the PDPA to pay a financial penalty of up to 10% of that organization's annual turnover in Singapore (where the organization's annual turnover in Singapore exceeds S\$10 million), or S\$1 million, whichever is higher. In all instances of non-compliance, the PDPC has the power under Section 48I(2) of the PDPA to direct organizations to stop collecting, using or disclosing personal data in contravention of the PDPA, to destroy personal data collected in contravention of the PDPA, or to comply with any direction of the PDPC to provide access to or to correct personal data.

Failure to comply with requirements of the PDPA may also separately attract civil liability. A person who suffers loss or damage directly as a result of a breach by an organization of various provisions of the PDPA is able to bring an action against the organization in a civil court for compensation.

In addition to the obligations above, the PDPA also established a Do-Not-Call Registry ("DNC Registry") under Part 9 of the PDPA, which allows individuals to register their Singapore telephone numbers to opt out of receiving marketing phone calls, mobile text messages and faxes from organizations. Under Section 43 of the PDPA, no person shall send a "specified message" addressed to a Singapore telephone number unless it has been confirmed that the number is not listed on the relevant DNC Registry. A "specified message" is one that, among others, purports to offer to supply or advertise or promote goods and services.

Any person who fails to confirm that a Singapore telephone number is not listed in the DNC Registry, prior to sending a specified message to that number, will be liable to a fine of up to S\$10,000 per message sent or imprisonment for a term of up to 3 years or to both.

Laws and Regulations Relating to Companies in Singapore

Our Singapore subsidiary, Moomoo Financial Singapore, is incorporated and governed under the provisions of the Companies Act 1967 of Singapore (2020 Revised Edition) (the "Companies Act"). The Companies Act generally governs, amongst others, matters relating to the status, power and capacity of a company, shares and share capital of a company (which includes issue of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction), declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders' rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution. Members of a company are also subject to, and are bound by the provisions in its constitution.

In addition, members of a company are subject to, and bound by, the provisions of the constitution of the company. The constitution of a company contains, inter alia, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as sets out the rights and privileges attached to the different classes of shares of the company (if applicable).

Dividend Distributions

Our operations in Singapore are conducted via our Singapore subsidiary, Moomoo Financial Singapore, which has limited revenue contribution during the past three years. Pursuant to Section 403 of the Companies Act, dividends are only payable out of profits. Typically, the directors will recommend a particular rate of dividend and the company in general meeting will declare the dividend subject to the maximum recommended by the directors.

Singapore adopts a one-tier corporate tax system under which the tax collected from corporate profits is a final tax and the after-tax profits of a company resident in Singapore can be distributed to its shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, irrespective of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Singapore Taxation

The following summary of the laws and regulations relating to taxation in Singapore is based on laws, regulations and interpretations presently in effect. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore may later disagree with the explanations or conclusions set out below. This summary is not intended to constitute a complete or exhaustive description of all of the Singapore tax considerations and do not purport to deal with the tax consequences applicable to all categories of investors of the notes. It is not intended to be and does not constitute legal or tax advice.

Corporate Income Tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 2010. Accordingly, Moomoo Financial Singapore is subject to Singapore corporate income tax at a rate of 17%.

Goods and Services Tax ("GST")

GST in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 9% since January 1, 2024.

Overview of the Laws and Regulations Relating to Our Business and Operations in Australia

AFSL Obligations

Under section 911A(1) of the Corporations Act 2001 in Australia, or the Corporations Act, a person who carries on a financial services business in Australia must generally hold an Australian financial services license, or AFSL, unless a relevant exception applies.

Relevant AFSL Holder

Moomoo Securities Australia, a fully-owned subsidiary of Futu Holding Limited, holds an AFSL, under which it is authorised to provide various financial services to both retail and wholesale clients in Australia, including but not limited to: provide general financial advice and dealing service on securities, derivatives, foreign exchange contracts, government bonds, deposit products and managed investment schemes (such as mutual funds), and provide custodial or depository services.

Substantive Obligations

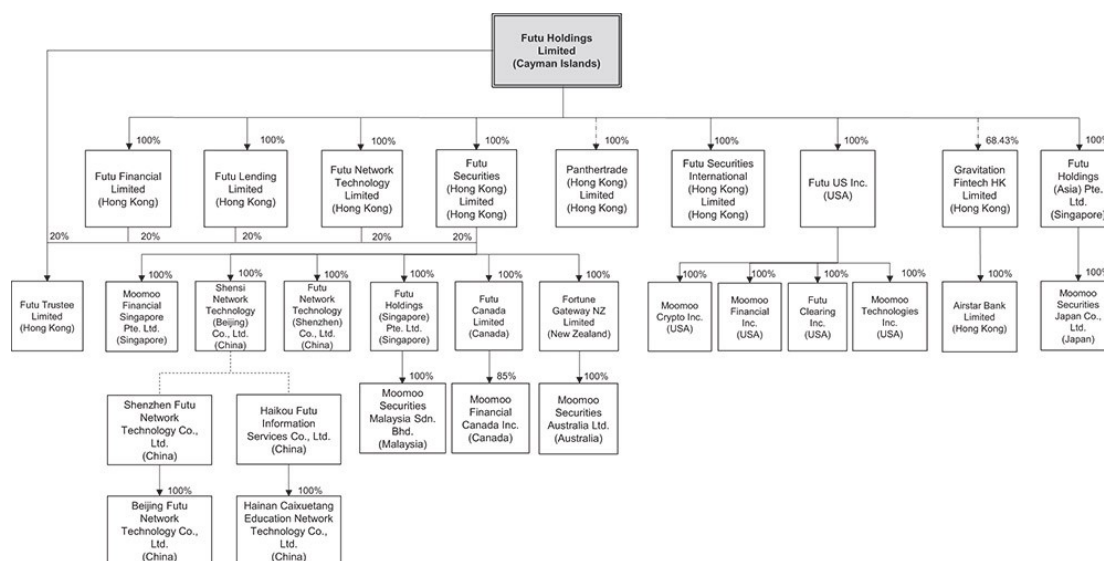
As an AFSL holder, Moomoo Securities Australia is subject to the following obligations (among others):

- To adhere to various financial, capital, and audit requirements;
- To ensure that its representatives who provide financial services are adequately trained and competent to do so;
- To comply with the "client money" rules outlined in Chapter 7.8 of the Corporations Act;
- To maintain accurate financial and order records as required by Chapter 7.8 of the Corporations Act;

- To implement adequate compliance arrangements for the financial services provided;
- To have sufficient financial, technological, and human resources to provide the licensed financial services;
- To comply with Australian financial services laws and take reasonable measures to ensure that its representatives do so;
- To ensure that regulated activities in Australia are provided efficiently, honestly, and fairly;
- To implement adequate conflict of interest management arrangements;
- To have appropriate risk management systems in place; and
- To report significant breaches of Australian financial services laws and AFSL conditions to the Australian Securities and Investments Commission.

C. Organizational Structure

The following diagram illustrates our corporate structure, including our significant subsidiaries and the Consolidated Affiliated Entities, as of the date of this annual report:



Notes:

- (1) "→" denotes direct legal and beneficial ownership in equity interest.
- (2) "...." denotes the contractual arrangements that provide the WFOE with the ability to direct the activities of the Consolidated Affiliated Entities through (i) the powers of attorney to exercise all shareholders' rights of the registered shareholders in the VIEs; (ii) exclusive options to acquire all or part of the equity interest in the VIEs; and (iii) equity pledges by the registered shareholders in favor of the WFOE over the equity interests in the VIEs.

- (3) “—” denotes indirect legal and beneficial ownership in equity interest held through holding vehicles.
- (4) As of December 31, 2025, Shenzhen Futu Network Technology Co., Ltd. held a Valued-added Telecommunication Business Operation License, or an ICP License, a Radio and Television Program Production and Operation License and an Internet Culture Operation License.
- (5) Mr. Leaf Hua Li and Ms. Lei Li hold 85% and 15% equity interests, respectively, in each of Shenzhen Futu Network Technology Co., Ltd. and Haikou Futu Information Services Co., Ltd. Mr. Li is our founder, chairman of board of directors and chief executive officer. Ms. Lei Li is Mr. Li's spouse.
- (6) Each of Futu Holdings Limited, Futu Financial Limited, Futu Lending Limited, Futu Network Technology Limited and Futu Securities (Hong Kong) Limited owns 20% of the share capital in Futu Trustee Limited.
- (7) Moomoo Financial Singapore Pte. Ltd. was formerly known as Futu Singapore Pte. Ltd.; Moomoo Financial Inc. was formerly known as Futu Inc.; and Moomoo Technologies Inc. was formerly known as Moomoo Inc.

Contractual Arrangements with the VIEs and Their Shareholders

A description of each of the specific agreements that comprise the Contractual Arrangements entered into by WFOE and each of the VIEs and their registered shareholders is set out below:

Exclusive Business Cooperation Agreement. Under the exclusive business cooperation agreements dated September 30, 2021 between the VIEs and the WFOE (the “Exclusive Business Cooperation Agreements”), in exchange for a service fee, payable monthly, the VIEs agreed to engage the WFOE as its exclusive provider of certain technical and consulting services, including but not limited to (i) licensing of the relevant software, trademarks and technologies for use by the VIEs, (ii) providing development, maintenance and update of relevant application software required by the VIEs' business, (iii) providing design, installation, daily management and maintenance, and update of VIEs' computers, network software, hardware equipment and databases, (iv) providing technical support and training to personnel of the VIEs, (v) providing technical consultation and research for the VIEs, and (vi) other relevant services required by the VIEs' business needs and in consideration of WFOE's capacity as agreed between the parties.

Under the Exclusive Business Cooperation Agreements, the service fee shall consist of 100% of the total consolidated profit of the VIEs, after the deduction of any accumulated deficit of the VIEs in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, the WFOE may adjust the amount of the services fee in accordance with PRC tax law principles and tax practices and with reference to the operational needs of the VIEs, and the VIEs will accept such adjustment. The WFOE shall calculate the service fee on a monthly basis and issue a corresponding invoice to the VIEs. The VIEs must make the payment to the WFOE within ten business days of receiving such invoice.

In addition, without the prior written consent of the WFOE, during the term of the Exclusive Business Cooperation Agreements, with respect to the services subject to the Exclusive Business Cooperation Agreements and other matters, the VIEs shall not accept the same or any similar services provided by any third party. In addition, without the prior consent of the WFOE, the VIEs shall not enter into any business cooperation with any third party, and the WFOE shall have the exclusive right of first refusal in respect of such business cooperation with the VIEs under the same terms.

The Exclusive Business Cooperation Agreements also provide that the WFOE has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by the VIEs during the performance of the Exclusive Business Cooperation Agreements.

The Exclusive Business Cooperation Agreements shall remain effective unless otherwise terminated by the WFOE in writing or in accordance with the provisions of the Exclusive Business Cooperation Agreements. If, during the term of the Exclusive Business Cooperation Agreement, the operation period under the business license of either the WFOE or the VIEs expires and the renewal of which is declined or rejected by the relevant government authorities, the Exclusive Business Cooperation Agreements shall be terminated at the expiry of such operation period.

Exclusive Option Agreement. As part of the Contractual Arrangements, each of the registered shareholders of the VIEs respectively entered into an exclusive option agreement (the "Exclusive Option Agreements") on September 30, 2021 with the VIEs and the WFOE, each of which contains similar terms and conditions. Pursuant to the Exclusive Option Agreements, the WFOE has the exclusive and irrevocable right to require the registered shareholders to transfer any or all their equity interests in the VIEs to the WFOE and/or any third party/parties designated by it, in whole or in part at any time and from time to time, at the lower of the amount of the registered shareholders' respective paid-in capital in the VIEs and the lowest price permitted under applicable PRC laws at the time. Each of the registered shareholders of the VIEs has covenanted that, without the prior written consent of the WFOE, he or she will not, among other things, (i) create any pledge or encumbrance on his or her equity interests in the VIEs, (ii) transfer or otherwise dispose of his or her equity interests in the VIEs, (iii) change the VIEs' registered capital, (iv) amend the VIEs' articles of association, (v) liquidate or dissolve the VIEs, or (vi) distribute dividends to the shareholders of the VIEs. In addition, each of the VIEs and the respective registered shareholders of the VIEs has covenanted that, without the prior written consent of the WFOE, it will not, among other things, dispose of its material assets, provide any loans to any third parties, enter into any material contract (except for the contract concluded in the normal course of business), or create any pledge or encumbrance on any of its assets, or transfer or otherwise dispose of its material assets. The Exclusive Option Agreements shall remain effective unless otherwise terminated in the event that the entire equity interest in the VIEs held by the registered shareholders or their respective successors or transferees have been transferred to the WFOE or its appointee(s) or in accordance with the provisions of the Exclusive Option Agreements.

Equity Pledge Agreement. As part of the Contractual Arrangements, each of the registered shareholders of the VIEs respectively entered into the equity pledge agreements (the "Equity Pledge Agreements") on September 30, 2021 with the VIEs and the WFOE, each of which contains similar terms and conditions. Pursuant to the Equity Pledge Agreements, the registered shareholders have agreed to pledge all their respective equity interests in the VIEs that they own, including any dividend or distribution derived from the shares, to WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

The pledges under the Equity Pledge Agreements have been effective upon completion of registration with the relevant administration for market regulation and shall remain valid until after all the contractual obligations of the registered shareholders of the VIEs and the VIEs under the relevant Contractual Arrangements have been fully performed and all the outstanding debts of the registered shareholders of the VIEs and the VIEs under the relevant Contractual Arrangements have been paid.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreements), the WFOE shall have the right to exercise all such rights as a secured party under the Equity Pledge Agreements and any applicable PRC law, including without limitations, being paid in priority with the equity interests based on the monetary valuation that such equity interests are converted into or from the proceeds from auction or sale of the equity interest upon written notice to the registered shareholders of the VIEs.

The registrations of the Equity Pledge Agreements in relation to the VIEs had been completed.

Power of Attorney. The registered shareholders have executed the powers of attorney dated September 30, 2021 (the “Powers of Attorney”). Under the Powers of Attorney, the registered shareholders irrevocably appointed the WFOE and its designated person(s) (including but not limited to the directors of our company and their successors and the liquidators replacing such directors or successors, but excluding those non-independent or who may give rise to conflict of interests) as their exclusive attorneys-in-fact to exercise on their behalf, any and all rights that they have in respect of their equity interests in the VIEs, including without limitation: (i) to convene and attend shareholders’ meetings of the VIEs and execute the relevant resolutions and meeting minutes; (ii) to file documents with the relevant companies registry; (iii) to exercise the voting rights and any power they are entitled to as shareholders of the VIEs under the applicable laws and the articles of association of the VIEs, including but not limited to the sale, transfer, pledge or disposal of all or part of his/her equity interest; and (iv) to nominate and appoint the legal representatives, directors, supervisors, general manager and other members of senior management of the VIEs. Further, the Powers of Attorney are irrevocable and shall remain effective for so long as each registered shareholder holds equity interests in the VIEs.

Spousal Undertakings. The spouse of each of the relevant registered shareholders, where applicable, has signed undertakings to the effect that, among other things, (i) he/she has no right to or control over the equity interests in the VIEs (together with any other interests therein) presently or in the future held by the respective registered shareholder and will not have any claim on such interests; (ii) the registered shareholder’s equity interests in the VIEs (together with any other interests therein) do not fall within the scope of communal properties; (iii) he/she has not participated, and does to plan to participate in, the day-to-day management and voting matters of the respective VIEs; (iv) he/she confirms that the respective registered shareholder may further amend or terminate the Contractual Arrangements without the need for authorization or consent by him/her; and (v) if he/she is being transferred any shares held by their spouse for any reason, he/she will be bound by the Contractual Arrangements and will observe obligations as a shareholder of the VIEs, and will sign all necessary documents and to take all necessary actions to ensure the Contractual Arrangements are properly preformed.

Dispute Resolution. Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the China International Economic and Trade Arbitration Commission (“CIETAC”) for arbitration, in accordance with the then effective arbitration rules. The arbitral tribunal shall consist of three arbitrators appointed in accordance with the arbitration rules, with the claimant and respondent each appointing one arbitrator and the third arbitrator being agreed and appointed by the first two arbitrators or by CIETAC. The seat of arbitration shall be in Beijing, and the arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that to the extent permitted by PRC law, the arbitral tribunal may award remedies over the shares or assets of the VIEs and its subsidiaries or injunctive relief (for example, limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of the VIEs. The WFOE may apply to the courts of the PRC, Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the places where the principal assets of the WFOE or the VIEs are located for interim remedies or injunctive relief in support of arbitration proceedings. During the arbitration, except for the disputed areas which are subject to arbitration, the parties shall continue to perform their other obligations under the Contractual Arrangements.

In connection with the dispute resolution method as set out in the Contractual Arrangements and the practical consequences, we are advised by our PRC legal counsel, Han Kun Law Offices, that: (a) under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for the purpose of protecting assets of or equity interest in the Consolidated Affiliated Entities in case of disputes. As such, these remedies may not be available to our Group under PRC laws; (b) further, under the PRC laws, courts or judicial authorities in the PRC generally would not award remedies over the shares and/or assets of the Consolidated Affiliated Entities, injunctive relief or winding-up of each of the Consolidated Affiliated Entities as interim remedies, before there is any final outcome of arbitration; (c) however, the PRC laws do not disallow the arbitral body to give award of transfer of assets of or an equity interest in each of the VIEs at the request of arbitration applicant. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures; (d) in addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; therefore, in the event we are unable to enforce the Contractual Arrangements, we may not be able to direct the activities that most significantly impact the economic performance of each of the Consolidated Affiliated Entities, and our ability to conduct our business may be negatively affected; and (e) even if the aforementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that the VIEs or their respective registered shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to direct the activities of the Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. See “Item 3. Key Information—D. Risk Factors—Risks Related to our Corporate Structure” for further details.

Loss Sharing. Under the relevant PRC laws and regulations, none of our company and the WFOE is legally required to share the losses of, or provide financial support to, the Consolidated Affiliated Entities. Further, the Consolidated Affiliated Entities are limited liability companies and shall be solely liable for their own debts and losses with assets and properties owned by them. The WFOE intends to continuously provide to or assist the Consolidated Affiliated Entities in obtaining financial support when deemed necessary. In addition, given that our Group conducts a substantial portion of its operations in the PRC through the Consolidated Affiliated Entities, which hold the requisite the PRC operational licenses and approvals, and that their financial position and results of operations are consolidated into our Group’s financial statements under the applicable accounting principles, our Company’s business, financial position and results of operations would be adversely affected if the Consolidated Affiliated Entities suffer losses.

However, as provided in the Exclusive Option Agreements, without the prior written consent of WFOE, the VIEs shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any material asset, business or revenue of the VIEs and their subsidiaries or the legal or beneficial interest therein, or allow the encumbrance thereon of any security interest; (ii) incur, inherit, guarantee or assume any debt, except for (a) debts incurred in the ordinary course of business other than payables incurred by way of a loan, and (b) intra-group debts between the VIEs and their respective subsidiaries; (iii) execute any material contracts, except the contracts executed in the ordinary course of business; (iv) provide any person with any loan or credit, except for the provision of loan or credit by the VIEs to their respective wholly-owned subsidiaries; and (v) enter into any consolidation or merger with any third party, or being acquired by or invest in any third party. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOE and our company in the event of any loss suffered from the VIEs can be limited to a certain extent.

Conflict of Interests. Each of the registered shareholders of the VIEs has given their irrevocable undertakings in the Powers of Attorney which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, see the sub-paragraph headed “—Powers of Attorney” above.

Liquidation. Pursuant to the Equity Pledge Agreements, in the event of a mandatory liquidation required by the PRC laws upon the request of the WFOE, the registered shareholders of the VIEs shall transfer the proceeds they received from liquidation to the account designated by the WFOE under the management of the WFOE, or give such proceeds as a gift to the WFOE or the party/parties designated by the WFOE to the extent permitted by the PRC laws.

As a result of the Contractual Arrangements, we direct the activities and receive the economic benefits of the operations of the Consolidated Affiliated Entities, which is not equivalent to equity ownership in the Consolidated Affiliated Entities. We depend on these contractual arrangements to provide our subsidiary with a “controlling financial interest” in the VIEs, as defined in FASB ASC 810, making it the primary beneficiary of the VIEs. Terms contained in each set of contractual arrangements with the VIEs and their respective shareholders are substantially similar, which enable our company to (1) direct the activities that most significantly impact the VIE’s economic performance, and (2) receive the economic benefits from the VIEs that could be significant to the VIEs. Accordingly, our company is considered the primary beneficiary of the VIEs for accounting purposes and consolidate the financial results of the Consolidated Affiliated Entities in our consolidated financial statements in accordance with U.S. GAAP. Neither we nor our investors own any equity ownership in, direct foreign investment in, or control of the VIEs as a result of the Contractual Arrangements and these arrangements have not been tested in a court of law in the PRC.

The Contractual Arrangements may not be as effective as ownership in providing us with the power to direct the activities of the Consolidated Affiliated Entities. If the VIEs or the registered shareholders fail to perform their respective obligations under the Contractual Arrangements, our recourse to the assets held by the VIEs is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies under PRC law. These remedies may not always be effective, particularly in light of uncertainties in the PRC legal system. Furthermore, in connection with litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any of record holder of equity interest in the VIEs, including such equity interest, may be put under court custody. As a consequence, we cannot be certain that the equity interest will be disposed pursuant to the contractual arrangement or ownership by the record holder of the equity interest.

Based on the above, our PRC legal counsel, Han Kun Law Offices, is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations to the maximum extent and that:

- (i) each of the WFOE and the VIEs is a duly incorporated and validly existing company and their respective establishment is valid, effective and complies with the relevant PRC laws;
- (ii) as confirmed by the parties to each of the agreements under the Contractual Arrangements, each of them has obtained all necessary approvals and authorizations to execute the agreements and perform their respective obligations thereunder. Each of such agreements is binding on the parties thereto and none of them is void or may become invalid pursuant to the Civil Code of the PRC;
- (iii) none of the agreement under the Contractual Arrangements violates any provisions of the respective articles of association of the VIEs or the WFOE;
- (iv) no approvals or authorizations from the PRC governmental authorities are required for the execution and performance of the Contractual Arrangements, except that:
 - a. the exercise of the option by the WFOE or its designee of its rights under the Exclusive Option Agreements to acquire all or part of the equity interests in the VIEs is subject to the approvals of, consent of, filing with and/or registrations with the PRC governmental authorities;
 - b. the equity pledges contemplated under the Equity Pledge Agreements are subject to the registration with the relevant state or local administration bureau for market regulation;
 - c. the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognized by the PRC courts before compulsory enforcement; and

- (v) each of the agreements under the Contractual Arrangements is valid, legal and binding under the PRC laws, except that the Contractual Arrangements provide that the arbitral body may award interim remedies over the shares and/or assets of the VIEs, injunctive relief (such as for the conduct of business or to compel the transfer of assets) and/or order the winding up of the VIEs, and that courts of Hong Kong, the Cayman Islands (being the place of incorporation of our company) and the PRC (being the place of incorporation of the VIEs) also have jurisdiction for the grant and/or enforcement of arbitral award and interim remedies against the shares and/or assets of the VIEs, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the VIEs in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China.

However, our PRC legal counsel, Han Kun Law Offices, also advised us that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations over the validity of the Contractual Arrangements. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure.”

D. Property, Plant and Equipment

Our corporate headquarters are located in Hong Kong. As of December 31, 2025, we leased 25 properties in Mainland China, Hong Kong, the United States, Singapore, Australia, Japan, Malaysia and Canada, with an aggregate gross floor area of over 45,000 square meters. Our leased properties are primarily used for corporate offices, data centers and other facilities. The relevant lease agreements have a term of two to seven and a half years. As of the date of this annual report, we owned one property in California, USA for corporate office purpose. A summary of our leased office premises as of December 31, 2025 is included in the table below:

Location	Size (in square meters)
Hong Kong	2,614
Mainland China	34,096
United States	2,000
Singapore	1,378
Australia	422
Japan	1,176
Malaysia	2,777
Canada	805

Our servers are hosted in leased internet data centers in different geographic regions where we operate. We typically enter into leasing and hosting service agreements with these internet data center providers that are renewed periodically. We believe that our existing facilities are sufficient for our current needs, and we will obtain additional facilities, principally through leasing, to accommodate our future expansion plans.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we describe under “Item 3. Key Information—D. Risk Factors” and elsewhere in this annual report.

A. Operating Results

Key Factors Affecting Our Results of Operations

Our business and results of operations are influenced by general factors affecting the online retail brokerage industry in the regions we operate, including the overall economic, regulatory and market conditions, level of per capita disposable income in these regions, and the growth of the online brokerage and related services markets. In particular, as our securities brokerage business depends heavily on trading volume, our financial performance is highly dependent on the market conditions in which our business operates. Changes in market conditions can have a significant impact on investor sentiment and trading volume, resulting in fluctuation in brokerage commission and fee income. Our margin financing business is subject to influences from market factors such as market liquidity, interest rate as well as investor sentiment.

In addition, our business and results of operations are also affected by factors driving online brokerage demand in all markets we operate, such as the increasing number of affluent middle class residents, the growing number of retail investors having interests and needs in investing securities in global capital markets, the usage and penetration rate of the internet and mobile internet, the changing investor preferences with respect to trading and investment platforms and the competitive landscape, governmental policies and regulatory environment. Unfavorable changes in any of these general factors could negatively affect demand for our services and materially and adversely affect our results of operations.

While our business is influenced by general factors affecting our industry, our results of operations are more directly affected by certain company specific factors, including:

Brand awareness and market position

We are a market leader and a go-to brand for retail securities trading in several markets where we operate. Our ability to strengthen our brand recognition and maintain our current market position is crucial for us to build and maintain relationships with our users and business partners and revenue growth. We have proven to be a trustworthy and reliable platform for our clients, which enabled us to achieve consistent and high growth in key aspects of our operation, and in turn further solidified our leadership. In order to strengthen our brand recognition and maintain market leadership, we strive to increase the engagement and loyalty of our clients and enhance the competitiveness and attractiveness of our platform by offering superior investing experience, insightful market intelligence and social connectivity. We will continue to promote our brand name among our target client groups and enhance our appeal across different demographics.

Trading activities of our client and commission rate

Growth in the trading volume on our platform is the key driver of our revenue growth, which is in turn driven by total client asset balance and turnover of trading volume over client assets. The change of the trading volume was primarily driven by market sentiment and our total client asset balance, the latter of which significantly impacted our brokerage commission and handling charge income and interest income during the past few years. Our total client asset balance is affected by a number of factors, including, primarily, the number of our funded accounts and to a lesser extent, the level of per capita disposable income as well as the engagement and loyalty of our clients. The trading volume on our platform increased by 89.4% year-over-year in 2025 compared to 2024, primarily driven by higher client assets and improved market conditions. We plan to continue to grow our business organically by attracting new clients, retaining existing clients and increasing our total client asset balance, and to introduce new products and services on our platform and provide high-quality, reliable and convenient online brokerage and ancillary services to investors at low costs.

The table below sets forth the trading volume by product during the period presented:

	Year ended December 31,		
	2023	2024	2025
Trading volume			
Securities and options brokerage (HK\$in trillion) ⁽¹⁾	4.23	7.75	14.68
Futures brokerage (number of contracts in million) ⁽²⁾	19.1	24.6	26.6

Notes:

- (1) Total trading volume for securities and options increased from HK\$4.23 trillion in 2023 to HK\$7.75 trillion in 2024, and further and increased to HK\$14.68 trillion in 2025. The increase was primarily due to higher client assets and higher trading velocity amid improved market conditions.
- (2) The number of contracts traded for futures brokerage increased from 19.1 million in 2023 to 24.6 million in 2024, and further and increased to 26.6 million in 2025. The increase in 2025 was primarily due to our clients' increasing trading interests in futures products.

In addition to trading volume, our brokerage commission and handling charge income is also affected by the commission rate we charge. The brokerage commissions and handling charge income from securities and options brokerage increased from HK\$3,618.7 million in 2023 to HK\$5,602.1 million in 2024, and further increased to HK\$9,862.0 million (US\$1,267.1 billion) in 2025. The increase in 2025 was mainly due to higher trading volume that was partially offset by lower blended commission rates. The blended commission rate decreased from 9.3 bps in 2023 to 7.8 bps in 2024, decreased to 7.2 bps in 2025. During the past three years, we offered competitive commission rates to drive our growth and profitability.

Margin financing and securities lending balance and interest spread

To provide our investors with comprehensive investment services, we offer margin financing and securities lending services on our platform. Since then, our margin financing and securities lending business has benefited from our growing client base, increasingly attractive products and broader financing partners network. The margin financing and securities lending balance is affected by factors including client asset balance, expansion of international markets and our ability to continue to secure funding and securities from third parties.

The net interest income from our margin financing and securities lending businesses is affected by our margin financing and securities lending balance, as well as annualized interest rates and interest spread we earn from margin financing and securities lending. We continued to expand our margin financing and securities lending client base, which in turn strengthened our bargaining power against third-party funding and securities lenders and allowed us to optimize interest expenses. To continue to expand our margin financing and securities lending businesses, we plan to deepen our cooperation with third-party funding and securities lenders as well as allocate our own capital to increase the funds available. As a publicly listed company, we are perceived as a strong debtor by market and have received a "BBB-" credit rating from S&P Global Ratings, which will further diversify our funding sources and improve our funding terms. The market condition may change from time to time and our ability to manage our capital effectively is crucial for our margin financing and securities lending businesses. We have established liquidity policies to support the growth of our margin financing business while ensuring sufficient capital reserve is maintained to meet operational needs and comply with applicable regulatory requirements.

We have also been developing and offering innovative solutions for our clients who wish to lend their securities, such as our stock yield enhancement program. Our revenue growth will be affected by our ability to effectively execute these initiatives and increase our margin financing and securities lending balance and interest spread.

Ability to broaden service offerings and expand in various markets

Our results of operations are also affected by our ability to invest in and develop new service offerings and further penetrate our client base. We currently derive a substantial portion of our revenues from our securities brokerage and margin financing and securities lending businesses, and as a result, our profitability depends largely on the performance of these businesses. While we expect our brokerage commission and handling charge income and interest income to increase and continue to be a major source of our revenues in the future, we also expect to increase the revenue contribution from other businesses with relatively higher profit margins, such as our wealth management product distribution services and corporate services. We also intend to further broaden our financial services footprint and launch new products and services.

Our great success in the Hong Kong market laid a solid foundation for our international expansion into various markets. As of the date of this annual report, we launched *Moomoo*, the international version of *Futubull*, in the United States, Singapore, Australia, Japan, Malaysia, Canada and New Zealand.

We believe that our comprehensive offering of financial products and services and our strong technology capability in developing new products and services will allow us to capture new market opportunities. In addition, our ability to expand into various markets will enable us to respond to changes in the different markets in terms of client demand and client preferences to remain competitive.

Investment in technology and talent

Our technology is critical for us to retain and attract clients. We have made significant investments into our one-stop financial technology platform, which has evolved into a highly-automated, multi-product, multi-market, closed-loop proprietary technology infrastructure that drives every function of our business including trading, risk management, clearing, market data, news feeds and social functions. We will continue to make significant investments in research and development and technology to enhance our platform to address the diverse needs of our clients and improve operating efficiency. Aiming to transform and improve the investing experience for the upcoming generation of investors, we intend to focus on developing a comprehensive range of innovative applications, products and services aimed at providing more convenience to clients and improving our user experience, service quality and system efficiency. In addition, there is a strong demand in online retail brokerage industry for talented and experienced personnel. We must recruit, retain and motivate talented employees while controlling our personnel-related expenses, including share-based compensation expenses.

Operating leverage and operating efficiency

Our results of operations depend on our ability to manage our costs and expenses. We expect our costs and expenses to continue to increase as we grow our business and attract more clients to our platform. However, we believe our platform has significant operating leverage, which enables us to realize cost savings structurally. We have built a secure and scalable brokerage platform that is fully digitalized and supports the full transaction lifecycle from the front-end to the back-office through our proprietary cloud-based technology, which in turn allows us to efficiently manage our operating expenses. We believe our proprietary and modularized technology infrastructure has been fully funded, enabling us to bring in new products and enter new markets with moderate investment and marginal cost. As a result, the costs associated with the operation of our platform as well as our operating expenses do not increase in line with our revenues as we do not require a proportional increase in the size of our workforce to support our growth.

In addition, by leveraging the client insights we generate from our large client base, we are able to attract corporate clients to utilize our distribution solution, public relations, brand promotion services and corporate services, which in turn generates strong demand for our brokerage and margin financing services from retail clients. The scale, demographics and depth of engagement of our client base also translate to high lifetime values. As our business further grows in scale, we believe our massive scale, coupled with the network effects, will allow us to acquire clients more cost-effectively and benefit from substantial economies of scale.

Ability to effectively manage credit risk

As we continue to grow the margin financing, securities lending, stock-pledged loans and bank loans businesses, our ability to manage credit risk is of key importance in our business. Our securities and derivative trades activities are transacted on either a cash or margin basis. In margin transactions, we extend credit to the client, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the client's account. Similarly, securities lending agreements are collateralized by deposits of cash or securities. Stock-pledged loans to enterprise pledged by shares are exposed to credit risk from counterparties who fail to repay the loans. We monitor the collateral level of stock-pledged loans in real time and has the right to liquidate the pledged shares once the collateral level drops below the minimum threshold required for loan repayment. Bank loans comprise financing secured by insurance policies provided by borrowers as collateral and unsecured retail loans. Bank loans are exposed to credit risk from counterparties who fail to repay the loans. We oversee the management of credit risk through formulating credit policies and procedures, overseeing the credit quality of the loan portfolio, ensuring an independent and objective assessment of credit risk, controlling exposure to selected industries, counterparties, countries and portfolio types etc. Despite these measures, in the case of market downturn or decline in the prices of the pledged securities, certain clients may inevitably encounter a greater risk of default. Our ability to effectively manage the quality of collateral and to collect loans and advances when due is critical to our business, prospects and financial conditions.

Key Components of Results of Operations

Revenues

We generate revenues primarily from our online brokerage and margin financing services. The following table sets forth the components of our revenues by amounts and percentages of our total revenues for the years presented:

	For the Year Ended December 31,					
	2023		2024		2025	
	HK\$	%	HK\$	%	HK\$	US\$
	(in thousands, except for percentages)					
Revenues:						
Brokerage commission and handling charge income	3,944,779	39.4	6,044,746	44.5	10,572,744	1,358,388
Interest income	5,536,422	55.3	6,666,864	49.1	10,441,585	1,341,537
Other income	527,217	5.3	878,515	6.4	1,832,569	235,449
Total revenues	10,008,418	100.0	13,590,125	100.0	22,846,898	2,935,374

Brokerage commission and handling charge income

Brokerage commission income primarily consists of commissions and execution fees from our clients for whom we act as executing and clearing brokers. We generate commissions and execution fees on securities brokerage by trading equities and equity-linked derivatives on behalf of our clients. Handling charge income primarily consists of fees from clearing and settlement services as well as subscription and dividend collection handling services.

The table below sets forth the brokerage commissions and handling charge income by product and geography during the period presented:

	Year ended December 31,			
	2023	2024	2025	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Major types of products				
Securities and options brokerage ⁽¹⁾	3,618,681	5,602,144	9,862,027	1,267,075
Futures brokerage ⁽²⁾	295,547	392,030	505,737	64,977
IPO brokerage ⁽³⁾	12,364	22,014	166,007	21,329
Others ⁽⁴⁾	18,187	28,558	38,973	5,007
Total	3,944,779	6,044,746	10,572,744	1,358,388

Geographic location ⁽⁵⁾				
Hong Kong ⁽⁶⁾	3,197,605	4,721,494	7,825,932	1,005,477
Others ⁽⁷⁾	747,174	1,323,252	2,746,812	352,911
Total	3,944,779	6,044,746	10,572,744	1,358,388

Notes:

- (1) The brokerage commissions and handling charge income from securities and options brokerage increased from HK\$3,618.7 million in 2023 to HK\$5,602.1 million in 2024, and further increased to HK\$9,862.0 million (US\$1,267.1 million) in 2025, primarily due to fluctuations in trading volume. Total trading volume for securities and options increased from HK\$4.23 trillion in 2023 to HK\$7.75 trillion in 2024, primarily due to higher client assets and higher trading velocity amid a meaningful rebound in investor sentiments. This amount further increased to HK\$14.68 trillion in 2025, primarily due to higher client assets and higher trading velocity amid improved market conditions.
- (2) The brokerage commissions and handling charge income from futures brokerage increased from HK\$295.5 million in 2023 to HK\$392.0 million in 2024, and further increased to HK\$505.7 million (US\$65.0 million) in 2025, which was generally in line with the fluctuation of the number of contracts traded for futures brokerage. The number of contracts traded for futures brokerage increased from 19.1 million in 2023 to 24.6 million in 2024, and it further increased to 26.6 million in 2025.
- (3) The brokerage commissions and handling charge income from IPO brokerage increased from HK\$12.4 million in 2023 to HK\$22.0 million in 2024, and further increased to HK\$166.0 million (US\$21.3 million) in 2025, which was generally in line with the fluctuation of the IPO market.
- (4) Others include (i) handling fees, such as dividend collection fees, equity interest collection fees, corporate action handling fees, (ii) bond brokerage commission, and (iii) service fees, such as ESOP handling charges.
- (5) Based on the place of incorporation of the subsidiaries in which the revenues are recorded.
- (6) The brokerage commissions and handling charge income in Hong Kong increased by 47.7% from HK\$3,197.6 million in 2023 to HK\$4,721.5 million in 2024, and further increased to HK\$7,825.9 million (US\$1,005.5 million) in 2025, which was generally in line with the fluctuations in trading volume.
- (7) The brokerage commissions and handling charge income in other geographic locations increased from HK\$747.2 million in 2023, to HK\$1,323.3 million in 2024, and further increased to HK\$2,746.8 million (US\$352.9 million) in 2025, which was mainly related to our growing market share, the enrichment of our product and service offerings and increased number of funded accounts in these markets.

Interest income

We earn interest income primarily from margin financing and securities lending services and deposits with banks, which are recorded on an accrual basis and are included in interest income in the consolidated statements of comprehensive income. Interest income is recognized as it is accrued over time using the effective interest method.

The table below sets forth the interest income based on the underlying interest earning assets during the period presented:

	Year ended December 31,			
	2023	2024	2025	
	HK\$	(in thousands) HK\$	HK\$	US\$
Interest income from:				
Bank deposits	2,482,866	2,840,770	3,759,286	482,994
Securities lending	1,053,294	1,352,746	3,413,144	438,521

Margin financing	1,754,056	2,177,686	2,955,533	379,727
Others	246,206	295,662	313,622	40,295
Total	<u>5,536,422</u>	<u>6,666,864</u>	<u>10,441,585</u>	<u>1,341,537</u>

The table below sets forth the average asset balance outstanding and the annualized yield of our major interest earning assets during the period presented:

	Year ended December 31,			
	2023	2024	2025	
	HK\$	HK\$	HK\$	US\$
(in thousands)				
Average interest-earning asset balance ⁽¹⁾				
Bank deposits	55,260,272	63,791,969	113,561,498	14,590,405
Margin financing	29,313,160	37,545,644	51,038,644	6,557,456
Annualized yields ⁽²⁾				
Bank deposits ⁽³⁾	4.49 %	4.45 %	3.31 %	3.31 %
Margin financing ⁽⁴⁾	5.98 %	5.80 %	5.79 %	5.79 %

Notes:

- (1) Average interest-earning asset balance represents the simple average of month-end balances in a given period.
- (2) Annual yield is calculated by dividing revenue for the given period by the applicable average asset balance.
- (3) The change in annualized yields of bank deposits was mainly attributable to the fluctuation of market interest rates.
- (4) The annualized yields of margin financing remained relatively stable as a result of our fixed pricing structure for margin financing services.

Other income

Other income primarily consists of (i) enterprise public relations service charge income, (ii) underwriting fee income, (iii) IPO subscription service charge income, (iv) funds distribution service income, (v) currency exchange service income, (vi) market information and data income, and (vii) technology service income. We generate enterprise public relations service charge income by providing institutional clients with public relations and investor relations services, including distributing company information and news and providing communication channels with retail investors. We generate underwriting fee income in our investment banking business primarily by providing equity underwriting to corporate issuers. We generate IPO subscription service charge income from provision of new share subscription services in relation to IPOs in the Hong Kong capital market. We generate funds distribution service income from our wealth management product distribution business. We generate currency exchange service income from providing currency exchange services to our clients with funded accounts. We generate market information and data income primarily by providing fee-based market data services to users and clients. We generate technology service income by providing information technology services.

Costs

The following table sets forth the components of our costs by amounts and percentages of costs for the years presented:

	For the Year Ended December 31,					
	2023		2024		2025	
	HK\$	%	HK\$	%	HK\$	US\$
	(in thousands, except for percentages)					
Costs:						
Brokerage commission and handling charge expenses	249,567	16.2	341,238	14.0	606,044	77,865
Interest expenses	910,759	59.3	1,617,450	66.1	1,757,852	225,849
Processing and servicing costs	375,904	24.5	486,783	19.9	578,459	74,321
Total costs	1,536,230	100.0	2,445,471	100.0	2,942,355	378,035

Brokerage commission and handling charge expenses

Brokerage commission and handling charge expenses consist of fees charged by stock exchanges or executing brokers for our use of their clearing and settlement systems and expenses charged by commercial banks or stock exchanges for providing clearing and settlement services in connection with IPO subscriptions.

Interest expenses

Interest expenses primarily consist of interest expenses of borrowings from commercial banks, other licensed financial institutions and other parties to fund our margin financing business, securities lending business, IPO and other financing business.

Processing and servicing costs

Processing and servicing costs mainly consist of market information and data fees, data transmission fees, cloud service fees and system cost paid to stock exchanges and data and other service providers.

Operating expenses

The following table sets forth the components of our operating expenses by amounts and percentages of operating expenses for the years presented:

	For the Year Ended December 31,					
	2023		2024		2025	
	HK\$	%	HK\$	%	HK\$	US\$
	(in thousands, except for percentages)					
Operating expenses:						
Research and development expenses	1,440,893	41.6	1,493,620	33.0	1,908,758	245,238
Selling and marketing expenses	710,348	20.5	1,409,313	31.2	1,980,486	254,453
General and administrative expenses	1,313,464	37.9	1,620,017	35.8	1,934,692	248,570
Total operating expenses	3,464,705	100.0	4,522,950	100.0	5,823,936	748,261

Research and development expenses. Research and development expenses consist of expenses related to developing service platforms, including website, mobile apps and other products, as well as payroll and welfare, rental expenses and other related expenses for our research and development professionals.

Selling and marketing expenses. Selling and marketing expenses consist primarily of advertising and promotion costs, as well as payroll, rental and related expenses for selling and marketing personnel. Advertising costs primarily consist of costs of online advertising and offline promotional events.

General and administrative expenses. General and administrative expenses consist of payroll, rental, and related expenses for employees involved in general corporate functions, including senior management, finance, legal and human resources, expenses for third-party professional agents, costs associated with use of facilities and equipment and other general corporate related expenses.

Taxation

Cayman Islands

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. In addition, the Cayman Islands does not impose withholding tax on dividend payments.

Hong Kong

Our subsidiaries incorporated in Hong Kong, such as Futu Securities (Hong Kong) Limited, Futu Financial Limited, Futu Lending Limited, Futu Network Technology Limited and Futu Securities International (Hong Kong) Limited, are subject to Hong Kong profit tax on their profits arising from their business operations carried out in Hong Kong. Hong Kong profits tax for a corporation from the year of assessment 2018/2019 onwards is generally 8.25% on assessable profits up to HK\$2.0 million; and 16.5% on any part of assessable profits over HK\$2.0 million. Under the Hong Kong Inland Revenue Ordinance, profits that we derive from sources outside of Hong Kong are generally not subject to Hong Kong profits tax. In addition, payments of dividends from our Hong Kong subsidiaries to us are not subject to any Hong Kong withholding tax.

The United States

The Tax Cuts and Jobs Act of 2017 significantly revised the U.S. corporate income tax law. Changes include a reduction in the federal corporate tax, changes to operating loss carry-forwards and carrybacks, and a repeal of the corporate alternative minimum tax. This legislation resulted in a reduction of the U.S. federal corporate income tax rates from a maximum of 35% to 21%, to which our subsidiaries incorporated in the United States are subject.

Singapore

Our subsidiaries incorporated in Singapore are subject to an income tax rate of 17% for taxable income earned in Singapore. Singapore does not impose a withholding tax on dividends for resident companies.

PRC

Generally, our PRC subsidiaries and the Consolidated Affiliated Entities are subject to enterprise income tax on their taxable income in China at a statutory rate of 25%. Futu Network Technology (Shenzhen) Co., Ltd. and Shenzhen Futu are recognized as “High and New Technology Enterprises” and eligible for a preferential income tax rate of 15% with a valid period of three years until 2028 and 2026, respectively. The enterprise income tax is calculated based on the entity’s global income as determined under PRC tax laws and accounting standards.

We are subject to value-added tax at a rate of 6% for the income arising from providing financial technology services to our clients in China. We are also subject to surcharges on value-added tax payments in accordance with PRC laws.

Dividends paid by our wholly foreign-owned subsidiary in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity is determined by the competent PRC tax authority that it satisfies all the requirements under the Arrangement between China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Incomes. If our Hong Kong subsidiary is determined by the competent PRC tax authority that it satisfies all the requirements under the tax arrangement, then the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the SAT Circular 81, issued by the SAT, if the relevant PRC tax authorities determine, in their discretions, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. Moreover, a Hong Kong entity is required to file an application package with the relevant tax authority, and settle the overdue taxes if the preferential tax rate of 5% is denied based on the subsequent review of the application package by the relevant tax authority.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a “resident enterprise” under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.”

Pillar Two

The Organization of Economic Cooperation and Development has proposed a global minimum tax of 15% on a country-by-country basis (“Pillar Two”). Under the legislation, we are liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal (“GloBE”) effective tax rate for each jurisdiction and the 15% minimum rate.

For the year ended December 31, 2025, certain of our subsidiaries are located in jurisdictions where Pillar Two legislation has been in effect, including Hong Kong, Singapore, Australia, Canada, Japan, New Zealand and Malaysia. We have effective tax rates that exceed 15% in all jurisdictions in which it operates with assessable profit, except for Hong Kong, British Virgin Islands and Mainland China. We have assessed the impact and determined that HK\$321.0 million of current tax provision is required due to the implementation of Pillar Two in these jurisdictions as of December 31, 2025.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years presented, both in absolute amount and as a percentage of our revenues for the years presented. This information should be read together with our consolidated financial statements and related notes included elsewhere in this annual report. The results of operations in any year are not necessarily indicative of our future trends.

