The information and statistics presented in this section and other sections of this document, unless otherwise indicated, were extracted from different official government publications and other publications, and from the industry report prepared by Frost & Sullivan, an independent market research and consulting company that was commissioned by us, in connection with this* [REDACTED]. *The information from official government sources has not been independently verified by us, the Sponsors, the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *the* [REDACTED], *any of their respective directors and advisers, or any other persons or parties involved in the* [REDACTED], *and no representation is given as to its accuracy.

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare a report on China's capital and securities industry for use in this document, which was commissioned by us for a fee of RMB400,000. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan adopted the following assumptions: (i) the social, economic and political conditions in China currently discussed will remain stable during the forecast period, (ii) government policies on the capital and securities market in China will remain consistent during the forecast period, (iii) China's capital and securities market will be driven by the factors that are stated in the report in the forecast period. The data in this report is disclosed in accordance with the PRC GAAP. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

ECONOMIC OVERVIEW OF CHINA AND BEIJING

From 2020 to 2024, China implemented a series of fiscal and monetary policies aimed at maintaining stability and advancing structural reforms, balancing short-term support with long-term strategic development. These measures were designed to align with both domestic priorities and global economic conditions. In 2020, the government introduced broad-based tax reductions and expanded the use of special bonds to bolster economic resilience, while the central bank supported market liquidity through adjustments in reserve requirements and targeted lending facilities. In 2022, policy efforts focused on supporting small enterprises and strengthening infrastructure investment, including enhanced tax refund mechanisms and expanded local government bond allocations. The following year saw further initiatives to stimulate domestic demand, including consumer incentive programs and extended green financing instruments. Throughout this period, China also reinforced its commitment to technological innovation, with sustained support for semiconductors, artificial intelligence, and advanced manufacturing, alongside vigorous promotion of green transition through investments in renewable energy. This policy framework reflects a continuous shift toward high-quality growth, emphasizing innovation-driven productivity, social welfare. and sustainable development. Looking forward, China's macroeconomic strategy is poised to sustain adaptive policymaking while deepening structural reforms in technology, green energy, and fiscal sustainability to support medium-term growth targets.

China's economy demonstrated remarkable resilience amid global uncertainties during 2020 and 2024. Despite external shocks, the country maintained stable GDP growth, supported by robust industrial output, technological advancements, and domestic consumption. While certain sectors faced temporary slowdowns, China's emphasis on innovation and high-tech manufacturing contributed to long-term structural upgrades. The economy gradually shifted toward quality-driven expansion, with services and digital industries gaining prominence. Nominal GDP of China grew from RMB 103.5 trillion in 2020 to RMB 134.9 trillion in 2024, representing a CAGR of 6.9%.

During the period, China's per capita disposable income of urban residents demonstrated steady growth, supported by economic recovery and benefiting policy measures. Key drivers include stable employment conditions, wage increases in key industries, and government initiatives to boost household earnings. The per capita disposable income of urban residents in China grew from RMB 43,834 in 2020 to RMB 54,188 in 2024, representing a CAGR of 5.4%. The domestic household deposits increased from RMB 92.6 trillion in 2020 to RMB 151.3 trillion in 2024, with a CAGR of 13.1%. The increase in per capita disposable income of residents as well as domestic household deposits in China has significantly elevated the demand for professional asset and wealth management services as well as spurred interest in diversified investment options, as residents seek to preserve and grow their wealth, reflecting a broader shift toward sophisticated financial planning among China's urban population.

Beijing, as China's political, cultural, international exchange, and technological innovation center, has closely mirrored national macroeconomic policies while spearheading innovation-driven transition. From 2020 to 2024, Beijing's macroeconomic policies balanced short-term stabilization with long-term structural reforms, supporting technological self-reliance and the expansion of domestic demand. For example, the Beijing government initiated business environment reforms in 2023 and launched tech-focused special bonds in 2024, demonstrating its role as both policy implementer and pioneer in high-quality development. Looking ahead, Beijing's macroeconomic policies will focus on high-quality growth in the future, leveraging fiscal precision and sectoral targeting.

Beijing maintained stable GDP expansion from 2020 to 2024, driven by strong performance in high-tech industries, financial services, and digital economy sectors. Policies supporting innovation, urban renewal, and consumption recovery helped sustain momentum. Nominal GDP of Beijing increased from RMB 3.6 trillion in 2020 to RMB 5.0 trillion in 2024, with a CAGR of 8.5%.

Beijing's per capita disposable income of urban residents showed consistent growth amid 2020 and 2024, reflecting the capital's strong economic resilience. The expansion was primarily driven by the city's thriving digital economy and high-tech industries, which created high-value employment opportunities. The per capita disposable income of urban residents in Beijing increased from RMB 75,602 in 2020 to RMB 92,464 in 2024, with a CAGR of 5.2%. Based on the per capita disposable income of urban residents in 2024, Beijing ranked the 1st among all provincial-level regions.

ANALYSIS OF CHINA'S CAPITAL MARKET

Analysis of China's Stocks Market

China's stock market experienced a steady expansion in terms of number of listed companies, reflecting the country's broader economic growth and financial reforms. The upward trend was driven by policy initiatives such as the registration-based IPO system, which streamlined listing processes and encouraged more small-and-medium-sized enterprises to go public, particularly on the ChiNext and STAR Market, and the newly established Beijing Stock Exchange. However, by 2024, the pace of new listings slowed as regulators tightened IPO scrutiny to improve market quality. Despite the situation, China's multi-tiered capital market structure continued to evolve, balancing growth with sustainability, which is to pursue the expansion of market scale and meet the financing needs of real economy, while placing greater emphasis on the quality of listed companies, standardized information disclosure, and long-term returns for investors. Since the beginning of 2025, China's stock market has shown a steady upward trend, with the Shanghai Composite Index reaching a decade-high. Driven by favorable policies, sustained foreign capital inflows, and improving economic fundamentals, market activity has remained robust.

