OVERVIEW

The history of our Company traces back to February 2000, when the predecessor of our Company was established in the PRC under the name of Capital Securities Brokerage Co., LTD (首創證券經紀有限責任公司). Our then equity interest was held as to (i) 30.0% by the Capital Group; (ii) 20.0% by Shanwei Tianle Investment Co. (汕尾市天樂投資公司); (iii) 15.0% by Shenzhen Zhongli Investment Co., Ltd. (深圳市中立投資有限公司); (iv) 13.0% by Zhuhai Zhonghuan United Petroleum Co., Ltd. (珠海中寰聯合石油有限公司); (v) 12.0% by Beihai Jinghai Industrial Development Co., Ltd. (北海淨海實業發展有限公司); and (vi) 10% by CRED Huadong Real Estate Co., Ltd. (中房集團華東置業股份有限公司). On August 26, 2020, the predecessor of our Company was converted into a joint stock company with limited liability, and was renamed Capital Securities Corporation Limited (首創證券股份有限公司). Since December 22, 2022, our A Shares have been listed on the main board of the Shanghai Stock Exchange under the stock code 601136. As of the Latest Practicable Date, our Company was owned as to approximately 53.20% by Capital Group, approximately 20.87% by BII, approximately 8.31% by Beijing Energy Holding, and approximately 17.62% by our other A Shareholders.

Since our establishment, we have developed into a comprehensive securities firm offering a wide range of financial products and services to institutional, individual and corporate clients across the PRC. Our principal business lines comprise (i) asset management related business, (ii) investment related business, (iii) investment banking related business and (iv) wealth management related business. We operate under a full-service license framework covering securities brokerage, securities investment advisory, securities underwriting and sponsorship, proprietary trading, securities asset management, margin financing and securities lending, sales of securities investment funds and financial product distribution. We have established a diversified business model supported by an extensive branch network and a robust risk management system, and have consistently enhanced our capabilities in product innovation, client servicing and operational efficiency. For further details, see "Business".

KEY MILESTONES

The following is a summary of our key milestones:

Year	Milestones
2000	The predecessor of our Company was established in the PRC under the name of Capital Securities Brokerage Co., LTD (首創證券經紀有限責任公司).
2004	Our Company completed a capital increase and the issuance of new shares, and was renamed as Capital Securities Co., LTD (首創證券有限責任公司).
2006	Our Company initiated the establishment of China Post Capital Fund.
2009	Our Company acquired the entire equity interest in a futures subsidiary, Capital Jingdu Futures.
2014	Our Company wholly established a private fund management subsidiary, Shouzheng Desheng.
2015	Our Company established a wholly-owned alternative investment subsidiary, Shouzheng Zefu.
2016	Our "Capital Fanqie Wealth APP" ("***Fanqie APP***") was officially launched, focusing on meeting users' diversified wealth management needs. It is designed as a one-stop integrated service platform, forming a solid foundation for enhancing the accessibility and scenario-based delivery of our financial services.
2020	Our Company was converted into a joint stock company and was renamed Capital Securities Corporation Limited (首創證券股份有限公司), with an initial total share capital of 1.3 billion shares. Our Company received a capital injection from our shareholders, increasing our total share capital to RMB2.46 billion. We established a differentiated and distinctive development strategy centered on asset management related business as an instrumental driving force, supported by the twin pillars of

Year	Milestones
	the wealth management related business and investment banking related business, and stabilized by the balancing development of the investment related business.
2022	Our A Shares were listed on the main board of the Shanghai Stock Exchange under the stock code 601136. Our first Beijing Stock Exchange listing project—Sugon DataEnergy (Beijing) Co., Ltd. (previously NEEQ: 872808; currently BSE: 920808)—was successfully listed. This further reinforces our commitment to being based in Beijing while serving clients nationwide. We actively support the financing and growth of technology-driven enterprises, contributing to broader industrial growth.
2023	Our Company was recognized as one of the "2023 Top 10 Cases in Serving the Real Economy in the Exchange Bond Market" (2023年度交易所債券市場服務實體經濟十佳案例).
2024	We successfully obtained qualifications as a market maker for cash bonds in the interbank bond market (specifically for credit bonds) and as an underwriter for non-financial corporate debt financing instruments. Our capabilities in bond market making and quotation have been widely recognized by both the market and regulatory authorities.