	For the Year Ended December 31,					
	2023		2024		2025	
	HK\$	%	HK\$	%	HK\$	US\$
	(in thousands, except for percentages)					
Revenues						
Brokerage commission and handling charge income	3,944,779	39.4	6,044,746	44.5	10,572,744	1,358,388
Interest income	5,536,422	55.3	6,666,864	49.1	10,441,585	1,341,537
Other income	527,217	5.3	878,515	6.4	1,832,569	235,449
Total revenues	10,008,418	100.0	13,590,125	100.0	22,846,898	2,935,374
Costs						
Brokerage commission and handling charge expenses	(249,567)	(2.5)	(341,238)	(2.5)	(606,044)	(77,865)
Interest expenses	(910,759)	(9.0)	(1,617,450)	(11.9)	(1,757,852)	(225,849)
Processing and servicing costs	(375,904)	(3.8)	(486,783)	(3.6)	(578,459)	(74,321)
Total costs	(1,536,230)	(15.3)	(2,445,471)	(18.0)	(2,942,355)	(378,035)
Total gross profit	8,472,188	84.7	11,144,654	82.0	19,904,543	2,557,339
Operating expenses						
Research and development expenses ⁽¹⁾	(1,440,893)	(14.4)	(1,493,620)	(11.0)	(1,908,758)	(245,238)
Selling and marketing expenses ⁽¹⁾	(710,348)	(7.1)	(1,409,313)	(10.4)	(1,980,486)	(254,453)
General and administrative expenses ⁽¹⁾	(1,313,464)	(13.1)	(1,620,017)	(11.9)	(1,934,692)	(248,570)
Total operating expenses	(3,464,705)	(34.6)	(4,522,950)	(33.3)	(5,823,936)	(748,261)
Income from operations	5,007,483	50.1	6,621,704	48.7	14,080,607	1,809,078
Others, net	33,442	0.3	(86,372)	(0.6)	(367,448)	(47,210)
Income before income tax expense and share of loss from equity method investments	5,040,925	50.4	6,535,332	48.1	13,713,159	1,761,868
Income tax expense	(748,479)	(7.5)	(998,342)	(7.3)	(2,359,633)	(303,166)
Share of loss from equity method investments	(13,497)	(0.1)	(103,934)	(0.8)	(51,619)	(6,632)
Net Income	4,278,949	42.8	5,433,056	40.0	11,301,907	1,452,070

Notes:

(1) Share-based compensation expenses were allocated as follows:

	For the Year Ended December 31,			
	2023	2024	2025	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Research and development expenses	201,033	230,830	226,490	29,099
General and administrative expenses	69,560	81,966	88,091	11,318
Selling and marketing expenses	20,238	22,130	28,443	3,655
Total	290,831	334,926	343,024	44,072

Year ended December 31, 2025 compared to year ended December 31, 2024

Revenues

Total revenues were HK\$22,846.9 million (US\$2,935.4 million), an increase of 68.1% from HK\$13,590.1 million in 2024.

Brokerage commission and handling charge income. Brokerage commission and handling charge income was HK\$10,572.7 million (US\$1,358.4 million), an increase of 74.9% from HK\$6,044.7 million in 2024. This was mainly due to an 89.4% increase in trading volume, partially offset by lower blended commission rate. The blended commission rate decreased from 7.8 bps in 2024 to 7.2 bps in 2025. The increase in our trading volume from HK\$7.75 trillion in 2024 to HK\$14.68 trillion in 2025 was primarily due to strong market sentiments.

The table below sets forth the growth of our platform in terms of funded accounts, total client asset balance, and average funded account asset balance as of the dates indicated:

	As of December 31,	
	2024	2025
Funded accounts	2,411,324	3,365,414
Total client asset balance (HK\$in billion)	743.3	1,233.0
Average funded account asset balance (HK\$)	308,237	366,368

Interest income. Interest income was HK\$10,441.6 million (US\$1,341.5 million), an increase of 56.6% from HK\$6,666.9 million in 2024. Interest income derived from securities lending business increased by 152.3% from HK\$1,352.7 million in 2024 to HK\$3,413.1 (US\$438.5 million) million in 2025, which was mainly attributable to the expansion of our securities lending business. The increase in margin loan interest income was mainly driven by higher margin financing income due to an increase in daily average margin balance and higher interest income from bank deposits.

Other income. Other income was HK\$1,832.6 million (US\$235.4 million), an increase of 108.6% from HK\$878.5 million in 2024. The increase was primarily attributable to higher fund distribution service income and currency exchange service income.

Costs

Total costs were HK\$2,942.4 million (US\$378.0 million), an increase of 20.3% from HK\$2,445.5 million in 2024.

Brokerage commission and handling charge expenses. Brokerage commission and handling charge expenses were HK\$606.0 million (US\$77.9 million), an increase of 77.6% from HK\$341.2 million in 2024. This increase was roughly in line with the growth of our brokerage commission and handling charge income.

Interest expenses. Interest expenses were HK\$1,757.9 million (US\$225.8 million), an increase of 8.7% from HK\$1,617.5 million in 2024. The increase was mainly driven by higher expenses associated with our securities borrowing and lending business, and higher margin financing interest expenses.

Processing and servicing costs. Processing and servicing costs were HK\$578.5 million (US\$74.3 million), an increase of 18.8% from HK\$486.8 million in 2024. The increase was primarily due to higher cloud service fee as well as higher market information and data fee.

Gross profit

As a result of the foregoing, our total gross profit was HK\$19,904.5 million (US\$2,557.3 million), an increase of 78.6% from HK\$11,144.7 million in 2024. Gross profit margin increased from 82.0% in 2024 to 87.1% in 2025.

Operating expenses

Total operating expenses were HK\$5,823.9 million (US\$748.3 million), an increase of 28.8% from HK\$4,523.0 million in 2024. The increase was primarily due to the increase in expenses as a result of our business growth.

Research and development expenses. Research and development expenses were HK\$1,908.8 million (US\$245.2 million), an increase of 27.8% from HK\$1,493.6 million in 2024. This increase was primarily due to increased investment in crypto and AI capabilities.

Selling and marketing expenses. Selling and marketing expenses were HK\$1,980.5 million (US\$254.5 million), an increase of 40.5% from HK\$1,409.3 million in 2024. This was mainly driven by a 36.1% increase in net new funded accounts, while customer acquisition costs remained largely flat year-over-year.

General and administrative expenses. General and administrative expenses were HK\$1,934.7 million (US\$248.6 million), an increase of 19.4% from HK\$1,620.0 million in 2024. The increase was primarily due to an increase in general and administrative personnel.

Income tax expense

We had income tax expense of HK\$2,359.6 million (US\$303.2 million) in 2025, compared to HK\$998.3 million in 2024, primarily due to the increase in our income before income tax expenses and implementation of Pillar Two in 2025.

Net income

As a result of the foregoing, we had net income increased by 108.0% to HK\$11,301.9 million (US\$1,452.1 million) from HK\$5,433.1 million in 2024.

Year ended December 31, 2024 compared to year ended December 31, 2023

Revenues

Total revenues were HK\$13,590.1 million, an increase of 35.8% from HK\$10,008.4 million in 2023.

Brokerage commission and handling charge income. Brokerage commission and handling charge income HK\$6,044.7 million, an increase of 53.2% from HK\$3,944.8 million in 2023. The increase was mainly due to an increase in trading volume, partially offset by lower blended commission rate. The blended commission rate decreased from 9.3 bps in 2023 to 7.8 bps in 2024. The increase in our trading volume from HK\$4.2 trillion in 2023 to HK\$7.8 trillion in 2024 was primarily due to strong market sentiments.

The table below sets forth the growth of our platform in terms of funded accounts, total client asset balance, and average funded account asset balance as of the dates indicated:

	As of December 31,	
	2023	2024
Funded accounts	1,710,106	2,411,324
Total client asset balance (HK\$ in billion)	485.6	743.3
Average funded account asset balance (HK\$)	283,934	308,237

Interest income. Interest income was HK\$6,666.9 million, an increase of 20.4% from HK\$5,536.4 million in 2023. The increase in interest income was mainly driven by higher margin financing income due to an increase in daily average margin balance and higher interest income from bank deposits. Interest income derived from securities lending business increased by 28.4% from HK\$1,053.3 million in 2023 to HK\$1,352.7 million in 2024, which was mainly attributable to the expansion of our securities lending business.

Other income. Other income was HK\$878.5 million, an increase of 66.6% from HK\$527.2 million in 2023. The increase was primarily attributable to higher fund distribution service income and currency exchange income.

Costs

Total costs were HK\$2,445.5 million, an increase of 59.2% from HK\$1,536.2 million in 2023.

Brokerage commission and handling charge expenses. Brokerage commission and handling charge expenses were HK\$341.2 million, an increase of 36.7% from HK\$249.6 million in 2023. This was primarily attributable to higher trading volume.

Interest expenses. Interest expenses were HK\$1,617.5 million, an increase of 77.6% from HK\$910.8 million in 2023. The increase was mainly driven by higher expenses associated with our securities borrowing and lending business from HK\$737.8 million in 2023 to HK\$1,373.7 million in 2024, which was also in line with the expansion of securities lending business.

Processing and servicing costs. Processing and servicing costs were HK\$486.8 million, an increase of 29.5% from HK\$375.9 million in 2023. The increase was due to higher market information and data fee, and cloud service fee for new markets and products.

Gross profit

As a result of the foregoing, our total gross profit increased by 31.5% from HK\$8,472.2 million in 2023 to HK\$11,144.7 million in 2024. Gross profit margin declined from 84.7% in 2023 to 82.0% in 2024.

Operating expenses

Total operating expenses were HK\$4,523.0 million, an increase of 30.5% from HK\$3,464.7 million in 2023. The increase was primarily due to the increase in selling and marketing expenses and general and administrative expenses as a result of our business growth.

Research and development expenses. Research and development expenses were HK\$1,493.6 million, an increase of 3.7% from HK\$1,440.9 million in 2023. This increase was primarily due to an increase in research and development headcount to support new products and new markets.

Selling and marketing expenses. Selling and marketing expenses were HK\$1,409.3 million, an increase of 98.4% from HK\$710.3 million in 2023. The increase was mainly due to strong funded accounts growth, partially offset by lower customer acquisition costs.

General and administrative expenses. General and administrative expenses were HK\$1,620.0 million, an increase of 23.3% from HK\$1,313.5 million in 2023. The increase was primarily due to an increase in headcount for general and administrative personnel, especially in new markets.

Income tax expense

We had income tax expense of HK\$998.3 million in 2024, compared to HK\$748.5 million in 2023, primarily due to the 27.9% year-over-year increase in our income before income tax expenses.

Net income

As a result of the foregoing, we had net income of HK\$5,433.1 million in 2024, compared to HK\$4,278.9 million in 2023, an increase of 27.0%.

B. Liquidity and Capital Resources

To date, we have financed our operating and investing activities through net proceeds from our securities offerings, cash generated from operating activities, historical equity financing activities and credit facilities provided by commercial banks, other licensed financial institutions and other parties. As of December 31, 2023, 2024 and 2025, respectively, our cash and cash equivalents were HK\$4,937.5 million, HK\$11,688.4 million and HK\$10,465.9 million (US\$1,344.7 million). Our cash and cash equivalents primarily consist of demand deposits and time deposits with initial terms of less than three months placed with banks or other financial institutions, which are unrestricted for withdrawal or use, and which have original maturities of three months or less.

We believe that our current cash and cash equivalents and our anticipated cash flows from operations will be sufficient to meet our anticipated working capital requirements and material cash requirements for at least the next 12 months. In the future, we may decide to enhance our liquidity position or increase our cash reserve for future investments through additional capital and finance funding. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

As of December 31, 2025, our cash and cash equivalents were HK\$10,465.9 million (US\$1,344.7 million), mainly comprising U.S. dollars of HK\$8,330.1 million (US\$1,070.2 million), Hong Kong dollars of HK\$845.2 million (US\$108.6 million), Japanese Yen of HK\$628.0 million (US\$80.7 million), Singapore dollars of HK\$378.1 million (US\$48.6 million) and Renminbi of HK\$96.6 million (US\$12.4 million).

We closely monitor our cash balance and future payments obligations by preparing monthly cash balance and fund requirement reports to provide a timely overview of our overall cash position and liquidity and risk control measurements. Such reports will be reviewed by our chief financial officer and our financial controller. For surplus funds, we have an internal process to determine how to deploy such funds based on a variety of factors, such as our short-term payment obligations, fund safety, liquidity and profitability. In order to maintain flexibility in anticipation of cash needs, we generally deploy our surplus funds either into short-term bank deposits or to purchase certain available-for-sale financial securities, such as low-risk financial products issued by local commercial banks.

As of December 31, 2025, 1.2% of our cash and cash equivalents were held in China, and 0.1% were held by the Consolidated Affiliated Entities. Although we consolidate the results of the Consolidated Affiliated Entities, we only have access to the assets or earnings of the Consolidated Affiliated Entities through the Contractual Arrangements. See “Item 4. Information on the Company-C. Organizational Structure-Contractual Arrangements with the VIEs and Their Shareholders.” For restrictions and limitations on liquidity and capital resources as a result of our corporate structure, see “—Holding Company Structure.”

In utilizing the proceeds we received from our securities offerings, we may make additional capital contributions to our PRC subsidiaries, establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, make loans to our PRC subsidiaries, or acquire offshore entities with operations in China in offshore transactions. However, most of these uses are subject to PRC regulations. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of our securities offerings to make loans or additional capital contributions to our PRC subsidiaries and the Consolidated Affiliated Entities”.

We expect that a limited portion of our future revenues will be denominated in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, approval from or registration with competent government authorities is required where the Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

Regulatory Capital Requirements

Our principal broker-dealer subsidiaries, Futu Securities, Futu Clearing Inc., Moomoo Financial Singapore Pte. Ltd., Futu Malaysia Sdn. Bhd. and Moomoo Financial Inc. are subject to capital requirements determined by its respective regulators. Futu Securities International (Hong Kong) Limited, our subsidiary located in Hong Kong, is subject to the Securities and Futures (Financial Resources) Rules and the Securities and Futures Ordinance, and Futu Securities International (Hong Kong) Limited is required to maintain minimum paid-up share capital and liquid capital. Futu Clearing Inc. and Moomoo Financial Inc., our subsidiaries located in the United States, are subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Exchange Act, which requires the maintenance of minimum net capital. Moomoo Financial Singapore Pte. Ltd., our subsidiary located in Singapore, is subject to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services License) Regulations, which requires the maintenance of financial resource over its total risk requirement. Futu Malaysia Sdn. Bhd., our subsidiary located in Malaysia, was subject to the Capital Adequacy Requirements under the Capital Market and Services Act, which requires capital adequacy ratio is at all times more than 1.2.

The table below summarizes the net capital, the requirement and the excess capital for our principal broker-dealer subsidiaries as of December 31, 2025:

	As of December 31, 2025		
	Net Capital/ Eligible Equity	Requirement (HK\$ in thousands)	Excess
Futu Securities	14,631,527	3,328,771	11,302,756
Futu Clearing Inc.	8,819,430	875,676	7,943,754
Moomoo Financial Singapore Pte. Ltd.	4,899,208	733,732	4,165,476
Futu Malaysia Sdn. Bhd.	491,619	91,439	400,180
Moomoo Financial Inc.	423,592	71,666	351,926

Where the relevant operating subsidiaries do not meet regulatory capital requirements, such subsidiaries may be faced with certain operational restrictions, including cessation of carrying on of business in any or all of the regulated activities permitted under their respective licenses.

As of December 31, 2025, all of the regulated operating subsidiaries were in compliance with their respective regulatory capital requirements.

Cash Flows

The following table sets forth a summary of our cash flows for the periods presented:

	For the Year Ended December 31,			
	2023	2024	2025	
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Summary Consolidated Cash Flow Data:				
Net cash (used in)/ generated from operating activities	(6,337,396)	30,996,323	40,788,133	5,240,468
Net cash (used in)/ generated from investing activities	(2,444,418)	103,932	(1,783,395)	(229,132)
Net cash generated from financing activities	2,307,957	70,851	4,296,780	552,051
Effect of exchange rate changes on cash, cash equivalents and restricted cash	66,352	(149,866)	235,916	30,311
Net (decrease)/increase in cash, cash equivalents and restricted cash	(6,407,505)	31,021,240	43,537,434	5,593,698
Cash, cash equivalents and restricted cash at beginning of the year	55,715,585	49,308,080	80,329,320	10,320,727
Cash, cash equivalents and restricted cash at end of the year	49,308,080	80,329,320	123,866,754	15,914,425

Operating activities

Net cash generated from operating activities in 2025 was HK\$40.8 billion (US\$5.2 billion), as compared to net income of HK\$11.3 billion (US\$1.5 billion) in the same year. The difference was primarily due to net increase in loans and advances of HK\$13.9 billion (US\$1.8 billion), net increase in accounts receivable from clients and brokers of HK\$1.5 billion (US\$0.2 billion), net increase in accounts receivable from clearing organizations of HK\$2.2 billion (US\$0.3 billion), offset by net increase in accounts payable to clients and brokers of HK\$44.9 billion (US\$5.8 billion) and net increase in securities sold under agreements to repurchase of HK\$2.2 billion (US\$0.3 billion). The increase in loans and advances was due to the expansion of our margin financing business. The increase in accounts receivable from clients, brokers and clearing organizations and accounts payable to clients and brokers was mainly driven by the increase in our clients' trading volume and cash deposits. The increase in securities sold under agreements to repurchase was mainly attributable to the increased funding demand from margin financing business. The principal non-cash items affecting the difference between our net income and our net cash used in operating activities in 2025 were HK\$343.0 million (US\$44.1 million) in share-based compensation expenses, HK\$243.0 million (US\$31.2 million) in unrealized gains from investments and HK\$150.7 million (US\$19.4 million) in amortization of right-of-use assets.

Net cash generated from operating activities in 2024 was HK\$31.0 billion, as compared to net income of HK\$5.4 billion in the same year. The difference was primarily due to net increase in loans and advances of HK\$17.2 billion, net increase in accounts receivable from clients and brokers of HK\$12.3 billion, offset by net increase in accounts payable to clients and brokers of HK\$51.7 billion and net increase in securities sold under agreements to repurchase of HK\$2.6 billion. The increase in loans and advances was due to the expansion of our margin financing business. The increase in accounts receivable from clients and brokers and accounts payable to clients and brokers was mainly driven by the increase in our clients' trading volume and cash deposits. The increase in securities sold under agreements to repurchase was mainly attributable to the increased funding demand from margin financing business. The principal non-cash items affecting the difference between our net income and our net cash used in operating activities in 2024 were HK\$334.9 million in share-based compensation expenses and HK\$105.6 million in amortization of right-of-use assets.

Net cash used in operating activities in 2023 was HK\$6.3 billion, as compared to net income of HK\$4.3 billion in the same year. The difference was primarily due to net increase in loans and advances of HK\$5.9 billion and net decrease in accounts payable to clients and brokers of HK\$4.6 billion. The increase in loans and advances was due to the expansion of our margin financing business. The decrease in accounts payable to clients and brokers was mainly attributable to the decline in our clients' cash deposits. The principal non-cash items affecting the difference between our net income and our net cash used in operating activities in 2023 were HK\$290.8 million in share-based compensation expenses and HK\$110.4 million in amortization of right-of-use assets.

Investing activities

Net cash used in investing activities in 2025 was HK\$1,783.4 million (US\$229.1 million), primarily due to the purchase of short-term investments of HK\$3,284.0 million (US\$421.9 million), partially offset by the proceeds from disposal of short-term investments of HK\$1,455.0 million (US\$186.9 million).

Net cash generated from investing activities in 2024 was HK\$103.9 million, primarily due to the proceeds from disposal of short-term investments of HK\$1,509.5 million, partially offset by purchase of short-term investments of HK\$796.4 million, acquisition of long-term investments of HK\$440.0 million and purchase of property and equipment and intangible assets of HK\$167.5 million.

Net cash used in investing activities in 2023 was HK\$2.4 billion, primarily due to purchase of short-term investments of HK\$4.8 billion, partially offset by the proceeds from disposal of short-term investments of HK\$2.4 billion.

Financing activities

Net cash generated from financing activities in 2025 was HK\$4,296.8 million (US\$552.1 million), primarily attributable to the net proceeds of HK\$6,439.9 million (US\$827.4 million) from other borrowings and the dividends distribution of HK\$2,151.0 million (US\$276.4 million).

Net cash generated from financing activities in 2024 was HK\$70.9 million, primarily attributable to the net proceeds of HK\$50.7 million from other borrowings and the proceeds from exercise of employee share options of HK\$20.2 million.

Net cash generated from financing activities in 2023 was HK\$2.3 billion, primarily attributable to proceeds of HK\$79.6 billion from other borrowings, partially offset by repayment of other borrowings of HK\$76.4 billion.

Short-term Borrowings

	As of December 31,			
	2023	2024	2025	
	HK\$	HK\$	HK\$	US\$
	(in million)			
Borrowings from banks ⁽¹⁾ :	5,652	5,702	12,143	1,560

Note:

(1) We have unused borrowing facilities of HK\$17.4 billion, HK\$18.2 billion and HK\$13.9 billion (US\$1.8 billion) from banks as of December 31, 2023, 2024 and 2025, of which HK\$586.2 million, HK\$582.2 million and HK\$583.6 million (US\$75.0 million) are committed, and the remaining are uncommitted, respectively. These bank borrowings were mainly pledged by margin clients' shares as the primary source of credit risk mitigation of the lenders, and bore floating interest rates based on various benchmarks including Hong Kong Prime Rate, Hong Kong Interbank Offered Rate, or HIBOR, CNH HIBOR, etc.

We have entered into short-term borrowings primarily to support our margin financing business in Hong Kong. Our short-term borrowings bear weighted average interest rates of 5.30%, 4.18% and 3.96% as of December 31, 2023, 2024 and 2025, respectively.

Other than the above, we did not have any significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2025.

Operating Lease Commitments

The following table sets forth our operating lease commitments as of December 31, 2025:

	Payment due by December 31,					
	Total	2026	2027	2028	2029	2030
	(HK\$ in thousands)					
Operating lease commitments ⁽¹⁾	646,358	204,431	161,391	122,467	52,834	27,203
						78,032

Note:

(1) Operating lease commitments consist of the commitments under the lease agreements for our office premises. We lease our office facilities under non-cancellable operating leases with various expiration dates through August 2035.

Capital Expenditures

Our capital expenditures are primarily incurred for purchase of property, equipment and intangible assets. Our capital expenditures were HK\$77.8 million in 2023, HK\$167.5 million in 2024 and HK\$54.7 million (US\$7.0 million) in 2025. The capital expenditures in 2025 were primarily due to the purchase of computers and equipment and office equipment. We intend to fund our future capital expenditures with our existing cash balance and proceeds from our securities offerings. We will continue to make capital expenditures to meet the expected growth of our business.

Loans and Advances

Our loans and advances include margin loans and other advances, mainly collateralized by securities and insurance policies and are carried at the amortized cost, net of an allowance for credit losses. Revenues earned from the loans and advances are included in interest income.

Margin loans are extended to clients on a demand basis and are not committed facilities. Securities owned by the customers, which are not recorded in the consolidated balance sheets, are held as collateral for amounts due on the margin loans.

Other advances mainly consist of stock-pledged loans and bank loans. Stock-pledged loans to enterprises are mainly secured by pledged listed shares as collateral. Bank loans comprise financing secured by insurance policies provided by borrowers as collateral and unsecured retail loans.

The following table sets forth our loans and advances as of December 31, 2024 and 2025, respectively:

	As of December 31,		
	2024	2025	
	HK\$	(in thousands) HK\$	US\$
Margin loans	47,833,365	60,976,139	7,834,227
Other advances ⁽¹⁾	1,966,383	4,145,503	532,615
Subtotal	49,799,748	65,121,642	8,366,842
Less: Allowance for credit losses ⁽²⁾	(85,252)	(374,604)	(48,129)
Total	49,714,496	64,747,038	8,318,713

Notes:

- (1) Stock-pledged loans are included in other advances as of December 31, 2024 and 2025 with a gross amount of HK\$1,907.3 million and HK\$1,907.8 million (US\$245.1 million), respectively.
- (2) The allowance for credit losses was HK\$85.3 million and HK\$374.6 million (US\$48.1 million) as of December 31, 2024 and 2025, of which nil and nil relate to stock-pledged loans, respectively.

Off-Balance Sheet Arrangements

We have entered into various off-balance sheet arrangements in the ordinary course of business, primarily to meet the needs of our clients. These arrangements include the margin financing and securities lending agreements. The margin loans extended to the clients are collateralized by the cash or securities pledged in clients' accounts at a required margin level determined at our sole discretion. Securities lending transactions require us to deposit cash collateral with the lender and receive the cash collateral from the borrower. The cash collateral is generally in excess of the market value of the securities borrowed and lent. Increases in security prices may cause the fair value of the securities loaned to exceed the amount of cash received as collateral. In the event the borrower of these transactions does not return the loaned securities or provide additional cash collateral, we may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy our obligations to return the securities. We monitor required margin and collateral level on a daily basis in compliance with regulatory and internal guidelines and control our risk exposure through risk management system. Under applicable agreements, clients are required to deposit additional collateral or reduce holding positions, when necessary to avoid forced liquidation of their positions. For more information regarding the collateralized transactions, see Note 15 to our consolidated financial statements included in this annual report.

We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides liquidity, capital resources, market risk support or credit support to us or engages in leasing, hedging or product development services with us.

Share Repurchase Program

In November 2021, our board of directors approved a share repurchase program to repurchase up to US\$300 million worth of ADSs until December 31, 2022. As of December 31, 2022, we had repurchased US\$300 million worth of ADSs in open market transactions in accordance with the authorization under this share repurchase program. In March 2022, our board of directors authorized a new share repurchase program under which our company may repurchase up to US\$500 million worth of ADSs, until December 31, 2023. As of December 31, 2023, we have repurchased US\$364.8 million worth of ADSs in open market transactions in accordance with the authorization under this share repurchase program. The share repurchase program expired on December 31, 2023. On March 14, 2024, our board of directors authorized a share repurchase program under which our company may repurchase up to US\$500 million worth of ADSs, until December 31, 2025. As of December 31, 2025, we did not repurchase any ADSs in open market transactions or otherwise in accordance with the authorization under this share repurchase program. The share repurchase program expired on December 31, 2025.

In November 2025, our board of directors authorized a new share repurchase program under which our company may repurchase up to US\$800 million worth of ADSs, until December 31, 2027. We will fund the repurchases from our existing cash balance. Under the new share repurchase program, our company may repurchase ADSs from time to time in the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations. Our board of directors will review the share repurchase program periodically, and may modify, suspend or terminate the share repurchase program at any time. As of the date of this annual report, we did not repurchase any ADSs in open market transactions or otherwise in accordance with the authorization under this share repurchase program.

Capital Commitment

Our capital commitments are primarily related to capital contribution obligation for certain investment funds. As of December 31, 2025, total commitments contracted but not yet reflected in the consolidated financial statements amounted to US\$25.0 million.

Holding Company Structure

Futu Holdings is a holding company with no material operations of its own. We conduct our operations primarily through our subsidiaries in Hong Kong, Singapore, the United States and the PRC, as well as through the Consolidated Affiliated Entities in China. As a result, Futu Holdings' ability to pay dividends depends upon dividends paid by our subsidiaries in Hong Kong, Singapore, the United States and the PRC. If our existing Hong Kong, Singapore, U.S. and PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiaries in China are permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries and the Consolidated Affiliated Entities in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of their registered capital. In addition, our wholly foreign-owned subsidiaries in China may allocate a portion of their after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at their discretion, and the VIEs may allocate a portion of its after-tax profits based on PRC accounting standards to a surplus fund at their discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

C. Research and Development, Patents and Licenses, etc.

See "Item 4. Information on the Company—B. Business Overview—Our Technology" and "Item 4. Information on the Company—B. Business Overview—Intellectual Property."

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the year ended December 31, 2025 that are reasonably likely to have a material and adverse effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause the disclosed financial information not necessarily to be indicative of future results of operations or financial conditions.

E. Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Changes in the economic environment, financial markets, and any other parameters used in determining such estimates could cause actual results to differ. Our critical accounting estimates are described below. The critical accounting estimates should be read in conjunction with our risk factors as disclosed in "Item 3. Key Information—D. Risk Factors." See Note 2 to our consolidated financial statements for the year ended December 31, 2025 for more information on our significant accounting policies.

Allowance for credit losses for the stock-pledged loans

We extend stock-pledged loans to enterprises, and these loans pledged listed shares as collateral. As of December 31, 2024 and 2025, the gross amount of stock-pledged loans was HK\$1,907.3 million and HK\$1,907.8 million (US\$245.1 million), respectively. The allowance for credit losses for the stock-pledged loans was nil and nil as of December 31, 2024 and 2025, respectively.

The estimation of allowance for current expected credit losses for stock-pledged loans are calculated using quantitative models that consider a variety of factors such as the quality of collateral, as well as an economic outlook over the life of the loans. Significant judgment is applied in determining the appropriate probability of default ("PD") and loss given default ("LGD"), using a variety of factors such as the stock price and price volatility of the collateral. The determination of LGD also involves significant judgment in considering the expected duration to foreclose the collateral. The estimation of PD and LGD further incorporates forward looking information through the use of macroeconomic scenario. In developing the macroeconomic scenario, significant judgment is also applied that take into consideration of a number of forecasted economic variables.

Provision of income tax and valuation allowance for deferred tax asset

Significant judgment is required in determining income tax expense based on tax laws in the various jurisdictions in which we operate. In calculating our effective income tax rate, estimates are required regarding the timing and amount of taxable and deductible items which will adjust the pre-tax income earned in various tax jurisdictions. Through our interpretation of local tax regulations, adjustments to pretax income for income earned in various tax jurisdictions are reflected within various tax filings. Although we believe that our estimates and judgments discussed herein are reasonable, actual results may be materially different than the estimated amounts.

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. Significant judgment is required in determining the valuation allowance. In assessing the need for a valuation allowance, we consider all sources of taxable income, including projected future taxable income, reversing taxable temporary differences and ongoing tax planning strategies. If it is determined that we are able to realize deferred tax assets in excess of the net carrying value or to the extent we are unable to realize a deferred tax asset, we would adjust the valuation allowance in the period in which such a determination is made, with a corresponding increase or decrease to earnings.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Leaf Hua Li	49	Founder, Chairman of the Board of Directors and Chief Executive Officer
Arthur Yu Chen	50	Chief Financial Officer
Nineway Jie Zhang	51	Director
Shan Lu	51	Director
Vic Haixiang Li	53	Independent Director
Brenda Pui Man Tam	55	Independent Director
Robin Li Xu	43	Senior Vice President

Mr. Leaf Hua Li is our founder, chairman of our board of directors and chief executive officer since our inception. Mr. Li has rich experience and expertise in the technology and internet sectors in China. Mr. Li currently holds various positions in other members of our Group, including director, chief executive officer, legal representative and general manager. He is responsible for the overall strategy, research and development, business development and management of our Company. Mr. Li also leads our technology committee to formulate technology development strategies, optimize the existing technology infrastructure and implement large-scale technology projects of our Group. Since April 2025, Mr. Li has served as a non-executive director of Airstar Bank and since October 2025, Mr. Li has also served as the chairman of the board of Airstar Bank. Before founding our company, Mr. Li had served in several senior management roles at Tencent, including the head of Tencent's multi-media business and its innovation center. Mr. Li joined Tencent in 2000 and was the 18th founding employee of Tencent. He was an early and key research and development participant of Tencent QQ. Mr. Li was also the founder of Tencent Video and led the product design and development of Tencent Video. Mr. Li invented over 10 international and domestic patents while working at Tencent. In 2008, Mr. Li was presented the "Innovative Talent Award" by the municipal government of Shenzhen, Guangdong. Mr. Li received his bachelor's degree in computer science and technology from Hunan University in June 2000.

Mr. Arthur Yu Chen has served as our chief financial officer since September 2017 and is responsible for the accounting, finance and internal controls functions, and the capital markets activities of our Group. Since March 2025, Mr. Chen has served as a non-executive director of Airstar Bank. Prior to joining our company, Mr. Chen served as a director at Citigroup Global Markets Asia Limited from 2009 to 2016 in its equity business, responsible for management of institutional stock business. Mr. Chen also served as a vice president at China International Capital Corporation from 2005 to 2009. Mr. Chen received his bachelor's degree in economics from Shanghai University of Finance & Economics in June 1998 and his master's degree in business administration from China Europe International Business School in December 2005.

Mr. Nineway Jie Zhang has served as our director since October 2014. Mr. Zhang currently holds various positions in other members of our Group, including director, legal representative and general manager. Mr. Zhang is responsible for the overall strategy and business development of our Group. Mr. Zhang has been working in internet securities trading business since 2002. Prior to joining our company, Mr. Zhang served as the deputy head of the business department of the Shenzhen branch of China Galaxy Securities Co., Ltd. (HKEx: 6881), responsible for the development of online retail business. Mr. Zhang received an associate's degree in marketing from Nanjing University of Science and Technology in June 1994, a master's degree in business administration from South China University of Technology in June 2009 and an executive master's degree in business administration from Cheung Kong Graduate School of Business in September 2013.

Mr. Shan Lu has served as our director since October 2014 and participates in the formulation of the overall strategy of our Group. Mr. Lu joined Tencent in 2000 and currently serves as the senior executive vice president of Tencent and the president of Technology and Engineering Group of Tencent. Previously, Mr. Lu served as the general manager of the IM Product Division, vice president of the Platform Research and Development System and senior vice president of the Operations Platform System of Tencent. Since March 2008, he has been responsible for managing Tencent's operating system. Since May 2012, he has been leading Tencent's Technology and Engineering Group. Mr. Lu has extensive experience in Internet technology. Mr. Lu has served as a director of China United Network Communications Group Co., Ltd. (SHA: 600050). Mr. Lu received his bachelor's degree in computer science and technology from the University of Science and Technology of China in July 1998.

Mr. Vic Haixiang Li has served as our independent director since March 2019 and is mainly responsible for providing professional opinion and advice to our board of directors. Mr. Vic Li is the founder and managing partner of VI Ventures, a boutique venture capital fund, and chairman and director of VI Asset Management. Mr. Vic Li is one of the founders and a former senior executive vice president of Tencent. Mr. Li was appointed as an independent non executive director at AVO Insurance Company Holding Limited since August 2018. Mr. Li received his bachelor's degree in computer software from South China University of Technology in July 1994 and his master's degree in business administration from China Europe International Business School in September 2017. He was recognized as "China Top CIO" by the CEO and CIO magazine in 2008.

Ms. Brenda Pui Man Tam has served as our independent director since March 2019 and is responsible for providing professional opinion and advice to our board of directors. Ms. Tam served as a partner at the Beijing office of PricewaterhouseCoopers China and PricewaterhouseCoopers Hong Kong from 2007 to 2016 and a senior manager at the Beijing office of PricewaterhouseCoopers China from 2006 to 2007. Prior to that, Ms. Tam served as an audit experienced manager and an audit senior manager at the San Jose office of PricewaterhouseCoopers LLP from 2000 to 2006. Ms. Tam also served in multiple audit positions at PricewaterhouseCoopers Hong Kong from 1995 to 2000 and at Ernst & Young Hong Kong from 1992 to 1995. Ms. Tam received her bachelor's degree in accountancy from City University of Hong Kong in November 1992. Ms. Tam is qualified as a certified public accountant in the United States (California), a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom.

Mr. Robin Li Xu has served as our senior vice president since September 2019 and is responsible for product development, operations, marketing and business growth. Prior to that, Mr. Xu served as our vice president from August 2013 to September 2019. Prior to joining our Group, Mr. Xu has over ten years of experience in the internet industry including seven years at Tencent where he was a senior product manager responsible for online payment product development and operations for Tenpay. Mr. Xu received his bachelor's degree in science from Heilongjiang University in July 2006.

B. Compensation

Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2025, we paid an aggregate of HK\$67.6 million (US\$8.7 million) in cash to our executive officers and directors, and an aggregate of HK\$350.0 thousand (US\$45.0 thousand) in cash to our non-executive directors. For share incentive grants to our directors and executive officers, see "—Amended and Restated 2014 Share Incentive Plan" and "—2019 Share Incentive Plan." We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and the Consolidated Affiliated Entities are required by law to make contributions equal to certain percentages of each employee's salary for his or her medical insurance, maternity insurance, workplace injury insurance, unemployment insurance, pension benefits through a PRC government-mandated multi-employer defined contribution plan and other statutory benefits. Our Hong Kong subsidiaries are required by the Hong Kong Mandatory Provident Fund Schemes Ordinance to make monthly contributions to the mandatory provident fund scheme in an amount equal to 5% of an employee's salary subject to the statutory maximum at HK\$1,500.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon three-month advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with a three-month advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach our suppliers, clients, customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer's termination, or in the year preceding such termination, without our express consent.

We have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

Amended and Restated 2014 Share Incentive Plan

In December 2018, our board of directors approved the Amended and Restated 2014 Share Incentive Plan, or the 2014 Incentive Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. The maximum aggregate number of Class A ordinary shares which may be issued pursuant to all awards under the 2014 Incentive Plan is 135,032,132. The 2014 Share Incentive Plan expired on October 30, 2024 and no new grants may be made under the plan after this date.

2019 Share Incentive Plan

In December 2018, our board of directors approved the 2019 Share Incentive Plan, or the 2019 Incentive Plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants and promote the success of our business. Under the 2019 Incentive Plan, the maximum aggregate number of shares which may be issued pursuant to all awards is a number of up to 2% of the total number of shares issued and outstanding on September 29, 2019 as determined by our board of directors, plus an annual increase on each September 30 during the term of the 2019 Incentive Plan commencing on September 30, 2020, by an amount determined by our board; provided, however, that (i) the total number of shares increased in each year shall not be more than 2% of the total number of shares issued and outstanding on September 29 of the same year and (ii) the aggregate number of shares initially reserved and subsequently increased during the term of the 2019 Incentive Plan shall not be more than 8% of the total number of shares issued and outstanding on September 29, 2019 immediately preceding the most recent increase. As of the date of this annual report, the maximum aggregate number of Class A ordinary shares which may be issued pursuant to all awards under the 2019 Incentive Plan is 86,662,357.

The following paragraphs describe the principal terms of the 2019 Incentive Plan.

- (1) **Types of Awards.** The 2019 Incentive Plan permits the awards of options, restricted shares, restricted share units, or any other type of awards that the committee decides.
- (2) **Plan Administration.** Our board of directors or a committee designated by the board of directors will act as the plan administrator. The plan administrator will determine the participants who are to receive awards, the type or types of awards to be granted, the number of awards to be granted, and the terms and conditions of each award grant.
- (3) **Award Agreement.** Awards granted under the 2019 Incentive Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event that the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.
- (4) **Eligibility.** We may grant awards to our employees, directors and consultants of our company. However, we may grant options that are intended to qualify as incentive share options only to our employees and employees of our parent companies and subsidiaries.
- (5) **Vesting Schedule.** In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.
- (6) **Transfer Restrictions.** Awards may not be transferred in any manner by the recipient other than in accordance with the exceptions provided in the 2019 Incentive Plan, such as transfers by will or the laws of descent and distribution.
- (7) **Termination and Amendment of the 2019 Incentive Plan.** Unless terminated earlier, the 2019 Incentive Plan has a term of ten years. Our board of directors has the authority to amend or terminate the 2019 Incentive Plan. However, no such action may adversely affect in any material way any awards previously granted unless agreed by the relevant grantee.

As of the Latest Practicable Date, 933,122 share options and 16,682,344 restricted share units have been granted and were outstanding under the 2014 Incentive Plan and the 2019 Incentive Plan, excluding awards that were exercised, settled, forfeited or cancelled after the relevant grant dates.

The following table summarizes, as of the Latest Practicable Date, the number of Class A ordinary shares underlying outstanding options, restricted share units and other equity awards that we granted to our directors and executive officers.

Name	Ordinary Shares Underlying Equity Awards Granted	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
Leaf Hua Li	*(1)(2)	—	December 24, 2020	December 23, 2030
Arthur Yu Chen	*(1)	Nominal	October 5, 2020, December 16, 2021, December 30, 2022, December 24, 2023, April 10, 2025	October 4, 2030, December 15, 2031, December 29, 2032, December 23, 2033, April 9, 2035
Robin Li Xu	*(1)	Nominal	January 2, 2020, December 30, 2022, December 24, 2023, April 10, 2025	January 1, 2030, December 29, 2032, December 23, 2033, April 9, 2035

Notes:

- (1) “*” denotes less than 1% of our total outstanding ordinary shares.

- (2) In December 2020, our company granted Mr. Li restricted share units under the 2019 Incentive Plan to acquire 800 Class A ordinary shares for the purpose of testing and experiencing our self-developed ESOP management system.

C. Board Practices

Board of Directors

Our board of directors consists of five directors. A director who is, directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company shall declare the nature of his interest at a meeting of our directors. A director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered. Our directors may exercise all the powers of our company to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We have established three committees under the board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Ms. Brenda Pui Man Tam and Mr. Vic Haixiang Li. Ms. Brenda Pui Man Tam is the chairperson of our audit committee. We have determined that Ms. Brenda Pui Man Tam and Mr. Vic Haixiang Li each satisfies the "independence" requirements of Rule 5605(c)(2) of the Nasdaq Stock Market Rules and meets the independence standards under Rule 10A-3 under the Exchange Act, as amended. We have determined that Ms. Brenda Pui Man Tam qualifies as an "audit committee financial expert" within the meaning of the SEC rules and possesses financial sophistication within the meaning of the Nasdaq Stock Market Rules. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee consists of Mr. Vic Haixiang Li, Ms. Brenda Pui Man Tam and Mr. Leaf Hua Li. Mr. Vic Haixiang Li is the chairman of our compensation committee. We have determined that Mr. Vic Haixiang Li and Ms. Brenda Pui Man Tam each satisfies the “independence” requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The compensation committee assists the board of directors in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Mr. Leaf Hua Li, Mr. Vic Haixiang Li and Ms. Brenda Pui Man Tam. Mr. Leaf Hua Li is the chairman of our nominating and corporate governance committee. Mr. Vic Haixiang Li and Ms. Brenda Pui Man Tam each satisfies the “independence” requirements of Rule 5605(a)(2) of the Nasdaq Stock Market Rules. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our register of members.

Terms of Directors and Officers

Our directors may be elected by a resolution of our board of directors, or by an ordinary resolution of our shareholders. Notwithstanding anything in the Memorandum and Articles of Association, for as long as the Tencent Investors (as defined in the Memorandum and Articles of Association) together hold at least 91,671,323 shares of our company (as may be adjusted by share splits, recapitalization, reorganization, consolidation or other similar transaction), the Tencent Investors shall have the right to appoint one (1) director to our board of directors (the "Tencent Director") by sending a joint notice to our company's registered office. The Tencent Director may only be removed as directed or approved by the Tencent Investors, and any vacancies created by the resignation, removal or death of the Tencent Director shall be filled pursuant to the terms described above. The term of the Tencent Director shall automatically end once the Tencent Investors together hold less than 91,671,323 shares of our company (as may be adjusted by share splits, recapitalization, reorganization, consolidation or other similar transaction).

Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution of our shareholders. A director will cease to be a director automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found by our company to be or becomes of unsound mind; (iii) resigns his office by notice in writing to our company; or (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated.

Our officers are elected by and serve at the discretion of our board of directors.

D. Employees

We had a total of 3,213, 3,343 and 3,540 employees as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2025, 2,559 employees were located in Mainland China, 388 employees were located in Hong Kong, 131 employees were located in the United States, 106 employees were located in Singapore, and 356 employees were located elsewhere.

The following table sets forth the number of our employees as of December 31, 2025 by function:

	As of December 31, 2025	
	Number	%
Functions:		
Research and development	2,034	57.5
Customer services and operations	463	13.1
General and administration	560	15.8
Marketing	483	13.6
Total	3,540	100.0

We participate in various employee social security plans that are organized by municipal and provincial governments, including housing, pension, medical insurance and unemployment insurance, as required by laws and regulations in each region. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. We are also required under Hong Kong laws to enroll all eligible employees in Hong Kong to their mandatory provident fund, or the MPF, scheme. Both the employees and us are each required to contribute certain percentage of an employee's salary (subject to a statutory cap at HK\$1,500) per month to a retirement scheme that is registered as a MPF scheme. For our employees in the United States, we make similar contributions to a defined contribution retirement plan under section 401(k) of the Internal Revenue Code. For our employees in Singapore, we make payments to the Central Provident Fund as part of their defined contribution retirement plan. In Japan, we provide statutory employee benefits, including health insurance, pension insurance, and nursing care insurance. Additionally, we offer employee benefits beyond legal requirements, such as marriage celebration bonuses and newborn child celebration bonuses. In Australia, we provide statutory insurance coverage, including retirement pensions and workers' compensation insurance. Furthermore, we offer additional benefits such as marriage bonuses, baby baptism bonuses, and hospitalization benefits. In the province of Ontario, Canada, we actively participate in various employee welfare programs regulated by provincial and federal authorities. These programs include retirement pensions, medical insurance, and unemployment insurance. In accordance with Canadian employment laws, we are obligated to contribute a specified percentage of wages, bonuses, and certain allowances to employee benefit plans. The contribution percentage is set within the limits defined by provincial and federal regulations. All employees are eligible for relevant non-salary benefits. Additionally, we provide team-building budget benefits for each department. The team-building budget is the activity fund allocated by us to each department and can be used to organize inter-departmental activities, internal department activities, as well as welcome and farewell events for employees.

We also have a systematic performance evaluation system which provides the basis for human resource decisions such as remuneration adjustments, career promotion and talent cultivation. We continue to strengthen talent management and development, regularly conduct performance management activities that cover core aspects such as performance goal setting, performance coaching, and review evaluation. The goal-setting mechanism further reinforces goal orientation, ensuring that employees' work priorities align with our business development needs through regular tracking and adjustments. The performance evaluation system provides employees with timely and objective feedback, helping them identify strengths and areas for improvement. This performance management activities in 2024 have covered approximately 95% of our employees. We will continue to optimize the performance management system, further enhancing employee engagement and management efficiency, providing a solid talent guarantee for our long-term sustainable development.

We have always adhered to sharing performance results with our employees. At the end of each year, based on our overall business performance, we also provide annual performance bonuses to non-executive and non-sales employees based on the achievement of our performance expectations and individual performance assessments. To promote the joint growth of employees and our company, we offer an ESOP incentive plan to key employees, critical position talents, and managers at all levels, provided they meet certain tenure conditions. The implementation of the plan aims to enhance employees' sense of belonging and promote the long-term sustainable development of our company and personal growth.

We enter into standard labor contracts with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management. The non-compete restricted period ranges typically between six months and two years after the termination of employment, depending on the jurisdiction in which our employees are located, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

We believe that we maintain a good working relationship with our employees, and we had not experienced any significant labor disputes during the past three years.

E. Share Ownership

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of the Latest Practicable Date by:

- each of our directors and executive officers; and

- each person known to us to own beneficially 5% or more of our ordinary shares.

The calculations in the table below are based on 766,003,850 Class A ordinary shares and 355,552,051 Class B ordinary shares outstanding as of the Latest Practicable Date.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned			
	Class A Ordinary Shares	Class B Ordinary Shares	% of Total Ordinary Shares	% of Aggregate Voting Power***
Directors and Executive Officers**:				
Leaf Hua Li ⁽¹⁾	164,086,568	239,750,000	36.0 %	63.0 %
Arthur Yu Chen	*	—	*	—
Nineway Jie Zhang	*	—	*	—
Shan Lu ⁽²⁾	*	—	*	—
Robin Li Xu ⁽³⁾	—	—	—	—
Vic Haixiang Li ⁽⁴⁾	—	—	—	—
Brenda Pui Man Tam ⁽⁵⁾	—	—	—	—
All Directors and Executive Officers as a Group	173,132,088	239,750,000	36.8 %	63.1 %
Principal Shareholders:				
Leaf Hua Li ⁽¹⁾	164,086,568	239,750,000	36.0 %	63.0 %
Entities affiliated with Tencent ⁽⁶⁾	110,971,451	115,802,051	20.2 %	30.8 %

* Less than 1% of our total outstanding ordinary shares.