As of year-end, the number of listed companies in China grew from 4,140 in 2020 to 5,383 in 2024, representing a CAGR of 6.8%.

Number of Listed Companies, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Shanghai Stock Exchange	Units	1,795	2,032	2,169	2,258	2,274	6.1%
Shenzhen Stock Exchange	Units	2,345	2,571	2,736	2,838	2,847	5.0%
Beijing Stock Exchange	Units	—	82	162	239	262	—
Total	**Units**	**4,140**	**4,685**	**5,067**	**5,335**	**5,383**	**6.8%**

Source: Shanghai Stock Exchange, Shenzhen Stock Exchange, Beijing Stock Exchange, Frost & Sullivan

Note: The stock market discussed in the section includes Shanghai Stock Exchange, Shenzhen Stock Exchange, and Beijing Stock Exchange. Shanghai Stock Exchange includes Shanghai Main Board and STAR Market, while Shenzhen Stock Exchange includes Shenzhen Main Board and ChiNext Market.

The market capitalization of listed companies in China grew from RMB 79,673.1 billion in 2020 to RMB 85,859.6 billion in 2024, with a CAGR of 1.9%.

Market Capitalization of Listed Companies, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Shanghai Stock Exchange	RMB Billion	45,527.7	51,900.5	46,282.3	46,220.4	52,330.8	3.5%
Shenzhen Stock Exchange	RMB Billion	34,145.5	39,582.8	32,374.1	30,950.7	32,990.1	-0.9%
Beijing Stock Exchange	RMB Billion	—	272.3	211.0	449.7	538.7	—
Total	**RMB Billion**	**79,673.1**	**91,755.6**	**78,867.4**	**77,620.8**	**85,859.6**	**1.9%**

Source: Shanghai Stock Exchange, Shenzhen Stock Exchange, Beijing Stock Exchange, Frost & Sullivan

China's stock market transaction volume exhibited notable fluctuations between 2020 and 2024, reflecting broader economic and policy dynamics. Following a period of heightened activities in 2020 and 2021, the trading volumes declined in 2022 and 2023 due to multiple factors, including tighter regulatory scrutiny and global macroeconomic uncertainties amid slowing economic growth. Nevertheless, 2024 marked a significant reversal with transaction volumes rebounding sharply as policy stimulus and improved market confidence reignited investor interest. Looking ahead, China's stock market is poised for sustained growth, supported by structural reforms, technological advancements, and continued policy backing for capital market development. The total transaction volume of China's stock market grew from RMB 206,017.4 billion in 2020 to RMB 257,012.4 billion in 2024, representing a CAGR of 5.7%. In 2024, China ranked the second in the globe in terms of stock transaction volume with a share of above 20%, just after the U.S. whose stock market transaction volume includes trades on the New York Stock Exchange and the Nasdaq Stock Market.

Transaction Volume of Stock Market, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Shanghai Stock Exchange	RMB Billion	83,683.6	113,520.2	95,846.8	88,972.2	107,716.7	6.5%
Shenzhen Stock Exchange	RMB Billion	122,333.8	143,508.9	127,850.8	122,402.4	146,324.3	4.6%
Beijing Stock Exchange	RMB Billion	—	155.8	196.3	724.7	2,971.4	—
Total	**RMB Billion**	**206,017.4**	**257,184.8**	**223,893.9**	**212,099.3**	**257,012.4**	**5.7%**

Source: Shanghai Stock Exchange, Shenzhen Stock Exchange, Beijing Stock Exchange, Frost & Sullivan

Analysis of China's Bonds Market

The key types of bonds include local government bonds, financial bonds, enterprise bonds, corporate bonds, medium-term notes and short-term commercial papers, private placement notes, international organization bonds, government-sponsored enterprise bonds, asset-backed securities, convertible bonds, exchange bonds, etc.

China's annual new bond issuance exhibited fluctuations from 2020 to 2024, reflecting shifting economic priorities and policy adjustments. The volume of new bond issuance in China dropped in 2022, mainly due to low financing demand as well as higher financing cost for issuers. The volume of annual new bond issuance in China increased from RMB 30,748.5 billion in 2020 to RMB 35,869.6 billion in 2024, with a CAGR of 3.9% during the period. Looking ahead, China's bond market is poised for sustained growth, with continued emphasis on fiscal stimulus, financial market reforms, and sustainable financing initiatives. The expansion of innovative bond products, such as green and sustainability-linked bonds, alongside deepening foreign investor participation, is expected to enhance market liquidity and diversification.

Volume of New Bond Issuance, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Local Government Bonds	RMB Billion	6,443.8	7,482.6	7,355.6	9,325.4	9,776.1	11.0%
Financial Bonds	RMB Billion	9,085.6	9,405.4	9,441.0	9,989.1	10,213.1	3.0%
Enterprise Bonds	RMB Billion	393.0	439.9	368.1	200.8	60.0	-37.5%
Corporate Bonds	RMB Billion	3,370.7	3,454.1	3,098.5	3,855.4	3,950.6	4.0%
Medium-Term Notes and Short-term Commercial Papers	RMB Billion	7,343.3	7,779.4	7,755.5	7,805.7	9,014.8	5.3%
Private Placement Notes	RMB Billion	707.3	863.4	676.6	751.4	684.1	-0.8%
International Organization Bonds	RMB Billion	12.0	17.5	16.5	21.0	46.5	40.3%
Government-Sponsored Enterprise Bonds	RMB Billion	173.0	190.0	276.0	193.0	10.0	-51.0%
Asset-Backed Securities	RMB Billion	2,890.1	3,140.2	2,006.2	1,875.5	2,041.7	-8.3%
Convertible Bonds	RMB Billion	282.0	282.8	220.1	142.4	38.8	-39.1%
Exchangeable Bonds	RMB Billion	47.6	42.2	42.3	33.4	33.9	-8.1%
Total	**RMB Billion**	**30,748.5**	**33,097.6**	**31,256.4**	**34,193.0**	**35,869.6**	**3.9%**