OUR SUBSIDIARIES

The place of establishment, date of establishment and principal business activities of each of our subsidiaries are set out in the table below:

No.	Name of subsidiary	Date of establishment	Place of establishment	Principal business activities	Registered capital as of the Latest Practicable Date	Equity interest as of the Latest Practicable Date
1.	Capital Jingdu Futures	March 6, 1993[(1)]	PRC	Commodity futures brokerage, financial futures brokerage and asset management	RMB600,000,000.00	100%
2.	Shouzheng Zefu	March 10, 2015	PRC	Investment in alternative assets	RMB800,000,000.00	100%
3.	Shouzheng Desheng	July 23, 2014	PRC	Investment management and financial advisory	RMB500,000,000.00	100%
4.	Wangjing PE	October 25, 2017	PRC	Investment management and advisory services other than securities business, equity investment management	RMB30,000,000.00	51%

Notes:

(1) Our Company acquired the entire equity interest in Capital Jingdu Futures from Shanghai Dashen Investment Co., Ltd. (上海大申投資有限公司), an Independent Third Party, at a consideration of RMB46,000,000 pursuant to an equity transfer agreement dated September 20, 2008. Such acquisition was completed on November 4, 2009.

Please refer to "—Corporate Structure" in this section and the section headed "II—Notes to the Historical Financial Information—1. Corporate Information" of the Accountants' Report set out in Appendix I to this document for other information on our subsidiaries.

ESTABLISHMENT AND MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

(a) Establishment and early development

On February 3, 2000, the predecessor of our Company was established as a limited liability company under the laws of the PRC with an initial registered capital of RMB230,000,000. The shareholding structure of the predecessor of our Company as of the establishment date was as follows:

No.	Shareholder	Registered capital subscribed for	Percentage of equity interest in our Company
		(RMB)	*(%)*
1.	Capital Group	69,000,000	30.00
2.	Shanwei Tianle Investment Co. (汕尾市天樂投資公司) ("**Tianle Investment**") (1)	46,000,000	20.00
3.	Shenzhen Zhongli Investment Co., Ltd. (深圳市中立投資有限公司) ("**Zhongli Investment**") (2)	34,500,000	15.00
4.	Zhuhai Zhonghuan United Petroleum Co., Ltd. (珠海中寰聯合石油有限公司) ("**Zhonghuan United**") (3)	29,900,000	13.00
5.	Beihai Jinghai Industrial Development Co., Ltd. (北海淨海實業發展有限公司) ("**Jinghai Industrial Development**") (4)	27,600,000	12.00
6.	CRED Huadong Real Estate Co., Ltd. (中房集團華東置業股份有限公司) ("**Huadong RE**") (5)	23,000,000	10.00
	Total	**230,000,000**	**100.00**

Notes:

(1) As of the Latest Practicable Date, Tianle Investment was owned as to 89.29% by New Century Construction Development (Shenzhen) Co., Ltd. (新世紀建設發展（深圳）有限公司) , which was closed down in April 2023, and as to 10.71% by Mr. Huang Shaojian, each of which is an Independent Third Party. On December 9, 2002, Tianle Investment entered into an equity transfer agreement with Capital Group, pursuant to which Tianle Investment transferred its then entire equity interest in our Company to Capital Group at a consideration of RMB46.0 million. To the best knowledge of our Company, such divestment was due to Tianle Investment's own business development needs.

(2) On December 9, 2002, Zhongli Investment entered into an equity transfer agreement with Capital Group, pursuant to which Zhongli Investment transferred its then entire equity interest in our Company to Capital Group at a consideration of RMB34.5 million. To the best knowledge of our Company, such divestment was due to Zhongli Investment's own business development needs. Zhongli Investment was dissolved on June 15, 2008.

(3) As of the Latest Practicable Date, Zhonghuan United (currently known as Zhuhai Huayi Technology Co., Ltd. (珠海華醫科技有限公司)) was owned as to 100% by Mr. Chen Xiaowei, who is an Independent Third Party. On December 9, 2002, Zhonghuan United entered into an equity transfer agreement with Capital Group, pursuant to which Zhonghuan United transferred its then entire equity interest in our Company to Capital Group at a consideration of RMB29.9 million. To the best knowledge of our Company, such divestment was due to Zhonghuan United's own business development needs.

(4) As of the Latest Practicable Date, Jinghai Industrial Development (currently known as Guangxi Guofa Investment Group Co., Ltd. (廣西國發投資集團有限公司)) was owned as to 100.00% by Guangxi Han Gaosheng Investment Co., Ltd. (廣西漢高盛投資有限公司), whose ultimate beneficial owners are Mr. Peng Tao as to 52.38% and Ms. Zhu Rongjuan as to 47.62%, each of which is an Independent Third Party. On December 9, 2002, Jinghai Industrial Development entered into an equity transfer agreement with Capital Group, pursuant to which Jinghai Industrial Development transferred its then entire equity interest in our Company to Capital Group at a consideration of RMB27.6 million. To the best knowledge of our Company, such divestment was due to Jinghai Industrial Development's own business development needs.