** Except as indicated otherwise below, the business address of our directors and executive officers is 34/F, United Centre, 95 Queensway, Admiralty, Hong Kong S.A.R., People's Republic of China.

*** For each person or group included in this column, percentage of total voting power represents voting power based on both Class A and Class B ordinary shares held by such person or group with respect to all outstanding shares of our Class A and Class B ordinary shares as a single class. Each holder of our Class A ordinary shares is entitled to one vote per share. Each holder of our Class B ordinary shares is entitled to twenty votes per share. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

Notes:

(1) Represents (i) 202,812,500 Class B ordinary shares and 100,000,000 Class A ordinary shares (including 50,000,000 Class A ordinary shares in the form of ADSs) held by Lera Ultimate Limited, a BVI business company, (ii) 36,937,500 Class B ordinary shares and 64,000,000 Class A ordinary shares (in the form of ADSs) held by Lera Infinity Limited, a BVI business company, and (iii) 86,568 Class A ordinary shares (in the form of ADSs) held by Leaf Hua Li, as reported on the Schedule 13G/A filed by Mr. Li, among others, on February 6, 2024. Lera Ultimate Limited is ultimately owned by Lera Direction Plus Trust and Lera Infinity Limited is ultimately owned by Lera Target Trust. Mr. Li has the sole power to direct the retention or disposal of, and the exercise of any voting and other rights attached to the shares held by Lera Ultimate Limited and Lera Infinity Limited in our company. The registered address of each of Lera Ultimate Limited and Lera Infinity Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(2) The business address of Mr. Shan Lu is Gemdale Viseen Tower, No. 16, Gaoxinnanshi Road, Nanshan District, Shenzhen, People's Republic of China.

- (3) The business address of Mr. Robin Li Xu is Tower 2 #31-01, Marina Bay Financial Centre, 10 Marina Blvd, Singapore.
- (4) The business address of Mr. Vic Haixiang Li is Suite 7013, 70/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong S.A.R., People's Republic of China.
- (5) The business address of Ms. Brenda Pui Man Tam is 932 Weldwood Ct, Los Gatos, CA 95032, the United States of America.
- (6) Represents (i) 115,802,051 Class B ordinary shares and 33,195,789 Class A ordinary shares held of record by Huang River Investment Limited, a wholly-owned subsidiary of Tencent Holdings Limited; (ii) 71,024,142 Class A ordinary shares held of record by Image Frame Investment (HK) Limited, a wholly-owned subsidiary of Tencent Holdings Limited; (iii) 1,161,840 Class A ordinary shares represented by 145,230 ADSs held of record by TPP Opportunity GP I, Ltd., an entity controlled by Tencent Holdings Limited; (iv) 5,412,888 Class A ordinary shares represented by 676,611 ADSs held of record by Tencent Mobility Limited, a wholly-owned subsidiary of Tencent Holdings Limited; and (v) 176,792 Class A ordinary shares represented by 22,099 ADSs held of record by Distribution Pool Limited, a wholly-owned subsidiary of Tencent Holdings Limited, as reported on the Schedule 13G/A jointly filed by Huang River Investment Limited, Image Frame Investment (HK) Limited, and Tencent Holdings Limited on November 14, 2024. The registered address of each of Huang River Investment Limited, Image Frame Investment (HK) Limited and Tencent Holdings Limited is 29/F, Three Pacific Place, No. 1, Queen's Road East, Wanchai, Hong Kong.

To our knowledge, as of the Latest Practicable Date, a total of 611,783,912 Class A ordinary shares are held by one record holder in the United States, representing approximately 54.6% of our total outstanding shares. The holder is JPMorgan Chase Bank, N.A., the depository of the ADS program. None of our outstanding Class B ordinary shares are held by record holders in the United States. The number of beneficial owners of the ADSs in the United States is likely to be much larger than the number of record holders of our ordinary shares in the United States.

To our knowledge, except as disclosed above, we are not owned or controlled, directly or indirectly, by another corporation, by any foreign government or by any other natural or legal person or persons, severally or jointly. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

Please refer to "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

B. Related Party Transactions

Contractual Arrangements with the VIEs and Their Shareholders

See "Item 4. Information on the Company—C. Organizational Structure—Contractual Arrangements with the VIEs and Their Shareholders."

Transactions with Tencent

Tencent has been a principal shareholder of us since October 2014. We purchased software, cloud services, SMS channel services and other services from Tencent in the amount of HK\$208.3 million (US\$26.8 million) in 2025. As of December 31, 2025, we had amounts due to Tencent of HK\$67.1 million (US\$8.6 million), primarily consisting of the payable of HK\$63.8 million (US\$8.2 million) in relation to purchase of cloud equipment and services.

Transactions with Airstar Bank

Airstar Bank is a wholly owned subsidiary of Gravitation Fintech HK Limited. We have significant influence over Airstar Bank indirectly through our equity method investment in Gravitation Fintech HK Limited, which became an associate of our Group in May 2024. On September 16, 2025, the Group acquired a controlling stake in Gravitation and its subsidiary, and upon the completion of the transaction, Gravitation and its subsidiary became consolidated subsidiary of the Group. We earned technology service income from Airstar Bank in the amount of HK\$63.3 million (US\$8.1 million) from January 1, 2025 to September 16, 2025.

Transactions with Directors and Executive Officers

We provide brokerage services to our directors and officers and their spouses. Revenue earned from such services amounted to HK\$346.4 thousand (US\$44.5 thousand) for the year ended December 31, 2025. Cash deposited by our directors, officers and their spouses for trading purpose were recorded as payables to clients in our consolidated balance sheets and amounted to HK\$51.5 million (US\$6.6 million) as of December 31, 2025.

Employment Agreements and Indemnification Agreements

See “Item 6. Directors, Senior Management and Employees—B. Compensation.”

Share Incentive Plan

See “Item 6. Directors, Senior Management and Employees—B. Compensation.”

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

There are no changes to any GAAP information and non-GAAP information, including the Company’s net assets, consolidated statements of comprehensive income, consolidated statements of cash flows and consolidated statements of changes in shareholders’ equity.

Legal Proceedings

We may from time to time be subject to various legal, arbitration or administrative claims and proceedings arising in the ordinary course of business involving our users, clients and third-party business partners in contract disputes and other matters. We are currently involved in certain lawsuits arising in the ordinary course of business, which we believe are immaterial to our company on an individual basis or a collective basis.

Litigation, arbitration or any other legal or administrative proceeding, regardless of the outcome, could result in substantial costs and diversion of our resources, including our management's time and attention. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If we fail to protect our platform or the information of our users and clients, whether due to cyber-attacks, computer viruses, physical or electronic break-in, breaches by third parties or other reasons, we may be subject to liabilities imposed by relevant laws and regulations, and our reputation and business may be materially and adversely affected," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be subject to intellectual property infringement claims, which may be expensive to defend and disruptive to our business and operations," "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may be subject to litigation and regulatory investigations and proceedings, and may not always be successful in defending ourselves against such claims or proceedings, which may affect our business operations and financial conditions," and "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We are subject to extensive and evolving regulatory requirements in the markets we operate in, non-compliance with which may result in penalties, limitations and prohibitions on our future business activities or suspension or revocation of our licenses and trading rights, and consequently may materially and adversely affect our business, financial condition, operations and prospects." See also "Item 4. Information on the Company—B. Business Overview—Ongoing Regulatory Actions."

Dividend Policy

Our board of directors has discretion on whether to distribute dividends. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board of directors may deem relevant.

Our board of directors declared a cash dividend of US\$0.325 per ordinary share, or US\$2.60 per ADS in April 2026. We cannot guarantee that additional dividends will be paid in the future.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Foreign Exchange—Regulations on Dividend Distribution."

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the depository, as the registered holder of such ordinary shares, and the depository then will pay such amounts to the ADS holders in proportion to ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Item 12. Description of Securities Other than Equity Securities—D. American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

Item 9. The Offer and Listing

A. Offering and Listing Details

The ADSs, each representing eight of our Class A ordinary shares, have been listed on The Nasdaq Global Market since March 8, 2019. The ADSs currently trade under the symbol "FUTU."

B. Plan of Distribution

Not applicable.

C. Markets

The ADSs, each representing eight of our Class A ordinary shares, have been listed on The Nasdaq Global Market since March 8, 2019. The ADSs currently trade under the symbol "FUTU."

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The following are summaries of material provisions of our current memorandum and articles of association, or Memorandum and Articles of Association, insofar as they relate to the material terms of our ordinary shares.

Objects of Our Company. Under our Memorandum and Articles of Association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the law of the Cayman Islands.

Ordinary Shares. Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class A ordinary share shall entitle the holder thereof to one vote on all matters subject to vote at our general meetings, and each Class B ordinary share shall entitle the holder thereof to twenty (20) votes on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members. We may not issue shares to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Conversion. Class B ordinary shares may be converted into the same number of Class A ordinary shares by the holders thereof at any time, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary shares by a holder thereof to any non-affiliate of such holder, each of such Class B ordinary shares will be automatically and immediately converted into one Class A ordinary share.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our Memorandum and Articles of Association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights. Holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members at any general meeting of the Company. Each Class A ordinary share shall be entitled to one vote on all matters subject to the vote at general meetings of our company, and each Class B ordinary share shall be entitled to twenty (20) votes on all matters subject to the vote at general meetings of our company. At any general meeting a resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman of such meeting or any one shareholder present in person or by proxy.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares which are cast at the meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes attaching to the issued and outstanding ordinary shares which are cast at the meeting. Both ordinary resolutions and special resolutions may also be passed by a unanimous written resolution signed by all the shareholders of our company, as permitted by the Companies Act and our Memorandum and Articles of Association. A special resolution will be required for important matters such as a change of name or making changes to our Memorandum and Articles of Association.

General Meetings of Shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our Memorandum and Articles of Association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairman of our board or a majority of our board of directors. Advance notice of at least ten (10) calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of one or more shareholders present or by proxy, holding shares which carry in aggregate not less than one-third of all votes attaching to all of our shares in issue and entitled to vote at such general meeting.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Memorandum and Articles of Association provide that upon the requisition of one or more shareholders holding shares which carry in aggregate not less than one-third of the total number of votes attaching to all outstanding and issued shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our Memorandum and Articles of Association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

Board of Directors. Unless otherwise determined by us in a general meeting, the number of directors shall not be less than three (3) directors, the exact number of directors to be determined from time to time by the board of directors. We may appoint any person to be a director by ordinary resolution, and the board may, by the affirmative vote of a simple majority of the remaining directors present and voting at a board meeting, appoint any person as a director, to fill a casual vacancy on the board or as an addition to the existing board.

Notwithstanding anything in the Memorandum and Articles of Association, for as long as the Tencent Investors (as defined in the Memorandum and Articles of Association) together hold at least 91,671,323 shares of our company (as may be adjusted by share splits, recapitalization, reorganization, consolidation or other similar transaction), the Tencent Investors shall have the right to appoint one (1) director to our board of directors ("Tencent Director") by sending a joint notice to our company's registered office. The Tencent Director may only be removed as directed or approved by both Tencent Investors, and any vacancies created by the resignation, removal or death of the Tencent Director shall be filled pursuant to the terms described above. The term of the Tencent Director shall automatically end once the Tencent Investors together hold less than 91,671,323 shares of our company (as may be adjusted by share splits, recapitalization, reorganization, consolidation or other similar transaction).

Transfer of Ordinary Shares. Subject to the restrictions set out in our Memorandum and Articles of Association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in writing and in any usual or common form approved by our board, and shall be executed by or on behalf of the transferor, and if in respect of any nil or partly paid up share or if so required by our directors, shall also be executed by or on behalf of by the transferee.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as The Nasdaq Global Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of The Nasdaq Global Market, be suspended and the register of members closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register of members closed for more than 30 days in any year as our board may determine.

Liquidation. On the winding up of our company, if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders in proportion to the par value of the shares held by them.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined by our board of directors, or by a special resolution of our shareholders. Our Company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares issued and outstanding or (c) if our company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time, our share capital is divided into different classes of shares, the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially adversely varied with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by, inter alia, the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company. The rights of the holders of shares shall not be deemed to be materially adversely varied by the creation or issue of shares with preferred or other rights including, without limitation, the creation of shares with enhanced or weighted voting rights.

Issuance of Additional Shares. Our amended and restated memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our amended and restated memorandum of association also authorizes our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Inspection of Books and Records. Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our register of members or our corporate records (other than copies of our Memorandum and Articles of Association and any special resolutions passed by our shareholders, and our register of mortgages and charge). However, we will provide our shareholders with annual audited financial statements. Under Cayman Islands law, the names of current directors can be obtained from a search conducted at the Registrar of Companies in the Cayman Islands. See "Item 10. Additional Information—H. Documents on Display."

Anti-Takeover Provisions. Some provisions of our Memorandum and Articles of Association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 30 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Registered Office and Objects

Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other location within the Cayman Islands as our directors may from time to time decide. The objects for which our company is established are unrestricted and we have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

Differences in Corporate Law

The Companies Act of the Cayman Islands is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments, and accordingly there are significant differences between the Companies Act of the Cayman Islands and the current Companies Act of England. In addition, the Companies Act of the Cayman Islands differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the comparable provisions of the laws applicable to companies incorporated in Delaware and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a “consolidation” means the combination of two or more constituent companies into a combined company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Act also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, provided that the arrangement is approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder or creditor has the right to express to the court the view that the transaction ought not to be approved, the court would likely to approve the arrangement if it determines that:

- the statutory provisions as to the required vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholders upon a tender offer. When a tender offer is made and accepted by holders of 90% of the shares affected within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares to the offeror on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted, in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits. In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to apply and follow the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against, or derivative actions in the name of, a company to challenge the following:

- an act which is illegal or ultra vires;
- an act which, although not ultra vires, could only be effected duly if authorized by a special or qualified majority vote that has not been obtained; and
- an act which constitutes a fraud on the minority where the wrongdoers are themselves in control of the company.

Indemnification of Directors and Executive Officers and Limitation of Liability. Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Memorandum and Articles of Association provide that our directors and officers shall be indemnified against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such director or officer, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with each of our directors and executive officers that will provide such persons with additional indemnification beyond that provided in our Memorandum and Articles of Association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association. Some provisions of our Memorandum and Articles of Association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our Memorandum and Articles of Association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Directors' Fiduciary Duties. Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore he owes the following duties to the company—a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his or her position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Proposals. Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. The Delaware General Corporation Law does not provide shareholders an express right to put any proposal before the annual meeting of shareholders, but in keeping with common law, Delaware corporations generally afford shareholders an opportunity to make proposals and nominations provided that they comply with the notice provisions in the certificate of incorporation or bylaws. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Cayman Islands law provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our Memorandum and Articles of Association provides that, on the requisition of shareholders holding shares representing in aggregate not less than one-third (1/3) of all votes attaching to all issued and outstanding shares of the Company that as at the date of the deposit of such requisition carry the right to vote at general meetings of the Company, the board shall convene an extraordinary general meeting. However, our Memorandum and Articles of Association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. As a Cayman Islands exempted company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting. Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. Cayman Islands law does not prohibit cumulative voting, but our Memorandum and Articles of Association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Appointment of Directors. We may appoint any person to be a director by ordinary resolution, and the board may, by the affirmative vote of a simple majority of the remaining directors present and voting at a board meeting, appoint any person as a director, to fill a casual vacancy on the board or as an addition to the existing board.

Notwithstanding anything in our Memorandum and Articles of Association, for as long as the Tencent Investors (as defined in our Memorandum and Articles of Association) together hold at least 91,671,323 shares of our company (as may be adjusted by share splits, recapitalization, reorganization, consolidation or other similar transaction), the Tencent Investors shall have the right to appoint one (1) director to our board of directors (the “Tencent Director”) by sending a joint notice to our company’s registered office. The Tencent Director may only be removed as directed or approved by the Tencent Investors, and any vacancies created by the resignation, removal or death of the Tencent Director shall be filled pursuant to the terms described above. The term of the Tencent Director shall automatically end once the Tencent Investors together hold less than 91,671,323 shares of our company (as may be adjusted by share splits, recapitalization, reorganization, consolidation or other similar transaction).

Each director whose term of office expires shall be eligible for re-election at a meeting of the Company’s shareholders or re-appointment by the board of directors.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our Memorandum and Articles of Association, directors not appointed by the Tencent Investors may be removed by ordinary resolution of our shareholders.

Transactions with Interested Shareholders. The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation or bylaws that is approved by its shareholders, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting stock or who or which is an affiliate or associate of the corporation and owned 15% or more of the corporation’s outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up. Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Variation of Rights of Shares. Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our Memorandum and Articles of Association, we may only materially adversely vary the rights attached to any class of shares (subject to any rights or restrictions for the time being attached to any class of share) with the consent in writing of the holders of two-thirds of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

Amendment of Governing Documents. Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors. Under the Companies Act and our Memorandum and Articles of Association, our Memorandum and Articles of Association may only be amended by special resolution of our shareholders; provided that Article 88(f) and (h) of our Memorandum and Articles of Association may not be amended without the prior written consent of the Tencent Investors (as defined in our Memorandum and Articles of Association).

Rights of Non-Resident or Foreign Shareholders. There are no limitations imposed by our Memorandum and Articles of Association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our Memorandum and Articles of Association that require our company to disclose shareholder ownership above any particular ownership threshold.

Directors' Power to Issue Shares. Under our Memorandum and Articles of Association, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

See "Exhibit 2.4—Description of Securities" attached to this form 20-F for more descriptions of our securities.

C. Material Contracts

Other than in the ordinary course of business and other than those described in "Item 4. Information on the Company" or "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions" or elsewhere in this annual report, we have not entered into any material contract during the two years immediately preceding the date of this annual report.

D. Exchange Controls

See "Item 4. Information on the Company—B. Business Overview—Regulation—Overview of the Laws and Regulations Relating to Our Business and Operations in China—Regulations on Foreign Exchange."

E. Taxation

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in the ADSs or our Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in the ADSs or our Class A ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, China and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, and to the extent it relates to summary or description of PRC tax law, it represents the opinion of Han Kun Law Offices, our counsel as to PRC law.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Our company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Financial Secretary of the Cayman Islands as to tax concessions under the Tax Concessions Act (As Revised). In accordance with the provision of Section 6 of the Tax Concessions Act (As Revised), the Financial Secretary has undertaken with our company:

- that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to our company or its operations; and
- in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
 - (i) on or in respect of the shares, debentures or other obligations of our company; or
 - (ii) by way of the withholding, in whole or part, of any relevant payment as defined in the Tax Concessions Act (As Revised).

These concessions shall be for a period of 20 years from February 20, 2019.

PRC Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside China with “de facto management body” within China is considered a resident enterprise. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the SAT issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” text should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe that Futu Holdings Limited is not a PRC resident enterprise for PRC tax purposes. Futu Holdings Limited is not controlled by a PRC enterprise or PRC enterprise group and we do not believe that Futu Holdings Limited meets all of the conditions above. Futu Holdings Limited is a company incorporated outside China. As a holding company, Futu Holdings Limited’s key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside China. In addition, we are not aware of any offshore holding companies with a similar corporate structure as ours ever having been deemed a PRC “resident enterprise” by the PRC tax authorities. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.”

If the PRC tax authorities determine that Futu Holdings Limited is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within China. It is unclear whether our non-PRC individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether non-PRC shareholders of Futu Holdings Limited would be able to claim the benefits of any tax treaties between their country of tax residence and China in the event that Futu Holdings Limited is treated as a PRC resident enterprise. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China—We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.”

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of the ADSs or our ordinary shares by a U.S. Holder (as defined below) that holds the ADSs or our ordinary shares as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the “Code”). This discussion is based upon existing U.S. federal tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion, moreover, does not address any state, local or non-U.S. tax considerations and does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances (such as estate or gift tax considerations, alternative minimum tax considerations, the potential application of the Medicare contribution tax on net investment income, or the special tax accounting rules under Section 451(b) of the Code) or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- individual retirement accounts or other tax-deferred accounts;
- persons who acquire their ADSs or ordinary shares pursuant to any employee share option or otherwise as compensation;

- investors that will hold their ADSs or ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own 10% or more of the ADSs or our ordinary shares (by vote or value);
- persons required to accelerate the recognition of any item of gross income with respect to their ADSs or ordinary shares as a result of such income being recognized on an applicable financial statement; or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or ordinary shares through such entities;

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of the ADSs or our ordinary shares.

General

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of the ADSs or our ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of the ADSs or our ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding the ADSs or our ordinary shares and their partners are urged to consult their tax advisors regarding an investment in the ADSs or our ordinary shares.

For U.S. federal income tax purposes, a U.S. Holder of ADSs will generally be treated as the beneficial owner of the underlying shares represented by the ADSs. The remainder of this discussion assumes that a U.S. Holder of the ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year if either (i) 75% or more of its gross income for such year consists of certain types of “passive” income or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income (the “asset test”). For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company’s goodwill and other unbooked intangibles are taken into account. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

Although the law in this regard is not entirely clear, we treat the Consolidated Affiliated Entities as being owned by us for U.S. federal income tax purposes because we control their management decisions and are entitled to substantially all of the economic benefits associated with them, and, as a result, we consolidate their results of operations in our consolidated U.S. GAAP financial statements. If it were determined, however, that we are not the owner of the Consolidated Affiliated Entities for U.S. federal income tax purposes, we may be treated as a PFIC for the current taxable year and any subsequent taxable year.

Based on our analysis of our activities as well as the composition of our income and valuation of our assets, including goodwill, we believe that we were a PFIC for our taxable year ended December 31, 2025. We may also be a PFIC in future taxable years. However, no assurances regarding our PFIC status can be provided for any past, current or future taxable years.

U.S. Holders should consult with their tax advisors regarding the implications of owning stock in a PFIC. The determination of whether we are or will become a PFIC is a factual determination made annually that will depend, in part, upon the composition and classification of our income and assets. Because there are uncertainties in the application of the relevant rules, it is possible that the IRS may challenge our classification of certain income and assets as non-passive which may result in our being or becoming a PFIC in the current or subsequent years. Furthermore, fluctuations in the market price of the ADSs may cause us to be classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of the ADSs from time to time (which may be volatile). Among other matters, if our market capitalization declines, we may be or become a PFIC for the current or future taxable years. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets. Under circumstances where our revenue from activities that produce passive income significantly increases relative to our revenue from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of becoming classified as a PFIC may substantially increase. Because of the uncertainties involved in establishing our PFIC status, our U.S. tax counsel expresses no opinion regarding our PFIC status for any tax year.

If we are a PFIC for any year during which a U.S. Holder holds the ADSs or our ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which such U.S. Holder holds the ADSs or our ordinary shares.

The discussion below under “—Dividends” and “—Sale or Other Disposition” is written on the basis that we are not, will not be or become classified as a PFIC for U.S. federal income tax purposes. The U.S. federal income tax rules that apply generally if we are treated as a PFIC are discussed below under “—Passive Foreign Investment Company Rules.”

Dividends

Any cash distributions paid on the ADSs or our ordinary shares (including the amount of any PRC tax withheld) out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of ordinary shares, or by the depository, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, any distribution we pay will generally be treated as a “dividend” for U.S. federal income tax purposes. Dividends received on the ADSs or our ordinary shares will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from U.S. corporations.

Individuals and other non-corporate U.S. Holders will be subject to tax on any such dividends at the lower capital gain tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (1) the ADSs or our ordinary shares on which the dividends are paid are readily tradable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefit of the U.S.-PRC income tax treaty (the “Treaty”), (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for the taxable year in which the dividend is paid and the preceding taxable year, and (3) certain holding period requirements are met. For this purpose, ADSs listed on the Nasdaq Stock Market will generally be considered to be readily tradable on an established securities market in the United States. U.S. Holders are urged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to the ADSs or our ordinary shares. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see “Item 10. Additional Information—E. Taxation—PRC Taxation”), we may be eligible for the benefits of the Treaty. If we are eligible for such benefits, dividends we pay on our ordinary shares, regardless of whether such shares are represented by the ADSs, and regardless of whether the ADSs are readily tradable on an established securities market in the United States, would be eligible for the reduced rate of taxation described in this paragraph.

For U.S. foreign tax credit purposes, dividends paid on the ADSs or our ordinary shares generally will be treated as income from foreign sources and generally will constitute passive category income. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid on the ADSs or our ordinary shares (see “Item 10. Additional Information—E. Taxation—PRC Taxation”). Depending on the U.S. Holder’s particular facts and circumstances and subject to a number of complex conditions and limitations, PRC withholding taxes on dividends that are non-refundable under the Treaty may be treated as foreign taxes eligible for credit against a U.S. Holder’s U.S. federal income tax liability. However, U.S. Treasury regulations may in some circumstances prohibit a U.S. Holder from claiming a foreign tax credit with respect to certain foreign taxes that are not creditable under applicable tax treaties. A U.S. Holder who does not elect to claim a foreign tax credit for foreign tax withheld may instead claim a deduction for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

A U.S. Holder will generally recognize gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or ordinary shares. The gain or loss will generally be capital gain or loss. Any capital gain or loss will be long term if the ADSs or ordinary shares have been held for more than one year. Non-corporate U.S. Holders (including individuals) generally will be subject to United States federal income tax on long-term capital gain at preferential rates. The deductibility of a capital loss may be subject to limitations. Any such gain or loss that the U.S. Holder recognizes will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes, which will generally limit the availability of foreign tax credits. However, in the event we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law, we may be eligible for the benefits of the Treaty. In such event, if PRC tax were to be imposed on any gain from the disposition of the ADSs or ordinary shares, a U.S. Holder that is eligible for the benefits of the Treaty may elect to treat such gain as PRC source income. If a U.S. Holder is not eligible for the benefits of the Treaty or fails to make the election to treat any gain as foreign source, then such U.S. Holder may not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against United States federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). Each U.S. Holder is advised to consult its tax advisor regarding the tax consequences if a foreign tax is imposed on a disposition of the ADSs or our ordinary shares, including the availability of the foreign tax credit under its particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds the ADSs or our ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules, regardless of whether we remain a PFIC, on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or ordinary shares;
- the amount allocated to the taxable year of the distribution or gain and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year"), will be taxable as ordinary income; and
- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest income tax rate in effect for individuals or corporations, as appropriate, for that year, increased by an additional tax equal to the interest charge on the resulting tax deemed deferred with respect to each such taxable year.

If we are a PFIC for any taxable year during which a U.S. Holder holds the ADSs or our ordinary shares and any of our subsidiaries or the Consolidated Affiliated Entities is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries or the Consolidated Affiliated Entities.

As an alternative to the foregoing rules, a U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election with respect to such stock. If a U.S. Holder makes this election with respect to the ADSs, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder’s adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of the ADSs and we cease to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of the ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

The mark-to-market election is available only for “marketable stock,” which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable United States Treasury regulations. The ADSs, but not our ordinary shares, are listed on The Nasdaq Global Market, which is a qualified exchange for this purpose. We anticipate that the ADSs should qualify as being regularly traded, but no assurances may be given in this regard.

Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder who made a mark-to-market election with respect to the ADSs may continue to be subject to the PFIC rules with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections which, if available, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns the ADSs or our ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621 whether or not a mark-to-market election is or has been made. You should consult your tax advisor regarding the U.S. federal income tax consequences of owning and disposing of the ADSs or our ordinary shares if we are or become a PFIC.

Information Reporting and Backup Withholding

Payments of distributions and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder’s U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Information With Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals may be required to report information relating to their ownership of an interest in certain foreign financial assets, including stock of a non-U.S. person, generally on Form 8938, subject to exceptions (including an exception for stock held through a U.S. financial institution). In addition, certain U.S. Holders may be required to file a FinCEN Form 114 (Report of Foreign Bank and Financial Accounts) with the U.S. Treasury Department each year to report their interest in the ADSs. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the ADSs.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers, and are required to file reports and other information with the SEC. Specifically, we are required to file annually an annual report on Form 20-F within four months after the end of each fiscal year, which is December 31. All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

We will furnish JPMorgan Chase Bank, N.A., the depositary of the ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

In accordance with Nasdaq Stock Market Rule 5250(d), we will post this annual report on Form 20-F on our website at ir.futuholdings.com. In addition, we will provide hardcopies of our annual report free of charge to shareholders and ADS holders upon request.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Foreign exchange risk

Most of our revenues are denominated in Hong Kong dollar and U.S. dollar and a significant portion of our expenses are denominated in Renminbi. The value of your investment in the ADSs will be affected by the exchange rate between U.S. dollar and Hong Kong dollar because the value of our business is effectively denominated in Hong Kong dollars, while the ADSs are traded in U.S. dollars.

Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact the financial instruments. Our Group is not exposed to significant transactional foreign currency risk since almost all of its transactions, assets and liability are denominated in Hong Kong dollars and U.S. dollars and Hong Kong dollars are pegged against U.S. dollars. The impact of foreign currency fluctuations in our earnings is included in "Others, net" in the consolidated statements of comprehensive (loss)/income. At the same time, we are exposed to translational foreign currency risk since some of our major subsidiaries have RMB as their functional currency. Therefore, RMB depreciation against Hong Kong dollars could have a material adverse impact on the foreign currency translation adjustment in the consolidated statements of comprehensive (loss)/income.

As of December 31, 2023, 2024 and 2025, we had RMB-denominated net liabilities of HK\$3,711.1 million, HK\$6,586.9 million and HK\$8,404.6 million (US\$1,079.8 million), respectively. We estimate that a 10% depreciation of Renminbi against the Hong Kong dollar based on the foreign exchange rate on December 31, 2023, 2024 and 2025 would result in an increase of HK\$371.1 million, HK\$658.7 million and HK\$840.5 million (US\$108.0 million), respectively, in our pre-tax profit for the year ended December 31, 2023, 2024 and 2025, and a 10% appreciation of Renminbi against the Hong Kong dollar based on the foreign exchange rate on December 31, 2023, 2024 and 2025 would result in a decrease of HK\$371.1 million, HK\$658.7 million and HK\$840.5 million (US\$108.0 million), respectively, in our pre-tax profit for the year ended December 31, 2023, 2024 and 2025.

Credit risk

Cash held on behalf of clients are segregated and deposited in financial institutions as required by rules mandated by our primary regulators. These financial institutions are of sound credit ratings; therefore management believes that there is no significant credit risk related to cash held on behalf of clients.

Our securities activities are transacted on either a cash or margin basis. Our credit risk is limited in that substantially all of the contracts entered into are settled directly at securities clearing organizations.

In margin transactions, we extend credit to the clients, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the client's account. We monitor our clients' collateral level and have the right to dispose the newly allotted stocks once the stocks start trading. Stock-pledged loans to enterprise pledged by shares are exposed to credit risk from counterparties who fails to repay the loans. We monitor the collateral level of stock-pledged loans in real time, and have the right to dispose of the pledged shares once the collateral level falls under the minimal level required to get the loans repaid. Bank loans are exposed to credit risk from clients who fail to repay the loans. We oversee the management of credit risk through formulating credit policies and procedures, overseeing the credit quality of the loan portfolio, ensuring an independent and objective assessment of credit risk, controlling exposure to selected industries, counterparties, countries and portfolio types, etc..

Receivables from other brokers and dealers related to unsettled transactions are recorded at the amount for which the securities were purchased, and are paid upon receipt of the securities from other brokers or dealers.

In connection with its clearing activities, we are obligated to settle transactions with brokers and other financial institutions even if its clients fail to meet their obligations to us. Clients are required to complete their transactions by the settlement date, generally two business days after the trade date. If clients do not fulfill their contractual obligations, we may incur losses. We have established procedures to reduce this risk by generally requiring that clients deposit sufficient cash and/or securities into their account prior to placing an order.

Our exposure to credit risk associated with its trading and other activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. There was no revenue from clients which individually represented greater than 10% of the total revenues for the years ended December 31, 2023, 2024 and 2025, respectively. Concentrations of credit risk can be affected by changes in political, industry, or economic factors. To reduce the potential for risk concentration, credit limits are established and exposure is monitored in light of changing counterparty and market conditions. The concentration of credit risk arises when loans are concentrated with a small number of borrowers or a limited number of listed shares pledged. We made loans to third-party enterprises secured by pledged listed shares and are exposed to credit risk in the case of default by debtors and market downturn or decline in the prices of the pledged securities. As of December 31, 2024 and 2025, a single borrower accounted for 95.91% and 95.99% of our total outstanding balance of stock-pledged loans, with a majority of the collaterals comprising of listed shares in a single company, respectively.

Interest rate risk

Fluctuations in market interest rates may negatively affect our financial condition and results of operations. We are exposed to floating interest rate risk on cash deposit and floating rate borrowings. We use net interest simulation modeling techniques to evaluate the effect that changes in interest rates might have on pre-tax income. The model includes all interest-sensitive assets and liabilities. The simulations involve assumptions that are inherently uncertain and, as a result, cannot precisely predict the impact that changes in interest rates will have on pre-tax income. Actual results may differ from simulated results due to differences in timing and frequency of rate changes, changes in market conditions and changes in management strategy that lead to changes in the mix of interest-sensitive assets and liabilities.

The simulations assume that the asset and liability structure of the consolidated balance sheets would not be changed as a result of a simulated change in interest rates. The results of the simulations based on our financial position as of December 31, 2025 indicate that a 1% (100 basis points) increase/decrease in interest rates over a 12-month period would have increased/decreased our profit before tax by approximately HK\$844.1 million (US\$108.5 million), depending largely on the extent and timing of possible changes in floating rates.

Inflation

To date, our results of operations have not been materially affected by inflation. Although we have not been materially affected by inflation in the past, we may be affected if any country or region where we have operations experiences higher rates of inflation in the future.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges ADS holders May Have to Pay

JPMorgan Chase Bank, N.A., the depositary of the ADS program, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The principal executive office of the depositary is located at 270 Park Avenue, Floor 8, New York, New York 10017. An ADS holder will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of the ADSs):

Persons depositing or withdrawing Class A ordinary shares or ADS holders must pay:

	For:
\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance of ADSs, including issuances resulting from a distribution of Class A ordinary shares or rights or other property
	Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
\$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been Class A ordinary shares and the Class A ordinary shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders
\$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of Class A ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw Class A ordinary shares
Expenses of the depositary	Cable and facsimile transmissions (when expressly provided in the deposit agreement)
	Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or Class A ordinary shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing Class A ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

Fees and Other Payments Made by the Depositary to Us

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions. For the year ended December 31, 2025, we did not receive any reimbursement from the depositary for our expenses incurred in connection with the establishment and maintenance of the ADS program.

Payment of Taxes

ADS holders will be responsible for any taxes or other governmental charges payable on the ADSs or on the deposited securities represented by any of the ADSs. The depositary may refuse to register any transfer of ADSs or allow holders thereof to withdraw the deposited securities represented by the ADSs until those taxes or other charges are paid. It may apply payments owed to ADS holders or sell deposited securities represented by the ADSs to pay any taxes owed and the ADS holders will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Material Modifications to the Rights of Security Holders

None.

Use of Proceeds

None.

Item 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our chief executive officer and chief financial officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures, which is defined in Rules 13a-15(e) of the Exchange Act, as of December 31, 2025. Based upon that evaluation, our management, with the participation of our chief executive officer and chief financial officer, concluded that, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rule and forms and that such information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, as amended). Our management evaluated the effectiveness of our internal control over financial reporting based on criteria established in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2025.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness of our internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our management has excluded Gravitation Fintech HK Limited and its wholly-owned subsidiary Airstar Bank Limited ("Gravitation and its subsidiary") from its assessment of internal control over financial reporting as of December 31, 2025 because they were acquired in a business combination during the year ended December 31, 2025. The total assets and total revenues of Gravitation and its subsidiary represented less than 3% and 1%, respectively, of our related consolidated financial statement amounts as of and for the year ended December 31, 2025.

Attestation Report of the Independent Registered Public Accounting Firm

PricewaterhouseCoopers Zhong Tian LLP has audited the effectiveness of our internal control over financial reporting as of December 31, 2025 as stated in its report, which appears on page F-2 of this annual report on Form 20-F.

Changes in Internal Control over Financial Reporting

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Ms. Brenda Pui Man Tam, an independent director (under the standards set forth in Nasdaq Stock Market Rule 5605(a)(2) and Rule 10A-3 under the Exchange Act) and member of our audit committee, is an audit committee financial expert.

Item 16B. Code of Ethics

Our board of directors adopted a code of business conduct and ethics that applies to our directors, officers and employees in December 2018. We have posted a copy of our code of business conduct and ethics on our website at ir.futuholdings.com.

Item 16C. Principal Accountant Fees and Services

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our principal external auditors, for the periods indicated.

	For the Year ended December 31,	
	2024	2025
	(US\$ in thousands)	
Audit fees ⁽¹⁾	981	1,367
Tax fees ⁽²⁾	11	22
All other fees ⁽³⁾	39	274

Notes:

- (1) "Audit fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements and assistance with and review of documents filed with the SEC. In 2024 and 2025, the audit refers to financial audit.
- (2) "Tax fees" means the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning.
- (3) "All other fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors associated with certain permissible services to review and comment on internal control design over financial reporting and other advisory services.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by PricewaterhouseCoopers Zhong Tian LLP, including audit services, audit-related services, tax services and other services as described above.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On November 3, 2021, we announced a new share repurchase program approved by our board of directors, under which our company may repurchase up to US\$300 million worth of ADSs, until December 31, 2022. As of January 2022, we had used up the maximum repurchase amount under the share repurchase program announced on November 3, 2021. On March 11, 2022, we announced a new share repurchase program approved by our board of directors, under which our company may repurchase up to US\$500 million worth of ADSs, until December 31, 2023. The source of funding for our share repurchase programs is our cash on hand. As of December 31, 2023, we have repurchased US\$364.8 million worth of ADSs in open market transactions in accordance with the authorization under this share repurchase program. The share repurchase program expired on December 31, 2023. On March 14, 2024, our board of directors authorized a share repurchase program under which our company may repurchase up to US\$500 million worth of ADSs, until December 31, 2025. As of December 31, 2025, we did not repurchase any ADSs in open market transactions or otherwise in accordance with the authorization under this share repurchase program. The share repurchase program expired on December 31, 2025.

In November 2025, our board of directors authorized a new share repurchase program under which our company may repurchase up to US\$800 million worth of ADSs, until December 31, 2027. We will fund the repurchases from our existing cash balance. Under the new share repurchase program, our company may repurchase ADSs from time to time in the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations. Our board of directors will review the share repurchase program periodically, and may modify, suspend or terminate the share repurchase program at any time. As of the date of this annual report, we did not repurchase any ADSs in open market transactions or otherwise in accordance with the authorization under this share repurchase program. On March 26, 2026, we retired all outstanding treasury shares.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

As a Cayman Islands exempted company listed on Nasdaq Stock Market, we are subject to the Nasdaq corporate governance listing standards. However, Nasdaq rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. Currently, we rely on home country practice as our audit committee consists of two independent directors. We also rely on home country practice exemption with respect to the requirement for annual shareholders' meeting and did not hold an annual shareholders' meeting in 2024. As a result, our shareholders are afforded less protection than they would otherwise enjoy under the Nasdaq Stock Market corporate governance listing standards applicable to U.S. domestic issuers. See "Item 3. Key Information—D. Risk Factors—Risks Related to the ADSs—As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq listing standards."

In addition, as a "controlled company" as defined under the Nasdaq Stock Market Rules, we are permitted to elect to rely, and are currently relying, on certain exemptions from corporate governance rules. Currently, the majority of our board of directors are not independent directors. In addition, the compensation of our executive officers is not determined or recommended solely by independent directors, and our director nominees are not selected or recommended solely by independent directors. As a result, you do not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements. See "Item 3. Key Information—D. Risk Factors—Risks Related to the ADSs—We are a "controlled company" within the meaning of the Nasdaq Stock Market Rules and, as a result, can rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other United States domestic companies."

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

We have adopted insider trading policies and procedures governing the purchase, sale and other dispositions of our securities by directors, officers, employees and consultants to promote compliance with applicable insider trading laws, rules and regulations. These insider trading policies and procedures are filed as Exhibit 11.2 to this annual report on Form 20 - F.

Item 16K. Cybersecurity

Risk management and strategy

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical computer networks, third party hosted services, communications systems, hardware and software, and our critical data, including intellectual property, confidential information that is proprietary, strategic or competitive in nature, such as clients' personal information and trading data ("Information Systems and Data").

Our technology committee lead, Mr. Leaf Hua Li, together with our information security, security management engineering operations, legal and risk management departments (together, the "Cybersecurity Function Group") help identify, assess and manage our cybersecurity threats and risks. The Cybersecurity Function Group identifies and assesses risks from cybersecurity threats by monitoring and evaluating our threat environment and our risk profile using various methods, including, for example, manual tools and automated tools, subscribing to reports and services that identify cybersecurity threats, analyzing reports of threats and factors, conducting scans of the threat environment, evaluating our and our industry's risk profile, conducting threat assessments for internal and external threats, engaging third party threat assessments, and conducting vulnerability assessments to identify vulnerabilities. We also conduct internal and/or external audits at least once a year. If regulatory requirements become more stringent, we will adhere to the higher standards.

Depending on the environment, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our Information Systems and Data, including, for example, adopting cybersecurity incident response policy, implementing incident detection and response measures, risk assessments processes, security standards, encryption of data, network security controls, data segregation, and access control.

Our assessment and management of material risks from cybersecurity threats are integrated into our overall risk management processes. For example, (i) cybersecurity risk is addressed as a component of our enterprise risk management program and identified in our risk register; (ii) the Cybersecurity Function Group works with management to prioritize our risk management processes and mitigate cybersecurity threats that are more likely to lead to a material impact to our business; (iii) our senior management evaluates material risks from cybersecurity threats against our overall business objectives and reports to the audit committee of our board of directors, which evaluates our overall enterprise risk.

We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including, for example, cybersecurity consultants, cybersecurity software providers, penetration testing firms, and professional services firms including legal counsel.

We use third-party service providers to perform a variety of functions throughout our business, such as third-party application, hosting and supply chain service providers, including clearing systems, exchange systems, alternate trading systems, order-routing systems, internet service providers, communications facilities and other facilities. We have a vendor management program to manage cybersecurity risks associated with our use of these providers. The program includes risk assessment for each vendor, review of security assessment, report, audit, conducting security assessment calls with the vendor's security personnel, and imposition of information contractual obligations on the vendor. Depending on the nature of the services provided, the sensitivity of the Information Systems and Data at issue, and the identity of the provider, our vendor management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider and impose contractual obligations related to cybersecurity on the provider.

For a description of the risks from cybersecurity threats that may materially affect us and how they may do so, see "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—If we fail to protect our platform or the information of our users and clients, whether due to cyber-attacks, computer viruses, physical or electronic break-in, breaches by third parties or other reasons, we may be subject to liabilities imposed by relevant laws and regulations, and our reputation and business may be materially and adversely affected."

Governance

Our board of directors addresses the Company's cybersecurity risk management as part of its general oversight function. The board of directors' audit committee is responsible for overseeing Company's cybersecurity risk management processes, including oversight and mitigation of risks from cybersecurity threats.

Our cybersecurity risk assessment and management processes are implemented and maintained by the Cybersecurity Function Group. See "Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management" for details of Mr. Leaf Hua Li's expertise and prior work experience in the cybersecurity field.

The Cybersecurity Function Group is responsible for hiring appropriate personnel, helping to integrate cybersecurity risk considerations into the Company's overall risk management strategy, and communicating key priorities to relevant personnel. The Cybersecurity Function Group is responsible for approving budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our cybersecurity incident response policy is designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including our chief executive officer or chief financial officer (the "Responsible Disclosure Party"). The Responsible Disclosure Party work with the Company's incident response team to help the Company mitigate and remediate cybersecurity incidents of which they are notified. In addition, the Company's incident response policy includes reporting to the audit committee of the board of directors for certain cybersecurity incidents.

The audit committee receives reports promptly from the Cybersecurity Function Group concerning the Company's material cybersecurity threats and risk and the processes the Company has implemented to address them. The audit committee also has access to various reports, summaries or presentations related to cybersecurity threats, risk and mitigation.

PART III**Item 17. Financial Statements**

We have elected to provide financial statements pursuant to Item 18.

Item 18. Financial Statements

The consolidated financial statements of Futu Holdings Limited, its subsidiaries and the Consolidated Affiliated Entities are included at the end of this annual report.

Item 19. Exhibits

Exhibit Number	Description of Document
1.1	Form of Fourth Amended and Restated Memorandum and Articles of Association of the Registrant (incorporated herein by reference to Exhibit 3.2 to the Registration Statement on Form F-1 filed with the Securities and Exchange Commission on December 28, 2018 (File No. 333-229094)).
2.1*	Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)
2.2	Registrant's Specimen Certificate for Class A Ordinary Shares (incorporated herein by reference to Exhibit 4.2 to the Registration Statement on Form F-1/A filed with the Securities and Exchange Commission on February 19, 2019 (File No. 333-229094)).
2.3*	Amended and Restated Deposit Agreement among the Registrant, the Depositary, the Holders and Beneficial Owners of American Depositary Receipts issued thereunder, dated March 12, 2026
2.4	Description of Securities (incorporated herein by reference to Exhibit 2.5 of the Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 27, 2020 (File No. 001-38820))
4.1	2019 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Registration Statement on Form S-8 filed with the Securities and Exchange Commission on September 12, 2019 (File No. 333- 233721))
4.2	Form of Indemnification Agreement between the Registrant and its Directors and Executive Officers (incorporated herein by reference to Exhibit 10.2 to the Registration Statement on Form F-1 filed with the Securities and Exchange Commission on December 28, 2018 (File No. 333-229094)).
4.3	Form of Employment Agreement between the Registrant and its Executive Officers (incorporated herein by reference to Exhibit 10.3 to the Registration Statement on Form F-1 filed with the Securities and Exchange Commission on December 28, 2018 (File No. 333-229094)).
4.4	English Translation of the Exclusive Business Cooperation Agreement among Shensi Beijing, Shenzhen Futu and the Registered Shareholders of Shenzhen Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.5 to the Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 18, 2022 (File No. 001-38820))
4.5	English Translation of the Equity Interest Pledge Agreement among Shensi Beijing, Shenzhen Futu and the Registered Shareholders of Shenzhen Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.6 to the Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 18, 2022 (File No. 001-38820))
4.6	English Translation of the Power of Attorney among Shensi Beijing, Shenzhen Futu and the Registered Shareholders of Shenzhen Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit

	4.7 to the Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 18, 2022 (File No. 001-38820))
4.7	English Translation of the Exclusive Option Agreement among Shensi Beijing, Shenzhen Futu and the Registered Shareholders of Shenzhen Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.8 to the Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 18, 2022 (File No. 001-38820))
4.8	English Translation of the Consent Letters executed by the Spouses of the Registered Shareholders of Shenzhen Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.9 to the Annual Report on Form 20-F filed with the Securities and Exchange Commission on March 18, 2022 (File No. 001-38820))
4.9	English Translation of the Exclusive Business Cooperation Agreement among Shensi Beijing, Haikou Futu and the Registered Shareholders of Haikou Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.13 of the Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 24, 2023 (File No. 001-38820))
4.10	English Translation of the Equity Interest Pledge Agreement among Shensi Beijing, Haikou Futu and the Registered Shareholders of Haikou Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.14 of the Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 24, 2023 (File No. 001-38820))
4.11	English Translation of the Power of Attorney among Shensi Beijing, Haikou Futu and the Registered Shareholders of Haikou Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.15 of the Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 24, 2023 (File No. 001-38820))
4.12	English Translation of the Exclusive Option Agreement among Shensi Beijing, Haikou Futu and the Registered Shareholders of Haikou Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.16 of the Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 24, 2023 (File No. 001-38820))
4.13	English Translation of the Consent Letters executed by the Spouses of the Registered Shareholders of Haikou Futu, dated September 30, 2021 (incorporated herein by reference to Exhibit 4.17 of the Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 24, 2023 (File No. 001-38820))
8.1*	List of Significant Subsidiaries and Consolidated Affiliated Entities of the Registrant
11.1	Code of Business Conduct and Ethics of the Registrant (incorporated herein by reference to Exhibit 99.1 to the Registration Statement on Form F-1 filed with the Securities and Exchange Commission on December 28, 2018 (File No. 333-229094))
11.2*	Insider Trading Policies of the Registrant
12.1*	Certification by Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification by Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification by Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification by Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of PricewaterhouseCoopers Zhong Tian LLP, an Independent Registered Public Accounting Firm

15.2*	Consent of Han Kun Law Offices
15.3*	Consent of Maples and Calder (Hong Kong) LLP
97.1	Incentive Compensation Recoupment Policy (incorporated herein by reference to Exhibit 97.1 of the Annual Report on Form 20 - F filed with the Securities and Exchange Commission on April 24, 2024 (File No. 001 - 38820))
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed with this Annual Report on Form 20-F.