Source: People's Bank of China, Frost & Sullivan

China's year-end outstanding bond volume demonstrated consistent growth from 2020 to 2024, reflecting the deepening maturity of its financial markets and the government's strategic use of debt instruments to support economic development. The year-end outstanding bond volume in China grew from RMB 82,686.2 billion in 2020 to RMB 122,190.8 billion in 2024, representing a CAGR of 10.3% during the period. The outstanding volume of enterprise bond issuance experienced continuous decrease from 2020 to 2024, mainly due to weakened financing demand as well as elevated credit risks that stimulated market liquidity into safer government and financial bonds.

Outstanding Volume of Bond Issuance at Year-End, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Local Government Bonds	RMB Billion	25,486.4	30,300.6	34,880.3	40,541.0	47,336.3	16.7%
Financial Bonds	RMB Billion	27,039.7	30,501.9	33,714.8	37,230.5	40,062.8	10.3%
Enterprise Bonds	RMB Billion	2,276.0	2,245.0	2,133.9	1,924.7	1,596.3	-8.5%
Corporate Bonds	RMB Billion	9,047.4	10,093.0	10,699.8	11,416.8	11,925.6	7.1%
Medium-Term Notes and Short-term Commercial Papers	RMB Billion	9,699.1	10,587.8	11,221.7	11,537.5	13,397.7	8.4%
Private Placement Notes	RMB Billion	2,140.0	2,350.6	2,312.3	2,260.4	2,047.6	-1.1%
International Organization Bonds	RMB Billion	33.0	42.0	47.0	58.0	91.0	28.9%
Government-Sponsored Enterprise Bonds	RMB Billion	1,722.5	1,859.5	1,892.5	1,821.5	1,587.5	-2.0%
Asset-Backed Securities	RMB Billion	4,516.4	5,034.1	4,259.2	3,416.6	3,299.2	-7.6%
Convertible Bonds	RMB Billion	541.9	705.8	843.4	875.3	733.7	7.9%
Exchangeable Bonds	RMB Billion	183.6	159.0	151.4	135.0	113.0	-11.4%
Total	**RMB Billion**	**82,686.2**	**93,879.4**	**102,156.4**	**111,217.3**	**122,190.8**	**10.3%**

Source: People's Bank of China, Frost & Sullivan

Analysis of China's Funds Market

China's fund market has sustained steady growth in the past few years due to policy support, economic resilience, product innovation, and rising investor participation. The government has implemented measures such as pension fund incentives, ETF approvals, and regulatory enhancements, boosting investor confidence. The number of mutual funds management companies rose from 138 in 2020 to 148 in 2024, reflecting a CAGR of 1.8%. Meanwhile, the total number of mutual funds products has also expanded, increasing from 7,913 in 2020 to 12,367 in 2024, with a CAGR of 11.8%. The total asset management scale of mutual funds grew from RMB 19.9 trillion in 2020 to RMB 32.8 trillion in 2024, with a CAGR of 13.3%.

On the private funds side, the number of management companies has slightly declined, drop from 24,561 in 2020 to 20,290 in 2024, with a CAGR of -4.7%. The historical decline in private fund management companies was mainly due to stricter regulatory requirements and rising fundraising pressures, which forced out small, non-compliant, or inactive firms and led to a structural consolidation of these companies. However, private funds products and their asset management scale continue to experience growth, with the asset management scale to reach RMB 19.9 trillion in 2024, reflecting a CAGR of 4.1% from 2020 to 2024.

Market Size of Funds Market, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Number of Mutual Funds Management Companies	Units	138	137	142	145	148	1.8%
Number of Mutual Funds Products	Units	7,913	9,288	10,576	11,528	12,367	11.8%
Total Asset Management Scale of Mutual Funds	RMB Trillion	19.9	25.6	26.0	27.6	32.8	13.3%
Number of Private Funds Management Companies	Units	24,561	24,610	23,667	21,625	20,290	-4.7%
Number of Private Funds Products	Units	96,818	124,098	145,020	153,032	144,138	10.5%
Total Asset Management Scale of Private Funds	RMB Trillion	17.0	20.3	20.3	20.3	19.9	4.1%

Source: Asset Management Association of China (AMAC), Frost & Sullivan

Analysis of China's Derivatives Market

China's derivatives market is led by commodity futures trades, while treasury bond futures experienced the fastest growth among all future categories, indicating high potential for further development. This strong growth was primarily driven by heightened hedging demand. China's macro economy has faced downward pressure, accompanied by multiple rounds of monetary easing, cuts in deposit rates reduce returns from holding cash, encouraging investors to allocate more funds into the treasury bond future market. Besides, stock index futures demonstrated a strong resurgence in 2024, complementing the consistent performance of commodity futures and the breakout growth of treasury bond products. In 2024, the total transaction value of future exchange in China (including China Financial Futures Exchange, Shanghai Futures Exchange, Guangzhou Futures Exchange, Shanghai International Energy Exchange, Zhengzhou Commodity Exchange, and Dalian Commodity Exchange) was RMB 619.3 trillion. The robust growth in treasury bond and stock index futures in recent years potentially reflect growing financial market sophistication and risk management needs of institutional investors.