(5) On December 9, 2002, Huadong RE entered into an equity transfer agreement with Capital Group, pursuant to which Huadong RE transferred its then entire equity interest in our Company to Capital Group at a consideration of RMB23.0 million. To the best knowledge of our Company, such divestment was due to Huadong RE's own business development needs. Huadong RE was dissolved on September 5, 2008.

Between February 2000 and July 2020, our Company underwent capital increase and multiple share transfers. The shareholding structure of our Company as of July 30, 2020 was as follows:

No.	Shareholder	Registered capital subscribed for	Percentage of equity interest in our Company
		(RMB)	*(%)*
1.	Capital Group	410,000,000	63.08
2.	BII [(1)]	125,000,000	19.23
3.	Beijing Energy Holding [(2)]	60,000,000	9.23
4.	City Power (Beijing) Investment Co., Ltd. (城市動力(北京)投資有限公司) ("**City Power**") [(3)]	40,000,000	6.15
6.	Beijing Anpeng Xingye Investment Co., Ltd. (北京安鵬興業投資有限公司) ("**Anpeng Investment**") [(4)]	15,000,000	2.31
	Total	**650,000,000**	**100.00**

Notes:

(1) BII is directly wholly-owned by the Beijing SASAC.

(2) Beijing Energy Holding is indirectly wholly-owned by the Beijing SASAC.

(3) As of the Latest Practicable Date, City Power is owned as to 60% by Mr. Zhang Guosheng (張國勝) and 40% by Mr. Zhang Guoli (張國利), both of which are Independent Third Parties.

(4) As of the Latest Practicable Date, Anpeng Investment is owned as to approximately 40.3% by Shanghai Shengrui Bohua Equity Investment Limited Partnership (上海晟睿博華股權投資合夥企業(有限合夥)), approximately 13.3% by Zhejiang Chuangsheng Energy Technology Co., Ltd. (浙江創升能源技術有限公司), approximately 11.0% by Hangzhou Shengming No. 1 Investment Limited Partnership (杭州昇明一號投資合夥企業(有限合夥)), and seven other shareholders whose respective equity interest in Anpeng Investment is less than 10%, all of which are Independent Third Parties.

(b) Conversion into a joint stock company

On August 26, 2020, our Company (then known as Capital Securities Co., LTD (首創證券有限責任公司)) was converted into a joint stock company with limited liability, and was renamed Capital Securities Corporation Limited (首創證券股份有限公司). The registered capital of our Company upon conversion was RMB1,300,000,000, divided into 1,300,000,000 Shares, which were subscribed by all the then Shareholders in proportion to their equity interests in our Company. The shareholding structure of our Company immediately following our conversion into a joint stock company was as follows:

No.	Shareholder	Number of Shares	Percentage of shareholding in our Company
			(%)
1.	Capital Group	820,000,000	63.08
2.	BII	250,000,000	19.23
3.	Beijing Energy Holding	120,000,000	9.23
4.	City Power	80,000,000	6.15
5.	Anpeng Investment	30,000,000	2.31
	Total	**1,300,000,000**	**100.00**

(c) Share capital changes subsequent to our conversion into a joint stock company

In September 2020, our Company implemented a pro-rata capital increase at RMB3.44 per share, which was determined based on our audited net asset value per Share as at December 31, 2019. Pursuant to such capital increase, our registered share capital was increased to RMB2,460,000,000 divided into 2,460,000,000 Shares. The shareholding structure of our Company immediately following such capital increase was as follows:

No.	Shareholder	Number of Shares	Percentage of shareholding in our Company
			(%)
1.	Capital Group	1,551,690,000	63.08
2.	BII	473,080,000	19.23
3.	Beijing Energy Holding	227,080,000	9.23
4.	City Power	151,380,000	6.15
5.	Anpeng Investment	56,770,000	2.31
	Total	**2,460,000,000**	**100.00**

(d) Listing on the main board of the Shanghai Stock Exchange

In order to implement our Company's development strategies, obtain direct access to the mature capital market, enhance our marketing capabilities and optimize our capital structure, on December 22, 2022, our A Shares were listed on the main board of the Shanghai Stock Exchange under the stock code 601136. In connection with our A Share listing, we issued an aggregate of 273,333,800 A Shares, accounting for 10% of our then enlarged share capital, raising net proceeds of approximately RMB1,868.9 million. Our shareholding structure immediately following the completion of our A Share listing was as follows:

No.	Shareholder	Number of Shares	Percentage of shareholding in our Company
			(%)
1.	Capital Group	1,551,690,000	56.77
2.	BII	473,080,000	17.31
3.	Beijing Energy Holding	227,080,000	8.31
4.	City Power (1)	151,380,000	5.54
5.	Anpeng Investment (2)	56,770,000	2.08
6.	Other A Shareholders (3)	273,333,800	10.00
	Total	**2,733,333,800**	**100.00**

Notes:

(1) As of the Latest Practicable Date, City Power held less than 1% of our A Shares.