** Furnished with this Annual Report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing its annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Futu Holdings Limited

By: /s/ Leaf Hua Li

Name: Leaf Hua Li

Title: Chairman of the Board of Directors and Chief Executive Officer

Date: April 15, 2026

FUTU HOLDINGS LIMITED
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Futu Holdings Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Futu Holdings Limited and its subsidiaries (the "Company") as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2025, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Annual Report on Internal Control over Financial Reporting, management has excluded Gravitation Fintech HK Limited and its wholly-owned subsidiary Airstar Bank Limited ("Gravitation and its subsidiary") from its assessment of internal control over financial reporting as of December 31, 2025 because they were acquired by the Company in a business combination during the year ended December 31, 2025. We have also excluded Gravitation and its subsidiary from our audit of internal control over financial reporting. Gravitation and its subsidiary are subsidiaries of the Company whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent less than 3% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2025.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses - Stock-pledged Loans

As described in Notes 2 and 6 to the consolidated financial statements, the allowance for credit losses for the stock-pledged loans was nil on total stock-pledged loans of HK\$1,907,756 thousand as of December 31, 2025. The Company's allowance for credit losses for the stock-pledged loans, which are loans to enterprises with listed shares as collateral, represents management's estimate of expected credit losses over the remaining expected life of the Company's stock-pledged loans and considers expected future changes in macroeconomic conditions. For the stock-pledged loans, the allowance for credit losses is estimated using quantitative models that consider a variety of factors such as the quality of the collateral, as well as an economic outlook over the life of the loans. In its loss forecasting model, management considers the stock price and price volatility of the collateral to determine the probability of default ("PD") and loss given default ("LGD") of the stock-pledged loans. Management also considers the expected duration to foreclose the collateral to determine the LGD. The estimation of the PD and LGD further incorporates forward looking information through the use of macroeconomic scenario applied over the forecasted life of the assets. Management used a number of forecasted economic variables in the macroeconomic scenario, which are inputs into the loss forecasting model.

The principal considerations for our determination that performing procedures relating to the allowance for credit losses for stock-pledged loans is a critical audit matter are (i) the significant judgment by management in determining the PD and LGD by considering the stock price and price volatility of the collateral, the expected duration to foreclose the collateral and in developing the macroeconomic scenario that consider forecasted economic variables, (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence related to management's significant judgments and estimations; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the allowance for credit losses for stock-pledged loans, including controls over the determination of the PD and LGD, and the development and approval of macroeconomic scenario. These procedures also included, among others (i) testing management's process for determining the allowance for credit losses for stock-pledged loans; (ii) testing the completeness and accuracy of the underlying data used in the model; and (iii) the involvement of professionals with specialized skill and knowledge to assist in evaluating (a) the appropriateness of the model and methodology used by management; (b) the reasonableness of the PD and LGD estimated by management, including the assessment over the quality of the collateral; and (c) the reasonableness of the forecasted economic variables used by management to derive the macroeconomic scenario, that would further adjust the estimation of the PD and LGD.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shenzhen, the People's Republic of China
April 15, 2026

We have served as the Company's auditor since 2018.

FUTU HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)

		As of December 31,		
	Note	2024	2025	2025
		HK\$	HK\$	US\$
ASSETS				
Cash and cash equivalents		11,688,383	10,465,888	1,344,659
Cash held on behalf of clients		68,639,816	113,398,356	14,569,444
Restricted cash		1,121	2,510	322
Term deposit		4,990	—	—
Short-term investments	4	2,411,074	6,688,871	859,388
Securities purchased under agreements to resell		316,301	507,767	65,238
Loans and advances - current (net of allowance of HK\$85,252 thousand and HK\$374,604 thousand as of December 31, 2024 and 2025, respectively)	6	49,695,691	64,607,370	8,300,768
Receivables:				
Clients		534,077	838,521	107,733
Brokers		17,224,387	18,459,373	2,371,664
Clearing organizations		3,277,063	5,522,472	709,529
Fund management companies and fund distributors		1,210,472	1,997,086	256,586
Interest		597,483	852,186	109,489
Amounts due from related parties	27(c)	61,200	6,780	871
Prepaid assets		63,497	77,960	10,016
Other current assets	8	160,330	225,478	28,969
Total current assets		155,885,885	223,650,618	28,734,676
Operating lease right-of-use assets	5	253,212	569,939	73,226
Long-term investments	7	573,190	615,220	79,044
Loans and advances - non-current	6	18,805	139,668	17,945
Other non-current assets	8	2,025,841	3,461,431	444,726
Total non-current assets		2,871,048	4,786,258	614,941
Total assets		158,756,933	228,436,876	29,349,617
LIABILITIES				
Amounts due to related parties	27(d)	79,090	67,143	8,627
Payables:				
Clients		72,379,135	125,249,957	16,092,141
Brokers		43,697,746	38,678,396	4,969,408
Clearing organizations		503,396	750,964	96,484
Fund management companies and fund distributors		507,076	1,277,467	164,129
Interest		86,964	62,527	8,033
Borrowings	9	5,702,259	12,143,237	1,560,166
Securities sold under agreements to repurchase		2,574,659	4,743,096	609,394
Lease liabilities - current	5	144,357	200,089	25,707
Accrued expenses and other current liabilities	10	4,936,805	4,527,129	581,646
Total current liabilities		130,611,487	187,700,005	24,115,735

FUTU HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS (Continued)
(In thousands, except for share and per share data)

	Note	As of December 31,		
		2024	2025	2025
		HK\$	HK\$	US\$
Lease liabilities - non-current	5	132,924	393,843	50,603
Other non-current liabilities	10	8,061	21,906	2,816
Total non-current liabilities		140,985	415,749	53,419
Total liabilities		130,752,472	188,115,754	24,169,154
Commitments and Contingencies (Note 26)				
SHAREHOLDERS' EQUITY				
Class A ordinary shares (US\$0.00001 par value; 48,700,000,000 and 48,700,000,000 shares authorized as of December 31, 2024 and 2025, respectively; 902,066,986 and 910,287,362 shares issued and outstanding as of December 31, 2024 and 2025, respectively)	11	72	73	9
Class B ordinary shares (US\$0.00001 par value; 800,000,000 and 800,000,000 shares authorized as of December 31, 2024 and 2025, respectively; 355,552,051 and 355,552,051 shares issued and outstanding as of December 31, 2024 and 2025, respectively)	11	27	27	3
Additional paid-in capital		18,807,369	19,158,175	2,461,446
Treasury stock (144,498,392 and 144,498,392 shares as of December 31, 2024 and 2025, respectively)	11	(5,199,257)	(5,199,257)	(668,002)
Accumulated other comprehensive (loss)/income		(249,916)	51,503	6,617
Retained earnings		14,652,946	25,990,667	3,339,285
Total shareholders' equity		28,011,241	40,001,188	5,139,358
Non-controlling interests		(6,780)	319,934	41,105
Total equity		28,004,461	40,321,122	5,180,463
Total liabilities and equity		158,756,933	228,436,876	29,349,617

The accompanying notes are an integral part of these consolidated financial statements.

FUTU HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except for share and per share data)

	Note	Year ended December 31,			
		2023	2024	2025	2025
		HK\$	HK\$	HK\$	US\$
Revenues					
Brokerage commission and handling charge income	16	3,944,779	6,044,746	10,572,744	1,358,388
Interest income	17	5,536,422	6,666,864	10,441,585	1,341,537
Other income	18	527,217	878,515	1,832,569	235,449
Total revenues		10,008,418	13,590,125	22,846,898	2,935,374
Costs					
Brokerage commission and handling charge expenses	19,22	(249,567)	(341,238)	(606,044)	(77,865)
Interest expenses	20	(910,759)	(1,617,450)	(1,757,852)	(225,849)
Processing and servicing costs	21,22	(375,904)	(486,783)	(578,459)	(74,321)
Total costs		(1,536,230)	(2,445,471)	(2,942,355)	(378,035)
Total gross profit		8,472,188	11,144,654	19,904,543	2,557,339
Operating expenses					
Research and development expenses	22	(1,440,893)	(1,493,620)	(1,908,758)	(245,238)
Selling and marketing expenses	22	(710,348)	(1,409,313)	(1,980,486)	(254,453)
General and administrative expenses	22	(1,313,464)	(1,620,017)	(1,934,692)	(248,570)
Total operating expenses		(3,464,705)	(4,522,950)	(5,823,936)	(748,261)
Income from operations		5,007,483	6,621,704	14,080,607	1,809,078
Others, net		33,442	(86,372)	(367,448)	(47,210)
Income before income tax expenses and share of loss from equity method investments		5,040,925	6,535,332	13,713,159	1,761,868
Income tax expenses	23	(748,479)	(998,342)	(2,359,633)	(303,166)
Share of loss from equity method investments	7	(13,497)	(103,934)	(51,619)	(6,632)
Net income		4,278,949	5,433,056	11,301,907	1,452,070
Attributable to:					
Ordinary shareholders of the Company		4,281,474	5,443,094	11,337,721	1,456,671
Non-controlling interests		(2,525)	(10,038)	(35,814)	(4,601)
		4,278,949	5,433,056	11,301,907	1,452,070
Net income		4,278,949	5,433,056	11,301,907	1,452,070
Other comprehensive (loss)/income, net of tax					
Changes in the fair value of financial assets		—	—	(474)	(61)
Foreign currency translation adjustment		(1,587)	(200,220)	301,624	38,754
Total comprehensive income		4,277,362	5,232,836	11,603,057	1,490,763
Attributable to:					
Ordinary shareholders of the Company		4,279,887	5,242,611	11,639,140	1,495,400
Non-controlling interests		(2,525)	(9,775)	(36,083)	(4,637)
		4,277,362	5,232,836	11,603,057	1,490,763
Net income per share attributable to ordinary shareholders of the Company					
Basic	14	3.88	4.93	10.17	1.31
Diluted		3.82	4.86	10.03	1.29
Net income per ADS					
Basic		31.00	39.44	81.36	10.45
Diluted		30.59	38.88	80.24	10.31
Weighted average number of ordinary shares used in computing net income per share					
Basic	14	1,104,899,411	1,104,199,740	1,114,463,205	1,114,463,205
Diluted		1,119,653,571	1,120,478,183	1,130,846,701	1,130,846,701

The accompanying notes are an integral part of these consolidated financial statements.

FUTU HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands, except for share and per share data)

	Note	Class A ordinary shares		Class B ordinary shares		Treasury stock purchases		Additional paid in capital	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
		Number of Shares	Amount HK\$	Number of Shares	Amount HK\$	Number of Shares	Amount HK\$						
As of January 1, 2023		858,051,996	68	380,552,051	29	(121,363,408)	(4,324,565)	18,154,442	(47,846)	7,079,416	20,861,544	235	20,861,779
Profit/(loss) for the year		—	—	—	—	—	—	—	—	4,281,474	4,281,474	(2,525)	4,278,949
Share-based compensation	13	—	—	—	—	—	—	290,831	—	—	290,831	—	290,831
Shares issued upon exercise of employee share options/ RSUs	11, 13	8,244,200	1	—	—	—	—	11,165	—	—	11,166	—	11,166
Share conversion from Class B to Class A	11	25,000,000	2	(25,000,000)	(2)	—	—	—	—	—	—	—	—
Treasury stock purchases		—	—	—	—	(23,134,984)	(874,692)	—	—	—	(874,692)	—	(874,692)
Foreign currency translation adjustment, net of tax		—	—	—	—	—	—	—	(1,587)	—	(1,587)	—	(1,587)
Capital injections from non-controlling interests		—	—	—	—	—	—	—	—	—	—	5,285	5,285
Balance at December 31, 2023		891,296,196	71	355,552,051	27	(144,498,392)	(5,199,257)	18,456,438	(49,433)	11,360,890	24,568,736	2,995	24,571,731

FUTU HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

(In thousands, except for share and per share data)

	Note	Class A		Class B		Accumulated							
		ordinary shares		ordinary shares		Treasury stock purchases		Additional paid in	other comprehensive	Retained earnings	Total shareholders'	Non-controlling	
		Number of		Number of		Number of							
		Shares	Amount HK\$	Shares	Amount HK\$	Shares	Amount HK\$	capital HK\$	(loss)/income HK\$	equity HK\$	interests HK\$	Total equity HK\$	
As of January 1, 2024		891,296,196	71	355,552,051	27	(144,498,392)	(5,199,257)	18,456,438	(49,433)	11,360,890	24,568,736	2,995	24,571,731
Profit/(loss) for the year		—	—	—	—	—	—	—	—	5,443,094	5,443,094	(10,038)	5,433,056
Share-based compensation	13	—	—	—	—	—	—	334,926	—	—	334,926	—	334,926
Shares issued upon exercise of employee share options/ RSUs	11,13	10,770,792	1	—	—	—	—	16,005	—	—	16,006	—	16,006
Surrendered and cancellation of Class A ordinary shares	11	(2)	—	—	—	—	—	—	—	—	—	—	—
Foreign currency translation adjustment, net of tax		—	—	—	—	—	—	—	(200,483)	—	(200,483)	263	(200,220)
Declaration of dividend		—	—	—	—	—	—	—	—	(2,151,038)	(2,151,038)	—	(2,151,038)
Balance at December 31, 2024		902,066,986	72	355,552,051	27	(144,498,392)	(5,199,257)	18,807,369	(249,916)	14,652,946	28,011,241	(6,780)	28,004,461
As of January 1, 2025		902,066,986	72	355,552,051	27	(144,498,392)	(5,199,257)	18,807,369	(249,916)	14,652,946	28,011,241	(6,780)	28,004,461
Profit/(loss) for the year		—	—	—	—	—	—	—	—	11,337,721	11,337,721	(35,814)	11,301,907
Share-based compensation	13	—	—	—	—	—	—	343,024	—	—	343,024	—	343,024
Shares issued upon exercise of employee share options/ RSUs	11,13	8,220,376	1	—	—	—	—	7,782	—	—	7,783	—	7,783
Foreign currency translation adjustment, net of tax		—	—	—	—	—	—	—	301,743	—	301,743	(119)	301,624
Changes in the fair value of financial assets		—	—	—	—	—	—	—	(324)	—	(324)	(150)	(474)
Acquisition of subsidiaries		—	—	—	—	—	—	—	—	—	—	362,797	362,797
Balance at December 31, 2025		910,287,362	73	355,552,051	27	(144,498,392)	(5,199,257)	19,158,175	51,503	25,990,667	40,001,188	319,934	40,321,122

The accompanying notes are an integral part of these consolidated financial statements

FUTU HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Note	Year Ended December 31,			
		2023	2024	2025	2025
		HK\$	HK\$	HK\$	US\$
Cash flows from operating activities					
Net income		4,278,949	5,433,056	11,301,907	1,452,070
Adjustments for:					
Depreciation and amortization		60,849	69,917	72,313	9,291
Expected credit loss expenses		18,080	39,610	270,336	34,733
Share of loss from equity method investments		13,497	103,934	51,619	6,632
Foreign exchange (gains)/losses		(66,032)	150,416	(234,859)	(30,175)
Share-based compensation	13	290,831	334,926	343,024	44,072
Realized gain from investments	4	(68,323)	(99,856)	(78,464)	(10,081)
Unrealized (gains)/ losses from investments		(58,950)	81,440	(242,965)	(31,216)
Revaluation gain on previously held equity interest		—	—	(8,167)	(1,049)
Deferred income tax benefit	23	(14,769)	(17,975)	(78,992)	(10,149)
Amortization of right-of-use assets		110,357	105,588	150,674	19,359
Realized loss from disposal of property and equipment and intangible assets		—	31,094	13,174	1,693
Changes in operating assets:					
Net (increase)/decrease in amounts due from related parties		—	(61,200)	54,420	6,992
Net increase in securities purchased under agreements to resell		(101,039)	(183,262)	(191,466)	(24,600)
Net increase in loans and advances		(5,852,341)	(17,206,444)	(13,929,429)	(1,789,656)
Net decrease/(increase) in accounts receivable from clients and brokers		945,661	(12,275,804)	(1,539,231)	(197,761)
Net (increase)/decrease in accounts receivable from clearing organizations		(1,177,840)	967,730	(2,245,409)	(288,491)
Net increase in accounts receivable from fund management companies and fund distributors		(72,605)	(1,058,781)	(786,614)	(101,064)
Net decrease/(increase) in interest receivable		9,737	(314,170)	(225,079)	(28,918)
Net (increase)/decrease in prepaid assets		(9,929)	(19,487)	8,594	1,104
Net increase in other assets		(287,513)	(941,275)	(1,062,992)	(136,574)
Changes in operating liabilities:					
Net increase/(decrease) in amounts due to related parties		17,593	10,089	(11,939)	(1,534)
Net (decrease)/ increase in accounts payable to clients and brokers		(4,613,791)	51,666,332	44,853,871	5,762,836
Net (decrease)/ increase in accounts payable to clearing organizations		(27,771)	479,300	247,568	31,808
Net increase in accounts payable to fund management companies and fund distributors		84,774	331,501	769,229	98,831
Net increase in payroll and welfare payable		307,192	116,188	526,140	67,599
Net increase/(decrease) in interest payable		34,245	42,855	(34,970)	(4,493)
Net decrease in operating lease liabilities		(107,528)	(88,736)	(139,738)	(17,954)
Net increase in securities sold under agreements to repurchase		—	2,574,659	2,168,437	278,601
Net (decrease)/increase in other liabilities		(50,730)	724,678	767,141	98,562
Net cash (used in)/generated from operating activities		(6,337,396)	30,996,323	40,788,133	5,240,468

FUTU HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In thousands)

	Note	Year Ended December 31,			
		2023	2024	2025	2025
		HK\$	HK\$	HK\$	US\$
Cash flows from investing activities					
Purchase of property and equipment and intangible assets		(77,763)	(167,521)	(54,732)	(7,033)
Purchase of short-term investments		(4,755,173)	(796,358)	(3,283,961)	(421,924)
Proceeds from disposal of short-term investments		2,417,221	1,509,471	1,454,962	186,934
Acquisition of long-term investments		(11,767)	(440,000)	(381,313)	(48,991)
Placement of term deposits		(29,282)	—	—	—
Maturity of term deposits		29,882	—	4,990	641
Cash (paid)/acquired for acquisitions, net of cash acquired		(17,536)	(1,660)	476,659	61,241
Net cash (used in)/ generated from investing activities		(2,444,418)	103,932	(1,783,395)	(229,132)
Cash flows from financing activities					
Proceeds from exercise of employee share options		11,616	20,157	7,897	1,015
Purchase of treasury stocks	11	(874,692)	—	—	—
Dividends distribution		—	—	(2,151,038)	(276,366)
Proceeds from other borrowings		79,581,200	85,513,998	197,364,836	25,357,475
Repayment of other borrowings		(76,410,167)	(85,463,304)	(190,924,915)	(24,530,073)
Net cash generated from financing activities		2,307,957	70,851	4,296,780	552,051
Effect of exchange rate changes on cash, cash equivalents and restricted cash		66,352	(149,866)	235,916	30,311
Net (decrease)/ increase in cash, cash equivalents and restricted cash		(6,407,505)	31,021,240	43,537,434	5,593,698
Cash, cash equivalents and restricted cash at beginning of the year		55,715,585	49,308,080	80,329,320	10,320,727
Cash, cash equivalents and restricted cash at end of the year		49,308,080	80,329,320	123,866,754	15,914,425
Cash, cash equivalents and restricted cash					
Cash and cash equivalents		4,937,538	11,688,383	10,465,888	1,344,659
Cash held on behalf of clients		44,369,310	68,639,816	113,398,356	14,569,444
Restricted cash		1,232	1,121	2,510	322
Cash, cash equivalents and restricted cash at end of the year		49,308,080	80,329,320	123,866,754	15,914,425
Supplemental disclosure					
Interest paid		(876,514)	(1,574,595)	(1,792,822)	(230,342)
Income tax paid		(698,821)	(761,907)	(1,646,304)	(211,517)
Cash paid for amounts include in operating lease liabilities		(128,160)	(138,875)	(185,237)	(23,799)

The accompanying notes are an integral part of these consolidated financial statements.

FUTU HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION, ORGANIZATION AND PRINCIPAL ACTIVITIES

Futu Holdings Limited (the “Company”) is an investment holding company incorporated in the Cayman Islands with limited liability and conducts its business mainly through its subsidiaries, and the consolidated variable interest entities (“VIEs”) and subsidiaries of the VIEs (collectively referred to as the “Group”). The Group principally engages in online financial services including securities and derivative trades brokerage, margin financing and fund distribution services based on internally developed software and digital platform “Futubull” and “Moomoo”. The Group also provides financial information and online community services, etc. The Company completed its IPO on March 8, 2019 on the Nasdaq Global Market. Each American Depositary Shares (“ADSs”) of the Company represents eight Class A ordinary shares.

As of December 31, 2025, the Company’s principal subsidiaries and the consolidated VIE are as follows:

Subsidiaries	Date of Incorporation/ Establishment/	Place of Incorporation/ Establishment	Percentage of Direct or Indirect Economic Interest	Principal Activities
Futu Securities International (Hong Kong) Limited (“Futu Securities”)	April 17, 2012	Hong Kong	100 %	Financial services
Moomoo Financial Inc	December 17, 2015	Delaware, USA	100 %	Financial services
Futu Clearing Inc.	August 13, 2018	Delaware, USA	100 %	Financial services
Moomoo Financial Singapore Pte. Ltd	December 17, 2019	Singapore	100 %	Financial services
Moomoo Securities Australia Ltd.	February 15, 2001	New South Wales, AUS	100 %	Financial services
Moomoo Securities Japan Co., Ltd.	April 5, 1920	Tokyo, Japan	100 %	Financial services
Moomoo Financial Canada Inc.	August 7, 2015	Ontario, Canada	85 %	Financial services
Futu Lending Limited	April 18, 2017	Hong Kong	100 %	Financial services
Futu Securities (Hong Kong) Limited	May 2, 2014	Hong Kong	100 %	Investment holding
Moomoo Securities Malaysia Sdn. Bhd.	November 22, 2021	Malaysia	100 %	Financial services
Futu Network Technology Limited	May 17, 2015	Hong Kong	100 %	Research and development and technology services
Futu Network Technology (Shenzhen) Co., Ltd.	October 14, 2015	Shenzhen, PRC	100 %	Research and development and technology services
Shen Si Network Technology (Beijing) Co., Ltd. (“Shen Si”)	September 15, 2014	Beijing, PRC	100 %	No substantial business
VIE				
Shenzhen Futu Network Technology Co., Ltd. ⁽¹⁾ (“Shenzhen Futu”)	December 18, 2007	Shenzhen, PRC	100 %	Research and development and technology services

Note:

(1) Mr. Leaf Hua Li and Ms. Lei Li are beneficiary owners of the Company and held 85% and 15% equity interest in Shenzhen Futu, respectively. Mr. Leaf Hua Li is the founder, chairman and chief executive officer (“CEO”) of the Company, and Ms. Lei Li is Mr. Leaf Hua Li’s spouse.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, the VIEs and subsidiaries of the VIEs for which the Company or its subsidiary is the primary beneficiary.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power; or has the power to appoint or remove the majority of the members of the Board of Directors; or to cast a majority of votes at the meeting of directors; or has the power to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A consolidated VIE is an entity in which the Company, or its subsidiary, through contractual arrangements, has the ability to direct the activities that most significantly impact the entity's economic performance and receive the economic benefits from the VIEs that could be significant to the VIEs, and therefore the Company or its subsidiary is considered the primary beneficiary of the VIEs for accounting purposes, and has consolidated the VIEs' financial results of operations, assets and liabilities in the Company's consolidated financial statements in accordance with U.S. GAAP.

All transactions and balances among the Company, its subsidiaries, the VIEs and subsidiaries of the VIEs have been eliminated upon consolidation.

VIE Companies

1) Contractual Agreements with VIEs

The following is a summary of the contractual agreements (collectively, "Contractual Agreements") between the Company's PRC subsidiary, Shen Si, and the VIEs. Through the Contractual Agreements, the VIEs are effectively controlled by the Company.

Shareholders' Voting Rights Proxy Agreements. Pursuant to the Shareholders' Voting Rights Proxy Agreements, each shareholder of VIEs irrevocably authorized Shen Si or any person(s) designated by Shen Si to exercise such shareholders' rights in VIEs, including without limitation, the power to participate in and vote at shareholders' meetings, the power to nominate and appoint the directors, senior management, and other shareholders' voting right permitted by the articles of association of VIEs. The shareholders' voting rights proxy agreements remain irrevocable and continuously valid from the date of execution until the expiration of the business term of Shen Si and can be renewed upon request by Shen Si.

Business Operation Agreements. Pursuant to the Business Operation Agreements, VIEs and their shareholders undertake that without Shen Si's prior written consent, VIEs shall not enter into any transactions that may have a material effect on VIEs' assets, business, personnel, obligations, rights or business operations. VIEs and their shareholders shall elect directors nominated by Shen Si and such directors shall nominate officers designated by Shen Si. The business operation agreements will remain effective until the end of Shen Si's business term, which will be extended if Shen Si's business term is extended or as required by Shen Si.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

VIE Companies (Continued)

1) Contractual Agreements with VIEs (Continued)

Equity Interest Pledge Agreements. Pursuant to the Equity Interest Pledge Agreements, each shareholder of VIEs agrees that, during the term of the Equity Interest Pledge Agreements, he or she will not dispose of the pledged equity interests or create or allow any encumbrance on the pledged equity interests without the prior written consent of Shen Si. The Equity Interest Pledge Agreements remain effective until the latter of the full payment of all secured debt under the equity interest pledge agreements and VIEs and their shareholders discharge all their obligations under the contractual arrangements.

Exclusive Technology Consulting and Services Agreements. Under the Exclusive Technology Consulting and Services Agreements between Shen Si and the VIEs, Shen Si has the exclusive right to provide VIEs with technology consulting and services related to, among other things, technology research and development, technology application and implementation, maintenance of software and hardware. Without Shen Si's written consent, VIEs shall not accept any technology consulting and services covered by these agreements from any third party. VIEs agree to pay a service fee at an amount equivalent to all of its net profit to Shen Si. Unless otherwise terminated in accordance with the terms of these agreements or otherwise agreed with Shen Si, these agreements will remain effective until the expiration of Shen Si's business term, and will be renewed if Shen Si's business term is extended.

Exclusive Option Agreements. Pursuant to the Exclusive Option Agreements, each shareholder of VIEs has irrevocably granted Shen Si an exclusive option, to the extent permitted by PRC laws, to purchase, or have its designated person or persons to purchase, at its discretion, all or part of the shareholders' equity interests in VIEs. Unless PRC laws and/or regulations require valuation of the equity interests, the purchase price shall be RMB1.00 or the lowest price permitted by the applicable PRC laws, whichever is higher. Each shareholder of VIEs undertakes that, without the prior written consent of Shen Si, he or she will not, among other things, (i) create any pledge or encumbrance on his or her equity interests in VIEs, (ii) transfer or otherwise dispose of his or her equity interests in VIEs, (iii) change VIEs' registered capital, (iv) amend VIEs' articles of association, (v) liquidate or dissolve VIEs, or (vi) distribute dividends to the shareholders of VIEs. In addition, VIEs undertake that, without the prior written consent of Shen Si, they will not, among other things, dispose of VIEs' material assets, provide any loans to any third parties, enter into any material contract with a value of more than RMB500,000, or create any pledge or encumbrance on any of their assets, or transfer or otherwise dispose of their material assets. Unless otherwise terminated by Shen Si, these agreements will remain effective until the expiration of Shen Si's business term, and will be renewed if Shen Si's business term is extended.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

VIE Companies (Continued)

2) Risks in relation to the VIE structure

The following table sets forth the assets, liabilities, results of operations and changes in cash and cash equivalents of the VIEs and their subsidiary taken as a whole, which were included in the Group's consolidated financial statements with intercompany balances and transactions eliminated between the VIEs and their subsidiaries:

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Total assets	496,776	619,212
Total liabilities	186,802	188,902

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Total operating revenue	301,087	244,315	305,968
Net income	97,248	54,087	83,530

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Net cash (used in)/generated from operating activities	(11,798)	(2,222)	255
Net cash used in investing activities	(6,818)	(5,556)	(6,338)
Net cash generated from financing activities	—	—	6,643
Effect of exchange rate changes on cash, cash equivalents and restricted cash	123	(282)	165
Net (decrease)/increase in cash, cash equivalents and restricted cash	(18,493)	(8,060)	725
Cash, cash equivalents and restricted cash at beginning of the year	32,801	14,308	6,248
Cash, cash equivalents and restricted cash at end of the Year	14,308	6,248	6,973

Transactions between the VIEs and other entities in the consolidated group

Total assets for 2024 and 2025 include amounts due from internal companies in the consolidated group in the amount of HK \$457,214 thousand and HK\$572,472 thousand, respectively. Total liabilities include amounts due to the internal companies in the amount of HK\$79,608 thousand and HK\$49,949 thousand, respectively. During 2023, 2024 and 2025, the VIEs earned inter-company revenues in the amounts of HK\$ 279,145 thousand, HK\$ 229,561 thousand and HK\$ 291,645 thousand, respectively. In addition, there were no advances from Group companies to the VIEs, nor any repayments of advances to Group companies by the VIEs in 2023, 2024 and 2025. All of these balances and transactions have been eliminated in consolidation.

A series of contractual agreements have been entered into by and among the WFOE, the VIEs and their respective shareholders. The Company depends on these contractual arrangements to provide the subsidiary with a "controlling financial interest" in the VIEs, as defined in FASB Accounting Standards Codification ("ASC") 810, making it the primary beneficiary of the VIEs. Terms contained in each set of contractual arrangements with the VIEs and their respective shareholders are substantially similar, which enable the Company to (1) have power to direct activities that most significantly impact the entity's economic performance, and (2) receive the economic benefits from the VIEs that could be significant to the VIEs. Therefore, the Company is considered the primary beneficiary of the VIEs and VIEs' subsidiaries, except for registered capital of the VIEs and their subsidiaries amounting to RMB 10 million as of December 31, 2024 and 2025, respectively. Since the VIEs are incorporated as limited liability companies under the PRC Company Law, creditors of the VIEs do not have recourse to the general credit of the Company. There is currently no contractual arrangement that would require the Company to provide additional financial support to the VIEs. However, as the Company is conducting certain businesses through the VIEs and VIEs' subsidiaries, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

VIE Companies (Continued)

2) Risks in relation to the VIE structure (Continued)

In the opinion of the Company's management, the contractual arrangements among its subsidiary, the VIEs and their respective Nominee Shareholders are in compliance with current PRC laws and are legally binding and enforceable. However, uncertainties in the interpretation and enforcement of the PRC laws, regulations and policies could limit the Company's ability to enforce these contractual arrangements. As a result, the Company may be unable to consolidate the VIEs and VIEs' subsidiaries in the consolidated financial statements in the future if there are changes to legal interpretation or enforcement.

On March 15, 2019, the Foreign Investment Law was formally passed by the thirteenth National People's Congress and it was taken effect on January 1, 2020. The Foreign Investment Law replaces the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Cooperative Joint Ventures and the Law on Foreign-Capital Enterprises to become the legal foundation for foreign investment in the PRC.

The Foreign Investment Law stipulates certain forms of foreign investment. However, the Foreign Investment Law does not explicitly stipulate contractual arrangements such as those we rely on as a form of foreign investment. Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors investing through any other methods under laws, administrative regulations or provisions prescribed by the State Council." Future laws, administrative regulations or provisions prescribed by the State Council may possibly regard Contractual Arrangements as a form of foreign investment. In the event that the State Council in the future promulgates laws and regulations that deem investments made by foreign investors through contractual arrangements as "foreign investment", the Group's ability to use the contractual arrangements with its VIEs and the Group's ability to conduct business through the VIEs could be severely limited.

The Company's ability to direct the activities of the VIEs also depends on the power of attorney Shen Si has to vote on all matters requiring shareholders' approvals in the VIEs. As noted above, the Company believes these power of attorney are legally binding and enforceable but may not be as effective as direct equity ownership. In addition, if the Group's corporate structure or the contractual arrangements with the VIEs were found to be in violation of any existing PRC laws and regulations, the PRC regulatory authorities could, within their respective jurisdictions:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict its operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;
- require the Group to restructure its operations, re-apply for the necessary licenses or relocate the Group's businesses, staff and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****VIE Companies (Continued)*****2) Risks in relation to the VIE structure (Continued)**

The imposition of any of these restrictions or actions may result in a material adverse effect on the Group's ability to conduct its business. In addition, if the imposition of any of these restrictions causes the Group to lose the right to direct the activities of the VIEs or the right to receive their economic benefits, the Group would no longer be able to consolidate the financial statements of the VIEs. In the opinion of management, the likelihood of losing the benefits in respect of the Group's current ownership structure or the contractual arrangements with its VIEs is remote.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures of contingent assets and liabilities at the balance sheet date, and the reported revenues, costs and expenses during the reported period in the consolidated financial statements and accompanying notes. These accounting estimates reflected in the Group's consolidated financial statements mainly include, but are not limited to, current expected credit losses on financial instruments, the valuation and recognition of share-based compensation arrangements, depreciable lives of property and equipment, useful life of intangible assets, assessment for impairment of long-term investments and other non-current assets, present value for expected future leasing payment, contingency reserve, provision of income tax and valuation allowance for deferred tax asset, the estimation of the expected usage and the estimated relative standalone selling price of the incentive points and coupons, goodwill, fair value of intangible assets acquired and non-controlling interests with respect to business combination and valuation of financial instruments measured at fair value. Actual results could differ from those estimates.

Comprehensive Income and Foreign Currency Translation

The Group's operating results are reported in the consolidated statements of comprehensive income pursuant to FASB ASC Topic 220, "Comprehensive Income". Comprehensive income consists of two components: net income and other comprehensive income ("OCI"). Group's OCI mainly comprise of gains or losses resulting from translating foreign currency financial statements of entities, of which functional currency is other than Hong Kong dollar which is the presentational currency of the Group, net of related income taxes, where applicable. Such subsidiaries' assets and liabilities are translated into Hong Kong dollars at period-end exchange rates, and revenues and expenses are translated at average exchange rates prevailing during the period. Adjustments that result from translating amounts from a subsidiary's functional currency to the Hong Kong dollar (as described above) are reported net of tax, where applicable, in accumulated other comprehensive (loss)/income in the consolidated balance sheets.

Convenience Translation

Translations of balances in the consolidated balance sheets, consolidated statements of comprehensive income and consolidated statements of cash flows from HK\$ into US\$ as of and for the year ended December 31, 2025 are solely for the convenience of the readers and were calculated at the rate of US\$1.00=HK\$7.7833, representing the noon buying rate set forth in the H.10 statistical release of the U.S. Federal Reserve Board on December 31, 2025. No representation is made that the HK\$ amounts could have been, or could be, converted, realized or settled into US\$ at that rate on December 31, 2025, or at any other rate.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Business combinations and noncontrolling interests***

The Group accounts for its business combinations using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC 805") "Business Combinations." The cost of an acquisition is measured as the aggregate of the acquisition date fair value of the assets transferred to the sellers, liabilities incurred by the Group and equity instruments issued by the Group. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the acquisition date amounts of the identifiable net assets of the acquiree is recorded as goodwill. If the cost of acquisition is less than the acquisition date amounts of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statements of comprehensive income. During the measurement period, which can be up to one year from the acquisition date, the Group may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Subsequent to the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any further adjustments are recorded in the consolidated statements of comprehensive income.

In a business combination achieved in stages, the Group remeasures the previously held equity interest in the acquiree immediately before obtaining control at its acquisition date fair value and the remeasurement gain or loss, if any, is recognized in the consolidated statements of comprehensive income.

Current Expected Credit Losses

The Group applies FASB ASC Topic 326 – "Financial Instruments – Credit Losses" ("ASC Topic 326") which replaced the incurred loss methodology with the current expected credit loss ("CECL") methodology. The guidance applies to financial assets measured at amortized cost, held-to-maturity debt securities and off-balance sheet credit exposures. For on-balance sheet assets, an allowance must be recognized at the origination or purchase of in-scope assets and represents the expected credit losses over the contractual life of those assets.

The Group's in-scope assets are primarily margin loans that are included in loans and advances that are collateralized by client securities and the collateral is required to be maintained at specified minimum levels at all times. The Group monitors margin levels and requires clients to provide additional collateral, or reduce margin positions, to meet minimum collateral requirements if the fair value of the collateral changes. The Group applies the practical expedient based on collateral maintenance provisions in accordance with ASC 326 - 20 - 35 – 6 in estimating an allowance for credit losses for the loans and advances. In accordance with the practical expedient, when the Group reasonably expects that borrowers (or counterparties, as applicable) will replenish the collateral as required, there is no expectation of expected credit losses when the collateral's fair value is greater than the amortized cost of the financial assets. If the amortized cost exceeds the fair value of collateral, then credit losses are estimated only on the unsecured portion. Certain margin loans with different risk characteristics are separately assessed in estimating the allowance for credit losses by using probability-of-default methods, to reflect the expected recovery strategy and timing.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Current Expected Credit Losses (Continued)***

Besides margin loans, stock-pledged loans are also included in loans and advances. These are loans to enterprises with listed shares as collateral. Since the collateral is not replenished to meet the pledged ratio requirement in contracts, and it is not probable that the Group will foreclose on the collateral, the Group does not elect to apply practical expedient based on collateral maintenance provisions under ASC Topic 326. The Group uses probability-of-default methods in assessing the allowance for credit losses for stock-pledged loans. The allowance for credit losses is estimated using quantitative models that consider a variety of factors such as the quality of the collateral, as well as an economic outlook over the life of the loans. In its loss forecasting model, management considers the stock price and price volatility of the collateral to determine the probability of default ("PD") and loss given default ("LGD") of the stock-pledged loans. The Group also considers the expected duration to foreclose the collateral to determine the LGD. The estimation of the PD and LGD further incorporates forward looking information through the use of macroeconomic scenario applied over the forecasted life of the assets. A number of forecasted economic variables are used in developing the macroeconomic scenario, which are inputs into the loss forecasting model.

Bank loans that are included in other advances comprise financing secured by insurance policies provided by borrowers as collateral and unsecured retail loans. The allowance for credit losses on these loans is estimated under ASC Topic 326 based on historical credit experience, current conditions and reasonable and supportable forecasts, using internal and external data and forward-looking macroeconomic information and, where applicable, the value of pledged collateral.

For the year ended December 31, 2023, 2024 and 2025, expected credit loss expenses of HK\$18,080 thousand, HK\$39,610 thousand and HK\$270,336 thousand resulting from the assessment of allowance for credit losses for the loans and advances under ASC Topic 326 at period-end were recognized in "Others, net" in the consolidated statements of comprehensive income respectively.

An entity's estimate of expected credit losses shall include a measure of the expected risk of credit loss even if that risk is remote, regardless of the method applied to estimate credit losses. However, an entity is not required to measure expected credit losses on a financial asset (or group of financial assets) in which historical credit loss information adjusted for current conditions and reasonable and supportable forecasts results in an expectation that nonpayment of the amortized cost basis is zero.

Receivables from clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because these receivables involve customers who have no recent history of default, and the settlement periods are usually short, the credit risk arising from receivables from clients is considered low. In respect of the receivables from brokers, clearing organizations, interest and fund management companies and fund distributors, the management considers that these receivables have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation. As a result, the allowance for credit losses for other financial assets were immaterial for all periods presented.

Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand, demand deposits and time deposits placed with banks or other financial institutions, which are unrestricted to withdrawal or use, and which have original maturities of three months or less.

Cash Held on Behalf of Clients

The Group has classified the clients' monies as cash held on behalf of clients under the assets section in the consolidated balance sheets and recognized the corresponding accounts payables to the respective clients under the liabilities section.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Term Deposit

Term deposit consists of bank deposits with an original maturity of greater than three months.

Restricted Cash

The Group is required to maintain restricted cash deposits for certain property leases. These funds are restricted and have been classified as such on our consolidated balance sheets due to the nature of restriction.

Short-term Investments

The Group classifies certain highly liquid investment with original maturities less than twelve months and those expected to be convertible to cash within the next twelve months as short-term investments. The Group's short-term investments consist of held-to-maturity debt securities, available-for-sale debt securities, financial assets at fair value through profit or loss and money market funds.

Investments in debt securities that the Group has positive intent and ability to hold to maturity are classified as held-to-maturity and carried at amortized cost. Available-for-sale debt securities are accounted for at fair value, and the related unrealized fair value gains and losses are included in other comprehensive (loss)/income. Financial assets at fair value through profit or loss mainly include investments in funds that are non-exchange-traded. The Group applies the practical expedient in accordance with ASC 820-10-35-59 in estimating fair value of the funds and considers the net asset value ("NAV") of the funds provided by the fund manager to be the best estimate of fair value. The Group uses NAV per share to measure the fair value of investments in funds. Besides, money market funds are valued using quoted prices in active markets for these investments, and accordingly, the Group classifies the valuation techniques that use these quoted prices as Level 1.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

Transactions involving purchases of securities under agreements to resell (resell agreements) and transactions involving sales of securities under agreements to repurchase (repurchase agreements) are treated as collateralized financing transactions.

Under resell agreements, the Group pays cash to counterparties and receives securities as collateral. These agreements are carried at amounts at which the securities will subsequently be resold, and the interest income incurred by the Group is recorded as interest income in the consolidated statements of comprehensive income. The Group applies the practical expedient based on collateral maintenance provisions in estimating an allowance for credit losses for resale agreements.

Under repurchase agreements, the Group receives cash from counterparties and provides securities as collateral. These agreements are carried at amounts at which the securities will subsequently be repurchased, and the interest expense incurred by the Group is recorded as interest expenses in the consolidated statements of comprehensive income.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Loans and advances***

Loans and advances mainly include margin loans, stock-pledged loans and bank loans, extended to clients. They are mainly collateralized by securities and insurance policies and are carried at the amortized cost, net of an allowance for credit losses. Revenues earned from the loans and advances are included in interest income.

Margin loans are extended to clients on a demand basis and are not committed facilities. Securities owned by the customers, which are not recorded in the consolidated balance sheets, are held as collateral for amounts due on the margin loans.

Stock-pledged loans to enterprises that are included in other advances mainly pledged listed shares of other companies provided by these borrowers as collateral.

Bank loans that are included in other advances comprise financing secured by insurance policies provided by borrowers as collateral and unsecured retail loans.

Loans and advances are initially recorded net of directly attributable transaction costs and are measured at subsequent reporting dates at amortized cost. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the surplus or deficit using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

The balances will be written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Receivables from and Payables to Clients

Receivables from clients include amounts due on brokerage transactions on a trade-date basis. Amounts payable to clients represent amounts due to brokerage clients and bank customers in the ordinary course of business. Brokerage client payables represent the closing cash balance to the customers, which mainly include cash deposits and amounts due on brokerage transactions on a trade date basis, while bank customer deposits mainly represent savings and time deposits placed with the Group's banking subsidiary.

Receivables from and Payables to Brokers, Clearing Organizations and Fund Management Companies and Fund Distributors

Receivables from and payables to brokers, clearing organizations and fund management companies and fund distributors include receivables and payables from unsettled trades on a trade-date basis, including amounts receivable for securities, derivatives or funds trades not delivered by the Group to the purchaser by the settlement date cash deposits, and cash collateral deposited for securities borrowing transactions and amounts payable for securities, derivatives or funds trades not received by the Group from a seller by the settlement date, and cash collateral received for securities lending transactions.

Clearing settlement fund deposited in the clearing organizations for the clearing purpose is recognized in receivables from clearing organizations.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables from and Payables to Brokers, Clearing Organizations and Fund Management Companies and Fund Distributors (Continued)

The Group's policy is to net the receivables from and payables to clearing organizations according to ASC Topic 210-20, when all of the following conditions are met:

- a) Each of two parties owes the other determinable amounts.
- b) The reporting party has the right to set off the amount owed with the amount owed by the other party.
- c) The reporting party intends to set off.
- d) The right of setoff is enforceable at law.

Interest Receivable and Payable

Interest receivable which is included in receivables is calculated based on the contractual interest rate of bank deposit, securities purchased under agreements to resell, loans and advances, short - term investments, securities loaned and receivables on an accrual basis, and is recorded as interest income as earned.

Interest payable which is included in payables is calculated based on the contractual interest rates of payables, borrowings and securities borrowed on an accrual basis, and is recorded as interest expense when incurred.

Securities Borrowed and Securities Loaned

Securities borrowed transactions require the Group to provide counterparties with collateral, which may be in the form of cash, or other securities. With respect to securities loaned, the Group receives collateral, which may be in the form of cash or other securities in an amount generally in excess of the fair value of the securities loaned. The Group monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as permitted contractually.

Securities borrowed and securities loaned are recorded at the amount of the cash collateral advanced or received. Receivables and payables related to securities borrowed and securities loaned are included at receivables from and payables to brokers or clients in the consolidated balance sheets. Securities lending fees received and securities borrowing fees paid by the Group are included in interest income and interest expense, respectively, in the consolidated statements of comprehensive income.

Leases

In an operating lease, a lessee obtains control of only the use of the underlying asset, but not the underlying asset itself. An operating lease is recognized as a right-of-use asset with a corresponding liability at the date which the leased asset is available for use by the Group.

The Group's operating leases contain both lease components and non-lease components. Non-lease components are distinct elements of a contract that are not related to securing the use of the underlying assets, such as common area maintenance and other management costs. The Company makes an accounting policy election not to separate non-lease components to measure the lease liability and lease asset.

The lease liability is initially measured at the present value of the future lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Group will exercise that option. The lease payments are discounted using the rate implicit in the lease or, if not readily determinable, the Group's secured incremental borrowing rate, which is based on an internally developed yield curve using interest rates of debt issued with a similar risk profile as the Group and a duration similar to the lease term. An operating lease right-of-use asset is initially measured at the value of the lease liability minus any lease incentives and initial direct costs incurred plus any prepaid rent.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Leases (Continued)***

After commencement of the operating lease, the Group recognizes lease expenses on a straight-line basis over the lease term. The subsequent measurement of the lease liability is based on the present value of the remaining lease payments using the discount rate determined at lease commencement. The right-of-use asset is subsequently measured at cost less accumulated amortization and any impairment provision. The amortization of the right-of-use asset represents the difference between the straight-line lease expense and the accretion of interest on the lease liability each period. The interest amount is used to accrete the lease liability and to amortize the right-of-use asset. There is no amount recorded as interest expense.