Market Size of Derivatives Market (by transaction value), China, 2020-2024

Types of Futures	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Commodity Futures	RMB Trillion	322.1	463.0	401.9	435.3	428.3	7.4%
Stock Index Futures	RMB Trillion	89.1	90.7	86.6	77.4	123.6	8.5%
Treasury Bond Futures	RMB Trillion	26.4	27.5	46.4	55.8	67.4	26.4%
Total	**RMB Trillion**	**437.5**	**581.2**	**534.9**	**568.5**	**619.3**	**9.1%**

Source: China Futures Association, Frost & Sullivan

Analysis of China's Asset Management Market

There are diverse participants in China's asset management industry, the Asset Management Association of China (AMAC) plays a significant role. The amount of asset management collected by the Asset Management Association of China (AMAC), which includes mutual funds, fund accounts (including subsidiaries), securities companies, derivatives financial companies, and private funds, remains a dominant force in the industry, indicating its resilience and stability during market fluctuations.

Currently, China's asset management market is experiencing significant expansion. Persistently declining deposit rates have diminished the return attractiveness of traditional savings, prompting residents to redirect their funds from the banking system toward higher-yielding investment channels. Simultaneously, deep adjustments in the property market have lowered return expectations, weakening real estate's appeal as a core asset allocation and accelerating capital outflows from this sector. These dual forces collectively fuel the growth and expansion of the asset management market.

The insurance asset management sector offers saving financial services, which has remarkable growth as institutional investors increasingly resort to long-term, stable-yielding products. The strong historical growth of insurance asset management was mainly driven by broader investor demand for stable, fixed-income-type returns as deposit rates declined, capital outflows from the weakening property market, and regulatory reforms that phased out channel-based services and promoted standardized, transparent asset-management practices. Trust asset management, meanwhile, remained resilient by leveraging its ability to provide customized wealth-management solutions and diversified investment structures for high-net-worth clients and institutional portfolios. Trust asset management sector enables customized asset management and wealth planning, and has also remained resilient, leveraging its ability to offer custom-made solutions to high-net-worth individuals and institutional portfolios. Overall, investors in the Chinese market are increasingly opting for specialized products tailored to specific risk-return profiles.

Market Size of Asset Management Market (by asset under management), China, 2020-2024

Types of Asset Management	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
AMAC Asset Management	**RMB Trillion**	**59.0**	**67.9**	**66.7**	**67.1**	**72.9**	**5.4%**
—Mutual Funds	RMB Trillion	19.9	25.6	26.0	27.6	32.8	13.3%
—Fund Companies	RMB Trillion	11.4	11.3	11.4	11.1	11.7	0.6%
—Securities Companies	RMB Trillion	8.6	8.2	6.87	5.9	6.1	-8.1%
—Futures Companies	RMB Trillion	0.2	0.4	0.3	0.3	0.3	9.4%
—Private Funds	RMB Trillion	17.0	20.3	20.3	20.3	19.9	4.1%
—Corporate Asset Securitization	RMB Trillion	2.1	2.3	1.9	1.9	2.1	-0.5%
Bank Wealth Management	**RMB Trillion**	**25.9**	**29.0**	**27.7**	**26.8**	**30.0**	**3.7%**
Insurance Asset Management	**RMB Trillion**	**21.7**	**23.2**	**25.1**	**28.2**	**33.3**	**11.3%**
Trust Asset Management	**RMB Trillion**	**20.5**	**20.5**	**21.1**	**23.9**	**29.6**	**9.6%**

Note: Overlaps exist between some of the asset management market segments.
Source: AMAC, China Trust Association, National Financial Regulatory Administration, Frost & Sullivan

ANALYSIS OF CHINA'S SECURITIES INDUSTRY

Categorization of China's Securities Industry

By key business categories, the securities industry comprises asset management, investment, investment banking, wealth management, international business, etc. The asset management segment encompasses mutual funds, private funds, privately offered funds, and pension products that pool investor capital for professional management. Investment business involves proprietary trading and securities lending activities conducted by financial institutions. Investment banking business covers underwriting, M&A advisory, and corporate financing services. Wealth management business caters to high-net-wealth individuals through customized portfolio solutions.

Market Size of China's Securities Industry

China's securities industry market size by revenue grew moderately from RMB 448.5 billion in 2020 to RMB 451.2 billion in 2024, with a CAGR of 0.1%. It is forecasted to grow to RMB 574.3 billion in 2029 with a CAGR of

4.9% from 2024 to 2029, fueled by the advancement of the full implementation of registration-based IPO system and the profound integration of FinTech solutions.

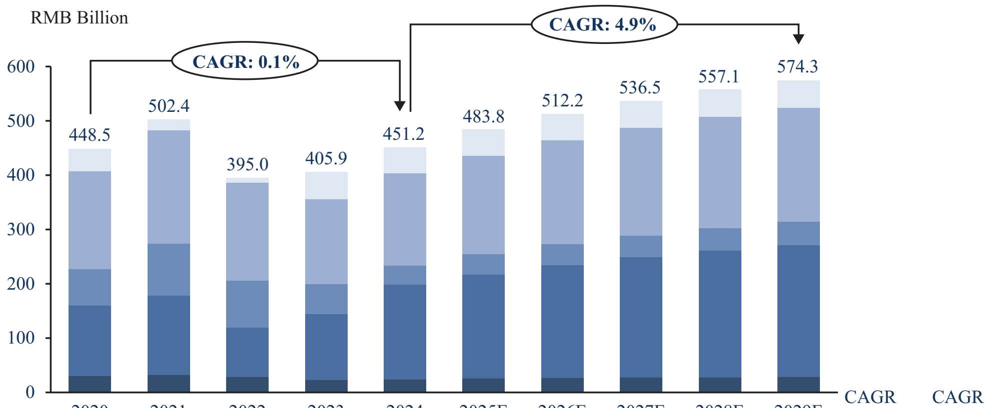
In China's securities industry, the asset management market in China declined from RMB 30.0 billion in 2020 to RMB 23.9 billion in 2024 with a CAGR of -5.4%. This contraction was primarily driven by market volatility, tighter regulatory oversight, and the contraction of certain products. Firstly, the regulatory tightening of non-standard assets, which reduced the supply of higher-yield but higher-risk products. Secondly, the phase-out of channel-based products directly shrank the scale of products that previously relied on such structures. Thirdly, weaker performance in higher-risk active equity mandates (i.e., equity products that rely on stock-picking), which lowered investor appetite for structured and high-risk asset-management products. Together, these factors reduced both the availability of high-risk products and investor demand for them, resulting in an overall contraction of the asset management market. However, supported by the inflow of long-term capital, the development of pension finance, and the rising demand for diversified asset allocation, and further underpinned by policy initiatives and technological innovation, the market is expected to reach RMB 27.9 billion in 2029 with a CAGR of 3.1% from 2024 to 2029. Future growth will be driven by rising long-term capital inflows, the continued expansion of pension-finance initiatives, and stronger demand for diversified asset-allocation solutions enabled by FinTech (i.e., technology-enhanced financial services) and regulatory reforms.