All of the Group's leases are classified as operating leases and primarily consist of real estate leases for corporate offices, data centers, and other facilities. As of December 31, 2024 and 2025, the weighted-average remaining lease term on these leases is approximately three years and four years, respectively, and the weighted-average discount rate used to measure the lease liabilities was approximately 4.09% and 4.04%, respectively.

For the years ended December 31, 2023, 2024 and 2025, right-of-use assets obtained under operating leases was HK\$146,560 thousand, HK\$171,264 thousand and HK\$517,794 thousand, respectively. The Group's lease agreements do not contain any material residual value guarantees, restrictions or covenants.

Refundable Deposit

Refundable deposit is included in other assets in the consolidated balance sheets. As a clearing member firm of securities and derivatives clearing organizations in Hong Kong, Singapore, the U.S. and etc., the Group is also exposed to clearing member credit risk. These clearing organizations require member firms to deposit cash to a clearing fund. If a clearing member defaults in its obligations to the clearing organizations in an amount larger than its own margin and clearing fund deposits, the shortfall is absorbed pro rata from the deposits of the other clearing members. Many clearing organizations of which the Group is member have the authority to assess their members for additional funds if the clearing fund is depleted. A large clearing member default could result in a substantial cost if the Group is required to pay such additional funds.

Goodwill

Goodwill represents the excess of the purchase consideration over the acquisition date amounts of the identifiable tangible and intangible assets acquired and liabilities assumed from the acquired entity as a result of the Group's acquisitions of interests in its subsidiaries. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. In accordance with ASC 350, the Group may first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. In the qualitative assessment, the Group considers factors such as macroeconomic conditions, industry and market considerations, overall financial performance of the reporting unit, and other specific information related to the operations, business plans and strategies of the reporting unit. Based on the qualitative assessment, if it is more likely than not that the fair value of a reporting unit is less than the carrying amount, the quantitative impairment test is performed. The Group may also bypass the qualitative assessment and proceed directly to perform the quantitative impairment test.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Long-term investments***

The Group's long-term investments primarily consist of equity method investments, equity investments without readily determinable fair values and equity investments with readily determinable fair values.

1) Equity method investments

In accordance with ASC 323 Investment—Equity Method and Joint Ventures, the Group accounts for equity method investments over which the Group has significant influence but does not own a majority of the equity interest or otherwise controls and the investments are either common stock or in substance common stock using the equity method. For the investments in limited partnerships, the equity method of accounting for investments is generally appropriate for accounting by limited partners. According to ASC 323-30-S99-1, the investments in all limited partnerships should be accounted for pursuant to paragraph ASC 970-323-25-6. That guidance requires the use of the equity method unless the investor's interest "is so minor that the limited partner may have virtually no influence over partnership operating and financial policies." Investments of more than 3 to 5 percent are generally viewed to be more than minor. The Group's share of the investee's profit and loss is recognized in the consolidated statements of comprehensive income of the period.

The Group continually reviews its investments in equity method investees to determine whether a decline in fair value below the carrying value is other-than-temporary. The primary factors the Group considers in its determination include the severity and the length of time that the fair value of the investment is below its carrying value; the financial condition, the operating performance and the prospects of the equity method investee; the geographic region, market and industry in which the equity method investee operates; and other specific information. If the decline in fair value is deemed to be other-than-temporary, the carrying value of the investment in the equity method investee is written down to its fair value. For the years ended December 31, 2023, 2024 and 2025, no impairment provision was recognized.

2) Equity investments without readily determinable fair values

In accordance with ASC 321 Investment—Equity Securities, for those equity investments without readily determinable fair values, the Group elects to record these investments at cost, less impairment, and plus or minus subsequent adjustments for observable price changes. Under this measurement alternative, changes in the carrying value of the equity investment are required to be made whenever there are observable price changes in orderly transactions for the identical or similar investment of the same issuer.

Pursuant to ASC 321, for those equity investments that the Group elects to use the measurement alternative, the Group makes a qualitative assessment of whether the investment is impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the Group estimates the investment's fair value in accordance with the principles of ASC 820. If the fair value is less than the investment's carrying value, the Group recognizes an impairment loss equal to the difference between the carrying value and fair value.

3) Equity investments with readily determinable fair values

In accordance with ASC 321 Investment—Equity Securities, for those equity investments with readily determinable fair values, the Group does not assess whether those investments are impaired. Fair values of investments are re-measured at each reporting date in accordance with ASC 820.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Impairment of Long-lived Assets***

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment by comparing carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets.

Treasury stock

The Group accounted for those shares repurchased as treasury stock at cost of purchase, and is shown separately in the shareholders' equity. At retirement of the treasury shares, the ordinary shares account is charged only for the par value of the shares. The excess of the repurchase cost of treasury shares over the par value is allocated between additional paid-in capital and retained earnings. Refer to Note 11 for details.

Fair Value Measurements

Accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market participants would use when pricing the asset or liability.

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

Level 1 — Valuation techniques in which all significant inputs are unadjusted quoted prices from active markets for assets or liabilities that are identical to the assets or liabilities being measured.

Level 2 — Valuation techniques in which significant inputs include quoted prices from active markets for assets or liabilities that are similar to the assets or liabilities being measured and/or quoted prices for assets or liabilities that are identical or similar to the assets or liabilities being measured from markets that are not active. Also, model-derived valuations in which all significant inputs and significant value drivers are observable in active markets are Level 2 valuation techniques.

Level 3 — Valuation techniques in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are valuation technique inputs that reflect the Group's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

When available, the Group uses quoted market prices to determine the fair value of an asset or liability. If quoted market prices are not available, the Group will measure fair value using valuation techniques that use, when possible, current market-based or independently sourced market parameters, such as interest rates and currency rates.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Fair Value Measurements (Continued)***

The carrying amount of cash and cash equivalents, cash held on behalf of clients, restricted cash, receivables from and payables to clients, brokers, clearing organizations and fund management companies and fund distributors, accrued interest receivable, accrued interest payable, amounts due to related parties, other financial assets and liabilities approximates fair value because of their short-term nature. Term deposit, loans and advances, borrowings, securities purchased under agreements to resell, securities sold under agreements to repurchase and operating lease liabilities are carried at amortized cost. The carrying amount of term deposit, loans and advances, borrowings and operating lease liabilities approximate their respective fair value as the interest rates applied reflect the current quoted market yield for comparable financial instruments. Short-term investments except for held-to-maturity debt securities are measured at fair value.

The Group's non-financial assets, such as operating lease right-of-use assets, long-term investments, property and equipment and intangible assets, would be measured at fair value only if they were determined to be impaired.

Revenue Recognition

Revenue from contracts with customers is recognized when, or as, the Group satisfies its performance obligations by transferring the promised services to the customers. A service is transferred to a customer when, or as, the customer obtains control of that service. A performance obligation may be satisfied at a point in time or over time. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time that the Group determines the customer obtains control over the promised service. Revenue from a performance obligation satisfied over time is recognized by measuring the Group's progress in satisfying the performance obligation in a manner that depicts the transfer of the services to the customer. The amount of revenue recognized reflects the consideration the Group expects to receive in exchange for those promised services (i.e., the "transaction price"). In determining the transaction price, the Group considers multiple factors, including the effects of variable consideration, if any.

For considerations received in advance, contract liabilities arise when customers remit contractual cash payments in advance of the Group satisfying its performance obligations under the contract and are derecognized when the revenue associated with the contract is recognized either when a milestone is met triggering the contractual right to bill the customer or when the performance obligation is satisfied.

Nature of Services

The Group's main sources of revenues from contracts with customers are as follows:

1) Brokerage commission and handling charge income are mainly charged to customers for order execution services and trade clearing and settlement services. These services represent a single performance obligation as the services are not separately identifiable in the context of the contract. Our customers are mainly individual investors. The Group recognizes revenue at a point in time at the execution of the order (namely, trade-date basis) on a gross basis as the Group is determined to be the primary obligor in fulfilling the trade order initiated by the customer. Brokerage commission and handling charge income are generally collected from customers on trade date by debiting their brokerage accounts with the Group. For unsettled transactions on the balance sheets day, related revenue and cost on trade date would be accrued and unsettled balances on receivables and payables would be recognized accordingly.

2) Interest income is primarily in connection with business such as margin financing, securities lending services, IPO financing, stock-plledged loan, held-to-maturity debt securities and deposits with banks, which are recorded on an accrual basis and are included in interest income in the consolidated statements of comprehensive income. Interest income is recognized as it is accrued over time using the effective interest method.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Nature of Services (Continued)

3) Other income is primarily in connection with business such as currency exchange service, underwriting service, IPO subscription service, market data service, enterprise public relations service, technology service and funds distribution service, etc.

i) Currency exchange service income is charged to individual customers for providing currency exchange service. ii) Underwriting fee income are generated from investment banking business primarily by providing equity sub underwriting to corporate issuers. iii) IPO subscription service income is generated from provision of new share subscription services to individual customers in relation to IPOs in the capital markets. iv) Market information and data income is charged to individual customers for market data service. v) Enterprise public relations service income is charged to corporate clients by providing platform to post their detailed stock information and latest news in Futubull and Moomoo app. vi) Technology service income is generated from provision of information technology services. vii) Funds distribution service income is charged to fund management companies for providing fund products distribution service.

Among these, market information and data income, enterprise public relations service charge income, technology service income and fund distribution service income are recognized over time. In the case of fund distribution service income, which is based on the underlying fund's asset value and/or redemption, such service income is recognized over time as the investors remain in the fund or upon investors redemption. The rest of other income is recognized at a point in time when the services are rendered to customers.

Brokerage Commission and Handling Charge Expenses

Commission expenses for executing and/or clearing transactions are accrued on a trade-date basis. The commission expenses are charged by executing brokers for securities and derivative trades in stock and derivative markets as the Group makes securities and derivative trades with these brokers as principal.

Handling and settlement fee is charged by clearing organization or executing brokers for clearing and settlement services, are accrued on a trade-date basis.

IPO subscription service charge expenses are charged by commercial banks in connection with new share subscription services in relation to IPOs in the Hong Kong capital market.

Interest Expenses

Interest expenses primarily consist of interest expenses of borrowings from banks, other licensed financial institutions and other parties paid to fund the Group's margin financing business, securities borrowing business, IPO and other financing business.

Processing and Servicing Costs

Processing and servicing costs mainly consist of market information and data fee, data transmission fee, cloud service fee and system cost. The nature of market information and data fee mainly represents for information and data fee paid to stock exchanges like HKEx, NASDAQ, and New York stock exchange, etc. Data transmission fee is the fee of data transmission among cloud server and data centers located in the regions of subsidiaries. Cloud service fee mainly represent the data storage and computing service. The nature of system cost mainly represents for the fee to access and use the systems paid to software providers.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Research and Development Expenses***

Research and development expenses consist of expenses related to developing transaction platform and website like Futubull and Moomoo app and other products, including payroll and welfare, rental expenses and other related expenses for personnel engaged in research and development activities. All research and development costs have been expensed as incurred as the costs qualifying for capitalization have been insignificant.

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of advertising and promotion costs, payroll, rental and related expenses for personnel engaged in marketing and business development activities. Advertising and promotion costs, including incentives in the form of free goods granted to customers, are expensed as incurred and are included within selling and marketing expenses in the consolidated statements of comprehensive income.

General and Administrative Expenses

General and administrative expenses consist of payroll, rental, related expenses for employees involved in general corporate functions, including finance, legal and human resources, costs associated with use of facilities and equipment, such as depreciation expenses, professional service expenses, rental and other general corporate related expenses.

Others, net

Others, net, mainly consist of non-operating income and expenses, foreign currency gains or losses, expected credit loss expenses, gain or loss from investments and impairment from long-term investments and other non-current assets for all periods presented.

Foreign Currency Gains or Losses

Foreign currency transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are remeasured at the applicable rates of exchange in effect at that date. Foreign currency gain or loss resulting from the settlement of such transactions and from remeasurement at period-end is recognized in "Others, net" in the consolidated statements of comprehensive income.

Share-Based Compensation

The Group follows ASC 718 to determine whether a share option and a restricted share units should be classified and accounted for as a liability award or equity award. All share-based awards to employees and directors classified as equity awards, such as stock options and restricted share units, are measured at the grant date based on the fair value of the awards. Share-based compensation, net of estimated forfeitures, is recognized as expenses on a straight-line method over the requisite service period, which is the vesting period. Options granted generally vest over four or five years.

The modification of the terms or conditions of the existing shared-based award is treated as an exchange of the original award for a new award. The incremental compensation expenses are equal to the excess of the fair value of the modified award immediately after the modification over the fair value of the original award immediately before the modification. For stock options already vested as of the modification date, the Group immediately recognized the incremental value as compensation expenses. For stock options still unvested as of the modification date, the incremental compensation expenses are recognized over the remaining service period of these stock options.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Share-Based Compensation (Continued)***

The Group determined the fair value of the restricted share units with reference to the fair value of the underlying shares as of the grant date. The Group utilizes the binomial option pricing model to estimate the fair value of stock options granted, with the assistance of an independent valuation firm.

Forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. The Group uses historical data to estimate pre-vesting options and records share-based compensation expenses only for those awards that are expected to vest. See Note 13 for further discussion on share-based compensation.

Taxation**1) Income tax**

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. Deferred income taxes are accounted for using an asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purpose. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive income in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

2) Uncertain tax positions

The Group did not recognize any interest and penalties associated with uncertain tax positions for the years ended December 31, 2023, 2024 and 2025. The Group continues to assess the uncertain tax positions in accordance with applicable income tax guidance and based on changes in facts and circumstances.

Net income per share

Basic net income per share is computed by dividing net income attributable to ordinary shareholders by the weighted average number of shares outstanding for that period.

Diluted net income per share is calculated by dividing net income attributable to ordinary shareholders, as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares consist of ordinary shares issuable upon the conversion of the redeemable convertible preferred shares, using the if-converted method, and shares issuable upon the exercise of share options and vesting of restricted share units using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted net income per share calculation when inclusion of such share would be anti-dilutive.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Segment Reporting***

The Group operates as one operating segment. Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM has been identified as the Chief Executive Officer who allocates resources to and assesses the performance of the Group as a whole based on net income rather than any asset information. The CODM uses net income to monitor budget versus actual results.

The Group engages primarily in online brokerage services and margin financing services. The Group does not distinguish revenues, costs and expenses between segments in its internal reporting, and reports costs and expenses by nature as a whole. Hence, the Group has only one reportable segment.

Significant Risks and Uncertainties**1) Currency risk**

Currency risk arises from the possibility that fluctuations in foreign exchange rates will impact the financial instruments. The Group is not exposed to significant transactional foreign currency risk since almost all of its transactions, assets and liability are denominated in Hong Kong dollars and U.S. dollars and Hong Kong dollars are pegged against U.S. dollars. The impact of foreign currency fluctuations in the Group's earnings is included in "Others, net" in the consolidated statements of comprehensive income. At the same time, the Group is exposed to translational foreign currency risk since some of the Company's major subsidiaries have RMB as their functional currency. Therefore, RMB depreciation against Hong Kong dollars could have a material adverse impact on the foreign currency translation adjustment in the consolidated statements of comprehensive income. The Group enters into currency futures contracts to manage currency exposure associated with anticipated receipts and disbursements occurring in a currency other than the functional currency of the entity. The overall impact of the currency risk of other foreign currency assets held by the Group other than RMB is not significant.

As of December 31, 2024 and 2025, the Group had RMB-denominated net liabilities of HK\$6,586.9 million and HK\$8,404.6 million, respectively. We estimate that a 10% depreciation of RMB against the Hong Kong dollar based on the foreign exchange rate on December 31, 2024 and 2025, would result in an increase of HK\$658.7 million and HK\$840.5 million, respectively, in the Group's pre-tax profit for the years ended December 31, 2024 and 2025. We estimate that a 10% appreciation of RMB against the Hong Kong dollar based on the foreign exchange rate on December 31, 2024 and 2025 would result in a decrease of HK\$658.7 million and HK\$840.5 million, respectively, in the Group's pre-tax profit for the years ended December 31, 2024 and 2025.

2) Credit risk

Cash held on behalf of clients are segregated and deposited in financial institutions as required by rules mandated by the Group's primary regulators. These financial institutions are of sound credit ratings, therefore the Group believes that there is no significant credit risk related to cash held on behalf of clients.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Significant Risks and Uncertainties (Continued)*****2) Credit risk (Continued)**

The Group's securities and derivative trades activities are transacted on either a cash or margin basis. The Group's credit risk is limited in that substantially all of the contracts entered into are settled directly at securities and derivatives clearing organizations. In margin transactions, the Group extends credit to the client, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the client's account. Stock-pledged loans to enterprise pledged by listed shares are exposed to credit risk from counterparties who fail to repay the loans, the Group monitors on the collateral level of stock-pledged loans in real time, and has the right to dispose of the pledged listed shares once the collateral level falls under the minimal level required to get the loans repaid. Bank loans are exposed to credit risk from clients who fail to repay the loans. The Group oversees the management of credit risk through formulating credit policies and procedures, overseeing the credit quality of the loan portfolio, ensuring an independent and objective assessment of credit risk, controlling exposure to selected industries, counterparties, countries and portfolio types etc.

Receivables from other brokers and dealers related to unsettled transactions are recorded at the amount for which the securities were purchased, and are paid upon receipt of the securities from other brokers or dealers.

In connection with its clearing activities, the Group is obligated to settle transactions with brokers and other financial institutions even if its clients fail to meet their obligations to the Group. Clients are required to complete their transactions by the settlement date, generally one or two business days after the trade date. If clients do not fulfill their contractual obligations, the Group may incur losses. The Group has established procedures to reduce this risk by generally requiring that clients deposit sufficient cash and/or securities into their account prior to placing an order.

For cash management purposes, the Group enters into short-term securities purchased under agreements to resale transactions ("reverse repos") in addition to securities borrowing and lending arrangements, all of which may result in credit exposure in the event the counterparty to a transaction is unable to fulfill its contractual obligations. Reverse repos are collateralized by securities with a market value in excess of the obligation under the contract. Similarly, securities lending agreements are collateralized by deposits of cash or securities. The Group attempts to minimize credit risk associated with these activities by monitoring collateral values on a daily basis and requiring additional collateral to be deposited with or returned to the Group as permitted under contractual provisions.

Concentrations of Credit Risk

The Group's exposure to credit risk associated with its brokerage and other activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. There was no revenue from clients which individually represented greater than 10% of the total revenues for the years ended December 31, 2023, 2024 and 2025, respectively. Concentrations of credit risk can be affected by changes in political, industry, or economic factors. To reduce the potential for risk concentration, credit limits are established, and exposure is monitored in light of changing counterparty and market conditions.

The concentration of credit risk arises when loans are concentrated with a small number of borrowers or a limited number of listed shares pledged. The Group made loans to third-party enterprises secured by pledged listed shares and is exposed to credit risk in the case of default by debtors and market downturn or decline in the prices of the pledged securities. As of December 31, 2024 and 2025, a single borrower accounted for 95.91% and 95.99% of the Group's total outstanding balance of stock-pledged loans, respectively, with a majority of the collaterals comprising of listed shares in a single company.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Significant Risks and Uncertainties (Continued)*****2) Credit risk (Continued)**

The maximum amount of loss due to credit risk is limited to the total outstanding principal balance plus accrued interest on the balance sheets dates. As of December 31, 2024 and 2025, the total outstanding balance of stock-pledged loans was HK\$1,907,250 thousand and HK\$1,907,756 thousand, respectively. The collateral's value depends on the changes in stock price and price volatility, the Group considers that it has adequate controls over the monitoring of collateral's value and require additional collaterals when the collateral level drops below the minimum threshold required, in order to minimize the related credit risk.

3) Interest rate risk

Fluctuations in market interest rates may negatively affect the Group's financial condition and results of operations. The Group are exposed to floating interest rate risk on cash deposit and floating rate borrowings. We use net interest simulation modeling techniques to evaluate the effect that changes in interest rates might have on pre-tax profit or loss. The model includes all interest-sensitive assets and liabilities. The simulations involve assumptions that are inherently uncertain and, as a result, cannot precisely predict the impact that changes in interest rates will have on pre-tax profit or loss. Actual results may differ from simulated results due to differences in timing and frequency of rate changes, changes in market conditions and changes in management strategy that lead to changes in the mix of interest-sensitive assets and liabilities.

The simulations assume that the asset and liability structure of the consolidated balance sheets would not be changed as a result of a simulated change in interest rates. The results of the simulations based on the Group's financial position as of December 31, 2025 indicate that a 1% (100 basis points) increase/ decrease in interest rates over a 12-month period would have increased/decreased the Group's profit before tax by approximately HK\$844.1 million (US\$108.5 million), depending largely on the extent and timing of possible changes in floating rates.

Recently adopted accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This update requires that public entities on an annual basis, (1) in the rate reconciliation, disclose specific categories and provide additional information for reconciling items that meet a quantitative threshold; (2) about income taxes paid, disclose the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes and by individual jurisdiction in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received); and (3) disclose income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign and income tax expense (or benefit) disaggregated by federal, state, and foreign. This update is effective for annual periods beginning after December 15, 2024. Early adoption was permitted. This guidance should be applied on a prospective basis. Retrospective application is permitted. The Group adopted ASU 2023-09 during the year ended December 31, 2025. See Note 23 taxation in the accompanying notes for further detail.

New accounting standards which have not yet been adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU requires disclosure, in the notes to the financial statements, of specified information about certain costs and expenses. This ASU will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. This ASU will result in the required additional disclosures being included in the notes to consolidated financial statements, once adopted. The Group is currently evaluating the impact of this ASU and expects to adopt it for the year ending December 31, 2027.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Assets and Liabilities Measured at Fair Value

The following tables set forth, by level within the fair value hierarchy financial assets and financial liabilities measured at fair value as of December 31, 2024 and 2025. As required by ASC Topic 820, financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the respective fair value measurement.

Financial Assets at Fair Value as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
	(HK\$ in thousands)			
Short-term investments (1)	164,187	—	—	164,187
Other financial assets	51,606	—	—	51,606
Total financial assets, measured at fair value	215,793	—	—	215,793

Financial Liabilities at Fair Value as of December 31, 2024				
	Level 1	Level 2	Level 3	Total
	(HK\$ in thousands)			
Other financial liabilities (2)	—	(5,827)	—	(5,827)
Total financial liabilities, measured at fair value	—	(5,827)	—	(5,827)

Financial Assets at Fair Value as of December 31, 2025				
	Level 1	Level 2	Level 3	Total
	(HK\$ in thousands)			
Short-term investments (1)	1,149,028	1,115,407	—	2,264,435
Other equity investments (3)	5,514	—	—	5,514
Total financial assets, measured at fair value	1,154,542	1,115,407	—	2,269,949

- (1) The amounts of short-term investments exclude investments in funds measured based on NAV per share, which are not classified in the fair value hierarchy. As of December 31, 2024 and 2025, the fair values of these investments in funds were HK\$739,136 thousand and HK\$1,459,862 thousand, respectively. The investments in funds include open-ended fixed income fund, which mainly invests in debt securities, and hybrid funds that invest in a variety of debt and equity securities. There were no unfunded commitments related to these investments in funds as of December 31, 2025, and certain investments in funds are subject to initial lock-up period of no more than 12 months. The Group invests in certain debt securities classified as available-for-sale debt securities under short-term investments. The non-listed debt securities are classified as Level 2 of the fair value hierarchy, and valued with quoted prices for identical debt securities from inactive markets.
- (2) The Group enters into currency futures contracts to manage currency exposure associated with anticipated receipts and disbursements occurring in a currency other than the functional currency of the entity. The currency futures contracts are valued using broadly distributed bank and broker prices, and are classified as Level 2 of the fair value hierarchy since inputs to their valuation can be generally corroborated by market data.
- (3) The amounts of other equity investments are adjusted for observable price changes based on the public trading price. Refer to Note 7 for details.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Transfers Between Level 1 and Level 2

Transfers of financial assets and financial liabilities at fair value to or from Levels 1 and 2 arise where the market for a specific financial instrument has become active or inactive during the period. The fair values transferred are ascribed as if the financial assets or financial liabilities had been transferred as of the end of the period. During the years ended December 31, 2024 and 2025, there were no transfers between levels for financial assets and liabilities, at fair value.

Financial Assets and Liabilities Not Measured at Fair Value

The following financial instruments are not measured at fair value in the Group's consolidated balance sheets as of December 31, 2024 and 2025, but require disclosure of their fair values: cash and cash equivalents, cash held on behalf of clients, term deposit, restricted cash, held-to-maturity debt securities, securities purchased under agreements to resell, loans and advances, receivables, other financial assets, amounts due to related parties, payables, securities sold under agreements to repurchase, borrowings and other financial liabilities. The estimated fair value of such instruments at December 31, 2024 and 2025 approximates their carrying value due to their generally short maturities. If measured at fair value in the financial statements, cash and cash equivalents, cash held on behalf of clients and term deposit would be classified as level 1, while other financial instruments would be classified as level 2.

Netting of Financial Assets and Financial Liabilities

The Group's policy is to net the receivables from and payables to clearing organizations that meet the offsetting requirements prescribed in ASC Topic 210-20. The following tables represents the amounts of financial instruments that are offset in the consolidated balance sheets as of December 31, 2024 and 2025.

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
As of December 31, 2024						
HK\$ in thousands						
Financial Assets						
Amounts due from clearing organizations	12,038,178	(8,761,115)	3,277,063	—	—	3,277,063
Financial liabilities						
Amounts due to clearing organizations	9,549,039	(9,045,643)	503,396	—	—	503,396

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
As of December 31, 2025						
HK\$ in thousands						
Financial Assets						
Amounts due from clearing organizations	20,396,274	(14,873,802)	5,522,472	—	—	5,522,472
Financial liabilities						
Amounts due to clearing organizations	15,624,766	(14,873,802)	750,964	—	—	750,964

FUTU HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. SHORT-TERM INVESTMENTS

The following is a summary of short-term investments:

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Held-to-maturity debt securities	1,507,751	2,964,575
Available-for-sale debt securities	—	2,172,718
Financial assets at fair value through profit or loss	739,136	1,535,485
Money market funds	164,187	16,093
Total	2,411,074	6,688,871

For the years ended December 31, 2023, 2024 and 2025, the Group recorded realized gain of HK\$68,323 thousand, HK\$99,856 thousand and HK\$78,464 thousand related to short-term investments in the consolidated statements of comprehensive income, respectively.

5. LEASE

The following table presents balances reported in the consolidated balance sheets related to the Group's leases:

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Operating lease right-of-use assets	253,212	569,939
Operating lease liabilities	277,281	593,932

The following table presents operating lease expense reported in the consolidated statements of comprehensive income related to the Group's leases:

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Operating lease cost	122,333	140,062	181,431

The following table reconciles the undiscounted cash flows of the Group's leases as of December 31, 2025 to the present value of its operating lease payments:

	Amount
	(HK\$ in thousands)
For the year ending December 31,	
2026	204,431
2027	161,391
2028	122,467
2029	52,834
2030	27,203
Thereafter	78,032
Total undiscounted operating lease payments	646,358
Less: imputed interest	(52,426)
Present value of operating lease liabilities	593,932

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. LOANS AND ADVANCES

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Margin loans	47,833,365	60,976,139
Other advances (1)	1,966,383	4,145,503
Subtotal	49,799,748	65,121,642
Less: Allowance for credit losses (2)	(85,252)	(374,604)
Total	49,714,496	64,747,038

(1) Stock-pledged loans are included in other advances as of December 31, 2024 and 2025 with a gross amount of HK\$1,907,250 thousand and HK\$1,907,756 thousand, respectively. Bank loans are included in other advances as of December 31, 2025 with a gross amount of HK\$2,203,074 thousand.

(2) The allowance for credit losses was HK\$85,252 thousand and HK\$374,604 thousand as of December 31, 2024 and 2025, of which nil and nil relate to stock-pledged loans, respectively.

7. LONG-TERM INVESTMENTS

The Group's long-term investments primarily consist of equity method investments and equity investments without readily determinable fair values.

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Equity method investments (1)	557,615	609,656
Other equity investments (2)	15,575	5,564
Total	573,190	615,220

(1) Equity method investments

As of December 31, 2024 and 2025, the Group's investments accounted for under the equity method totaled HK\$557,615 thousand and HK\$609,656 thousand, respectively. The Group applies the equity method of accounting to account for its equity method investments over which it has significant influence but does not own a majority equity interest or otherwise control.

As of December 31, 2024 and 2025, the Group's equity method investments primarily consisted of investments in private equity funds, with carrying amounts of HK\$203,679 thousand and HK\$609,656 thousand, respectively. The Group recognized investment losses of HK\$13,497 thousand and HK\$17,870 thousand for the years ended December 31, 2023 and 2024, respectively, and an investment gain of HK\$24,112 thousand for the year ended December 31, 2025. Based on the Group's assessment on the recoverable amounts of these equity method investments, as of December 31, 2024 and 2025, no impairment provision on the equity method investment was recognized.

In May 2024, the Group completed the acquisition of approximately 44.1% ordinary equity interest in Gravitation Fintech HK Limited ("Gravitation") for a total consideration of HK\$440,000 thousand. The Group accounts for this investment under the equity method. Based on the Group's assessment of the recoverable amount of this equity method investment, as of December 31 2024, the Group determined that the recoverable amount exceeded its carrying value, and therefore, no impairment provision was recognized for this investment.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. LONG-TERM INVESTMENTS (Continued)

(1) Equity method investments (Continued)

On September 16, 2025, the Group acquired additional equity interests in Gravitation Fintech HK Limited and its wholly-owned subsidiary Aistar Bank Limited ("Gravitation and its subsidiary") for a total consideration of HK\$786.4 million. The total consideration consisted of a cash payment of HK\$500.0 million and the fair value of the Group's previously held equity interests of HK\$286.4 million, with identifiable net assets acquired amounting to HK\$1,039.0 million as of acquisition date. Net assets acquired primarily consisted of cash and cash equivalents of HK\$976.7 million, short-term investments of HK\$2,050.2 million, loans and advances of HK\$1,377.3 million and payables to clients of HK\$2,997.6 million as of the date of acquisition. Fair value of the Group's previously held equity interests and the non-controlling interests were estimated by applying the market approach. Upon completion of the transaction, the Group's effective equity interest in Gravitation and its subsidiary increased to approximately 68%, Gravitation and its subsidiary became consolidated subsidiaries of the Group. For the year ended December 31, 2024 and 2025, the Group recognized investment losses of HK\$86,064 and HK\$75,731 thousand in its consolidated financial statements.

(2) Other equity investments

In December 2021, the Group invested in a private equity fund by acquiring 2.75% ordinary equity interest with a total consideration of HK\$15,596 thousand. As of December 31, 2024, the Group's equity investments without readily determinable fair values totaled HK\$15,575 thousand. Equity securities without determinable fair values of the Group represent investments in privately held companies with no readily determinable fair value. The Group elected measurement alternative and recorded these investments at cost, less impairment, adjusted for subsequent observable price changes. As of December 31, 2024, no impairment provision on the equity investments without readily determinable fair values was recognized.

In September 2025, such private equity fund was listed on NASDAQ and the Group has reclassified this equity investment with readily determinable fair values. The equity investments had been adjusted for subsequent observable price changes based on the public trading price as of December 31, 2025, resulting a fair value loss of HK\$10,050 thousand been recognized in others, net for the year ended December 31, 2025.

8. OTHER ASSETS

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Current:		
Deposit	41,222	94,879
Prepaid withholding tax	32,276	75,295
Staff advances	5,734	4,862
Others	81,098	50,442
Total	160,330	225,478
Non-current:		
Refundable deposit	1,640,742	2,871,513
Property and equipment, net	187,584	164,051
Deferred tax assets (Note 23)	111,871	205,860
Goodwill	—	110,203
Intangible assets, net	85,644	109,804
Total	2,025,841	3,461,431

FUTU HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. BORROWINGS

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Borrowings from banks (1)	5,702,259	12,143,237

The Group obtained borrowings mainly to support its margin financing business. Those borrowings bear weighted average interest rates of 4.18% and 3.96% as of December 31, 2024 and 2025, respectively.

- (1) The Group has unused borrowing facilities of HK\$18.2 billion and HK\$13.9 billion from banks as of December 31, 2024 and 2025, of which HK\$582.2 million and HK\$583.64 million are committed, and the remaining are uncommitted, respectively. These bank borrowings were mainly pledged by margin clients' stocks as the primary source of credit risk mitigation of the lenders, and bore floating interest rates based on various benchmarks including Hong Kong Prime Rate, Hong Kong Interbank Offered Rate ("HIBOR"), CNH HIBOR, etc.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Current:		
Accrued payroll and welfare expenses	1,292,026	1,818,166
Tax payables	644,131	1,478,187
Temporary payables in relation to fund distribution services	119,033	300,324
Stamp duty, trading levy and trading fee payables	128,027	266,254
Accrued advertising and promotion fee	173,068	242,864
Payables to corporate clients in relation to Employee Stock Ownership Plan("ESOP") management services (1)	259,287	154,469
Accrued processing and servicing costs	72,185	121,960
Dividend payable	2,151,038	—
Others	98,010	144,905
Total	4,936,805	4,527,129
Non-current:		
Deferred tax liabilities (Note 23)	4,882	20,856
Others	3,179	1,050
Total	8,061	21,906

- (1) Payables to corporate clients in relation to ESOP management services mainly consist of exercise payment of share options and related withholding tax. These payables are usually expected to be settled within one year.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. ORDINARY SHARES AND TREASURY STOCK

Ordinary shares

The Company's original Memorandum and articles of association authorized the Company to issue 807,500 ordinary shares with a par value of US\$0.0050 per share. After a share split effective on September 22, 2016, the Company's amended Memorandum and articles of association authorized the Company to issue 403,750,000 ordinary shares with a par value of US\$0.00001 per share. Each ordinary share is entitled to one vote. Immediately prior to the completion of the initial public offering on March 8, 2019, the Company was approved by the board of directors of the Company to adopt a dual class share structure, consisting of 48,700,000,000 Class A ordinary shares with a par value of US\$0.00001 each, 800,000,000 Class B ordinary shares with a par value of US\$0.00001 each and 500,000,000 shares undesignated with a par value of US\$0.00001 each. In respect of all matters subject to shareholders' vote, each holder of Class A ordinary share is entitled to one and each holder of Class B ordinary share is entitled to twenty votes.

On August 22, 2020, the Company completed a public offering, issued 76,000,000 Class A ordinary shares for a total consideration of US\$301.8 million (HK\$2,339.7 million) after deducting the underwriting discounts and commissions and offering expenses.

Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. On August 16, 2022, December 14, 2022 and September 26, 2023, 64,000,000, 50,000,000 and 25,000,000 shares of Class B ordinary shares were converted to the same number of Class A ordinary shares, respectively.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****11. ORDINARY SHARES AND TREASURY STOCK (Continued)*****Ordinary shares (Continued)***

In December, 2020, the Company entered into a securities purchase agreement with a leading global investment firm for a private placement of pre-funded warrants (the "Offering" or the "Pre-Funded Warrants"). The net proceeds to the Company from the Offering were approximately US\$262.5 million (HK\$2,035 million). In the Offering, the Company issued pre-funded warrants to purchase 53,600,000 shares of Class A ordinary shares that were immediately exercisable and had a termination date in June 2022, at a price of US\$4.89751 less a nominal exercise price of US\$0.00001 per pre-funded warrant. The pre-funded Warrants were equity classified because they were immediately exercisable, did not embody an obligation for the Company to repurchase its shares, and permitted the holders to receive a fixed number of common shares upon exercise. In addition, such warrants did not provide any guarantee of value or return. On June 11, 2021, the investment firm exercised these pre-funded warrants which increased 53,599,890 shares of Class A ordinary shares, and 110 shares were retrieved as the consideration of share purchase.

On April 24, 2021, the Company completed a public offering, issued 87,400,000 Class A ordinary shares for a total consideration of US\$1,398 million (HK\$10,857 million) after deducting the underwriting discounts and commissions and offering expenses.

During the year ended December 31, 2023, 2024 and 2025, 2,560,304, 3,944,400 and 1,510,880 shares of Class A Ordinary Shares were issued upon exercise of outstanding stock options. During the year ended December 31, 2023, 2024 and 2025, 5,683,896, 6,826,392 and 6,709,496 shares of Class A Ordinary Shares were issued upon vest of outstanding restricted shares units under the Group's share-based incentive plans (Note 13).

Treasury stock

On November 3, 2021, the Group's Board of Directors approved a share repurchase program to repurchase up to US\$300.0 million worth of its own American depository shares ("ADSs"), representing its Class A ordinary shares, until December 31, 2022.

On March 10, 2022, the Group's Board of Directors approved another share repurchase program to repurchase up to US\$500.0 million worth of its own ADSs, representing its Class A ordinary shares, until December 31, 2023.

On March 11, 2024, the Group's Board of Directors approved a new share repurchase program to repurchase up to US\$500.0 million worth of its own ADSs, representing its Class A ordinary shares, until December 31, 2025.

As of December 31, 2023, the Group had repurchased an aggregate of 144,498,392 Class A ordinary shares under these share repurchase programs in the open market, at an average price of US\$36.81 per ADS, or US\$4.60 per share for a total consideration US\$664.8 million (HK\$5,199.3 million). In 2024 and 2025, the Group did not repurchase ordinary shares.

12. RESTRICTED NET ASSETS

In accordance with the PRC laws and regulations, the Group's PRC subsidiaries and the consolidated VIEs are required to make appropriation to certain reserve funds, namely general reserve fund, enterprise expansion fund, and staff bonus and welfare fund, all of which are appropriated from the subsidiaries' annual after-tax profits as reported under PRC GAAP. The appropriation must be at least 10% of the annual after-tax profits to the general reserve fund until such reserve fund has reached 50% of the subsidiaries' registered capital.

The domestic companies are also required to provide discretionary surplus fund, at the discretion of the Board of Directors, from its annual after-tax profits as reported under PRC accounting standards. The aforementioned reserve funds can only be used for specific purposes and are not distributable as cash dividends.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. RESTRICTED NET ASSETS (Continued)

Furthermore, cash transfers from the Group's PRC subsidiaries to their parent companies outside of China are subject to PRC government control of currency conversion. Shortages in the availability of foreign currency at the time of requesting such conversion may temporarily delay the ability of the PRC subsidiaries and consolidated affiliated entities to remit sufficient foreign currency to pay dividends or other payments to the Group, or otherwise satisfy their foreign currency denominated obligations.

As a result of the PRC laws and regulations and the requirement that distributions by the PRC entity can only be paid out of distributable profits computed in accordance with PRC accounting standards, the PRC entity is restricted from transferring a portion of its net assets to the Group. Amounts restricted include paid-in capital and statutory reserves of the Group's PRC subsidiaries and the VIEs.

As of December 31, 2024 and 2025, the restricted net assets of the Group's relevant PRC entities amounted to HK\$306,020 thousand and HK\$307,794 thousand, respectively.

For the year ended December 31, 2025, the Group performed a test on the restricted net assets of subsidiaries and VIEs in accordance with Securities and Exchange Commission Regulation S-X Rule 4-08 (e) (3), "General Notes to Financial Statements" and concluded that the restricted net assets do not exceed 25% of the consolidated net assets of the Group as of December 31, 2025 and the condensed financial information of the Company are not required to be presented.

13. SHARE-BASED COMPENSATION

Share-based compensation was recognized in operating expenses for the years ended December 31, 2023, 2024 and 2025 as follows:

	Year ended December 31,		
	2023	2024	2025
		(HK\$ in thousands)	
Research and development expenses	201,033	230,830	226,490
General and administrative expenses	69,560	81,966	88,091
Selling and marketing expenses	20,238	22,130	28,443
Total share-based compensation expenses	<u>290,831</u>	<u>334,926</u>	<u>343,024</u>

Share Options

In October 2014, the Board of Directors of the Company approved the establishment of 2014 Share Incentive Plan, the purpose of which is to provide an incentive for employees contributing to the Group. The 2014 Share Incentive Plan shall be valid and effective until October 30, 2024. The maximum number of shares that may be issued pursuant to all awards (including incentive share options) under 2014 Share Incentive Plan shall be 135,032,132 shares. Option awards are granted with an exercise price determined by the Board of Directors. Those option awards generally vest over a period of four or five years and expire in ten years.

In December 2018, the Board of Directors of the Company approved the 2019 Share Incentive Plan, pursuant to which the maximum number of shares of the Company available for issuance shall be a number of up to 2% of the total number of shares issued and outstanding on September 29, 2019 as determined by the Board, plus an annual increase on each September 30 during the term of this 2019 Share Incentive Plan commencing on September 30, 2020, by an amount determined by the Board; provided, however, that (i) the number of shares increased in each year shall not be more than 2% of the total number of shares issued and outstanding on September 29 of the same year and (ii) the aggregate number of shares initially reserved and subsequently increased during the term of this 2019 Share Incentive Plan shall not be more than 8% of the total number of shares issued and outstanding on September 29, 2019 immediately preceding the most recent increase.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. SHARE-BASED COMPENSATION (Continued)

Share Options (Continued)

On December 30, 2019, the Company modified the exercise price of 8,113,145 stock options granted under 2014 Share Incentive Plan to US\$0.60.

For the years ended December 31, 2023, 2024 and 2025, the Group granted 128,000, nil and nil stock options to employees pursuant to the 2014 Share Incentive Plan and 2019 Share Incentive Plan.

A summary of the stock option activity under the 2014 and 2019 Share Incentive Plan for the years ended December 31, 2023, 2024 and 2025 is included in the table below.

	Options granted share number	Weighted average exercise price per option (US\$)
Outstanding at December 31, 2022	9,986,146	0.5556
Exercised	(2,560,304)	0.5574
Granted	128,000	0.6500
Forfeited	(294,480)	0.6368
Outstanding at December 31, 2023	7,259,362	0.5533
Exercised	(3,944,400)	0.5205
Forfeited	(656,080)	0.3667
Outstanding at December 31, 2024	2,658,882	0.6480
Exercised	(1,510,880)	0.6477
Outstanding at December 31, 2025	1,148,002	0.6483

The following table summarizes information regarding the share options outstanding as of December 31, 2025 and exercise prices and aggregate intrinsic value have been adjusted according to the modification of exercise price in December 2019:

	As of December 31, 2025			
	Options number	Weighted- average exercise price per option US\$	Weighted- average remaining exercise contractual life (years)	Aggregate intrinsic value US\$ in thousand
Options				
Outstanding	1,148,002	0.6483	2.92	22,820
Exercisable	1,116,002	0.6483	2.85	22,184
Expected to vest	32,000	0.6500	5.50	636

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the fair value of the underlying stock at December 31, 2025.

The weighted average grant date fair value of options granted for the years ended December 31, 2023, 2024 and 2025 were US\$4.9563, nil and nil per option, respectively.

Options exercised for the years ended December 31, 2023, 2024 and 2025 were 2,560,304, 3,944,400 and 1,510,880, respectively. The total intrinsic value of options exercised during year ended December 31, 2025 was approximately HK\$170,939 thousand (US\$21,962 thousand).

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. SHARE-BASED COMPENSATION (Continued)

Share Options (Continued)

The fair value of each option granted during 2023, 2024 and 2025 was estimated on the date of each grant using the binomial option pricing model with the assumptions (or ranges thereof) in the following table:

	2023	2024	2025
Risk-free interest rate	4.13 %	NA	NA
Expected term (in years)	4.00	NA	NA
Expected dividend yield	0 %	NA	NA
Expected volatility	40 %	NA	NA
Expected forfeiture rate (post-vesting)	15 %	NA	NA

Risk-free interest rate is estimated based on the yield curve of US Sovereign Bond as of the option valuation date. The expected volatility at the grant date and each option valuation date is estimated based on annualized standard deviation of daily stock price return of comparable companies with a time horizon close to the expected expiry of the term of the options. Expected term is the contract life of the options.

As of December 31, 2025, there was HK\$1,066 thousand (US\$137 thousand) of unrecognized compensation expenses related to the options, adjusted for estimated forfeitures, which is expected to be recognized over a weighted-average period of 1.00 years, and may be adjusted for future changes in estimated forfeitures.

Restricted Shares Units Plan

In December 2018, the Board of Directors of the Company approved the 2019 Share Incentive Plan. The fair value of restricted share units granted with service conditions is estimated based on the fair market value of the underlying ordinary shares of the Company on the date of grant.

The following table summarizes activities of the Company's restricted share units granted to employees under the plan for the years ended December 31, 2023, 2024 and 2025:

	Shares awarded number	Weighted - average grant date fair value per share(US\$)
Outstanding at January 1, 2023	26,692,248	5.3631
Vested	(5,683,896)	5.0877
Granted	8,769,800	6.1047
Forfeited	(2,500,424)	5.2052
Outstanding at December 31, 2023	27,277,728	5.6734
Vested	(6,826,392)	6.1047
Granted	2,225,760	9.3712
Forfeited	(2,665,656)	5.2956
Outstanding at December 31, 2024	20,011,440	5.9879
Vested	(6,709,496)	9.3712
Granted	5,702,392	10.9081
Forfeited	(1,842,848)	6.2381
Outstanding at December 31, 2025	17,161,488	6.2732

For the years ended December 31, 2023, 2024 and 2025, the Group granted 8,769,800, 2,225,760 and 5,702,392 restricted shares units to employees pursuant to the 2019 Share Incentive Plan, respectively.

As of December 31, 2025, there was HK\$943,387 thousand (US\$121,207 thousand) of unrecognized compensation expenses related to the restricted shares units, adjusted for estimated forfeitures, which is expected to be recognized over a weighted-average period of 3.38 years and may be adjusted for future changes in estimated forfeitures.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. NET INCOME PER SHARE

Basic net income per share and diluted net income per share have been calculated in accordance with ASC 260 on computation of earnings per share for the years ended December 31, 2023, 2024 and 2025 as follows:

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands, except for share and per share data)		
Basic net income per share calculation:			
Numerator:			
Net income attributable to ordinary shareholders of the Company	4,281,474	5,443,094	11,337,721
Denominator:			
Weighted average number of ordinary shares outstanding - basic	1,104,899,411	1,104,199,740	1,114,463,205
Net income per share attributable to ordinary shareholders of the Company - basic	3.88	4.93	10.17
Diluted net income per share calculation:			
Numerator:			
Net income attributable to ordinary Shareholders of the Company	4,281,474	5,443,094	11,337,721
Denominator:			
Weighted average number of ordinary shares outstanding - basic	1,104,899,411	1,104,199,740	1,114,463,205
Dilutive effect of share options and restricted share units	14,754,160	16,278,443	16,383,496
Weighted average number of ordinary shares outstanding - diluted	1,119,653,571	1,120,478,183	1,130,846,701
Net income per share attributable to ordinary shareholders of the Company - diluted	3.82	4.86	10.03

For the years ended December 31, 2023, 2024 and 2025, options to purchase ordinary shares and restricted share units that were anti-dilutive and excluded from the calculation of diluted net income per share were 1,525,875, 190,012 and 24,692 shares on a weighted average basis, respectively.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. COLLATERALIZED TRANSACTIONS

The Group engages in financing transactions with its clients, primarily consisting of margin loan, stock-pledged loan and bank loan.

Margin loans generated from margin lending activity are collateralized by cash and/or client-owned securities held by the Group. The Group monitors the required margin and collateral level on a daily basis in compliance with regulatory and internal guidelines and controls its risk exposure through risk management system. Under applicable agreements, clients are required to deposit additional collateral or reduce holding positions, when necessary to avoid forced liquidation of their positions. Pursuant to the authorization obtained from margin clients, the Group further repledges the collaterals to commercial banks or other financial institutions to obtain the funding for the margin or other businesses.

Stock-pledged loans are collateralized by listed shares provided by borrowers. The Group monitors on the collateral level of stock-pledged loans in real time, and has the right to dispose of the pledged listed shares once the collateral level falls under the minimal level required to get the loans repaid.

Bank loans comprise financing secured by insurance policies provided by borrowers as collateral and unsecured retail loans. For financing secured by insurance policies, the Group periodically confirms the cash surrender value of the insurance policies with relevant insurance companies, and has the right to surrender the policies to recover the outstanding loan in the event of default of borrowers.

The following table summarizes the amounts of loans and clients' collaterals received and repledged by the Group as of December 31, 2024 and 2025:

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Collateral received from clients	181,403,500	287,731,754
Collateral received from brokers	425,617	654,664
Collateral repledged to commercial banks and other financial institutions	26,954,280	27,721,272

The Group also engaged in securities borrowing and lending transactions which require it to deposit cash collateral with the securities lenders and receive the cash collateral from the borrowers. The cash collateral is generally in excess of the market value of the securities borrowed and loaned. The Group monitors the market value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as permitted contractually.

The following table summarizes the amounts of market value of securities borrowed and loaned and cash collateral received and deposited as of December 31, 2024 and 2025:

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Securities borrowed and loaned (1)	44,283,011	43,317,360
Cash collateral received from borrowers	47,919,232	48,396,947
Cash collateral deposited with lenders	14,689,034	14,946,420

(1) Borrowed securities include securities borrowed from margin clients under authorization, in this case no cash collateral is required.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. BROKERAGE COMMISSION AND HANDLING CHARGE INCOME

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Brokerage commission income	3,198,444	4,807,655	8,727,244
Handling charge income	746,335	1,237,091	1,845,500
Total	<u>3,944,779</u>	<u>6,044,746</u>	<u>10,572,744</u>

Disaggregation of brokerage commission and handling charge income

The tables below present brokerage commission and handling charge income by major types of products and geographic location for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Major types of products			
Securities and options brokerage	3,618,681	5,602,144	9,862,027
Futures brokerage	295,547	392,030	505,737
IPO brokerage	12,364	22,014	166,007
Others	18,187	28,558	38,973
Total	<u>3,944,779</u>	<u>6,044,746</u>	<u>10,572,744</u>

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Geographic location (1)			
Hong Kong	3,197,605	4,721,494	7,825,932
Others	747,174	1,323,252	2,746,812
Total	<u>3,944,779</u>	<u>6,044,746</u>	<u>10,572,744</u>

(1) Based on the location of the subsidiaries in which the revenues are recorded.

17. INTEREST INCOME

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Interest income from:			
Bank deposits	2,482,866	2,840,770	3,759,286
Securities lending	1,053,294	1,352,746	3,413,144
Margin financing	1,754,056	2,177,686	2,955,533
Others	246,206	295,662	313,622
Total	<u>5,536,422</u>	<u>6,666,864</u>	<u>10,441,585</u>

FUTU HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Funds distribution service income	265,686	446,708	881,019
Currency exchange service income	133,644	253,082	536,153
IPO subscription service charge income	3,714	7,997	151,607
Technology service income	—	61,000	63,300
Enterprise public relations service charge income	25,941	16,706	58,616
Underwriting fee income	16,090	20,084	41,209
Market information and data income	37,053	22,795	22,625
Others	45,089	50,143	78,040
Total	527,217	878,515	1,832,569

19. BROKERAGE COMMISSION AND HANDLING CHARGE EXPENSES

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Commission, handling and settlement expenses	249,172	340,361	588,090
IPO subscription service charge expenses	395	877	17,954
Total	249,567	341,238	606,044

20. INTEREST EXPENSES

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Interest expenses for securities borrowed	737,777	1,373,662	1,459,895
Interest expenses for margin financing	171,582	239,987	279,113
Interest expenses for other businesses	1,400	3,801	18,844
Total	910,759	1,617,450	1,757,852

21. PROCESSING AND SERVICING COSTS

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Cloud service fee	181,241	209,573	259,483
Market information and data fee	82,026	125,068	155,351
System cost	58,709	75,812	69,768
Data transmission fee	44,718	57,365	60,306
Others	9,210	18,965	33,551
Total	375,904	486,783	578,459

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. NON-INTEREST COST AND EXPENSES BY NATURE

	Year ended December 31,		
	2023	2024 (HK\$ in thousands)	2025
Employee compensation and benefits	2,539,858	2,934,035	3,505,373
Marketing and branding	461,594	1,032,197	1,616,640
Brokerage commission and handling charge expenses (Note 19)	249,567	341,238	606,044
Processing and servicing costs (Note 21)	375,904	486,783	578,459
Rental and other related expenses	157,898	175,802	211,374
Depreciation and amortization	60,849	69,917	72,313
Professional services	69,324	79,218	68,898
Others	175,182	231,781	349,338
Total	4,090,176	5,350,971	7,008,439

23. TAXATION

Income Tax

1) Cayman Islands

The Group was incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to tax on either income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

2) The United States ("U.S.")

The Company's subsidiaries, incorporated in the United States are subject to statutory income tax at a rate up to 35% for taxable income earned in the United States. On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted, significantly revising the U.S. corporate income tax law. Changes include a reduction in the federal corporate tax, changes to operating loss carry-forwards and carrybacks, and a repeal of the corporate alternative minimum tax. This legislation resulted in a reduction of the U.S. federal corporate income tax rates from a maximum of 35% to 21%, to which the subsidiaries incorporated in the United States are subject.

3) Hong Kong

Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. Additionally, payments of dividends by the subsidiaries incorporated in Hong Kong to the Company are not subject to any Hong Kong withholding tax.

4) Singapore

The Company's subsidiaries incorporated in Singapore are subject to an income tax rate of 17% for taxable income earned in Singapore. Singapore does not impose a withholding tax on dividends for resident companies.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****23. TAXATION (Continued)*****Income Tax (Continued)*****5) China**

The Company's subsidiaries, the consolidated VIEs and subsidiaries of the VIEs established in the PRC are subject to statutory income tax at a rate of 25%, unless preferential tax rates were applicable.

The Enterprise Income Tax ("EIT") Law and its implementing rules permit High and New Technology Enterprise ("HNTE") to enjoy a reduced 15% EIT rate. Futu Network Technology (Shenzhen) Co., Ltd., one of the Company's subsidiary, and Shenzhen Futu, the consolidated VIE, obtained the qualification certificate of HNTE under the EIT Law, subject to the tax rate of 15% with a valid period of three years starting from 2025 and 2023 respectively.

According to the relevant EIT Laws jointly promulgated by the Ministry of Finance of the PRC, State Tax Bureau of the PRC, and Ministry of Science of the PRC that became effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). For enterprises that currently enjoy pre-tax deduction for R&D expenses at the ratio of 75%, the pre-tax deduction ratio has increased to 100% during the period since October 1, 2022.

Under the EIT Law enacted by the National People's Congress of PRC on March 16, 2007 and its implementation rules which became effective on January 1, 2008, dividends generated after January 1, 2008 and payable by FIEs in the PRC to its foreign investors who are non-resident enterprises are subject to a 10% withholding tax, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding arrangement. Under the taxation arrangement between the PRC and Hong Kong, a qualified Hong Kong tax resident which is the "beneficial owner" and directly holds 25% or more of the equity interest in a PRC resident enterprise is entitled to a reduced withholding tax rate of 5%. The Cayman Islands, where the Company was incorporated, does not have a tax treaty with PRC.

The EIT Law includes a provision specifying that legal entities organized outside of the PRC will be considered resident enterprises for the PRC income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the EIT Law provide that non-resident legal entities will be considered as PRC resident enterprises if substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc., occurs within the PRC. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Group does not believe that the Group's entities organized outside of the PRC should be treated as resident enterprises for the PRC income tax purposes. If the PRC tax authorities subsequently determine that the Company and its subsidiary registered outside the PRC should be deemed resident enterprises, the Company and its subsidiary registered outside the PRC will be subject to the PRC income tax, at a rate of 25%.

Dividends paid by the Group's wholly foreign-owned subsidiaries in China to non-PRC-resident enterprises which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and receives approval from the relevant tax authority. The undistributed earnings that are subject to dividend tax are expected to be indefinitely reinvested for the foreseeable future. As of December 31, 2024 and 2025, the total amount of undistributed earnings from the Group's PRC subsidiaries and consolidated VIEs for which no withholding tax has been accrued was HK\$4,168 million and HK\$5,505 million, respectively. Determination of the amount of unrecognized deferred tax liability related to these earnings is not practicable.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. TAXATION (Continued)

Income Tax (Continued)

6) Pillar Two

The Organization of Economic Cooperation and Development has proposed a global minimum tax of 15% on a country-by-country basis ("Pillar Two"). Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal ("GloBE") effective tax rate for each jurisdiction and the 15% minimum rate.

For the year ended December 31, 2025, certain of the Group's subsidiaries are located in jurisdictions where Pillar Two legislation has been in effect, including Hong Kong, Singapore, Australia, Canada, Japan, New Zealand and Malaysia. The Group has effective tax rates that exceed 15% in all jurisdictions in which it operates with assessable profits, except for Hong Kong, British Virgin Islands, and Mainland China. The Group has assessed the impact and determined that HK\$321.0 million current tax provision is required due to the implementation of Pillar Two in these jurisdictions as of December 31, 2025.

Composition of income tax expenses

The following table sets forth current and deferred portion of income tax expenses:

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Current income tax expenses	763,248	1,016,317	2,438,625
Deferred income tax benefit	(14,769)	(17,975)	(78,992)
Income tax expenses	748,479	998,342	2,359,633

Tax Reconciliation

After the prospective adoption of ASU 2023-09 for the year ended December 31, 2025, the reconciliation between the income tax expenses computed by applying the Hong Kong enterprise tax rate to income before income taxes and actual provision were as follows:

	Year Ended December 31, 2025,	
	(HK\$ in thousands)	Percent
Income before income tax expenses and share of loss from equity method investment	13,713,159	
Hong Kong statutory tax rate (1)	2,262,506	16.5 %
Foreign tax effects	177,742	1.3 %
Effect of changes in tax laws or rates Enacted in the current period	274,951	2.0 %
Effect of cross-border tax laws	46,088	0.3 %
Changes in valuation allowances	(608)	0.0 %
Nontaxable or nondeductible items		
Income not subject to tax (2)	(397,429)	(2.9)%
Other	(3,617)	0.0 %
Income tax expenses	2,359,633	17.2 %

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. TAXATION (Continued)

Tax Reconciliation (Continued)

The reconciliation between the income tax expenses computed by applying the Hong Kong enterprise tax rate to income before income taxes and actual provision were as follows:

	Year ended December 31,	
	2023	2024
	(HK\$ in thousands)	
Income before income tax expenses and share of loss from equity method investments	5,040,925	6,535,332
Tax expenses at Hong Kong profit tax rate of 16.5% (1)	831,588	1,078,165
Changes in valuation allowance	65,581	164,511
Tax effect of permanence differences	49,787	37,803
Effect of income tax jurisdictions other than Hong Kong	20,873	19,836
Super deduction of research and development expenses	(132,704)	(132,257)
Final settlement differences	11,756	11,484
Income not subject to tax (2)	(98,402)	(181,200)
Income tax expenses	<u>748,479</u>	<u>998,342</u>

- (1) The Hong Kong statutory income tax rate is used for the reconciliation as the majority of the Group's operations are based in Hong Kong.
- (2) This amount mainly represents tax exempted items, including offshore income of Futu Securities derived from executing the clients' orders of US listed securities, etc.

Income taxes paid

For the year ended December 31, 2025, total income taxes paid (net of refunds) consisted of the following:

	Year Ended December 31, 2025,	
	(HK\$ in thousands)	
United States		818,536
Hong Kong		560,154
Others		267,614
Total		<u>1,646,304</u>

FUTU HOLDINGS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. TAXATION (Continued)

Deferred Tax Assets and Liabilities

Deferred income tax expenses reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of the deferred tax assets and liabilities are as follows:

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Deferred tax assets		
Net operating loss carryforwards	352,117	405,484
Accrued expenses and others	112,470	206,261
Less: valuation allowance	(352,716)	(405,885)
Total deferred tax assets	111,871	205,860
Total deferred tax liabilities	4,882	20,856

Movement of Valuation Allowance

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Balance at beginning of the year	122,624	188,205	352,716
Additions	77,016	209,900	92,233
Reversals	(11,435)	(45,389)	(39,064)
Balance at end of the year	188,205	352,716	405,885

Valuation allowance is provided against deferred tax assets when the Group determines that it is more-likely-than-not that the deferred tax assets will not be utilized in the future. The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more-likely-than-not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses. The statutory rate depending on which entity was applied when calculating deferred tax assets.

As of December 31, 2024 and 2025, the Group had net operating loss carryforwards of approximately HK\$1,602,433 thousand and HK\$1,562,679 thousand, respectively, which arose from the subsidiaries, the VIEs and the VIEs' subsidiaries established in Hong Kong, Singapore, PRC, etc. As of December 31, 2024 and 2025, of the net operating loss carryforwards, HK\$1,602,433 thousand and HK\$1,562,679 thousand was provided for valuation allowance against deferred tax assets in entities where it was determined it was more likely than not that the benefits of the deferred tax assets of accrued expenses and others will not be realized. Apart from these net operating loss carryforwards that was provided for valuation allowance, the remaining is expected to be utilized prior to expiration considering future taxable income for respective entities.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****23. TAXATION (Continued)*****Uncertain Tax Position***

The Group evaluates the level of authority for each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measures the unrecognized benefits associated with the tax positions. The Group continues to assess the uncertain tax positions in accordance with applicable income tax guidance and based on changes in facts and circumstances.

The Group is subject to routine examinations by the applicable local jurisdictions' taxing authorities. In general, the PRC tax authorities have up to five years to conduct examinations of the tax filings of the Company's PRC subsidiaries. Accordingly, tax filings of the Company's PRC subsidiaries and the VIEs for tax years 2020 through 2024 remain open to examination by the respective tax authorities. The Group is also subject to the examination of the tax filings in other jurisdictions, most of significant jurisdictions are no longer subject to examinations for tax years before 2019.

24. DEFINED CONTRIBUTION PLAN

Full-time employees of the Group in the PRC are entitled to welfare benefits including pension insurance, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance, and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulations require that the Group makes contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions. Total contributions by the Group for such employee benefits were RMB220,013 thousand, RMB237,452 thousand and RMB 240,318 thousand for the years ended December 31, 2023, 2024 and 2025, respectively.

For the employees in Hong Kong, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available. Included in employee compensation and benefits expenses in the consolidated statements of comprehensive income were HK\$3,345 thousand, HK\$4,789 thousand and HK\$8,236 thousand of plan contributions for the years ended December 31, 2023, 2024 and 2025, respectively.

25. REGULATORY REQUIREMENTS

The Group's principal broker-dealer subsidiaries, including but not limited to Futu Securities, Futu Clearing Inc. Moomoo Financial Singapore Pte. Ltd, Futu Malaysia Sdn. Bhd. and Moomoo Financial Inc. are subject to capital requirements determined by its respective regulators.

Futu Securities, the Company's subsidiary located in Hong Kong, was subject to the Securities and Futures (Financial Resources) Rules and the Securities and Futures Ordinance, Futu Securities is required to maintain minimum paid-up share capital and liquid capital.

Futu Clearing Inc. and Moomoo Financial Inc., the Company's subsidiaries located in the United States, were subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Exchange Act, which requires the maintenance of minimum net capital.

Moomoo Financial Singapore Pte. Ltd., the Company's subsidiary located in Singapore, was subject to the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services License) Regulations, which requires the maintenance of financial resource over its total risk requirement.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. REGULATORY REQUIREMENTS (Continued)

Futu Malaysia Sdn. Bhd., the Company's subsidiary located in Malaysia, was subject to the Capital Adequacy Requirements under the Capital Market and Services Act, which requires capital adequacy ratio is at all times more than 1.2.

The tables below summaries the net capital, the requirement and the excess capital for the Group's principle broker-dealer subsidiaries as of December 31, 2025:

	Year ended December 31, 2025		
	Net Capital/ Eligible Equity	Requirement (HK\$ in thousands)	Excess
Futu Securities	14,631,527	3,328,771	11,302,756
Futu Clearing Inc.	8,819,430	875,676	7,943,754
Moomoo Financial Singapore Pte. Ltd.	4,899,208	733,732	4,165,476
Futu Malaysia Sdn. Bhd.	491,619	91,439	400,180
Moomoo Financial Inc.	423,592	71,666	351,926

Regulatory capital requirements could restrict the operating subsidiaries from expanding their business and declaring dividends if their net capital does not meet regulatory requirements.

As of December 31, 2025, all of the regulated operating subsidiaries were in compliance with their respective regulatory capital requirements.

26. COMMITMENTS AND CONTINGENCIES

Commitments

The Group's commitments primarily related to capital contribution obligation for certain private equity investment funds. Total commitments contracted but not yet reflected in the consolidated financial statements amounted to US\$70.0 million and US\$25.0 million as of December 31, 2024 and 2025, respectively.

Contingencies

The financial services industry is highly regulated. From time to time, the licensed companies in the financial industry may be required to assist in and/or are subject to inquiries and/or examination by the regulatory authorities of the jurisdiction in where they operate. The Group reviews its regulatory inquiries and other legal proceedings on an ongoing basis and evaluates whether potential regulatory fines are probable, estimable and material and for updating its contingency reserves and disclosures accordingly.

As of the date of issuance of the consolidated financial statements, the Group is involved in inquiries initiated by the China Securities Regulatory Commission (the "CSRC") concerning matters including, among others, providing cross-border securities services for domestic investors. The Group has taken and may continue to take rectification measures based on communication with the CSRC and in accordance with such inquiries from the CSRC. However, there can be no assurance that the measures the Group has taken or will take in the future will be effective or fully satisfy the CSRC's requirements. As of the date of this report, the Group does not have sufficient information to accurately predict if any disciplinary action or punishment will be taken by the CSRC against the Group and/or their responsible officers after the conclusion of such inquiries. Should any such action be taken, the Group cannot foresee its nature, scope, or timing. Any such disciplinary actions taken against the Group and/or their responsible officers may have a material and adverse impact on the Group's operations and financial results.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies (Continued)

According to ASC 450-20-25-2, an estimated loss from a loss contingency shall be accrued when information available before the financial statements are issued or are available to be issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and the amount of loss can be reasonably estimated. The management has concluded that the conditions in paragraph 450-20-25-2 have not been met.

As of December 31, 2024 and 2025, no provision has been made by the Group for the aforementioned potential loss contingencies.

27. RELATED PARTY BALANCES AND TRANSACTIONS

The table below sets forth major related parties of the Group and their relationships with the Group:

Name of Entity or Individual	Relationship with the Group
Mr. Leaf Hua Li and his spouse	Principal shareholder and member of his immediate families
Tencent Holdings Limited and its subsidiaries("Tencent Group")	Principal shareholder
Individual directors and officers and their spouses	Directors or officers of the Group and members of their immediate families
Airstar Bank (1)	Significantly influenced by the Group from May 24, 2024, and became a consolidated subsidiary of the Group as of September 16, 2025.

(1) Airstar Bank is a wholly owned subsidiary of Gravitation. The Group has significant influence over Airstar Bank indirectly through its equity method investment in Gravitation, which became an associate of the Group on May 24, 2024. On September 16, 2025, the Group acquired additional equity interests in Gravitation and Airstar Bank, and upon the completion of the transaction, Gravitation and Airstar Bank became consolidated subsidiary of the Group.

(a) Cash and cash equivalent

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Cash and cash equivalent	486,150	—

The balance represents the cash deposited by the Group in Airstar bank and in various payment channels of Tencent Group for funding marketing campaigns, of which could be withdrawn on demand.

(b) Short-term investment

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Short-term investment	—	53,859

The balance represents the bonds held by the Group issued by Tencent Group.

FUTU HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(c) Amounts Due from Related Parties

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Deposit receivables	—	6,753
Receivables in relation to ESOP management services	—	27
Amount due from Airstar Bank	61,200	—
Total amounts due from related parties	61,200	6,780

(d) Amounts Due to Related Parties

	As of December 31,	
	2024	2025
	(HK\$ in thousands)	
Payables in relation to cloud equipment and services from Tencent Group	62,377	63,803
Payables to Tencent Group in relation to ESOP management services	15,001	1,546
Other services from Tencent Group	1,712	1,794
Total amounts due to related parties	79,090	67,143

(e) Amount earned from Related Party Transactions

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Technology services income from Airstar Bank	—	61,000	63,300
Others	565	320	108
Amounts earned by the Company	565	61,320	63,408

The Group earns revenue from Airstar Bank by providing technology service. The Group also earns revenue from Tencent Group by providing ESOP management service.

(f) Amount incurred from Related Party Transactions

	Year ended December 31,		
	2023	2024	2025
	(HK\$ in thousands)		
Cloud service fee	152,429	170,291	206,020
SMS channel service fee	135	49	131
Software purchased	1,300	17	8
Other Services	5,006	1,977	2,189
Amounts incurred by the Company	158,870	172,334	208,348

The Group utilizes the cloud services, equipment and software provided by Tencent Group to process large amount of complicated data in-house, which reduces the risks involved in data storage and transmission. SMS channel services is provided by Tencent Group, including verification code, notification and marketing message services for the Group to reach its end users. Tencent Group provides advertising services to the Group via Tencent Group's social media.

FUTU HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****27. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)****(g) Trade related transactions with Related Parties**

Included in payables to clients in the consolidated balance sheets as of December 31, 2024 and 2025, were payables to directors and officers of HK\$26,662 thousand and HK\$51,524 thousand, respectively. Revenue earned by providing brokerage services to directors and officers and their spouses amounts to HK\$88 thousand, HK\$88 thousand and HK\$346 thousand for the years ended December 31, 2023, 2024 and 2025, respectively.

28. SEGMENT RECONCILIATION

Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the CODM in deciding how to allocate resources and assess performance. The Group operate and report financial information in one operating segment. This is because the CODM assesses the performance of the Group as a whole and decides how to allocate resources based on net income that is reported in the Consolidated Statements of Comprehensive Income as consolidated net income. The measure of the single segment assets is reported in the Consolidated Balance Sheets as total consolidated assets. Consolidated net income is also used by the CODM to monitor budgeted versus actual results. Significant segment expenses required to be disclosed as part of the segment disclosure of a single segment entity under ASC 280 are presented throughout the Consolidated Statements of Comprehensive Income, as well as Note 20. Interest Expense, Note 21. Processing and Servicing Cost, and Note 22. Non-interest Cost and Expenses by Nature. See Note 7. Long-Term Investment for additional information about investments and expenditures.

The Group engages primarily in online brokerage services and margin financing services. See Note 16. Brokerage Commission and Handling Charge Income for additional information about disclosure of the disaggregation of revenue by various security types and geographic areas.

For the information of long-lived assets by geographic areas, considering that the Group is with light asset structure, most of the Group's long-lived assets, such as property, plant and equipment, intangible assets, and right-of-use assets, are located in Mainland China. Therefore, no long-lived assets by geographical segments are presented.

29. SUBSEQUENT EVENTS

The Group evaluated events subsequent to the balance sheet date of December 31, 2025 through the date of issuance of the consolidated financial statements.

On March 26, 2026, following the Board's approval, the Group has retired all treasury stock in total of 144,498,392 shares.

On April 2, 2026, the Group announced a cash dividend to holders of US\$0.325 per ordinary share, or US\$2.6 per ADS, to holders of ordinary shares and holders of ADSs of record as of the close of business on April 16, 2026, payable in U.S. dollars. The aggregate amount of the Dividend will be approximately US\$365 million.

AMENDED AND RESTATED DEPOSIT
AGREEMENT AMONG FUTU HOLDINGS
LIMITED, JPMORGAN CHASE BANK,
N.A., AS DEPOSITARY, AND
HOLDERS AND BENEFICIAL OWNERS OF
AMERICAN DEPOSITARY RECEIPTS

JPMorganChase

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EXHIBIT B

EXHIBIT C

AMENDED AND RESTATED DEPOSIT AGREEMENT, dated as of March 12, 2026 (the "**Deposit Agreement**"), among FUTU HOLDINGS LIMITED, a company incorporated under the laws of the Cayman Islands, and its successors (the "**Company**"), JPMORGAN CHASE BANK, N.A., a national banking association organized under the laws of the United States of America, as depositary hereunder (in such capacity, the "**Depositary**"), and all Holders (as defined below) and Beneficial Owners (as defined below) from time to time of American depositary receipts issued hereunder evidencing American depositary shares ("**ADSs**") representing deposited Shares (as defined below). The Company hereby appoints the Depositary as depositary for the Deposited Securities (as defined below) and hereby authorizes and directs the Depositary to act in accordance with the terms set forth in this Deposit Agreement. All capitalized terms used herein have the meanings ascribed to them in Section 1 or elsewhere in this Deposit Agreement.

WHEREAS, the Company and the Bank of New York Mellon entered into a Deposit Agreement, dated as of March 7, 2019 (the "**Prior Deposit Agreement**") for the purposes set forth therein, for the creation of American depositary shares representing the Shares (as defined below) so deposited and for the execution and delivery of American depositary receipts ("**Prior Receipts**") evidencing the American depositary shares;

WHEREAS, pursuant to the terms of the Prior Deposit Agreement, the Company has removed the Bank of New York Mellon as depositary and has appointed JPMorgan Chase Bank, N.A. as successor depositary thereunder;

WHEREAS, pursuant to the terms of the Prior Deposit Agreement, the Company and the Depositary wish to amend and restate the Prior Deposit Agreement and the Prior Receipts;

NOW THEREFORE, in consideration of the premises, subject to Section 24 hereof, the parties hereto hereby amend and restate the Prior Deposit Agreement and the Prior Receipts in their entirety as follows:

1. Certain Definitions.

(a) "**ADR Register**" is defined in paragraph (3) of the form of ADR (*Transfers, Split-Ups and Combinations of ADRs*).

(b) "**ADRs**" mean the American Depositary Receipts executed and delivered hereunder. ADRs may be either in physical certificated form or Direct Registration ADRs (as hereinafter defined). ADRs in physical certificated form, and the terms and conditions governing the Direct Registration ADRs, shall be substantially in the form of Exhibit A annexed hereto (the "**form of ADR**"). The term "**Direct Registration ADR**" means an ADR, the ownership of which is recorded on the Direct Registration System. References to "ADRs" shall include certificated ADRs and Direct Registration ADRs,

unless the context otherwise requires. The form of ADR is hereby incorporated herein and made a part hereof; the provisions of the form of ADR shall be binding upon the parties hereto.

(c) Subject to paragraph (13) of the form of ADR (*Changes Affecting Deposited Securities*), each "**ADS**" evidenced by an ADR represents the right to receive, and to exercise the beneficial ownership interests in, the number of Shares specified in the form of ADR attached hereto as Exhibit A (as may be amended from time to time) that are on deposit with the Depositary and/or the Custodian and a pro rata share in any other Deposited Securities, subject, in each case, to the terms of this Deposit Agreement and the ADSs. The ADS(s)-to-Share(s) ratio is subject to amendment as provided in the form of ADR (which may give rise to fees contemplated in paragraph (7) thereof (*Charges of Depositary*)).

(d) "**Beneficial Owner**" means as to any ADS, any person or entity having a beneficial ownership interest in such ADS. A Beneficial Owner need not be the Holder of the ADR evidencing such ADS. If a Beneficial Owner of ADSs is not a Holder, it must rely on the Holder of the ADR(s) evidencing such ADSs in order to assert any rights or receive any benefits under this Deposit Agreement. The arrangements between a Beneficial Owner of ADSs and the Holder of the corresponding ADRs may affect the Beneficial Owner's ability to exercise any rights it may have.

(e) "**Commission**" means the United States Securities and Exchange Commission.

(f) "**Custodian**" means the agent or agents of the Depositary (singly or collectively, as the context requires) and any additional or substitute Custodian appointed pursuant to Section 9.

(g) The terms "**deliver**," "**execute**," "**issue**," "**register**," "**surrender**," "**transfer**" or "**cancel**," when used with respect to Direct Registration ADRs, shall refer to an entry or entries or an electronic transfer or transfers in the Direct Registration System, and, when used with respect to ADRs in physical certificated form, shall refer to the physical delivery, execution, issuance, registration, surrender, transfer or cancellation of certificates representing the ADRs.

(h) "**Delivery Order**" is defined in Section 3.

(i) "**Deposited Securities**" as of any time means all Shares at such time deposited under this Deposit Agreement and any and all other Shares, securities, property and cash at such time held by the Depositary or the Custodian in respect or in lieu of such deposited Shares and other Shares, securities, property and cash. Deposited Securities are not intended to, and shall not, constitute proprietary assets of the Depositary, the Custodian or their nominees. Beneficial ownership in Deposited Securities is intended to be, and shall at all times during the term of the Deposit

Agreement continue to be, vested in the Beneficial Owners of the ADSs representing such Deposited Securities.

(j) **"Direct Registration System"** means the system for the uncertificated registration of ownership of securities established by The Depository Trust Company ("**DTC**") and utilized by the Depositary pursuant to which the Depositary may record the ownership of ADRs without the issuance of a certificate, which ownership shall be evidenced by periodic statements issued by the Depositary to the Holders entitled thereto. For purposes hereof, the Direct Registration System shall include access to the Profile Modification System maintained by DTC, which provides for automated transfer of ownership between DTC and the Depositary.

(k) **"Holder"** means the person or persons in whose name an ADR is registered on the ADR Register. For all purposes under the Deposit Agreement and the ADRs, a Holder shall be deemed to have all requisite authority to act on behalf of any and all Beneficial Owners of the ADSs evidenced by the ADR(s) registered in such Holder's name.

(l) **"Removal Notice Date"** means the earliest date on which the Company provided notice of removal to the Depositary pursuant to Section 12(b) of this Deposit Agreement.

(m) **"Resignation Notice Date"** means the date on which the Depositary provided notice of its resignation to the Company pursuant to Section 12(a) of this Deposit Agreement.

(n) **"Securities Act of 1933"** means the United States Securities Act of 1933, as amended.

(o) **"Securities Exchange Act of 1934"** means the United States Securities Exchange Act of 1934, as amended.

(p) **"Shares"** mean the class A ordinary shares of the Company, and shall include the rights to receive Shares specified in paragraph (1) of the form of ADR (*Issuance of ADSs*).

(q) **"Termination Date"** means the date this Deposit Agreement is terminated in accordance with paragraph (17) of the form of ADR (*Termination*), which, for the avoidance of doubt, shall be either (i) the date fixed for termination in a notice of termination as contemplated therein or (ii) a date determined by the Depositary in the case of a termination not requiring prior notice of termination as contemplated in subparagraph (a)(iii) therein.

(r) **"Transfer Office"** is defined in paragraph (3) of the form of ADR (*Transfers, Split-Ups and Combinations of ADRs*).

- (s) **"Withdrawal Order"** is defined in Section 6.

For the avoidance of doubt, the use of "or," "either" and "any" in either the Deposit Agreement or the form of ADR shall not be exclusive.

2. Form of ADRs.

(a) *Direct Registration ADRs.* Notwithstanding anything in this Deposit Agreement or in the form of ADR to the contrary, ADSs shall be evidenced by Direct Registration ADRs, unless certificated ADRs are specifically requested by the Holder.

(b) *Certificated ADRs.* ADRs in certificated form shall be printed or otherwise reproduced at the discretion of the Depositary in accordance with its customary practices in its American depositary receipt business, or at the request of the Company typewritten and photocopied on plain or safety paper, and shall be substantially in the form set forth in the form of ADR, with such changes as may be required by the Depositary or the Company to comply with their obligations hereunder, any applicable law, regulation or usage or to indicate any special limitations or restrictions to which any particular ADRs are subject. ADRs may be issued in denominations of any number of ADSs. ADRs in certificated form shall be executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary (other than an ADR issued and outstanding as of the date hereof under the terms of the Prior Deposit Agreement which has become subject to the terms of this Deposit Agreement in all respects). ADRs in certificated form bearing the manual or facsimile signature of anyone who was at the time of execution a duly authorized officer of the Depositary shall bind the Depositary, notwithstanding that such officer has ceased to hold such office prior to the delivery of such ADRs.

(c) *Binding Effect.* Holders of ADRs, and the Beneficial Owners of the ADSs evidenced by such ADRs, shall each be bound by the terms and conditions of this Deposit Agreement and of the form of ADR, regardless of whether such ADRs are Direct Registration ADRs or certificated ADRs.

3. Deposit of Shares.

(a) *Requirements.* In connection with the deposit of Shares hereunder, the Depositary or the Custodian shall require a written order, in a form satisfactory to the Depositary, directing the Depositary to issue to, or upon the written order of, the person or persons designated in such order a Direct Registration ADR or ADRs evidencing the number of ADSs representing such deposited Shares (a **"Delivery Order"**). Shares presented for deposit shall, at the time of such deposit, be registered in the name of JPMorgan Chase Bank, N.A., as depositary for the benefit of holders of ADRs or in such other name as the Depositary shall direct. Deposited Securities shall be held by the Custodian for the account and to the order of the Depositary for the benefit of Holders of ADRs (to the extent not prohibited by law) at such place or

places and in such manner as the Depositary shall determine. Notwithstanding anything else contained herein, in the form of ADR and/or in any outstanding ADSs, the Depositary, the Custodian and their respective nominees are intended to be, and shall at all times during the term of this Deposit Agreement be, the record holder(s) only of the Deposited Securities represented by the ADSs for the benefit of the Holders. The Depositary, on its own behalf and on behalf of the Custodian and their respective nominees, disclaims any beneficial ownership interest in the Deposited Securities held on behalf of the Holders.

(b) **Delivery of Deposited Securities.** Deposited Securities may be delivered by the Custodian to any person only under the circumstances expressly contemplated in this Deposit Agreement. To the extent that the provisions of or governing the Shares make delivery of certificates therefor impracticable, Shares may be deposited hereunder by such delivery thereof as the Depositary or the Custodian may reasonably accept, including, without limitation, by causing them to be credited to an account maintained by the Custodian for such purpose with the Company or an accredited intermediary, such as a bank, acting as a registrar for the Shares, together with delivery of the documents, payments and Delivery Order referred to herein to the Custodian or the Depositary.

4. **Issue of ADRs.** At the request, risk and expense of the person depositing Shares or rights to receive Shares, the Depositary may accept such Shares and/or deposits for forwarding to the Custodian and may deliver ADRs at a place other than its office. After any such deposit of Shares, the Custodian shall notify the Depositary of such deposit and of the information contained in any related Delivery Order by letter, first class airmail postage prepaid, or by SWIFT, facsimile transmission or any other method of communication as may be agreed by the Custodian and the Depositary. After receiving such notice from the Custodian, the Depositary, subject to this Deposit Agreement, shall properly issue at the Transfer Office, to or upon the order of any person named in such notice, an ADR or ADRs registered as requested and evidencing the aggregate ADSs to which such person is entitled.

5. **Distributions on Deposited Securities.** To the extent that the Depositary determines in its discretion that any distribution pursuant to paragraph (10) of the form of ADR (*Distributions on Deposited Securities*) would not be permissible by applicable law, rule or regulation, or is not otherwise practicable with respect to any or all Holders, the Depositary may in its discretion make such distribution as it so deems practicable, including the distribution of some or all of any Cash (as defined in paragraph (10) of the form of ADR), foreign currency, securities or other property (or appropriate documents evidencing the right to receive some or all of any such Cash, foreign currency, securities or other property) and/or the Depositary may retain and hold some or all of such Cash, foreign currency, securities or other property as Deposited Securities with respect to the applicable Holders' ADRs (without liability for interest thereon or the investment thereof).

To the extent the Depositary determines in its discretion that it would not be permitted by applicable law, rule or regulation, or it would not otherwise be practicable, to convert foreign currency into U.S. dollars and/or distribute U.S. dollars to some or all of the Holders entitled thereto, the Depositary may in its discretion distribute some or all of the foreign currency received by the Depositary as it deems permissible and practicable to, or retain and hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Holders entitled to receive the same.

To the extent the Depositary retains and holds any Cash, foreign currency, securities or other property as permitted under this Section 5 or paragraph (10) (*Distributions on Deposited Securities*) of the form of ADR, any and all fees, charges and expenses related to, or arising from, the holding thereof (including, but not limited to those provided in paragraph (7) of the form of ADR (*Charges of Depositary*)) shall be paid from such Cash, foreign currency, securities or other property, or the net proceeds from the sale thereof, thereby reducing the amount so held hereunder.

6. **Withdrawal, Delivery and Transfer of Deposited Securities.** In connection with any surrender of ADRs for withdrawal of the Deposited Securities represented by the ADSs evidenced thereby, in addition to the requirements of paragraph (7) of the form of ADR, the Depositary may require proper endorsement in blank of any certificated ADRs evidencing such ADSs and/or duly executed instruments of transfer of such ADSs in blank, together with the Holder's written order directing the Depositary to cause the Deposited Securities represented by such ADSs to be withdrawn and delivered to, or upon the written order of, any person designated in such order (a "**Withdrawal Order**"). Unless otherwise agreed by the Depositary, ADSs may only be cancelled in multiples of such number of Shares as will permit whole Shares to be delivered.

At the request, risk and expense of the Holder hereof, the Depositary may deliver such Deposited Securities (including any certificates therefor) at a place other than its office. Directions from the Depositary to the Custodian to deliver Deposited Securities shall be given by letter, first class airmail postage prepaid, or by SWIFT, facsimile transmission or any other method of communication as may be agreed by the Custodian and the Depositary. Delivery of Deposited Securities may be made by the delivery of certificates (which, if required by law shall be properly endorsed or accompanied by properly executed instruments of transfer or, if such certificates may be registered, registered in the name of such Holder or as ordered by such Holder in any Withdrawal Order) or by such other means as the Depositary may deem practicable, including, without limitation, by transfer of record ownership thereof to an account designated in the Withdrawal Order maintained either by the Company or an accredited intermediary, such as a bank, acting as a registrar for the Deposited Securities.

The Company agrees to cooperate with the Depositary and to take all actions, and to instruct and cause any registrar and/or transfer agent of the Deposited Securities to take all such actions, as may be requested by the Depositary, or are otherwise necessary or required, to effectuate the withdrawal, delivery and/or transfer of the Deposited Securities, including, without limitation, providing a deed of undertaking as set forth in or substantially in the form of Exhibit B. The obligations of the Company set forth in this Section 6 shall survive the termination of the Deposit Agreement until all ADSs issued by the Depositary have been cancelled.

7. **Substitution of ADRs.** The Depositary shall execute and deliver a new Direct Registration ADR in exchange and substitution for any mutilated certificated ADR upon cancellation thereof or in lieu of and in substitution for such destroyed, lost or stolen certificated ADR, unless the Depositary has notice that such ADR has been acquired by a bona fide purchaser, upon the Holder thereof filing with the Depositary a request for such execution and delivery and a sufficient indemnity bond and satisfying any other reasonable requirements imposed by the Depositary.

8. **Cancellation and Destruction of ADRs.** All ADRs surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy ADRs in certificated form so cancelled in accordance with its customary practices.

9. **The Custodian.**

(a) *Rights of the Depositary.* Any Custodian in acting hereunder shall be subject to the directions of the Depositary and shall be responsible solely to it. The Depositary reserves the right to add, replace or remove a Custodian. The Depositary will give prompt notice of any such action, which will be advance notice if practicable. The Depositary may discharge any Custodian at any time upon notice to the Custodian being discharged.

(b) *Rights of the Custodian.* Any Custodian may resign from its duties hereunder in the manner permitted by any custodial agreement then in effect between the Depositary and the Custodian. Any Custodian ceasing to act hereunder as Custodian shall deliver, upon the instruction of the Depositary, all Deposited Securities held by it to a Custodian continuing to act.

(c) Notwithstanding anything to the contrary contained in this Deposit Agreement (including the ADRs) and, subject to the further limitations set forth in clause (q) of paragraph (14) of the form of ADR (*Exoneration*), the Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the Custodian except to the extent that any Holder has incurred liability directly as a result of the Custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the Depositary or (ii) failed to use reasonable care in the provision of custodial services to the

Depository as determined in accordance with the standards prevailing in the jurisdiction in which the Custodian is located.

10. **Lists of Holders.** The Company shall have the right to inspect transfer records of the Depository and its agents and the ADR Register, take copies thereof and require the Depository and its agents to supply copies of such portions of such records as the Company may request. The Depository or its agents shall furnish to the Company promptly upon the written request of the Company, a list of the names, addresses and holdings of ADSs by all Holders as of a date within seven (7) days of the Depository's receipt of such request.

11. **Depository's Agents.** The Depository may perform its obligations under this Deposit Agreement through any agent appointed by it, provided that the Depository shall notify the Company of such appointment and shall remain responsible for the performance of such obligations as if no agent were appointed, subject to paragraph (14) of the form of ADR (*Exoneration*).

12. **Resignation and Removal of the Depository; Appointment of Successor Depository.**

(a) *Resignation of the Depository.* The Depository may at any time resign as Depository by providing written notice of its election to do so delivered to the Company. Subject to subparagraph (c) below, the Depository's resignation shall take effect upon the Company's appointment of a successor depository and such successor depository's acceptance of its appointment as provided in Section 12(d) below.

(b) *Removal of the Depository.* The Depository may at any time be removed by the Company by providing no less than sixty (60) days' prior written notice of such removal to the Depository. Subject to subparagraph (c) below, such removal shall take effect on the later of (i) the sixtieth (60th) day after the Removal Notice Date and (ii) the Company's appointment of a successor depository and such successor depository's acceptance of its appointment as provided in Section 12(d) below.

(c) If either the Depository provides notice of its resignation (pursuant to Section 12(a)) or the Company provides notice of the Depository's removal (pursuant to Section 12(b)), and a successor depository is not appointed by the sixtieth (60th) day after the Resignation Notice Date or the Removal Notice Date, respectively, the Depository may terminate this Deposit Agreement and the ADR in the manner set out in paragraph (17) of the form of ADR (*Termination*) and the provisions of said paragraph (17) shall thereafter govern the Depository's obligations hereunder.

(d) *Appointment of Successor Depository.* If the Depository provides notice of its resignation pursuant to Section 12(a) above or the Company provides notice of the Depository's removal pursuant to Section 12(b) above, the Company shall use its best efforts to appoint a successor depository, which shall be a bank or trust company

having an office in the Borough of Manhattan, The City of New York. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor. The predecessor depositary, only upon payment of all sums due to it and on the written request of the Company, shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than its rights to indemnification and fees owing, each of which shall survive any such removal and/or resignation), (ii) duly assign, transfer and deliver all right, title and interest to the Deposited Securities to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding ADRs. Any such successor depositary shall promptly mail notice of its appointment to such Holders. Any bank or trust company into or with which the Depositary may be merged or consolidated, or to which the Depositary shall transfer substantially all its American depositary receipt business, shall be the successor of the Depositary without the execution or filing of any document or any further act.

13. Compliance with Securities Exchange Act of 1934 Reporting and Other Requirements; Reports.

(a) *Securities Exchange Act of 1934.* The Company represents and warrants continuously that (i) the statements in paragraph (8) of the form of ADR (*Available Information*) attached hereto as Exhibit A or, if applicable, most recently filed with the Commission are true and correct and (ii) it is in compliance with the registration, reporting and other requirements of the Securities Exchange Act of 1934. These representations and warranties of the Company shall survive the date of the Deposit Agreement.

The Company hereby covenants and agrees to publish and file all reports, and to take all other actions, necessary and/or required to remain in compliance with the requirements of the Securities Exchange Act of 1934, as and when required. The Company agrees to notify the Depositary promptly in the event of any change in the truth or accuracy of, or noncompliance with, any of the representations, warranties, covenants and agreements contained in this Section 13(a) and paragraph (8) of the form of ADR (*Available Information*).

The Company acknowledges and agrees that the Depositary (i) is relying, and may so rely, solely on the Company's representations, warranties, covenants and agreements in this Section 13(a) and paragraph (8) of the form of ADR (*Available Information*), (ii) does not assume any duty or responsibility to determine if the Company is in compliance with the registration, reporting and other requirements of the Securities Exchange Act of 1934, and (iii) may, and is expressly authorized by the Company to, represent, warrant and certify that, based on such ongoing representations, warranties, covenants and agreements of the Company, the Company

is in compliance with the registration, reporting and other requirements of the Securities Exchange Act of 1934.

(b) *Reports.* On or before the first date on which the Company makes any communication available to holders of Deposited Securities or any securities regulatory authority or stock exchange, by publication or otherwise, the Company shall transmit to the Depositary a copy thereof in English or with an English translation or summary. The Company has delivered to the Depositary, the Custodian and any Transfer Office, a copy of all provisions of or governing the Shares and any other Deposited Securities issued by the Company or any affiliate of the Company and, promptly upon any change thereto, the Company shall deliver to the Depositary, the Custodian and any Transfer Office, a copy (in English or with an English translation) of such provisions as so changed. The Depositary and its agents may rely upon the Company's delivery of all such communications, information and provisions for all purposes of this Deposit Agreement and the Depositary shall have no liability for the accuracy or completeness of any thereof.

14. **Additional Shares.** The Company agrees with the Depositary that neither the Company nor any company controlling, controlled by or under common control with the Company shall (a) issue (i) additional Shares, (ii) rights to subscribe for Shares, (iii) securities convertible into or exchangeable for Shares or (iv) rights to subscribe for any such securities or (b) deposit any Shares under this Deposit Agreement, except, in each case, under circumstances complying in all respects with the Securities Act of 1933. At the reasonable request of the Depositary where it deems necessary, the Company will furnish the Depositary with legal opinions, in forms and from counsels reasonably acceptable to the Depositary, dealing with such issues requested by the Depositary. The Depositary will not knowingly accept for deposit hereunder any Shares required to be registered under the Securities Act of 1933 unless a registration statement is in effect and will use reasonable efforts to comply with written instructions of the Company not to accept for deposit hereunder any Shares identified in such instructions at such times and under such circumstances as may reasonably be specified in such instructions in order to facilitate the Company's compliance with the securities laws, rules and regulations of the United States, including, but not limited to, the Securities Act of 1933 and the rules and regulations promulgated thereunder.

15. **Indemnification.**

(a) *Indemnification by the Company.* The Company shall indemnify, defend and save harmless each of the Depositary, the Custodian and their respective directors, officers, employees, agents and affiliates against any loss, liability or expense (including reasonable fees and expenses of counsel) that may arise out of acts performed or omitted, in connection with the provisions of this Deposit Agreement and of the ADRs, as the same may be amended, modified or supplemented from time to time in accordance herewith (i) by either the Depositary or a Custodian

or their respective directors, officers, employees, agents and affiliates, except for any liability or expense directly arising out of the negligence or willful misconduct of the Depositary or its directors, officers or affiliates acting in their capacities as such hereunder, or (ii) by the Company or any of its directors, officers, employees, agents and affiliates, including, without limitation, if any of the representations and warranties of the Company contained in Section 13 hereof and/or paragraph 8 of the form of ADR (*Available Information*) were or are incorrect in any respect and/or if the Company violates or breaches any of its covenants or agreements contained therein with respect to the Securities Exchange Act of 1934 or otherwise.