The investment market increased from RMB 129.5 billion in 2020 to RMB 174.1 billion in 2024 with a CAGR of 7.7%, as industrial restructuring propels investment momentum in core technology sectors. It is projected to grow to RMB 243.3 billion in 2029 with a CAGR of 6.9% from 2024 to 2029, propelled by the institutional upgrade of capital markets coupled with dynamic generation of frontier investment arenas. The recovery is expected to be driven by the full adoption of the registration-based IPO system, which accelerates capital-raising and improves market activity, policy support for technology and green finance which directs funds toward innovation-driven sectors, and improving capital-market activity as macro conditions stabilize which improves investor confidence and supports capital-market participation.

The investment banking segment in China's securities industry decreased from RMB 67.2 billion in 2020 to RMB 35.0 billion in 2024 with a CAGR of -15.0%. In the short term, the segment contracted significantly due to stricter IPO review requirements and heightened macroeconomic uncertainty. However, supported by the implementation of the registration-based IPO system which helps to accelerate IPO deal flow, increase underwriting fees, and demand sophisticated valuation and pricing expertise from investment banks, as well as policy initiatives in technology finance and green finance, the market is expected to increase at a 4.0% CAGR from 2024, reaching RMB 42.7 billion by 2029.

The wealth management segment in China's securities market decreased from RMB 180.5 billion in 2020 to RMB 170.7 billion in 2024 with a CAGR of -1.4%. The decline in the wealth management segment was mainly driven by market volatility which reduced investors' willingness to take risk, shrinking returns on traditional wealth products which lowered their attractiveness, stricter product-standardization rules which limited the supply of complex and high-risk structures, and the shift of household assets away from high-risk products toward conservative allocations which reduced demand for higher-risk wealth-management products. A modest recovery is expected, reaching RMB 210.1 billion by 2029 with a CAGR of 4.2% from 2024, supported by accelerated household wealth accumulation, the occurrence of demand for multi-level wealth management, and policy catalysts such as pension reforms. Future expansion will be fueled by rising household wealth accumulation which increases demand for professional wealth management services, growing demand for multi-tier wealth solutions, which requires more diversified product offerings, and catalysts such as pension-related wealth management initiatives which bring long-term, stable funds into the market.

Market Size of Securities Market (by revenue), China, 2020-2029E



	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	CAGR 20-24	CAGR 24-29E
Asset Management	30.0	31.8	28.0	22.5	23.9	25.0	26.0	26.7	27.3	27.9	-5.4%	3.1%
Investment	129.5	145.9	91.2	121.7	174.1	192.1	207.9	221.7	233.4	243.3	7.7%	6.9%
Investment Banking	67.2	96.0	86.1	54.3	35.0	37.1	38.9	40.4	41.7	42.7	-15.0%	4.0%
Wealth Management	180.5	208.5	180.8	156.6	170.7	181.5	190.7	198.4	204.8	210.1	-1.4%	4.2%
Others	41.3	20.2	8.9	50.8	47.4	48.1	48.8	49.4	49.9	50.4	3.5%	1.2%

Source: Securities Association of China (SAC), Frost & Sullivan

From 2020 to 2024, the number of Chinese securities companies increased from 138 to 150, with a CAGR of 2.1%. Meanwhile, the total assets of securities companies surged significantly from RMB 8.9 trillion to RMB 12.9 trillion, achieving a CAGR of 9.8%.

This period witnessed steady growth in the number of institutions and a notable strengthening of financial strength and asset scale within the securities industry. The growth trend was propelled by multiple factors including continued liberalization of market access policies that facilitated new entrants, enhanced capital market activity driving revenue diversification, accelerated business innovation in digital transformation and product development, and strengthened comprehensive service capabilities across wealth management and cross-border services.

Market Size of Securities Market (by number and by total assets), China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Number of Securities Companies	Units	138	140	140	145	150	2.1%
Total Assets of Securities Companies	RMB Trillion	8.9	10.6	11.1	11.8	12.9	9.8%

Source: SAC, Frost & Sullivan

Analysis of Asset Management Business Market in China's Securities Industry

The size of China's asset management business in securities industry has shown a downward trend in recent years. The net asset value of outstanding asset management products declined from RMB 8.0 trillion in 2020 to RMB 5.5 trillion in 2024, with a CAGR of -9.1%. Within this landscape, collective asset management plans expanded from RMB 2.1 trillion in 2020 to RMB 2.9 trillion in 2024, achieving a CAGR of 8.5%, driven by the industry-wide shift toward active management strategies. It reflects an industry-wide shift from passive, standardized, and channel-driven products toward actively managed strategies that rely on research-driven security selection, performance-oriented portfolio construction, and dynamic asset allocation. In contrast, single asset management plans decreased from RMB 5.9 trillion in 2020 to RMB 2.6 trillion in 2024, registering a CAGR of -18.8 %, primarily due to the regulatory phase-out of channel-based services under the asset management new rules, which phased out a large portion of single-plan, channel-type business and accelerated the transition toward standardized, actively managed products that emphasize transparency, genuine investment management, and compliance with the new regulatory framework. Nevertheless, supported by the inflow of long-term capital, the development of pension finance, and the growing demand for diversified asset allocation, coupled with the application of digital tools and favorable policy initiatives, the segment is expected to achieve steady recovery over the medium to long term.