The indemnities set forth in the preceding paragraph shall also apply to any liability or expense that may arise out of any misstatement or alleged misstatement or omission or alleged omission in any registration statement, proxy statement, prospectus (or placement memorandum), preliminary prospectus (or preliminary placement memorandum) or other document or report relating to, or arising from the offer, issuance, withdrawal, sale, resale or transfer of ADSs or the deposit, withdrawal, offer, sale, resale or transfer of Shares or any other report filed or furnished by the Company with the Commission, except to the extent any such liability or expense arises out of (i) information relating to the Depositary or its agents (other than the Company), as applicable, furnished in writing by the Depositary expressly for use in any of the foregoing documents and not changed or altered by the Company or any other person (other than the Depositary) or (ii) if such information is provided, the failure by the Depositary to state a material fact therein necessary to make the information provided, in light of the circumstances under which made or provided, not misleading.

(b) *Indemnification by the Depositary.* Subject to the limitations provided for in Sections 9 and 15(c) below, the Depositary shall indemnify, defend and save harmless the Company against any direct loss, liability or expense (including reasonable fees and expenses of counsel) incurred by the Company in respect of this Deposit Agreement to the extent such loss, liability or expense is due to the negligence or willful misconduct of the Depositary.

(c) *Special or Consequential Damages and Lost Profits.* Notwithstanding any other provision of this Deposit Agreement or the ADRs to the contrary, neither the Depositary nor any of its agents shall be liable for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation, Holders and Beneficial Owners of ADRs and ADSs), whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

(d) *Notification.* Any person seeking indemnification hereunder (an "**indemnified person**") shall notify the person from whom it is seeking indemnification (the "**indemnifying person**") of the commencement of any indemnifiable action or

claim as promptly as reasonably practical after such indemnified person becomes aware of such commencement (provided that the failure to make such notification shall not affect such indemnified person's rights to indemnification under this Section 15 except and only to the limited extent the indemnifying person is materially prejudiced by such failure through the forfeiture of substantive rights or defenses as a result of such failure; and provided, further, that the failure to notify the indemnifying party shall not relieve the indemnifying party from any liability that it may have to an indemnified party otherwise than under this Section 15). No indemnifying person shall be liable for any settlement of any proceeding effected without its written consent (which consent shall not be unreasonably withheld, conditioned or delayed), but if settled with such indemnifying person's written consent or if there is a final and non-appealable judgment by a court of competent jurisdiction in any such proceeding, the indemnifying person agrees to indemnify and hold harmless each indemnified person from and against any and all losses, claims, damages, liabilities and reasonable legal and other out-of-pocket expenses by reason of such settlement or judgment. No indemnifying person shall, without the prior written consent of any indemnified person, effect any settlement of any pending or threatened proceedings in respect of which indemnity could have been sought hereunder by such indemnified person unless such settlement (i) includes an unconditional release of such indemnified person in form and substance reasonably satisfactory to such indemnified person from all liability or claims that are the subject matter of such proceedings and (ii) does not include any statement as to or any admission of fault, culpability, wrong doing or a failure to act by or on behalf of any indemnified person.

(e) *Survival.* The obligations set forth in this Section 15 shall survive the termination of this Deposit Agreement and the succession or substitution of any indemnified person.

16. Notices.

(a) *Notice to Holders.* Notice to any Holder shall be deemed given when first mailed, first class postage prepaid, to the address of such Holder on the ADR Register or received by such Holder. Failure to notify a Holder or any defect in the notification to a Holder shall not affect the sufficiency of notification to other Holders or to the Beneficial Owners of the ADSs evidenced by the ADRs held by such other Holders. The Depositary's only notification obligations under this Deposit Agreement and the ADRs shall be to Holders. Notice to a Holder shall be deemed, for all purposes of this Deposit Agreement and the ADRs, to constitute notice to any and all Beneficial Owners of the ADSs evidenced by such Holder's ADRs.

(b) *Notice to the Depositary or the Company.* Notice to the Depositary or the Company shall be deemed given when first received by it at the address or by electronic transmission to the e-mail address set forth in (i) or (ii), respectively, or at such other address or email address provided by the Depositary or the Company to the

other, respectively, in the same manner as notices are required to be provided in this Section 16:

- (i) JPMorgan Chase Bank, N.A.
270 Park Avenue, Floor 8
New York, New York 10017
Attention: Depositary Receipts Group
E-mail Address: DR_Global_CSM@jpmorgan.com
- (ii) Futu Holdings Limited
34/F, United Centre
95 Queensway, Admiralty
Hong Kong S.A.R., People's Republic of China
Attention: Chief Financial Officer
E-mail Address: ir@futuholdings.com

Delivery of a notice by means of electronic messaging shall be deemed to be effective at the time of the initiation of the transmission by the sender (as shown on the sender's records) to the email address set forth above, notwithstanding that the intended recipient retrieves the message at a later date, fails to retrieve such message, or fails to receive such notice on account of its failure to maintain the designated e-mail address, its failure to designate a substitute e-mail address or for any other reason.

17. **Counterparts.** This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one instrument. Delivery of an executed signature page of this Deposit Agreement by facsimile or other electronic transmission (including ".pdf", ".tif" or similar format) shall be effective as delivery of a manually executed counterpart hereof.

18. **No Third-Party Beneficiaries; Holders and Beneficial Owners as Parties; Binding Effect.** This Deposit Agreement is for the exclusive benefit of the Company, the Depositary and the Holders and their respective successors hereunder, and, except to the extent specifically set forth in Section 15 of this Deposit Agreement, shall not give any legal or equitable right, remedy or claim whatsoever to any other person. The Holders and Beneficial Owners from time to time shall be parties to this Deposit Agreement and shall be bound by all of the provisions hereof. A Beneficial Owner shall only be able to exercise any right or receive any benefit hereunder solely through the Holder of the ADR(s) evidencing the ADSs owned by such Beneficial Owner.

19. **Severability.** If any provision contained in this Deposit Agreement or in the ADRs is, or becomes, invalid, illegal or unenforceable in any respect, the remaining provisions contained herein and therein shall in no way be affected

thereby.

20. Governing Law; Consent to Jurisdiction.

(a) *Governing Law.* The Deposit Agreement, the ADSs and the ADRs shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the application of the conflict of law principles thereof.

(b) *Claims between the Company and the Depositary.* The Company irrevocably agrees that any legal suit, action or proceeding against or involving the Company brought by the Depositary arising out of or based upon this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may be instituted in any state or federal court in New York, New York, and irrevocably waives any objection that it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. The Company also irrevocably agrees that any legal suit, action or proceeding against or involving the Depositary brought by the Company, arising out of or based upon this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may be instituted only in a state or federal court in New York, New York. Notwithstanding the foregoing, the Depositary may institute and/or refer any such suit, action or proceeding to arbitration in accordance with the provisions of the Deposit Agreement, and thereupon any arbitral decision from such suit, action or proceeding shall be deemed final and binding.

(c) *Claims Involving Holders and Beneficial Owners.* By holding or owning an ADR or ADS or an interest therein, Holders and Beneficial Owners each irrevocably agree that any legal suit, action or proceeding against or involving Holders or Beneficial Owners brought by the Company or the Depositary, arising out of or based upon this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may be instituted in a state or federal court in New York, New York, and by holding or owning an ADR or ADS or an interest therein each irrevocably waives any objection that it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding.

By holding or owning an ADR or ADS or an interest therein, Holders and Beneficial Owners each also irrevocably agree that any legal suit, action or proceeding against or involving the Depositary and/or the Company brought by Holders or Beneficial Owners, arising out of or based upon this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, including, without limitation, claims under the Securities Act of 1933, may be instituted only in the United States District Court for the Southern District of New York (or in the state courts of New York County in New York if either (i) the United States District Court for the Southern District of New York lacks subject matter

jurisdiction over a particular dispute or (ii) the designation of the United States District Court for the Southern District of New York as the exclusive forum for any particular dispute is, or becomes, invalid, illegal or unenforceable). Notwithstanding the foregoing, the Depositary may institute and/or refer any such suit, action or proceeding to arbitration in accordance with the provisions of this Deposit Agreement, and thereupon, any arbitral decision from such suit, action or proceeding shall be deemed final and binding.

(d) *Optional Arbitration.* Notwithstanding anything in this Deposit Agreement to the contrary, each of the parties hereto (*i.e.*, the Company, the Depositary and all Holders and Beneficial Owners) agrees that: (i) the Depositary may, in its sole discretion, elect to institute any dispute, suit, action, controversy, claim or proceeding directly or indirectly based on, arising out of or relating to this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, including without limitation any question regarding its or their existence, validity, interpretation, performance or termination (each, a "**Dispute**"; collectively, "**Disputes**") against any other party or parties hereto (including, without limitation, Disputes brought against Holders and Beneficial Owners), by having the Dispute referred to and finally resolved by an arbitration conducted under the terms set out below, and (ii) the Depositary may in its sole discretion require, by written notice to the relevant party or parties, that any Dispute brought by any party or parties hereto (including, without limitation, Disputes brought by Holders and Beneficial Owners) against the Depositary be referred to and finally settled by an arbitration conducted under the terms set out below.

Any such arbitration shall, at the Depositary's election, be conducted either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) with the Hong Kong International Arbitration Centre serving as the appointing authority, in each case as amended by this Section 20(d), and the language of any such arbitration shall be English.

A notice of arbitration may be mailed to the Company at its address last specified for notices under this Deposit Agreement, and, if applicable, to any Holders at their addresses on the ADR Register, which notice to any such Holder, for the avoidance of doubt, shall be deemed, for all purposes of the Deposit Agreement and the ADRs, including, without limitation, the arbitration provisions contained in this clause (d), to constitute notice to any and all Beneficial Owners of the ADSs evidenced by such Holder's ADRs. In any case where the Depositary exercises its right to arbitrate hereunder, arbitration of the Dispute shall be mandatory and any pending litigation arising out of or related to such Dispute shall be stayed. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.

Notwithstanding anything contained herein to the contrary, and for the avoidance of doubt, the Company and all Holders and Beneficial Owners from time to time of ADRs issued hereunder (and any persons owning or holding interests in ADSs) agree that any federal or state court in New York, New York, shall have jurisdiction to hear and determine proceedings related to the enforcement of this arbitration provision and any arbitration award by the arbitrators contemplated and, for such purposes, irrevocably submits to the non-exclusive jurisdiction of such courts.

Each of the parties hereto (*i.e.*, the Company, the Depositary and all Holders and Beneficial Owners) agrees not to challenge the terms and enforceability of this arbitration clause, including, but not limited to, any challenge based on lack of mutuality, and each such party hereby irrevocably waives any such challenge.

The number of arbitrators shall be three, each of whom shall (x) be disinterested in the Dispute, (y) have no connection with any party thereto, and (z) be an attorney experienced in international securities transactions. The Company and the Depositary shall each appoint one arbitrator, and the two arbitrators shall select a third arbitrator who shall serve as chairperson of the tribunal. If a Dispute shall involve more than two parties, the parties shall attempt to align themselves in two sides (*i.e.*, claimant and respondent), each of which shall appoint one arbitrator as if there were only two parties to such Dispute. If either or both parties fail to select an arbitrator, or if such alignment (in the event there are more than two parties) shall not have occurred, within thirty (30) days after the Depositary serves the arbitration demand or the two arbitrators fail to select a third arbitrator within thirty (30) days of the selection of the second arbitrator, the American Arbitration Association in the case of an arbitration in New York, the Hong Kong International Arbitration Centre in the case of an arbitration in Hong Kong, shall appoint the remaining arbitrator or arbitrators in accordance with its rules. The parties and the American Arbitration Association and/or the Hong Kong International Arbitration Centre, as the case may be, may appoint the arbitrators from among the nationals of any country, whether or not the appointing party or any other party to the arbitration is a national of that country.

The arbitrators shall have no authority to award (A) damages against any party not measured by the prevailing party's actual damages or (B) any consequential, special or punitive damages against any party and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Deposit Agreement.

In all cases, the fees of the arbitrators and other costs incurred by the parties in connection with such arbitration shall be paid by the party (or parties) that is (or are) unsuccessful in such arbitration.

No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, or to include in any arbitration any dispute as a

representative or member of a class, or act in any arbitration in the interest of the general public or in a private attorney general capacity.

(e) Notwithstanding the foregoing or anything in this Deposit Agreement to the contrary, any suit, action or proceeding against the Company based on this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may be instituted by the Depositary in any competent court in the Cayman Islands, Hong Kong, the People's Republic of China, the United States and/or any other court of competent jurisdiction, or by the Depositary through the commencement of an arbitration pursuant to Section 20(d) of this Deposit Agreement.

21. Agent for Service.

(a) *Appointment.* The Company has appointed Law Debenture Corporate Services Inc. (the "**Agent**") now at Suite 901, 420 Lexington Avenue, New York, NY 10170, as its authorized agent (the "**Authorized Agent**") upon which process and papers may be served in any such suit, action or proceeding arising out of or based on this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby which may be instituted in any state or federal court in New York, New York by the Depositary or any Holder or by the Depositary exercising its rights under Section 20(d) above, and waives any other requirements of or objections to personal jurisdiction with respect thereto. Subject to the Company's rights to replace the Authorized Agent with another entity in the manner required were the Authorized Agent to have resigned, such appointment shall be irrevocable.

(b) *Agent for Service of Process.* The Company represents and warrants that the Authorized Agent has agreed to act as said agent for service of process, and the Company agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. The Company further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any suit, action or proceeding against the Company, by service by mail of a copy thereof upon the Authorized Agent (whether or not the appointment of such Authorized Agent shall for any reason prove to be ineffective or such Authorized Agent shall fail to accept or acknowledge such service), with a copy mailed to the Company by registered or certified air mail, postage prepaid, to its address provided in Section 16(b) hereof. The Company agrees that the failure of the Authorized Agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment or award rendered in any suit, action or proceeding based thereon. If, for any reason, the Authorized Agent named above or its successor shall no longer serve as agent of the Company to receive service of process, summons, notices, papers and documents in New York, the Company shall promptly appoint a successor that is a legal entity with offices in New York, New York, so as to serve and will promptly advise the Depositary thereof.

(c) **Waiver of Personal Service of Process.** In the event the Company fails to continue such designation and appointment in full force and effect, the Company hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices hereunder, and service so made shall be deemed completed five (5) days after the same shall have been so mailed.

22. **Waiver of Immunities.** To the extent that the Company or any of its properties, assets or revenues may have or may hereafter be entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, including any arbitration, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment or arbitration award, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or other matters under or arising out of or in connection with the Shares or Deposited Securities, the ADSSs, the ADRs or this Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

23. **Waiver of Jury Trial.** EACH PARTY TO THIS DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH HOLDER AND BENEFICIAL OWNER OF, AND/OR HOLDER OF INTERESTS IN, ADSS OR ADRS) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE DEPOSITARY AND/OR THE COMPANY DIRECTLY OR INDIRECTLY ARISING OUT OF, BASED ON OR RELATING IN ANY WAY TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE ADSs OR THE ADRs, THE DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR ANY OTHER THEORY), INCLUDING, WITHOUT LIMITATION, ANY SUIT, ACTION, CLAIM OR PROCEEDING UNDER THE UNITED STATES FEDERAL SECURITIES LAWS. No provision of this Deposit Agreement or any ADR is intended to constitute a waiver or limitation of any rights that a Holder or any Beneficial Owner may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

24. **Amendment and Restatement of Prior Deposit Agreement.** The Deposit Agreement amends and restates the Prior Deposit Agreement in its entirety to consist exclusively of the Deposit Agreement, and each Prior Receipt is hereby deemed amended and restated to substantially conform to the form of ADR set forth in Exhibit A annexed hereto, except that, to the extent any portion of such amendment and

restatement imposes or increases any fees or charges different from those set forth herein (other than charges in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or otherwise materially prejudices any substantial existing right of Holders of Prior Receipts or Beneficial Owners of ADSs evidenced by such Prior Receipts, such portion shall not become effective as to such Holders or Beneficial Owners with respect to such Prior Receipt until thirty (30) days after such Holders shall have received notice thereof, such notice to be conclusively deemed given upon the mailing to such Holders of notice of such amendment and restatement which notice contains a provision whereby such Holders can receive a copy of the form of ADR.

[Signature page follows]

IN WITNESS WHEREOF, FUTU HOLDINGS LIMITED and JPMORGAN CHASE BANK, N.A. have duly executed this Deposit Agreement as of the day and year first above set forth and all Holders and Beneficial Owners shall become parties hereto upon acceptance by them of ADSs issued in accordance with the terms hereof, or upon acquisition of any beneficial interest therein.

FUTU HOLDINGS LIMITED

By: /s/ Arthur Yu Chen
Name: Arthur Yu Chen
Title: Chief Financial Officer

JPMORGAN CHASE BANK, N.A.

By: /s/ Gregory A. Levendis
Name: Gregory A. Levendis
Title: Executive Director

[Signature Page to Deposit Agreement]

EXHIBIT A
ANNEXED TO AND INCORPORATED IN
DEPOSIT AGREEMENT

[FORM OF FACE OF ADR]

Number

No. of ADSs:

Each ADS represents
Eight (8) Shares

CUSIP:

AMERICAN DEPOSITARY RECEIPT

evidencing

AMERICAN DEPOSITARY SHARES

representing

CLASS A ORDINARY SHARES

of

FUTU HOLDINGS LIMITED

(Incorporated under the laws of the Cayman Islands)

JPMORGAN CHASE BANK, N.A., a national banking association organized under the laws of the United States of America, as depositary hereunder (in such capacity, the "**Depositary**"), hereby certifies that _____ is the registered owner (a "**Holder**") of _____ American depositary shares ("**ADSs**"), each (subject to paragraph (13) (*Changes Affecting Deposited Securities*)) representing eight (8) class A ordinary shares (including the rights to receive Shares described in paragraph (1) (*Issuance of ADSs*), "**Shares**" and, together with any other securities, cash or property from time to time held by the Depositary in respect or in lieu of deposited Shares, the "**Deposited Securities**"), of Futu Holdings Limited, a company incorporated under the laws of the Cayman Islands (the "**Company**"), deposited under the Amended and Restated Deposit Agreement, dated as of March 12, 2026 (as amended from time to time, the "**Deposit Agreement**"), among the Company, the Depositary and all Holders and Beneficial Owners from time to time of American Depositary Receipts issued thereunder ("**ADRs**"), each of whom by accepting

an ADR becomes a party thereto. The Deposit Agreement and this ADR (which includes the provisions set forth on the reverse hereof) shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to the application of the conflict of law principles thereof. All capitalized terms used herein, and not defined herein, shall have the meanings ascribed to such terms in the Deposit Agreement.

(1) Issuance of ADSs.

(a) *Issuance.* This ADR is one of the ADRs issued under the Deposit Agreement. Subject to the other provisions hereof, the Depositary may so issue ADRs for delivery at the Transfer Office only against deposit of: (i) Shares in a form satisfactory to the Custodian; or (ii) rights to receive Shares from the Company or any registrar, transfer agent, clearing agent or other entity recording Share ownership or transactions. At the request, risk and expense of the person depositing Shares or rights to receive Shares, the Depositary may accept such Shares and/or deposits for forwarding to the Custodian and may deliver ADRs at a place other than its office.

(b) *Lending.* In its capacity as Depositary, the Depositary shall not lend Shares or ADSs.

(c) *Representations and Warranties of Depositors.* Every person depositing Shares under the Deposit Agreement represents and warrants that:

- (i) such Shares and the certificates therefor are duly authorized, validly issued and outstanding, fully paid, nonassessable and legally obtained by such person,
- (ii) all pre-emptive and comparable rights, if any, with respect to such Shares have been validly waived or exercised,
- (iii) the person making such deposit is duly authorized so to do,
- (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim and
- (v) such Shares (A) are not "restricted securities" as such term is defined in Rule 144 under the Securities Act of 1933 ("**Restricted Securities**") unless at the time of deposit the requirements of paragraphs (c), (e), (f) and (h) of Rule 144 shall not apply and such Shares may be freely transferred and may otherwise be offered and sold freely in the United States or (B) have been registered under the Securities Act of 1933. To the extent the person depositing Shares is an "affiliate" of the Company as such

term is defined in Rule 144, the person also represents and warrants that upon the sale of the ADSs, all of the provisions of Rule 144 that enable the Shares to be freely sold (in the form of ADSs) will be fully complied with and, as a result thereof, all of the ADSs issued in respect of such Shares will not be on the sale thereof, Restricted Securities.

Such representations and warranties shall survive the deposit and withdrawal of Shares and the issuance and cancellation of ADSs in respect thereof and the transfer of such ADSs. If any of the representations or warranties are incorrect in any way, the Company and the Depositary may, at the cost of the breaching Holder (including, without limitation, any Holder acting on behalf of a third party) and/or Beneficial Owner, take any and all actions necessary to correct the consequences of such misrepresentation.

(d) The Depositary may refuse to accept for such deposit any Shares identified by the Company in order to facilitate compliance with the requirements of the securities laws, rules and regulations of the United States, including, without limitation, the Securities Act of 1933 and the rules and regulations made thereunder.

(2) **Withdrawal of Deposited Securities.** Subject to paragraphs (4) (*Certain Limitations to Registration, Transfer etc.*), (5) (*Liability of Holder or Beneficial Owner for Taxes, Duties and Other Charges*) and (7) (*Charges of Depositary*) and to the provisions of or governing the Deposited Securities (including, without limitation, the Company's governing documents and all applicable laws, rules and regulations), upon surrender of (a) a certificated ADR in a form satisfactory to the Depositary at the Transfer Office or (b) proper instructions and documentation in the case of a Direct Registration ADR, the Holder hereof is entitled to delivery at the Custodian's office (or from the Custodian to the extent dematerialized) of the Deposited Securities at the time represented by the ADSs evidenced by this ADR. Unless otherwise agreed by the Depositary, ADSs may only be cancelled in multiples of such number of Shares as will permit whole Shares to be delivered. At the request, risk and expense of the Holder hereof, the Depositary may deliver such Deposited Securities (including any certificates therefor) at such other place as may have been requested by the Holder. Notwithstanding any other provision of the Deposit Agreement or this ADR, the withdrawal of Deposited Securities may be restricted only for the reasons set forth in General Instruction I.A.(1) of Form F-6 (as such instructions may be amended from time to time) under the Securities Act of 1933.

(3) **Transfers, Split-Ups and Combinations of ADRs.** The Depositary or its agent will keep, at a designated transfer office (the "Transfer Office"), (a) a register (the "ADR Register") for the registration, registration of transfer, combination and split-up of ADRs, and, in the case of Direct Registration ADRs, shall include the Direct Registration System, which at all reasonable times will be open for inspection by Holders and the Company for the purpose of communicating with Holders in the

interest of the business of the Company or a matter relating to the Deposit Agreement and (b) facilities for the delivery and receipt of ADRs. The term ADR Register includes the Direct Registration System. Title to this ADR (and to the Deposited Securities represented by the ADSs evidenced hereby), when properly endorsed (in the case of ADRs in certificated form) and/or upon delivery to the Depositary of proper instruments of transfer, is transferable by delivery with the same effect as in the case of negotiable instruments under the laws of the State of New York; provided that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this ADR is registered on the ADR Register as the absolute owner hereof for all purposes and neither the Depositary nor the Company will have any obligation or be subject to any liability under the Deposit Agreement or any ADR to any Beneficial Owner, unless such Beneficial Owner is the Holder hereof. Subject to paragraphs (4) (*Certain Limitations to Registration, Transfer, etc.*) and (5) (*Liability of Holder or Beneficial Owner for Taxes, Duties and Other Charges*), this ADR is transferable on the ADR Register and may be split into other ADRs or combined with other ADRs into one ADR, evidencing the aggregate number of ADSs surrendered for split-up or combination, by the Holder hereof or by duly authorized attorney upon surrender of this ADR at the Transfer Office properly endorsed (in the case of ADRs in certificated form) or upon delivery to the Depositary of proper instruments of transfer and duly stamped as may be required by applicable law; provided that the Depositary may close the ADR Register (and/or any portion thereof) at any time or from time to time when deemed expedient by it. At the request of a Holder, the Depositary shall, for the purpose of substituting a certificated ADR with a Direct Registration ADR, or vice versa, execute and deliver a certificated ADR or a Direct Registration ADR, as the case may be, for any authorized number of ADSs requested, evidencing the same aggregate number of ADSs as those evidenced by the certificated ADR or Direct Registration ADR, as the case may be, substituted.

(4) **Certain Limitations to Registration, Transfer, etc.** Prior to the issue, registration, registration of transfer, split-up or combination of any ADR, the delivery of any distribution in respect thereof, or, subject to the last sentence of paragraph (2) (*Withdrawal of Deposited Securities*), the withdrawal of any Deposited Securities, and from time to time in the case of clause (b)(ii) of this paragraph (4), the Company, the Depositary or the Custodian may require:

(a) payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of Shares or other Deposited Securities upon any applicable register and (iii) any applicable charges as provided in paragraph (7) (*Charges of Depositary*) of this ADR;

(b) the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial or other ownership of, or interest in, any securities, compliance

with applicable law, regulations, provisions of or governing Deposited Securities and terms of the Deposit Agreement and this ADR, as it may deem necessary or proper; and

(c) compliance with such regulations as the Depositary may establish consistent with the Deposit Agreement or as the Depositary believes are required, necessary or advisable in order to comply with applicable laws, rules and regulations.

The issuance of ADRs, the acceptance of deposits of Shares, the registration, registration of transfer, split-up or combination of ADRs or, subject to the last sentence of paragraph (2) (*Withdrawal of Deposited Securities*), the withdrawal and delivery of Deposited Securities may be suspended, generally or in particular instances, when the ADR Register or any register for Deposited Securities is closed or when any such action is deemed required, necessary or advisable by the Depositary for any reason.

(5) Liability of Holder or Beneficial Owner for Taxes, Duties and Other Charges.

(a) *Liability for Taxes.* If any tax or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the Custodian or the Depositary with respect to this ADR, any Deposited Securities represented by the ADSs evidenced hereby or any distribution thereon, including, without limitation, any Chinese enterprise income tax owed if the Circular Guoshuifa [2009] No. 82 issued by the Chinese State Administration of Taxation (SAT) or any other circular, edict, order or ruling, as issued and as from time to time amended, is applied or otherwise, such tax or other governmental charge shall be paid by the Holder hereof to the Depositary and by holding or owning, or having held or owned, this ADR or any ADSs evidenced hereby, the Holder and all Beneficial Owners hereof and thereof, and all prior Holders and Beneficial Owners hereof and thereof, jointly and severally, agree to indemnify, defend and save harmless each of the Depositary and its agents in respect of such tax or other governmental charge.

Neither the Depositary, nor any of its agents, shall be liable to Holders or Beneficial Owners of the ADSs and ADRs for failure of any of them to comply with applicable tax laws, rules and/or regulations.

Notwithstanding the Depositary's right to seek payment from current and former Holders and Beneficial Owners, the Holder(s) and Beneficial Owner(s) hereof (and all prior Holder(s) and Beneficial Owner(s) hereof) acknowledge and agree that the Depositary has no obligation to seek payment of amounts owing under this paragraph (5) from any current or former Beneficial Owner.

The Depositary may refuse to effect any registration, registration of transfer, split-up or combination hereof or, subject to the last sentence of paragraph

(2) (*Withdrawal of Deposited Securities*), any withdrawal of such Deposited Securities until such payment is made.

The Depositary may also deduct from any distributions on or in respect of Deposited Securities, or may sell by public or private sale for the account of the Holder hereof any part or all of such Deposited Securities, and may apply such deduction or the proceeds of any such sale in payment of such tax or other governmental charge, the Holder hereof remaining liable for any deficiency, and shall reduce the number of ADSs evidenced hereby to reflect any such sales of Shares. In connection with any distribution to Holders, the Company will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Company; and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Depositary or the Custodian.

If the Depositary determines that any distribution in property other than cash (including Shares or rights) on Deposited Securities is subject to any tax that the Depositary or the Custodian is obligated to withhold, the Depositary may dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes, by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes to the Holders entitled thereto.

(b) *Indemnification Related to Taxes*. Each Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian and any of their respective officers, directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained which obligations shall survive any transfer or surrender of ADSs or the termination of the Deposit Agreement.

(6) Disclosure of Interests.

(a) *General*. To the extent that the provisions of or governing any Deposited Securities may require disclosure of or impose limits on beneficial or other ownership of, or interest in, Deposited Securities, other Shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, Holders and Beneficial Owners agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable Company instructions in respect thereof.

(b) *Jurisdiction Specific*. Any summary of the laws and regulations of the Cayman Islands and of the terms of the Company's constituent documents has

been provided by the Company solely for the convenience of Holders, Beneficial Owners and the Depositary. While such summaries are believed by the Company to be accurate as of the date of the Deposit Agreement, they are (i) summaries and as such may not include all aspects of the materials summarized as applicable to a Holder or Beneficial Owner, and (ii) provided by the Company as of the date of the Deposit Agreement. The Holder or Beneficial Owner acknowledges that these laws and regulations and the Company's constituent documents may change after the date of the Deposit Agreement. Neither the Depositary nor the Company has any obligation to update any such summaries.

(7) Charges of Depositary.

(a) *Rights of the Depositary.* The Depositary may charge, and collect from, (i) each person to whom ADSs are issued, including, without limitation, issuances against deposits of Shares, issuances in respect of Share Distributions, Rights and Other Distributions (as such terms are defined in paragraph (10) (*Distributions on Deposited Securities*)), issuances pursuant to a stock dividend or stock split declared by the Company, or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or the Deposited Securities, and (ii) each person surrendering ADSs for withdrawal of Deposited Securities or whose ADSs are cancelled or reduced for any other reason, a fee of up to U.S.\$5.00 for each 100 ADSs (or portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a Share Distribution or elective distribution is made or offered (as the case may be). The Depositary may sell (by public or private sale) sufficient securities and property received in respect of Share Distributions, Rights and Other Distributions prior to such deposit to pay such charge.

(b) *Additional Fees, Charges and Expenses by the Depositary.* The following additional fees, charges and expenses shall also be incurred by the Holders, the Beneficial Owners, by any party depositing or withdrawing Shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuances pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the ADSs or the Deposited Securities or a distribution of ADSs pursuant to paragraph (10) (*Distributions on Deposited Securities*)), whichever is applicable:

- (i) a fee of up to U.S.\$0.05 per ADS held for any Cash distribution made, or for any elective cash/stock dividend offered, pursuant to the Deposit Agreement,
- (ii) a fee of up to U.S.\$0.05 per ADS held for the direct or indirect distribution of securities (other than ADSs or rights to purchase additional ADSs pursuant to paragraph (10) hereof) or the net cash proceeds from the public or private sale of any such securities, regardless of whether any such distribution and/or sale is made

by, for, or received from, or (in each case) on behalf of, the Depositary, the Company and/or any third party (which fee may be assessed against Holders as of a record date set by the Depositary),

- (iii) an aggregate fee of up to U.S.\$0.05 per ADS per calendar year (or portion thereof) for services performed by the Depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against Holders as of the record date or record dates set by the Depositary during each calendar year and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more cash dividends or other cash distributions), and
- (iv) an amount for the reimbursement of such fees, charges and expenses as are incurred by the Depositary and/or any of its agents (including, without limitation, the Custodian, as well as fees, charges and expenses incurred on behalf of Holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the Shares or other Deposited Securities, the sale of securities (including, without limitation, Deposited Securities), the delivery of Deposited Securities or otherwise in connection with the Depositary's or its Custodian's compliance with applicable law, rule or regulation (which charges and expenses may be assessed on a proportionate basis against Holders as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge or expense from one or more cash dividends or other cash distributions).

(c) *Other Obligations, Fees, Charges and Expenses.* The Company will pay all other fees, charges and expenses of the Depositary and any agent of the Depositary (except the Custodian) pursuant to agreements from time to time between the Company and the Depositary, except:

- (i) stock transfer or other taxes and other governmental charges (which are payable by Holders or persons depositing Shares);
- (ii) a transaction fee per cancellation request (including any cancellation request made through SWIFT, facsimile transmission or any other method of communication) as disclosed on the "Disclosures" page (or successor page) of www.adr.com (as

updated by the Depositary from time to time, "**ADR.com**") and any applicable delivery expenses (which are payable by such persons or Holders); and

- (iii) transfer or registration expenses for the registration or transfer of Deposited Securities on any applicable register in connection with the deposit or withdrawal of Deposited Securities (which are payable by persons depositing Shares or Holders withdrawing Deposited Securities).

(d) *Foreign Exchange Related Matters.* To facilitate the administration of various depositary receipt transactions, including disbursement of dividends or other cash distributions and other corporate actions, the Depositary may engage the foreign exchange desk within JPMorgan Chase Bank, N.A. (the "**Bank**") and/or its affiliates in order to enter into spot foreign exchange transactions to convert foreign currency into U.S. dollars ("**FX Transactions**"). For certain currencies, FX Transactions are entered into with the Bank or an affiliate, as the case may be, acting in a principal capacity. For other currencies, FX Transactions are routed directly to and managed by an unaffiliated local custodian (or other third-party local liquidity provider), and neither the Bank nor any of its affiliates is a party to such FX Transactions.

The foreign exchange rate applied to an FX Transaction will be either (i) a published benchmark rate, or (ii) a rate determined by a third-party local liquidity provider, in each case plus or minus a spread, as applicable. The Depositary will disclose which foreign exchange rate and spread, if any, apply to such currency on the "Disclosures" page (or successor page) of ADR.com. Such applicable foreign exchange rate and spread may (and neither the Depositary, the Bank nor any of their affiliates is under any obligation to ensure that such rate does not) differ from rates and spreads at which comparable transactions are entered into with other customers or the range of foreign exchange rates and spreads at which the Bank or any of its affiliates enters into foreign exchange transactions in the relevant currency pair on the date of the FX Transaction. Additionally, the timing of execution of an FX Transaction varies according to local market dynamics, which may include regulatory requirements, market hours and liquidity in the foreign exchange market or other factors. Furthermore, the Bank and its affiliates may manage the associated risks of their position in the market in a manner they deem appropriate without regard to the impact of such activities on the Company, the Depositary, Holders or Beneficial Owners. The spread applied does not reflect any gains or losses that may be earned or incurred by the Bank and its affiliates as a result of risk management or other hedging related activity.

Notwithstanding the foregoing, to the extent the Company provides U.S. dollars to the Depositary, neither the Bank nor any of its affiliates will execute an FX

Transaction as set forth herein. In such case, the Depositary will distribute the U.S. dollars received from the Company.

Further details relating to the applicable foreign exchange rate, the applicable spread and the execution of FX Transactions will be provided by the Depositary on ADR.com. The Company, Holders and Beneficial Owners each acknowledge and agree that the terms applicable to FX Transactions disclosed from time to time on ADR.com will apply to any FX Transaction executed pursuant to the Deposit Agreement.

(e) The right of the Depositary to charge and receive payment of fees, charges and expenses as provided above shall survive the termination of the Deposit Agreement. Upon the resignation or removal of the Depositary, such right shall extend for those fees, charges and expenses incurred prior to the effectiveness of such resignation or removal.

(f) *Disclosure of Potential Depositary Payments.* The Depositary anticipates reimbursing the Company for certain expenses incurred by the Company that are related to the establishment and maintenance of the ADR program upon such terms and conditions as the Company and the Depositary may agree from time to time. The Depositary may make available to the Company a set amount or a portion of the Depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as the Company and the Depositary may agree from time to time.

(g) Under certain limited circumstances the Depositary may reduce or waive certain fees, charges and expenses provided herein and in the Deposit Agreement, including, without limitation, those described in this paragraph (7) that would normally be charged on ADSs issued to or at the direction of, or otherwise held by, the Company and/ or certain Holders and Beneficial Owners and holders and beneficial owners of Shares of the Company.

(8) **Available Information.** The Deposit Agreement, the provisions of or governing Deposited Securities and any written communications from the Company, which are both received by the Custodian or its nominee as a holder of Deposited Securities and made generally available to the holders of Deposited Securities, are available for inspection by Holders at the offices of the Depositary in the United States, on the Commission's Internet Website or upon request to the Depositary (which request may be refused by the Depositary at its discretion). The Depositary will distribute copies of such communications (or English translations or summaries thereof) to Holders when furnished by the Company.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and accordingly files certain reports with the Commission. These reports can be inspected and retrieved by Holders and Beneficial

Owners through the EDGAR system on the Commission's Internet Website located as of the date of the Deposit Agreement at www.sec.gov and can be inspected and copied at the public reference facilities maintained by the Commission, located (as of the date of the Deposit Agreement) at 100 F Street, N.E., Washington, D.C. 20549. Each Holder and Beneficial Owner of an ADR and/or interest therein by so holding or owning an ADR and/or an interest therein, acknowledges and agrees that the Depositary (i) is relying, and may so rely, solely on the Company's representations, warranties, covenants and agreements in Section 13(a) of the Deposit Agreement and this paragraph (8) of the form of ADR (*Available Information*), (ii) does not assume any duty or responsibility to determine if the Company is in compliance with the registration, reporting and other requirements of the Securities Exchange Act of 1934, and (iii) may, and is expressly authorized by each Holder and Beneficial Owner of an ADR and/or an interest therein to, represent, warrant and certify that, based on such ongoing representations, warranties, covenants and agreements of the Company, the Company is in compliance with the registration, reporting and other requirements of the Securities Exchange Act of 1934.

(9) **Execution.** This ADR shall not be valid for any purpose unless executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary.

Dated:

JPMORGAN CHASE BANK, N.A., as Depositary

By _____
Authorized Officer

The Depositary's office is located at 270 Park Avenue, Floor 8, New York, New York 10017.

(10) **Distributions on Deposited Securities; Sales.** Subject to paragraphs (4) (*Certain Limitations to Registration, Transfer etc.*) and (5) (*Liability of Holder or Beneficial Owner for Taxes, Duties and other Charges*), to the extent practicable, the Depositary will distribute to each Holder entitled thereto on the record date set by the Depositary therefor at such Holder's address shown on the ADR Register, in proportion to the number of Deposited Securities (on which the following distributions on Deposited Securities are received by the Custodian) represented by ADSs evidenced by such Holder's ADRs:

(a) *Cash.* Any U.S. dollars available to the Depositary resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof authorized in this paragraph (10) ("**Cash**"), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being permissible or practicable with respect to certain Holders, and (iii) deduction of the Depositary's and/or its agents' fees and expenses in (1) converting any foreign currency to U.S. dollars by sale or in such other manner as the Depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the Depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner.

To the extent that any of the Deposited Securities is not or shall not be entitled, by reason of its date of issuance, or otherwise, to receive the full amount of such cash dividend, distribution, or net proceeds of sales, the Depositary shall make appropriate adjustments in the amounts distributed to the Holders issued in respect of such Deposited Securities. To the extent the Company or the Depositary shall be required to withhold and does withhold from any cash dividend, distribution or net proceeds from sales in respect of any Deposited Securities an amount on account of taxes, the amount distributed on the ADSs issued in respect of such Deposited Securities shall be reduced accordingly.

To the extent the Depositary determines in its discretion that it would not be permitted by applicable law, rule or regulation, or it would not otherwise be practicable, to convert foreign currency into U.S. dollars and/or distribute such U.S. dollars to any or all of the Holders entitled thereto, the Depositary may in its discretion distribute some or all of the foreign currency received by the Depositary as it deems permissible and practicable to, or retain and hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Holders entitled to receive the same.

(b) *Shares.* (i) Additional ADRs evidencing whole ADSs representing any Shares available to the Depositary resulting from a dividend or free distribution on Deposited Securities consisting of Shares (a "**Share Distribution**") and (ii) U.S. dollars available to it resulting from the net proceeds of public or private sales of Shares received in a Share Distribution, which Shares would give rise to fractional ADSs if additional ADRs were issued therefor, as in the case of Cash.

(c) *Rights.* (i) Warrants or other instruments in the discretion of the Depositary representing rights to acquire additional ADRs in respect of any rights to subscribe for additional Shares or rights of any nature available to the Depositary as a result of a distribution on Deposited Securities ("**Rights**"), to the extent that the Company timely furnishes to the Depositary evidence satisfactory to the Depositary that the Depositary may lawfully distribute the same (the Company has no obligation to so furnish such evidence), or (ii) to the extent the Company does not so furnish such evidence and sales of Rights are practicable, any U.S. dollars available to the Depositary from the net proceeds of the public or private sales of Rights as in the case of Cash, or (iii) to the extent the Company does not so furnish such evidence and/or such sales cannot practicably be accomplished by reason of the non-transferability of the Rights, limited markets therefor, their short duration or otherwise, nothing (and any Rights may lapse).

(d) *Other Distributions.* (i) Securities or property available to the Depositary resulting from any distribution on Deposited Securities other than Cash, Share Distributions and Rights ("**Other Distributions**"), by any means that the Depositary may deem equitable and practicable, or (ii) to the extent the Depositary deems distribution of such securities or property not to be equitable and practicable, any U.S. dollars available to the Depositary from the net proceeds of public or private sales of Other Distributions as in the case of Cash.

(e) To the extent that the Depositary determines in its discretion that any distribution pursuant to this paragraph (10) (*Distributions on Deposited Securities*) would not be permissible by applicable law, rule or regulation, or is not otherwise practicable with respect to any or all Holders, the Depositary may in its discretion make such distribution as it so deems permissible and practicable, including the distribution of some or all of any Cash, foreign currency, securities or other property (or appropriate documents evidencing the right to receive some or all of any such Cash, foreign currency, securities or other property), and/or the Depositary may retain and hold some or all of such Cash, foreign currency, securities or other property as Deposited Securities with respect to the applicable Holders' ADRs (without liability for interest thereon or the investment thereof).

(f) To the extent the Depositary retains and holds any Cash, foreign currency, securities or other property as permitted under this paragraph (10) (*Distributions on Deposited Securities*), any and all fees, charges and expenses related to, or arising from, the holding thereof (including, but not limited to those

provided in paragraph (7) of this form of ADR (*Charges of Depositary*) shall be paid from such Cash, foreign currency, securities or other property, or the net proceeds from the sale thereof, thereby reducing the amount so held hereunder.

(g) *Sales*. In all instances where the Deposit Agreement or the form of ADR refers to a "sale" (or words of similar import) of securities or property, the Depositary may, but shall not be obligated, to effect any such sale unless the securities to be sold are listed and publicly traded on a securities exchange or there is a public market for the property to be sold. To the extent the securities are not so listed and publicly traded or there is no public market for the property so distributed by the Company:

- (i) the Depositary shall, in the event the Deposit Agreement is terminated and the Depositary holds Deposited Securities that are not listed and publicly traded or property for which there is no public market after the Termination Date, act in accordance with paragraph (17)(b) of the form of ADR in respect of such securities and property; and
- (ii) in the event the Depositary or its Custodian receives (A) an Other Distribution under paragraph (10) consisting of securities or property that are not distributed by the Depositary pursuant to this paragraph (10) or (B) a distribution of Rights that falls under subparagraph (10)(c)(iii) above, the Depositary will not terminate the Deposit Agreement under paragraph (17)(a)(ii)(D) of the form of ADR but, in lieu of termination, the Depositary will, in the case of an Other Distribution, be deemed to have sold the aggregate number of securities and/or property so received for nominal value and shall have no obligation to distribute such securities or any proceeds from the deemed sale thereof to the Holders and, in the case of Rights that fall under subparagraph (10)(c)(iii) above, allow such Rights to lapse.

Furthermore, in the event the Depositary endeavors to make a sale of Shares, other securities or property, such securities and/or property may be sold in a block sale or single lot transaction.

The Depositary reserves the right to utilize a division, branch or affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities and/or property hereunder. Such division, branch and/or affiliate may charge the Depositary a fee in connection with such sales, which fee is considered an expense of the Depositary contemplated above and/or under paragraph (7) (*Charges of Depositary*). All purchases and sales of securities will be handled by the Depositary in accordance with its then current policies, which are currently set

forth on the "Disclosures" page (or successor page) of ADR.com, the location and contents of which the Depositary shall be solely responsible for.

(h) Any U.S. dollars available will be paid via wire transfer and/or distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the Depositary in accordance with its then current practices.

(11) **Record Dates.** The Depositary may, after consultation with the Company if practicable, fix a record date (which, to the extent applicable, shall be as near as practicable to any corresponding record date set by the Company) for the determination of the Holders who shall be responsible for the fee assessed by the Depositary for administration of the ADR program and for any expenses provided for in paragraph (7) hereof as well as for the determination of the Holders who shall be entitled to receive any distribution on or in respect of Deposited Securities, to give instructions for the exercise of any voting rights, to receive any notice or to act or be obligated in respect of other matters and only such Holders shall be so entitled or obligated.

(12) **Voting of Deposited Securities.**

(a) *Notice of Any Meeting or Solicitation.* As soon as practicable after receipt of notice of any meeting at which the holders of Shares are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Securities, the Depositary shall fix the ADS record date in accordance with paragraph (11) above provided that if the Depositary receives a written request from the Company in a timely manner and at least thirty (30) days prior to the date of such vote or meeting, the Depositary shall, at the Company's expense, distribute to Holders a notice (the "**Voting Notice**") stating (i) final information particular to such vote and meeting and any solicitation materials, (ii) that each Holder on the record date set by the Depositary will, subject to any applicable provisions of the laws of the Cayman Islands, be entitled to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by the ADSs evidenced by such Holder's ADRs and (iii) the manner in which such instructions may be given or deemed given in accordance with paragraph 12(b)(ii) below, including instructions to give a discretionary proxy to a person designated by the Company. Each Holder shall be solely responsible for the forwarding of Voting Notices to the Beneficial Owners of ADSs registered in such Holder's name. There is no guarantee that Holders and Beneficial Owners generally or any Holder or Beneficial Owner in particular will receive the notice described above with sufficient time to enable such Holder or Beneficial Owner to return any voting instructions to the Depositary in a timely manner.

(b) *Voting of Deposited Securities.*

- (i) Following actual receipt by the ADR department responsible for proxies and voting of Holders' instructions (including, without limitation, instructions of any entity or entities acting on behalf of the nominee for DTC), the Depositary shall, in the manner and on or before the time established by the Depositary for such purpose, endeavor to vote or cause to be voted the Deposited Securities represented by the ADSs evidenced by such Holders' ADRs in accordance with such instructions insofar as practicable and permitted under the provisions of or governing Deposited Securities. The Depositary will not itself exercise any voting discretion in respect of any Deposited Securities.
- (ii) To the extent that (A) the Depositary has been provided with at least thirty-five (35) days' notice of the proposed meeting from the Company, (B) the Voting Notice will be received by all Holders and Beneficial Owners no less than ten (10) days prior to the date of the meeting and/or the cut-off date for the solicitation of consents, and (C) the Depositary does not receive instructions on a particular agenda item from a Holder (including, without limitation, any entity or entities acting on behalf of the nominee for DTC) in a timely manner, such Holder shall be deemed, and the Depositary is instructed to deem such Holder, to have instructed the Depositary to give a discretionary proxy for such agenda item(s) to a person designated by the Company to vote the Deposited Securities represented by the ADSs for which actual instructions were not so given by all such Holders on such agenda item(s), *provided that* no such instruction shall be deemed given and no discretionary proxy shall be given unless (1) the Company informs the Depositary in writing that (a) it wishes such proxy to be given with respect to such agenda item(s), (b) there is no substantial opposition existing with respect to such agenda item(s) and (c) such agenda item(s), if approved, would not materially or adversely affect the rights of holders of Shares, and (2) the Depositary has obtained an opinion of counsel, in form and substance satisfactory to the Depositary, confirming that (i) the granting of such discretionary proxy does not subject the Depositary to any reporting obligations in the Cayman Islands, (ii) the granting of such proxy will not result in a violation of the laws, rules, regulations or permits of the Cayman Islands, (iii) the voting arrangement and deemed instruction as contemplated herein will be given effect under the laws, rules and regulations of the Cayman Islands, and (iv) the granting of such discretionary proxy will not under any circumstances result in the Shares

represented by the ADSs being treated as assets of the Depositary under the laws, rules or regulations of the Cayman Islands.