Market Size of Asset Management Business in Securities Industry, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Net Asset Value of Outstanding Asset Management Products	**RMB Trillion**	**8.0**	**7.7**	**6.3**	**5.3**	**5.5**	**-9.1%**
—Collective Asset Management Plans	RMB Trillion	2.1	3.6	3.2	2.6	2.9	8.5%
—Single Asset Management Plans	RMB Trillion	5.9	4.0	3.1	2.7	2.6	-18.8%

Source: AMAC, Frost & Sullivan

Analysis of Investment Business Market in China's Securities Industry

From 2020 to 2024, the investment business in China's securities industry remained relatively stable, with a higher pace of growth compared to areas like asset management. Concurrently, the investment business market exhibits profound transformational dynamics, which is shifting from a retail-dominated, speculative arena to a more institutionalized one, driven by regulatory reforms, technological disruption, and a strategic reorientation towards serving the real economy and long-term value creation. Investment targets are rapidly diversifying beyond traditional equity assets, effectively accommodating differentiated demands for risk preferences and return objectives across the market. Simultaneously, institutional proprietary investments are progressively reducing reliance on directional exposures while strengthening non-directional trading capabilities. Through innovations in derivative instruments and hedging strategies, this shift significantly mitigates the impact of market volatility on investment returns, enhancing operational stability and risk resilience. On-exchange derivative tools continue diversifying and unlocking trading potential, improving cross-market asset pricing efficiency. The dominant role of institutional investors within the business framework continues deepening, with their sophisticated asset allocation demands catalyzing advanced capabilities in designing complex financial solutions. Collectively, these jointly propel structural optimization in securities investment businesses. This convergence promotes iterative refinement of trading models toward precision and sustainability, progressively establishing an industry ecosystem characterized by organic resilience and long-term growth potential. Market-making on the National Equities Exchange and Quotations (NEEQ) continued to support liquidity and price discovery for innovative SMEs, playing a steady, supporting role in the market. This segment contributed to capital access for smaller enterprises.

Analysis of Investment Banking Business Market in China's Securities Industry

China's investment banking sector experienced fluctuations between 2020 and 2024, marked by an expansion in 2020 and 2021, followed by a period of adjustment in 2022 and 2023, with deal activities moderating compared to previous highs. Subsequently, the sector has been focusing on operational refinement and strategic repositioning. Moving forward, China's investment banking sector is steadily adapting to evolving regulatory and macroeconomic conditions, strengthening its foundation for more sustainable and quality-driven growth.

Market Size of Investment Banking Business in Securities Industry, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
IPO Underwriting Volume	RMB Billion	526.0	535.1	586.9	356.5	67.6	-40.1%
Follow-On Offering Underwriting Volume	RMB Billion	731.5	957.6	784.5	777.9	203.0	-27.4%
Bond Underwriting Volume	RMB Billion	8,477.7	8,655.3	5,665.5	9,533.5	14,140.0	13.6%
M&A Transaction Value	RMB Billion	2,507.2	2,801.2	2,500.7	1,984.2	2,016.3	-5.3%
Issuance Volume of ABS	RMB Billion	1,559.6	1,601.7	1,191.2	1,202.8	1,237.9	-5.6%

Source: SAC, Frost & Sullivan

Analysis of Wealth Management Business Market in China's Securities Industry

China's wealth management business experienced significant shifts between 2020 and 2024, reflecting broader market dynamics and regulatory changes. The sector expanded rapidly in 2020 and 2021, benefiting from strong demand for yield-enhancing products amid low interest rates and a growing middle-class investor base. However, 2022 and 2023 saw a notable contraction as market volatility increased, particularly following regulatory interventions in the property sector and technology industry that affected product performance. Looking ahead, the industry is adapting to a new normal with greater emphasis on transparency, standardized products, and investor education. As China's financial markets mature and household wealth continues to accumulate, the wealth management industry is poised for more sustainable growth.

Market Size of Wealth Management Business in Securities Industry, China, 2020-2024

	Unit	2020	2021	2022	2023	2024	CAGR (20-24)
Number of Outstanding Accounts	Million	266.1	299.5	325.2	346.7	371.7	8.7%
Stock Trading Volume	RMB Trillion	206.0	257.2	224.0	212.3	257.3	5.7%
Fund Trading Volume	RMB Trillion	4.8	6.7	13.5	16.4	25.5	52.0%
Bond Trading Volume	RMB Trillion	NA	1,707.3	2,186.7	2,601.3	2,735.4	NA
Brokerage Income of Listed Securities Firms	RMB Billion	190.8	233.1	192.2	176.7	196.5	0.7%
Margin Trading and Securities Lending Balance	RMB Billion	1,619.0	1,832.2	1,540.4	1,650.9	1,864.6	3.6%
Pledged Shares Value	RMB Billion	4,115.5	4,044.7	3,092.0	2,706.2	2,794.9	-9.2%

Source: National Association of Financial Market Institutional Investors, Frost & Sullivan

**Note: The bond trading volume in 2020 was not disclosed by the National Association of Financial Market Institutional Investors. Brokerage income includes securities firms' brokerage commission and fee income.*

Market Drivers of China's Securities Industry

- **Capital Market Development:** Capital market development serves as a crucial driver for the sustained evolution of China's securities industry. Market expansion and optimization catalyze the diversification and specialization of securities firms' services and products. With China's robust economic growth and capital market structural reforms, increased institutional investor participation fuels demand for professional research and integrated services. Collectively, these forces drive industry upgrading. Regulatory transformation unleashes policy incentives, creating space for financial innovation and expanding securities firms' operational boundaries. Within this context, the securities industry is integrating its operations, products, and support systems centered on client needs to accelerate its transition into comprehensive integrated financial services providers. The interaction between deepening capital market reforms and the real economy's development needs will reinforce the industry's high-quality development trajectory.