- (iii) The Depositary may from time to time access information available to it to consider whether any of the circumstances described in (1)(b) or (1)(c) of subsection (ii) above exist, or request additional information from the Company in respect thereto. By taking any such action, the Depositary shall not in any way be deemed or inferred to have been required, or have had any duty or responsibility (contractual or otherwise), to monitor or inquire whether any of the circumstances described in (1)(b) or (1)(c) of subsection (ii) above existed. In addition to the limitations provided for in paragraph (14) hereof, Holders and Beneficial Owners are advised and agree that (a) the Depositary will rely fully and exclusively on the Company to inform the Depositary of any of the circumstances set forth in (1) of subsection (ii) above, and (b) neither the Depositary, the Custodian nor any of their respective agents shall be obliged to inquire or investigate whether any of the circumstances described in (1)(b) or (1)(c) of subsection (ii) above exist and/or whether the Company complied with its obligation to timely inform the Depositary of such circumstances. Neither the Depositary, the Custodian nor any of their respective agents shall incur any liability to Holders or Beneficial Owners (i) as a result of the Company's failure to determine that any of the circumstances described in (1)(b) or (1)(c) of subsection (ii) above exist or its failure to timely notify the Depositary of any such circumstances or (ii) if any agenda item which is approved at a meeting has, or is claimed to have, a material or adverse effect on the rights of holders of Shares. Because there is no guarantee that Holders and Beneficial Owners will receive the notices described above with sufficient time to enable such Holders or Beneficial Owners to return any voting instructions to the Depositary in a timely manner, Holders and Beneficial Owners may be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Company in such circumstances, and neither the Depositary, the Custodian nor any of their respective agents shall incur any liability to Holders or Beneficial Owners in such circumstances.

(c) *Alternative Methods of Distributing Materials.* Notwithstanding anything contained in the Deposit Agreement or any ADR, the Depositary may, to the extent not prohibited by any law, rule or regulation or by the rules, regulations or requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the Depositary in connection with any

meeting of or solicitation of consents or proxies from holders of Deposited Securities, distribute to the Holders a notice that provides Holders with or otherwise publicizes to Holders instructions on how to retrieve such materials or receive such materials upon request (*i.e.*, by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials). Holders are strongly encouraged to forward their voting instructions as soon as possible. Voting instructions will not be deemed received until such time as the ADR department responsible for proxies and voting has received such instructions, notwithstanding that such instructions may have been physically received by JPMorgan Chase Bank, N.A., as Depositary, prior to such time.

(d) *Manner of Voting.* The Depositary has been advised by the Company that under Cayman Islands law and the Memorandum and Articles of Association of the Company, each as in effect as of the date of the Deposit Agreement, voting at any meeting of shareholders of the Company is by show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with the Memorandum and Articles of Association, the Depositary will refrain from voting and the voting instructions received by the Depositary from Holders shall lapse. The Depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by Holders of ADSs.

(13) Changes Affecting Deposited Securities.

(a) Subject to paragraphs (4) (*Certain Limitations to Registration, Transfer etc.*) and (5) (*Liability of Holder or Beneficial Owner for Taxes, Duties and Other Charges*), the Depositary may, in its discretion, and shall if reasonably requested by the Company, amend this ADR or distribute additional or amended ADRs (with or without calling this ADR for exchange) or cash, securities or property on the record date set by the Depositary therefor to reflect any change in par value, split-up, consolidation, cancellation or other reclassification of Deposited Securities, any Share Distribution or Other Distribution not distributed to Holders or any cash, securities or property available to the Depositary in respect of Deposited Securities from (and the Depositary is hereby authorized to surrender any Deposited Securities to any person and, irrespective of whether such Deposited Securities are surrendered or otherwise cancelled by operation of law, rule, regulation or otherwise, to sell by public or private sale any property received in connection with) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all the assets of the Company.

(b) To the extent the Depositary does not so amend this ADR or make a distribution to Holders to reflect any of the foregoing, or the net proceeds thereof, whatever cash, securities or property results from any of the foregoing shall constitute Deposited Securities and each ADS evidenced by this ADR shall

automatically represent its pro rata interest in the Deposited Securities as then constituted.

(c) Promptly upon the occurrence of any of the aforementioned changes affecting Deposited Securities, the Company shall notify the Depositary in writing of such occurrence and as soon as practicable after receipt of such notice from the Company, may instruct the Depositary to give notice thereof, at the Company's expense, to Holders in accordance with the provisions hereof. Upon receipt of such instruction, the Depositary shall give notice to the Holders in accordance with the terms thereof, as soon as reasonably practicable.

(14) Exoneration.

(a) *Force Majeure, Limitations on Liability and Obligations.* The Depositary, the Company, and each of their respective directors, officers, employees, agents and affiliates and each of them shall:

- (i) incur or assume no liability (including, without limitation, to Holders or Beneficial Owners) (A) if any present or future law, rule, regulation, fiat, order or decree of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or jurisdiction, or of any governmental or regulatory authority or any securities exchange or market or automated quotation system, the provisions of or governing any Deposited Securities, any present or future provision of the Company's charter, any act of God, war, terrorism, epidemic, pandemic, nationalization, expropriation, currency restrictions, extraordinary market conditions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, cyber, ransomware or malware attack, computer failure or circumstance beyond its direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the Deposit Agreement or this ADR provides shall be done or performed by it or them (including, without limitation, voting pursuant to paragraph (12) hereof), or (B) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the Deposit Agreement it is provided shall or may be done or performed or any exercise or failure to exercise any discretion given it in the Deposit Agreement or this ADR (including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable);
- (ii) in the case of the Depositary and its agents, incur or assume no liability (including, without limitation, to Holders or Beneficial

Owners) except to perform its obligations to the extent they are specifically set forth in this ADR and the Deposit Agreement without gross negligence or willful misconduct and the Depositary shall not be a fiduciary or have any fiduciary duty to Holders or Beneficial Owners;

- (iii) in the case of the Depositary and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities, the ADSs or this ADR;
- (iv) in the case of the Company and its agents hereunder be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities, the ADSs or this ADR, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required; and
- (v) not be liable (including, without limitation, to Holders or Beneficial Owners) for any action or inaction by it in reliance upon the advice of or information from any legal counsel, any accountant, any person presenting Shares for deposit, any Holder, or any other person believed by it to be competent to give such advice or information and/or, in the case of the Depositary, the Company provided that the foregoing shall not apply to the Company's indemnification obligations under the Deposit Agreement.

(b) *Insolvency, Liability, etc., of Custodian, Securities Depository, Clearing Agency or Settlement System.* The Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any Custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A. Notwithstanding anything to the contrary contained in the Deposit Agreement (including the ADRs) and, subject to the further limitations set forth in clause (q) of this paragraph (14), the Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the Custodian except to the extent that any Holder has incurred liability directly as a result of the Custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the Depositary or (ii) failed to use reasonable care in the provision of custodial services to the Depositary as determined in accordance with the standards prevailing in the jurisdiction in which the Custodian is located.

The Depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system.

(c) The Depositary, its agents and the Company may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by them to be genuine and to have been signed, presented or given by the proper party or parties.

(d) The Depositary shall be under no obligation to inform Holders or Beneficial Owners about the requirements of the laws, rules or regulations or any changes therein or thereto of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system.

(e) The Depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, for the manner in which any voting instructions are given or deemed to be given in accordance with paragraph 12(b) hereof, including instructions to give a discretionary proxy to a person designated by the Company, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the Depositary is instructed to grant a discretionary proxy pursuant to paragraph (12) hereof or deemed to have been instructed to grant a discretionary proxy pursuant to paragraph (12)(b) hereof, or for the effect of any such vote.

(f) The Depositary shall endeavor to effect any sale of securities or other property and any conversion of currency, securities or other property, in each case as is referred to or contemplated in the Deposit Agreement or the form of ADR, in accordance with the Depositary's normal practices and procedures under the circumstances applicable to such sale or conversion, but shall have no liability (in the absence of its own willful default or gross negligence or that of its agents, officers, directors or employees) with respect to the terms of any such sale or conversion, including the price at which such sale or conversion is effected, or if such sale or conversion shall not be practicable, or shall not be believed, deemed or determined to be practicable by the Depositary. Specifically, the Depositary shall not have any liability for the price received in connection with any public or private sale of securities (including, without limitation, for any sale made at a nominal price), the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale.

(g) The Depositary shall not incur any liability in connection with or arising from any failure, inability or refusal by the Company or any other party, including any share registrar, transfer agent or other agent appointed by the Company, the Depositary or any other party, to process any transfer, delivery or distribution of cash, Shares, other securities or other property, including without limitation upon the termination of the Deposit Agreement, or otherwise to comply with any provisions of the Deposit Agreement that are applicable to it.

(h) The Depositary may rely upon instructions from the Company or its counsel in respect of any approval or license required for any currency conversion, transfer or distribution.

(i) The Depositary and its agents may own and deal in any class of securities of the Company and its affiliates and in ADRs.

(j) Notwithstanding anything to the contrary set forth in the Deposit Agreement or an ADR, the Depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the Deposit Agreement, any Holder or Holders, any ADR or ADRs or otherwise related hereto or thereto to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators.

(k) None of the Depositary, the Custodian or the Company, or any of their respective directors, officers, employees, agents or affiliates shall be liable for the failure by any Holder or Beneficial Owner to obtain the benefits of credits or refunds of non-U.S. tax paid against such Holder's or Beneficial Owner's income tax liability.

(l) The Depositary is under no obligation to provide the Holders and Beneficial Owners, or any of them, with any information about the tax status of the Company. None of the Depositary, the Custodian or the Company, or any of their respective directors, officers, employees, agents and affiliates, shall incur any liability for any tax or tax consequences that may be incurred by Holders or Beneficial Owners on account of their ownership or disposition of the ADRs or ADSs.

(m) The Depositary shall not incur any liability for the content of any information submitted to it by or on behalf of the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the Deposited Securities, for the validity or worth of the Deposited Securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement or for the failure or timeliness of any notice from the Company.

(n) Notwithstanding anything herein or in the Deposit Agreement to the contrary, the Depositary and the Custodian(s) may use third-party delivery services and providers of information regarding matters such as, but not limited to, pricing, proxy voting, corporate actions, class action litigation and other services in connection herewith and the Deposit Agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders of issuers, such as the Company. Although the Depositary and the Custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third-party providers and local agents, they will not be responsible

for any errors or omissions made by them in providing the relevant information or services.

(o) The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary.

(p) The Company has agreed to indemnify the Depositary and its agents under certain circumstances and the Depositary has agreed to indemnify the Company under certain circumstances.

(q) Notwithstanding any other provision of the Deposit Agreement or this ADR to the contrary, neither the Depositary nor any of its agents shall be liable for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation, Holders and Beneficial Owners of ADRs and ADSs), whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

(r) No provision of the Deposit Agreement or this ADR is intended to constitute a waiver or limitation of any rights which Holders or Beneficial Owners may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

(s) Notwithstanding anything else contained herein or in the Prior Deposit Agreement, the Depositary shall have no liability or responsibility under the Deposit Agreement, any ADR or any related agreement, for any period prior to the effective date of the Deposit Agreement or for any act or omission of the predecessor to the Depositary or any of its agents (including the Custodian as defined in the Prior Deposit Agreement), under or in connection with the Deposit Agreement, any ADRs or any related agreement.

(15) Resignation and Removal of Depositary; the Custodian.

(a) *Resignation.* The Depositary may at any time resign as Depositary by providing written notice of its election to do so delivered to the Company. Subject to subparagraph (c) below, the Depositary's resignation shall take effect upon the Company's appointment of a successor depositary and such successor depositary's acceptance of its appointment as provided in the Deposit Agreement.

(b) *Removal.* The Depositary may at any time be removed by the Company by providing no less than sixty (60) days' prior written notice of such removal to the Depositary. Subject to subparagraph (c) below, such removal shall take effect on the later of (i) the sixtieth (60th) day after the Removal Notice Date

and (ii) the Company's appointment of a successor depositary and such successor depositary's acceptance of its appointment as provided in the Deposit Agreement.

(c) If either the Depositary provides notice of its resignation (pursuant to subparagraph (a) above) or the Company provides notice of the Depositary's removal (pursuant to subparagraph (b) above), and a successor depositary is not appointed by the sixtieth (60th) day after the Resignation Notice Date or the Removal Notice Date, respectively, the Depositary may terminate the Deposit Agreement and the ADR in the manner set out in paragraph (17) (*Termination*) of this ADR and the provisions of said paragraph (17) shall thereafter govern the Depositary's obligations under the Deposit Agreement and the form of ADR.

(d) *The Custodian.* The Depositary may appoint substitute or additional Custodians and the term "**Custodian**" refers to each Custodian or all Custodians as the context requires.

(16) **Amendment.** Subject to the last sentence of paragraph (2) (*Withdrawal of Deposited Securities*), the ADRs and the Deposit Agreement may be amended by the Company and the Depositary, provided that any amendment that imposes or increases any fees on a per ADS basis, charges or expenses (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, the transaction fee per cancellation request (including any cancellation request made through SWIFT, facsimile transmission or any other method of communication) described in paragraph (7)(c)(ii) (*Charges of Depositary*) of the form of ADR, applicable delivery expenses or other such fees, charges or expenses), or that shall otherwise prejudice any substantial existing right of Holders or Beneficial Owners, shall become effective thirty (30) days after notice of such amendment shall have been given to the Holders. Every Holder and Beneficial Owner at the time any amendment to the Deposit Agreement so becomes effective shall be deemed, by continuing to hold such ADR or interest therein, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Holder of any ADR to surrender such ADR and receive the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

Any amendments or supplements that (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act of 1933 or (b) the ADSs or Shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders or Beneficial Owners.

Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement or the form of ADR to ensure compliance

therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and the ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance.

Notice of any amendment to the Deposit Agreement or the form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the Holders identifies a means for Holders and Beneficial Owners to retrieve or receive the text of such amendment (*i.e.*, upon retrieval from the Commission's, the Depositary's or the Company's website or upon request from the Depositary).

(17) Termination.

(a) Termination by the Depositary and the Company.

- (i) The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by mailing notice of such termination to the Holders at least thirty (30) days prior to the Termination Date.
- (ii) The Depositary may also terminate the Deposit Agreement by mailing notice of such termination to the Holders at least thirty (30) days prior to the Termination Date if (A) sixty (60) days shall have expired after the Resignation Notice Date and a successor Depositary shall not be operating under the Deposit Agreement, (B) sixty (60) days shall have expired after the Removal Notice Date and a successor Depositary shall not be operating under the Deposit Agreement, (C) the Company is bankrupt, in liquidation proceedings or insolvent, (D) the ADRs are delisted from a "national securities exchange" (that has registered with the Commission under Section 6 of the Securities Exchange Act of 1934), (E) the Company effects (or will effect) a redemption of all or substantially all of the Deposited Securities, or a cash or share distribution representing a return of all or substantially all of the value of the Deposited Securities, (F) there are no Deposited Securities with respect to ADSs remaining, including if the Deposited Securities are cancelled, or the Deposited Securities have been deemed to have no value, or (G) there occurs a merger, consolidation, sale of assets or other transaction as a result of which securities or other property are delivered in exchange for or in lieu of Deposited Securities.

- (iii) Additionally, the Depositary may immediately terminate the Deposit Agreement, without prior notice to the Company, any Holder or Beneficial Owner or any other person if (A) required by any law, rule or regulation relating to sanctions by any governmental authority or body, (B) the Depositary would be subject to liability under or pursuant to any law, rule or regulation, or (C) required by any governmental authority or body, in each case as determined by the Depositary in its reasonable discretion.
- (b) *Depositary's Obligations.*
 - (i) After the Termination Date, the Depositary and its agents will perform no further acts under the Deposit Agreement and this ADR, except to receive and hold (or sell) distributions on Deposited Securities, deliver Deposited Securities being withdrawn and to take such actions as provided in the next two paragraphs, in each case subject to payment to the Depositary of the applicable fees and expenses provided in paragraph (7) of this form of ADR (*Charges of Depositary*).
 - (ii) After the Termination Date, if the Deposited Securities are listed and publicly traded on a securities exchange and the Depositary believes that it is able, permissible and practicable to sell the Deposited Securities without undue effort, then, the Depositary may endeavor to publicly or privately sell (as long as it may lawfully do so) the Deposited Securities, which sale may be effected in a block sale/single lot transaction and, after the settlement of such sale(s), to the extent legally permissible and practicable, distribute or hold in an account (which may be a segregated or unsegregated account) the net proceeds of such sale(s), less any amounts owing to the Depositary (including, without limitation, cancellation fees), together with any other cash then held by it under the Deposit Agreement, in trust, without liability for interest, for the pro rata benefit of the Holders entitled thereto. If the Depositary sells the Deposited Securities, the Depositary shall be discharged from all, and cease to have any, obligations under the Deposit Agreement and the ADRs after making such sale, except to account for such net proceeds and other cash.
 - (iii) However, if the Deposited Securities are not listed and publicly traded on a securities exchange after the Termination Date, or if, for any reason, the Depositary does not sell the Deposited

Securities, the Depositary shall use its reasonable efforts to ensure that the ADSs cease to be DTC eligible and that neither DTC nor any of its nominees shall thereafter be a Holder. At such time as the ADSs cease to be DTC eligible and/or neither DTC nor any of its nominees is a Holder, to the extent the Company is not, to the Depositary's knowledge, insolvent or in bankruptcy or liquidation, the Depositary shall:

- (A) cancel this ADR and all other outstanding ADRs,
- (B) request DTC to provide the Depositary with information on those holding ADSs through DTC and, upon receipt thereof, revise the ADR Register to reflect the information provided by DTC,
- (C) instruct its Custodian to deliver all Deposited Securities to the Company, a subsidiary or affiliate or registered office provider of the Company (the subsidiary or affiliate or registered office provider being the "**Company Representative**") or an independent trust company engaged by the Company (the "**Trustee**") to hold those Deposited Securities in trust for the beneficial owners of the ADRs if the Company is not permitted to hold any of the Deposited Securities under applicable law and/or the Company has directed the Depositary to deliver such Deposited Securities to a Company Representative or Trustee along with a stock transfer form and/or such other instruments of transfer covering such Deposited Securities as are needed under applicable law, and set forth in or substantially in the form of Exhibit C (and any applicable share certificate or indemnity for lost share certificate), in either case referring to the names set forth on the ADR Register, and
- (D) provide the Company with a copy of the ADR Register (which copy may be sent by email or by any means permitted under the notice provisions of the Deposit Agreement).

Upon receipt of any instrument of transfer covering such Deposited Securities, any applicable share certificate or indemnity for lost share certificate and the ADR Register, the Company shall: (I) approve the transfer of the Deposited Securities previously represented by their ADRs to the persons listed on the ADR Register (as applicable), (II) procure the relevant updates to the register of members of the Company to reflect the transfer of the Deposited Securities previously

represented by their ADRs to the persons listed on the ADR Register (as applicable) and (III) provide the Depositary with a certified copy of the updated register of members of the Company.

To the extent the Depositary reasonably believes that the Company is insolvent, or if the Company is in receivership, has filed for bankruptcy and/or is otherwise in restructuring, administration or liquidation, and in any such case the Deposited Securities are not listed and publicly traded on a securities exchange after the Termination Date, or if, for any reason, the Depositary believes it is not able to or cannot practicably sell the Deposited Securities promptly and without undue effort, the Deposited Securities shall be deemed to have no value (and such Holders shall be deemed to have instructed the Depositary that the Deposited Securities have no value). The Depositary may, but shall not be obligated to, and the Holders irrevocably consent and agree that the Depositary may instruct its Custodian to deliver all Deposited Securities to the Company (acting, as applicable by its administrator, receiver, administrative receiver, liquidator, provisional liquidator, restructuring officer, interim restructuring officer, trustee, controller or other entity overseeing the bankruptcy, insolvency, administration, restructuring or liquidation process) and notify the Company that the Deposited Securities are surrendered for no consideration. The Company shall, subject to applicable law, promptly accept the surrender of the Deposited Securities for no consideration and deliver to the Depositary a written notice confirming (A) the acceptance of the surrender of the Deposited Securities for no consideration and (B) the cancellation of such Deposited Securities. Promptly after notifying the Company that the Deposited Securities are surrendered for no consideration and irrespective of whether the Company has complied with the immediately preceding sentence, the Depositary shall notify Holders that their ADSs have been cancelled with no consideration being payable to Holders.

Upon the Depositary's compliance with the provisions of this subparagraph (17)(b)(iii), the Depositary and its agents shall be discharged from all, and cease to have any, obligations under the Deposit Agreement and the ADRs.

(c) *Company's Obligations.* After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations under this paragraph (17) and its obligations to the Depositary and its agents.

(18) **Appointment; Acknowledgements and Agreements.** Each Holder and each Beneficial Owner, upon acceptance of any ADSs or ADRs (or any interest in any of them) issued in accordance with the terms and conditions of the Deposit Agreement shall be deemed for all purposes to (a) be a party to and bound by the terms of the Deposit Agreement and the applicable ADR(s), (b) appoint the Depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the Deposit Agreement and the applicable ADR(s), to

adopt any and all procedures necessary to comply with applicable law and to take such action as the Depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the Deposit Agreement and the applicable ADR(s), the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof, and (c) acknowledge and agree that (i) nothing in the Deposit Agreement or any ADR shall give rise to a partnership or joint venture among the parties thereto, nor establish a fiduciary or similar relationship among such parties, (ii) the Depositary, its divisions, branches and affiliates, and their respective agents, may from time to time be in the possession of non-public information about the Company, Holders, Beneficial Owners and/or their respective affiliates, (iii) the Depositary and its divisions, branches and affiliates may at any time have multiple banking relationships with the Company, Holders, Beneficial Owners and/or the affiliates of any of them, (iv) the Depositary and its divisions, branches and affiliates may, from time to time, be engaged in transactions in which parties adverse to the Company or the Holders or Beneficial Owners and/or their respective affiliates may have interests, (v) nothing contained in the Deposit Agreement or any ADR(s) shall (A) preclude the Depositary or any of its divisions, branches or affiliates from engaging in any such transactions or establishing or maintaining any such relationships, or (B) obligate the Depositary or any of its divisions, branches or affiliates to disclose any such transactions or relationships or to account for any profit made or payment received in any such transactions or relationships, (vi) the Depositary shall not be deemed to have knowledge of any information held by any branch, division or affiliate of the Depositary and (vii) notice to a Holder shall be deemed, for all purposes of the Deposit Agreement and this ADR, to constitute notice to any and all Beneficial Owners of the ADSs evidenced by such Holder's ADRs. For all purposes under the Deposit Agreement and this ADR, the Holder hereof shall be deemed to have all requisite authority to act on behalf of any and all Beneficial Owners of the ADSs evidenced by this ADR.

(19) **Waiver.** EACH PARTY TO THE DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH HOLDER AND BENEFICIAL OWNER OF, AND/OR HOLDER OF INTERESTS IN, ADSS OR ADRS) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE DEPOSITARY AND/OR THE COMPANY DIRECTLY OR INDIRECTLY ARISING OUT OF, BASED ON OR RELATING IN ANY WAY TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE ADSs OR THE ADRs, THE DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR ANY OTHER THEORY), INCLUDING, WITHOUT LIMITATION, ANY SUIT, ACTION, CLAIM OR PROCEEDING UNDER THE UNITED STATES FEDERAL SECURITIES LAWS. No provision of the Deposit Agreement or this ADR is intended to constitute a waiver or limitation of any rights that a Holder or any Beneficial Owner may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

(20) **Jurisdiction.** By holding or owning an ADR or ADS or an interest therein, Holders and Beneficial Owners each irrevocably agree that any legal suit, action or proceeding against or involving Holders or Beneficial Owners brought by the Company or the Depositary, arising out of or based upon the Deposit Agreement, the ADSs, the ADRs or the transactions contemplated therein, herein, thereby or hereby, may be instituted in a federal or state court in New York, New York, and by holding or owning an ADR or ADS or an interest therein each irrevocably waives any objection that it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding.

By holding or owning an ADR or ADS or an interest therein, Holders and Beneficial Owners each also irrevocably agree that any legal suit, action or proceeding against or involving the Depositary and/or the Company brought by Holders or Beneficial Owners, arising out of or based upon the Deposit Agreement, the ADSs, the ADRs or the transactions contemplated therein, herein, thereby or hereby, including, without limitation, claims under the Securities Act of 1933, may be instituted only in the United States District Court for the Southern District of New York (or in the state courts of New York County in New York if either (i) the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute or (ii) the designation of the United States District Court for the Southern District of New York as the exclusive forum for any particular dispute is, or becomes, invalid, illegal or unenforceable).

Notwithstanding the above or anything in the Deposit Agreement to the contrary, in the Deposit Agreement each of the parties thereto (i.e., the Company, the Depositary and all Holders and Beneficial Owners) have agreed that: (i) the Depositary may, in its sole discretion, elect to institute any dispute, suit, action, controversy, claim or proceeding directly or indirectly based on, arising out of or relating to the Deposit Agreement, the ADSs, the ADRs or the transactions contemplated therein, herein, thereby or hereby, including without limitation any question regarding its or their existence, validity, interpretation, performance or termination (each, a "**Dispute**"; collectively, "**Disputes**") against any other party or parties (including, without limitation, Disputes brought against Holders and Beneficial Owners), by having the Dispute referred to and finally resolved by an arbitration conducted under the terms set out below, and (ii) the Depositary may in its sole discretion require, by written notice to the relevant party or parties, that any Dispute brought by any party or parties to the Deposit Agreement (including, without limitation, Disputes brought by Holders and Beneficial Owners) against the Depositary be referred to and finally settled by an arbitration conducted under the terms set out in the Deposit Agreement. Any such arbitration shall, at the Depositary's election, be conducted either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) with the Hong Kong International Arbitration Centre serving as the

appointing authority, in each case as amended by Section 20(d) of the Deposit Agreement, and the language of any such arbitration shall be English, in each case as provided in the Deposit Agreement.

Additionally, notwithstanding the foregoing or anything in the Deposit Agreement to the contrary, any suit, action or proceeding against the Company based on the Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may be instituted by the Depositary in any competent court in the may be instituted by the Depositary in any competent court in the Cayman Islands, Hong Kong, the People's Republic of China, the United States and/or any other court of competent jurisdiction, or by the Depositary through the commencement of an arbitration pursuant to said Section 20(d) of the Deposit Agreement.

Notwithstanding anything contained herein or in the Deposit Agreement to the contrary, and for the avoidance of doubt, the Company and all Holders and Beneficial Owners from time to time of ADRs issued hereunder (and any persons owning or holding interests in ADSs) agree that any federal or state court in New York, New York, shall have jurisdiction to hear and determine proceedings related to the enforcement of the Deposit Agreement's arbitration provision and any arbitration award by the arbitrators contemplated and, for such purposes, irrevocably submits to the non-exclusive jurisdiction of such courts. Each of the parties hereto and to the Deposit Agreement (*i.e.*, the Company, the Depositary and all Holders and Beneficial Owners) agrees not to challenge the terms and enforceability of the arbitration clause contained herein and in the Deposit Agreement, including, but not limited to, any challenge based on lack of mutuality, and each such party hereby irrevocably waives any such challenge.

(21) **Elective Distributions in Cash or Shares.** Whenever the Company intends to distribute a dividend payable at the election of the holders of Shares in cash or in additional Shares, the Company shall give notice thereof to the Depositary at least thirty (30) days prior to the proposed distribution stating whether or not it wishes such elective distribution to be made available to Holders. Upon receipt of notice indicating that the Company wishes such elective distribution to be made available to Holders, the Depositary shall consult with the Company to determine, and the Company shall assist the Depositary in its determination, whether it is lawful and reasonably practicable to make such elective distribution available to the Holders. The Depositary shall make such elective distribution available to Holders only if (i) the Company shall have timely requested that the elective distribution is available to Holders, (ii) the Depositary shall have determined that such distribution is reasonably practicable and (iii) the Depositary shall have received satisfactory documentation within the terms of Section 14 of the Deposit Agreement including, without limitation, any legal opinions of counsel in any applicable jurisdiction that the Depositary in its reasonable discretion may request, at the expense of the Company. If the above conditions are not satisfied, the Depositary shall, to the extent permitted by law,

distribute to the Holders, on the basis of the same determination as is made in the local market in respect of the Shares for which no election is made, either (x) cash or (y) additional ADSs representing such additional Shares. If the above conditions are satisfied, the Depositary shall establish a record date and establish procedures to enable Holders to elect the receipt of the proposed dividend in cash or in additional ADSs. The Company shall assist the Depositary in establishing such procedures to the extent necessary. Nothing herein shall obligate the Depositary to make available to Holders a method to receive the elective dividend in Shares (rather than ADSs). There can be no assurance that Holders or Beneficial Owners generally, or any Holder and/or Beneficial Owner in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares.

EXHIBIT B
DEED OF UNDERTAKING FROM FUTU HOLDINGS LIMITED (THE "COMPANY")

To: JPMorgan Chase Bank, N.A. (the "**Depository**")
270 Park Avenue, Floor 8
New York, New York 10017
Attention: Depository Receipts Group
E-mail: DR_Global_CSM@jpmorgan.com

Date: [Date]

Futu Holdings Limited (the "**Company**") refers to the Amended and Restated Deposit Agreement, dated as of March 12, 2026 between, among others, the Company and the Depository (the "**Deposit Agreement**"). Capitalized words and expressions used in this deed poll that are not expressly defined herein shall have the meanings ascribed to them in the Deposit Agreement.

The Company hereby irrevocably and unconditionally undertakes to instruct its registered office provider to register in the register of members of the Company any and all share transfers submitted by the Depository to the Company, including without limitation, any share transfer instructions submitted by the Depository after the Termination Date.

The Company shall promptly deliver to the Depository a certified copy of the updated register of members that reflects any share transfers submitted by the Depository to the Company in accordance with the preceding paragraph.

This deed poll and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the Cayman Islands.

THIS DEED POLL has been executed as a deed and is delivered on the day and year first above written.

EXECUTED AS A DEED for and on behalf of Futu Holdings
Limited by:

)
)
) Duly Authorised Signatory
)
) Name: _____
)
) Title: _____

in the presence of:

Signature of Witness

Name: _____

Address: _____

EXHIBIT C
SHARE TRANSFER FORM

Dated _____

JPMorgan Chase Bank, N.A. (the "**Transferor**"), for good and valuable consideration received by the Transferor from the parties listed in the schedule attached hereto (the "**Transferees**"), hereby transfers to the Transferees the shares as set out opposite their name in the table contained in the Schedule hereto (the "**Shares**").

SIGNED for and on behalf of **TRANSFEROR**:

)
)
) _____
) Duly Authorised Signatory
)
) Name: _____
)
) Title: _____

SCHEDULE TO EXHIBIT C

TRANSFEREES

Name	Address	Number of shares
_____	_____	____ Class A Ordinary shares of a nominal or par value of ____ each

Significant Subsidiaries and Consolidated Affiliated Entities of the Registrant

Subsidiary	Place of Incorporation
Futu Financial Limited	Hong Kong
Futu Lending Limited	Hong Kong
Futu Network Technology Limited	Hong Kong
Futu Securities (Hong Kong) Limited	Hong Kong
Futu Securities International (Hong Kong) Limited	Hong Kong
Futu Trustee Limited	Hong Kong
Panthertrade (Hong Kong) Limited	Hong Kong
Airstar Bank Limited	Hong Kong
Futu US Inc.	the United States
Moomoo Financial Inc.	the United States
Futu Clearing Inc.	the United States
Moomoo Technologies Inc.	the United States
Moomoo Crypto Inc.	the United States
Shensi Network Technology (Beijing) Co., Ltd.	PRC
Futu Network Technology (Shenzhen) Co., Ltd.	PRC
Moomoo Financial Singapore Pte. Ltd.	Singapore
Moomoo Securities (Australia) Ltd	Australia
Moomoo Securities Japan Co., Ltd.	Japan
Moomoo Financial Canada Inc.	Canada
Moomoo Securities Malaysia Sdn. Bhd.	Malaysia
Consolidated Affiliated Entity	Place of Incorporation
Shenzhen Futu Network Technology Co., Ltd.	PRC
Haikou Futu Information Services Co., Ltd.	PRC

FUTU HOLDINGS LIMITED

**STATEMENT OF POLICIES
GOVERNING MATERIAL NON-PUBLIC INFORMATION AND
THE PREVENTION OF INSIDER TRADING**

**(AS INITIALLY ADOPTED BY THE BOARD OF DIRECTORS OF FUTU HOLDINGS
LIMITED ON DECEMBER 28, 2018, EFFECTIVE ON MARCH 7, 2019¹, AND
AMENDED ON AUGUST 15, 2024, MAY 29, 2025, NOVEMBER 17, 2025, AND
MARCH 12, 2026, RESPECTIVELY)**

This Statement of Policies Governing Material Non-Public Information and the Prevention of Insider Trading (this “**Statement**”) applies to all directors, officers, employees and consultants of Futu Holdings Limited and its subsidiaries and affiliated entities (collectively, the “**Company**”).

This Statement consists of three sections: Section I provides an overview; Section II sets forth the Company’s policies prohibiting insider trading; and Section III explains insider trading.

**I.
SUMMARY**

Preventing insider trading is necessary to comply with United States securities laws and to preserve the reputation and integrity of the Company, as well as that of all persons affiliated with it. “**Insider trading**” occurs when any person purchases or sells any securities while in possession of inside information relating to the securities. As explained in Section III below, “**inside information**” is information which is considered to be both “**material**” and “**non-public**.”

The Company considers strict compliance with the policies set forth in this Statement (collectively, the “**Policy**”) to be a matter of utmost importance. Violation of the Policy could cause extreme reputational damage and possible legal liability to you and the Company. Knowing or willful violations of the letter or spirit of the Policy will be grounds for immediate dismissal from the Company. Violation of the Policy might expose the violator to severe criminal penalties, as well as civil liability to any person harmed by the violation. The monetary damages flowing from a violation could be multiple times the profit realized by the violator, not to mention the attorney’s fees of the persons harmed.

This Statement applies to all directors, officers, employees and consultants of the Company and extends to all of such persons’ activities within and outside their duties at the Company. Every director, officer, employee and consultant of the Company must review this Statement, and when requested by the Company, must execute and return the Certificate of Compliance attached hereto to the Compliance Officer for the Company (the “**Compliance Officer**”) within seven (7) days after receiving the request. Questions regarding this Statement should be directed to the Compliance Officer by e-mail at compliance@futunn.com.

¹ Upon the effectiveness of the Company’s registration statement on Form F-1 relating to the Company’s initial public offering

II. POLICIES PROHIBITING INSIDER TRADING

For purposes of this Statement, the terms “**purchase**” and “**sell**” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards, if applicable, that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the policies set forth below. The Policy does not apply to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold ordinary shares or American Depositary Shares (“**ADSs**”) subject to an option or other award to satisfy tax withholding requirements.

A. **No Trading** – No director, officer, employee or consultant of the Company may purchase or sell any ADSs, ordinary shares or other securities of the Company or enter into a binding security trading plan in compliance with Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended (a “**Trading Plan**”) while in possession of material non- public information relating to the Company or its ADSs, ordinary shares or other securities (the “**Material Information**”).

In the event that the Material Information possessed by you relates to the ADSs or other securities of the Company, the above policy will require waiting for at least twenty-four (24) hours after public disclosure of the Material Information by the Company, which twenty-four (24) hours shall include in all events at least one full Trading Day on the stock exchange where the Company's ADSs representing its ordinary shares are listed and traded (the “**Stock Exchange**”) following such public disclosure. The term “**Trading Day**” is defined as a day on which the Stock Exchange is open for trading. Except for public holidays in the United States, the Stock Exchange's regular trading hours are from 9:30 a.m. to 4:00 p.m., New York City time, Monday through Friday.

In addition, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan, without the prior clearance by the Compliance Officer, during any period designated as a “**limited trading period**” by the Company, regardless of whether such director, officer, employee or consultant possesses any Material Information.

Please see Section III below for an explanation of the Material Information.

B. **Trading Window** – Assuming none of the “no trading” restrictions set forth in Section II-A above applies, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan other than during a Trading Window.

A “**Trading Window**” is the period in any fiscal quarter of the Company commencing at the close of business on the first Trading Day following the date of the Company's public disclosure of its financial results for the prior year or quarter, as applicable, and ending on December 31, March 31, June 30 or September 30, as the case may be.

In other words,

- beginning on January 1 of each year, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the first Trading Day following the date of the Company's public disclosure of its financial results for the fiscal year ended on December 31 of the prior year, and

- beginning on April 1, July 1 and October 1 of each year, no director, officer, employee or consultant of the Company may purchase or sell any securities of the Company or enter into a Trading Plan until the close of business on the first Trading Day following the date of the Company's public disclosure of its financial results for the fiscal quarter ended on March 31, June 30 and September 30 of that year, respectively.

If the Company's public disclosure of its financial results for the prior period occurs on a Trading Day more than four hours before the Stock Exchange closes, then such date of disclosure shall be considered the first Trading Day following such public disclosure.

Please note that trading in any securities of the Company during the Trading Window is not a "safe harbor," and all directors, officers, employees and consultants of the Company should strictly comply with the Policy.

When in doubt, do not trade! Check with the Compliance Officer first.

Notwithstanding the foregoing, sale of securities of the Company pursuant to an existing Trading Plan which was entered into in accordance with the Policy and in compliance with applicable law is not subject to the restrictions on trading in Sections II-A and II-B above.

C. ***Pre-Clearance of Trades –***

The Company has determined that the directors and Section 16 officers identified by the Company and who have been notified that they have been so identified ("**Section 16 Group**") must not trade in the Company's securities, even during a Trading Window, without first complying with the Company's "pre-clearance" process. Each member of the Section 16 Group should contact the Company's Compliance Officer for clearance prior to commencing any trade in the Company's securities.

Please note that clearance of a proposed trade by the Company's Compliance Officer does not constitute legal advice regarding or otherwise acknowledge that a member of the Section 16 Group does not possess material, non-public Information. The Section 16 Group must ultimately make their own judgments regarding, and are personally responsible for determining, whether they are in possession of material, non-public information.

The Company is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit a transaction, even if it would not violate the federal securities laws or a specific provision of this Policy.

D. ***No Tipping*** – No director, officer, employee or consultant of the Company may

directly or indirectly disclose any Material Information to anyone who trades in securities (so- called “**tipping**”).

E. **Confidentiality** – No director, officer, employee or consultant of the Company may communicate any Material Information to anyone outside the Company under any circumstances unless approved by the Compliance Officer in advance, or to anyone within the Company other than on a need-to-know basis.

F. **No Comment** – No director, officer, employee or consultant of the Company may discuss any internal matters or developments of the Company with anyone outside the Company, except as required for the performance of regular corporate duties. Unless you are expressly authorized to the contrary, if you receive any inquiries about the Company or its securities by the financial press, research analysts or others, or any requests for comments or interviews, you are required to decline comment and direct the inquiry or request to the Company’s Chief Financial Officer, who is responsible for coordinating and overseeing the release of Company information to the investing public, analysts and others in compliance with applicable laws and regulations.

G. **Corrective Action** – If you become aware that any potential Material Information has been or may have been inadvertently disclosed, you must notify the Compliance Officer immediately so that the Company can determine whether or not corrective action, such as general disclosure to the public, is warranted.

III.

EXPLANATION OF INSIDER TRADING

As noted above, “**insider trading**” refers to the purchase or sale of a security while in possession of “**material**” “**non-public**” information relating to the security. “**Securities**” include not only ordinary shares, ADSs, bonds, notes and debentures, but also options, warrants, tokenized products and similar instruments, rights or derivative products that are based on or derived from the foregoing securities. “**Purchase**” and “**sale**” are defined broadly under the U.S. federal securities laws. “**Purchase**” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “**Sale**” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, the grant and exercise of stock options and acquisitions and exercises of warrants or puts, calls or other options related to a security. It is generally understood that “**insider trading**” includes the following:

- trading by insiders while in possession of material non-public information;
- trading by persons other than insiders while in possession of material non-public information where the information either was given in breach of an insider’s fiduciary duty to keep it confidential or was misappropriated; and
- communicating or tipping material non-public information to others, including recommending the purchase or sale of a security while in possession of material non-public information.

As noted above, for purposes of this Statement, the terms “**purchase**” and “**sell**” of securities exclude the acceptance of options or other share-based awards granted by the Company and the exercise of options or vesting of other share-based awards that does not involve the sale of securities. Among other things, the cashless exercise of options does involve the sale of securities and therefore is subject to the Policy.

What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered “**material**” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information concerning:

- dividends;
- corporate earnings or earnings forecasts;
- changes in financial condition or asset value;
- negotiations for the mergers or acquisitions or dispositions of significant subsidiaries or assets;
- significant new contracts or the loss of a significant contract;
- significant new products or services;
- significant marketing plans or changes in such plans;
- capital investment plans or changes in such plans;
- material litigation, administrative action or governmental investigations or inquiries about the Company or any of its officers or directors;
- significant borrowings or financings;
- defaults on borrowings;
- new equity or debt offerings;
- significant personnel changes;
- changes in accounting methods and write-offs; and
- any substantial change in industry circumstances or competitive conditions which could significantly affect the Company’s earnings or prospects for expansion.

A good general rule of thumb: **when in doubt, do not trade**.

What is Non-public?

Information is “**non-public**” if it is not available to the general public. In order for

information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Reuters Economic Services, The Wall Street Journal, Bloomberg, Associated Press, PR Newswire or United Press International. Circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow approximately twenty-four (24) hours following publication as a reasonable waiting period before such information is deemed to be public.

Who is an Insider?

"Insiders" include directors, officers, employees and consultants of a company and anyone else who has material non-public information about a company. Insiders have independent fiduciary duties to their company and its shareholders not to trade on material non-public information relating to the company's securities. All directors, officers, employees and consultants of the Company are considered insiders with respect to material non-public information about business, activities and securities of the Company. The directors, officers, employees and consultants of the Company may not trade the Company's securities while in possession of material non-public information relating to the Company or tip (or communicate except on a need-to-know basis) such information to others.

It should be noted that trading by members of a director's, officer's, employee's or consultant's household can be the responsibility of such director, officer, employee or consultant under certain circumstances and could give rise to legal and Company-imposed sanctions.

Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material non-public information to a third party (a **"tippee"**), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material non-public information tipped to them or individuals who trade on material non-public information which has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material non-public information tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the material non-public information along to others who trade on such information. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in the unlawful conduct and their employers. The United States Securities and Exchange Commission and the United States Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private

plaintiffs under the U.S. federal securities laws include:

- administrative sanctions;
- sanctions by self-regulatory organizations in the securities industry;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of profits gained by the violator;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided by the violator;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of US\$1,000,000 or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to US\$5,000,000 (US\$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including immediate dismissal. Insider trading violations are not limited to violations of the U.S. federal securities laws. Other U.S. federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated upon the occurrence of insider trading.

Inside Information Regarding Other Companies

This Policy and the guidelines described herein also apply to material and non- public information relating to other companies, including the Company's clients, vendors, service providers and other business partners ("**Business Partners**"), particularly when that information is obtained in the course of employment with, or other services performed by, or on behalf of, the Company. Civil and criminal penalties, and discipline, including termination of employment for cause, may result from trading on inside information regarding the Company's Business Partners. Each individual should treat material nonpublic information about the Company's Business Partners with the same care required with respect to information related directly to the Company.

No Shadow Trading

It is the policy of the Company that no person subject to this policy who, in the course of his or her relationship with the Company, learns of any confidential information that is material to another publicly traded company, including but not limited to an economically-linked company such as a competitor of the Company, may trade in that other company's securities until the information becomes public or is no longer material to that other company.

CERTIFICATION OF COMPLIANCE

TO: Compliance Officer

RE: STATEMENT OF POLICIES OF FUTU HOLDINGS LIMITED GOVERNING MATERIAL NON-PUBLIC INFORMATION AND THE PREVENTION OF INSIDER TRADING

I have received, reviewed, and understand the policies set forth in the above- referenced Statement of Policies (such policies, as amended from time to time, the "**Policy**") and hereby undertake, as a condition to my present and continued employment at or association with Futu Holdings Limited or any of its subsidiaries or affiliated entities, to comply fully with the Policy.

I hereby certify that I have adhered to the Policy during the time period that I have been employed by or associated with Futu Holdings Limited or any of its subsidiaries or affiliated entities.

I hereby undertake to adhere to the Policy in the future.

Signature: _____
Name: _____
ID Card Number: _____
Title: _____
Date: _____

**Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Leaf Hua Li, certify that:

1. I have reviewed this annual report on Form 20-F of Futu Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 15, 2026

By: /s/ Leaf Hua Li
Name: Leaf Hua Li
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Arthur Yu Chen, certify that:

1. I have reviewed this annual report on Form 20-F of Futu Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 15, 2026

By: /s/ Arthur Yu Chen
Name: Arthur Yu Chen
Title: Chief Financial Officer

**Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Futu Holdings Limited (the "Company") on Form 20-F for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leaf Hua Li, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2026

By: /s/ Leaf Hua Li
Name: Leaf Hua Li
Title: Chief Executive Officer

**Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Futu Holdings Limited (the "Company") on Form 20-F for the fiscal year ended December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arthur Yu Chen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2026

By: /s/ Arthur Yu Chen
Name: Arthur Yu Chen
Title: Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-233721) of Futu Holdings Limited of our report dated April 15, 2026 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shenzhen, the People's Republic of China
April 15, 2026

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HANKUN
汉坤律师事务所
Han Kun Law Offices

Date: April 15, 2026

Futu Holdings Limited
34/F, United Centre
95 Queensway, Admiralty
Hong Kong S.A.R.,
People's Republic of China

Dear Sir/Madam,

We hereby consent to the reference to our firm and the summary of our opinion under the headings, "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry", "Item 3. Key Information—D. Risk Factors—Risks Related to Our Operations in China", "Item 3. Key Information—D. Risk Factors—Risks Related to Our Corporate Structure", "Item 4. Information on the Company—B. Business Overview", "Item 4. Information on the Company—C. Organizational Structure", "Item 4. Information on the Company—D. Property, Plant and Equipment" and "Item 10.

Additional Information—E. Taxation—PRC Taxation" in Futu Holdings Limited's Annual Report on Form 20-F for the year ended December 31, 2025 (the "**Annual Report**"), which will be filed with the Securities and Exchange Commission (the "**SEC**") in the month of April 2026. We also consent to the filing of this consent letter with the SEC as an exhibit to the Annual Report.

In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or under the Securities Exchange Act of 1934, in each case, as amended, or the regulations promulgated thereunder.

Yours Sincerely,

/s/ Han Kun Law Offices
Han Kun Law Offices