- **Accumulation of Household Wealth and Rising Investment Awareness:** The sustained accumulation of household wealth and residents' enhanced investment awareness together drive the deepening development of China's securities market. Wealth accumulation propels household asset allocation from singular savings toward diversified financial assets, while awakened investment awareness prompts idle capital to proactively seek market participation, activating heightened equity investment demand and upgraded wealth management expectations. Maturing investment philosophies accelerate the securities industry's transition toward buy-side advisory models centered on asset allocation. This evolution expands the wealth management value chain to integrated services such as life-cycle planning and risk hedging, compelling institutions to refine asset screening and client-tiered services. Throughout this process, wealth growth and maturing investment philosophies form a virtuous cycle that solidifies the market's investor foundation, providing enduring momentum for a client-centric wealth management ecosystem.

Development Trends of China's Securities Industry

- **Diversification of Product and Business:** Product and business diversification has accelerated amid significantly heightened awareness of asset management among residents. Continuously intensifying demand for proactive asset allocation drives increasing diversification of financial products while simultaneously promoting sustained expansion of securities businesses. On one front, the diversified development of financial products profoundly aligns with differentiated wealth management objectives. The emergence of structured instruments, alternative investments, and cross-market derivatives, combined with standardized product frameworks, collectively establishes a more precise demand-response mechanism. Concurrently, proactive policy guidance optimizes deployment strategies for long-term capital sources such as insurance and social security funds, forging enhanced value-appreciation pathways for patient capital. On another front, strategic scaling of securities businesses extends service coverage to emerging sectors and innovative technology domains. Concurrently, deepened operational refinement in service capabilities catalyzes sophisticated financial instruments and risk management methodologies, delivering expanded options for portfolio construction. Growing resident demand for customized wealth solutions, coupled with institutional investors' persistent pursuit of specialized cross-asset allocation services, is unlocking synergistic convergence between product sophistication and operational refinement across the financial ecosystem.

- **Expansion of International Business:** The expansion of international operations represents a pivotal trend for China's securities industry as it deepens integration into the global financial architecture. Continuous optimization of market connectivity mechanisms has enhanced cross-border investment and financing channels, creating synergistic alignment between international capital allocation to Chinese assets and domestic enterprises' global capital operations. Institutional service scopes progressively extend into cross-border mergers and acquisitions, overseas listing underwriting, and international derivatives trading, with professional teams concurrently advancing capabilities in cross-border asset pricing and risk management. Meanwhile, accelerated convergence of regulatory frameworks with international standards elevates industry compliance benchmarks and governance practices toward global frontiers. This evolution not only broadens business boundaries and revenue streams but also fortifies systemic resilience through diversified market participation, laying practical foundations for elevating China's financial market internationalization. As China relaxes overseas listing rules, expands its Connectivity mechanism, and encourages cross-border financial cooperation, the Chinese securities industry is expected to achieve continued international growth.

COMPETITIVE ANALYSIS OF CHINA'S SECURITIES INDUSTRY

Competitive Landscape of China's Securities Industry

China's securities industry demonstrates elevated market concentration. The top 10 securities firms accounted for about 70% of total industry revenue in 2024. Leading firms leverage capital capacity and integrated service capabilities to establish competitive barriers, maintaining dominant market positions with progressive share expansion. Mid-tier securities firms strategically implement regional clustering to consolidate local market presence, while simultaneously pursuing technological specialization through FinTech-enabled service differentiation. Regulatory licensing frameworks and capital prerequisites impose entry barriers, resulting in elevated entry barriers for potential market participants.

The China Securities Regulatory Commission (CSRC) classifies securities companies into different categories as part of its regulatory framework. According to the most recent 2025 evaluation results, there are 107 participating securities companies (with subsidiaries merged into their parent companies for evaluation). Approximately 50%, i.e. 53 companies, are in Class A (within which 14 companies obtained the highest AA rating), 43 companies are in Class B, 11 companies are in Class C.

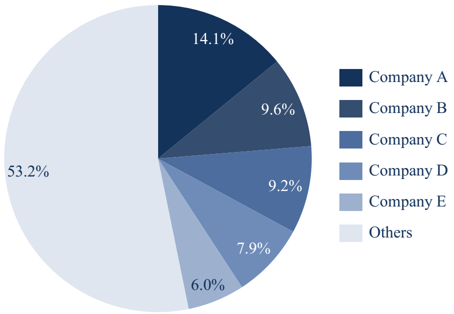
To obtain a higher rating, a firm must demonstrate excellence across 4 evaluation dimensions, including risk management, compliance, business development, and specialized strategic initiatives. The classification is a comprehensive assessment of a company's overall health and its alignment with national regulatory priorities.

The regulatory rating directly impacts a securities firm's business scope and operational costs. Higher-rated firms possess advantages in obtaining licenses for innovative products and expanding into new business areas. Conversely, lower-rated firms face operational restrictions and higher compliance costs, directly affecting their competitiveness and profitability in the market.

Ranking of China's Securities Companies

In terms of revenue in 2024, the Company ranked 38th among the 42 listed securities companies in China with a revenue of RMB 2.4 billion and a market share of 0.5%. The top five listed securities companies accounted for 46.8% of market share in terms of revenue in 2024 in China.

Ranking of Listed Securities Companies (by revenue), China, 2024



Rank	Company Name	Revenue (RMB Billion)	Market Share
1	Company A	63.8	14.1%
2	Company B	43.4	9.6%
3	Company C	41.5	9.2%
4	Company D	35.5	7.9%
5	Company E	27.2	6.0%
	Others	239.8	53.2%
	Total	**451.2**	**100.0%**

Note: Listed securities companies refer to securities companies listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange and Beijing Stock Exchange.

Company A established in 1995 is a company listed on both SSE and SEHK, headquartered in Beijing, and focuses on securities brokerage, investment banking, asset management, and wealth management businesses.

Company B was formed through the merger and restructuring and was renamed and listed in 2025. The company is currently listed on both SSE and SEHK, with its headquarters located in Shanghai, and the main businesses include securities trading, investment consulting, asset management, and financial services.

Company C established in 1991 is a company listed on SSE and SEHK, headquartered in Nanjing, and focuses on securities brokerage, investment banking, futures, asset management, and technology-driven financial services.

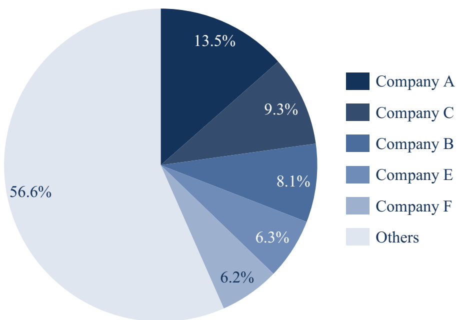
Company D established in 2007 is a company listed on SSE and SEHK and headquartered in Beijing, and focus on securities brokerage, asset management, investment banking and wealth management services.

Company E established in 1991 is a company listed on SSE and SEHK and headquartered in Guangzhou, and focus on securities trading, investment advisory, futures, asset management and financial services.

Source: Company Annual Report, Frost & Sullivan

In terms of net profit in 2024 in China, the Company ranked 28th among the 42 listed securities companies with a net profit of RMB 1.0 billion and a market share of 0.6%. The top five listed securities companies accounted for 43.4% of market share in terms of net profit in 2024 in China.

Ranking of Listed Securities Companies (by net profit), China, 2024



Rank	Company Name	Net Profit (RMB Billion)	Market Share
1	Company A	22.6	13.5%
2	Company C	15.5	9.3%
3	Company B	13.5	8.1%
4	Company E	10.5	6.3%
5	Company F	10.4	6.2%
	Others	94.7	56.6%
	Total	**167.3**	**100.0%**

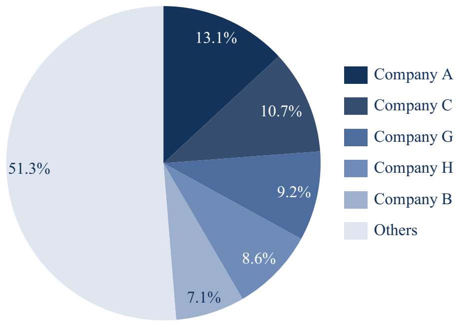
Note: Listed securities companies refer to securities companies listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange and Beijing Stock Exchange.

Company F established in 1991 is a company listed on SSE and SEHK and headquartered in Shenzhen, and which is a financial service provider focus on securities brokerage, investment banking and wealth management.

Source: Company Annual Report, Frost & Sullivan

In terms of ABS issuance volume of securities companies in 2024, the Company ranked 14th with an ABS issuance volume of RMB 19.5 billion and a market share of 3.1%. The top five securities firms accounted for 48.7% of market share in terms of ABS issuance volume of securities companies in 2024 in China.

Ranking of Securities Companies (by ABS issuance volume), China, 2024



Rank	Company Name	ABS Issuance Volume (RMB Billion)	Market Share
1	Company A	162.3	13.1%
2	Company C	132.0	10.7%
3	Company G	113.9	9.2%
4	Company H	106.0	8.6%
5	Company B	88.5	7.1%
	Others	635.3	51.3%
	Total	**1,237.9**	**100.0%**

Note: Company G established in 1996 is a company headquartered in Shenzhen, and focus on securities brokerage, investment banking, asset management and research services.

Company H established in 2005 is a company listed on SSE and SEHK, headquartered in Beijing, and the core business is securities underwriting, securities brokerage, securities investment consulting, proprietary trading, asset management.

Source: Company Annual Report, Frost & Sullivan

Industry Barriers

- **Regulatory and Qualification Barrier**. A primary barrier is stringent regulatory approval and qualified licensing. Institutions must meet specific capital, governance, and professional competency standards set by the China Securities Regulatory Commission (CSRC). For foreign entrants, the Qualified Foreign Investor (QFI) regime has been a key channel, requiring institutions to obtain a license by submitting detailed applications and meeting stringent criteria. The regulatory process aims to ensure market stability and investor protection, making the qualification process rigorous for all market participants.

- **Capital Barrier.** Substantial capital requirements present a significant entry barrier, as robust capital strength is crucial for risk resilience and operational capacity. Firms must possess significant financial resources to meet regulatory minimums and fund daily operations, which is essential for underwriting securities, proprietary trading, and fulfilling risk reserve obligations. The high cost of establishing a viable presence effectively excludes underfunded players, ensuring only entities with deep financial pockets can operate and compete in this capital-intensive market, thereby maintaining overall financial stability.