(2) As of the Latest Practicable Date, Anpeng Investment has disposed of all its A Shares.

(3) None of the public A Shareholders individually held more than 5% of our issued share capital upon completion of our A Share listing.

(e) Material Shareholding Changes Subsequent to our A Share Listing

There has been no material shareholding changes subsequent to our A Share listing up to the Latest Practicable Date.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

OUR A SHARE LISTING AND REASONS FOR THE H SHARE LISTING

In December 2022, our A Shares were listing on the main board of the Shanghai Stock Exchange under the stock code 601136. Our Directors confirm that, since our A Share listing and up to the Latest Practicable Date, there had been no instances of any material non-compliance with the applicable rules of the main board of the Shanghai Stock Exchange and other applicable PRC securities laws and regulations. To the best knowledge of our Directors, since our A Share listing and up to the Latest Practicable Date, there are no material matters in relation to our compliance record on the main board of the Shanghai Stock Exchange that should be brought to the attention of the Stock Exchange or **[REDACTED]** of the **[REDACTED]**. Our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, our Company had not been subject to any administrative penalties imposed by the CSRC or its representative offices, nor had it been subject to any material administrative regulatory measures. Our Company had also not been subject to any material disciplinary actions or self-regulatory measures imposed by the Shanghai Stock Exchange, Shenzhen Stock Exchange and Beijing Stock Exchange. Our Company had complied, in all material respects, with the relevant laws and regulations applicable to its A Share listing. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to cast doubt on our Directors' confirmation with regard to the compliance record of our Company on the Shanghai Stock Exchange in any material respect.

We seek to **[REDACTED]** our H Shares on the Stock Exchange to raise additional capital for business growth and expansion, diversify our fundraising channels, reinforce our industry standing, enhance global brand awareness and competitiveness and optimize our capital structure and shareholder composition to support sustainable development and governance. See "Business – Strategies" and "Future Plans and Use of **[REDACTED]**" in this document for more details.

PUBLIC FLOAT

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000. Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the minimum **[REDACTED]** of the indicative **[REDACTED]** range, the expected market capitalization of our H Shares will be HK$**[REDACTED]**.

So far as our Directors are aware, all **[REDACTED]** H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**, representing approximately **[REDACTED]**% of our total issued share capital immediately upon **[REDACTED]** (assuming the **[REDACTED]** is not exercised and excluding treasury shares), will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules at the time of the **[REDACTED]**.

Accordingly, at the time of **[REDACTED]**, we will maintain a sufficient public float as required under Rule 19A.13A(2) of the Listing Rules where at least 10% of our Company's total number of issued shares (excluding treasury shares) will be held by the public, or the portion of H shares for which **[REDACTED]** is sought that are held by the public will have an expected market value of not less than HK$3,000,000,000.

FREE FLOAT

Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

Our Company has proposed to adopt mechanism A under Chapter 4.14 of the Guide for New Listing Applicants. Accordingly, 5% of the **[REDACTED]** shall be initially **[REDACTED]** to the **[REDACTED]** tranche, subject to reallocation and clawback. Taking into account the number of such **[REDACTED]** initially **[REDACTED]** to the **[REDACTED]** tranche (which will not be subject to **[REDACTED]** at the time of **[REDACTED]**) with market capitalization calculated based on the minimum **[REDACTED]** of HK$**[REDACTED]** per H Share, our Company will comply with the free float requirement under Rule 19A.13C of the Listing Rules at the time of **[REDACTED]**.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company immediately upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):

	Immediately upon completion of the [REDACTED] (assuming that the [REDACTED] is not exercised)			
Shareholder	**Number of A Shares**	**Percentage of Shareholding in A Shares**	**Aggregate Number of Shares**	**Aggregate Shareholding Percentage**
Capital Group	1,454,266,843	53.20%	1,454,266,843	**[REDACTED]**%
BII	570,503,157	20.87%	570,503,157	**[REDACTED]**%
Beijing Energy Holding	227,080,000	8.31%	227,080,000	**[REDACTED]**%
Other A Shareholders [(1)]	481,483,800	17.62%	481,483,800	**[REDACTED]**%
H Shareholders	—	—%	**[REDACTED]**	**[REDACTED]**%
Total	**2,733,333,800**	**100.00%**	**[REDACTED]**	**100.00%**

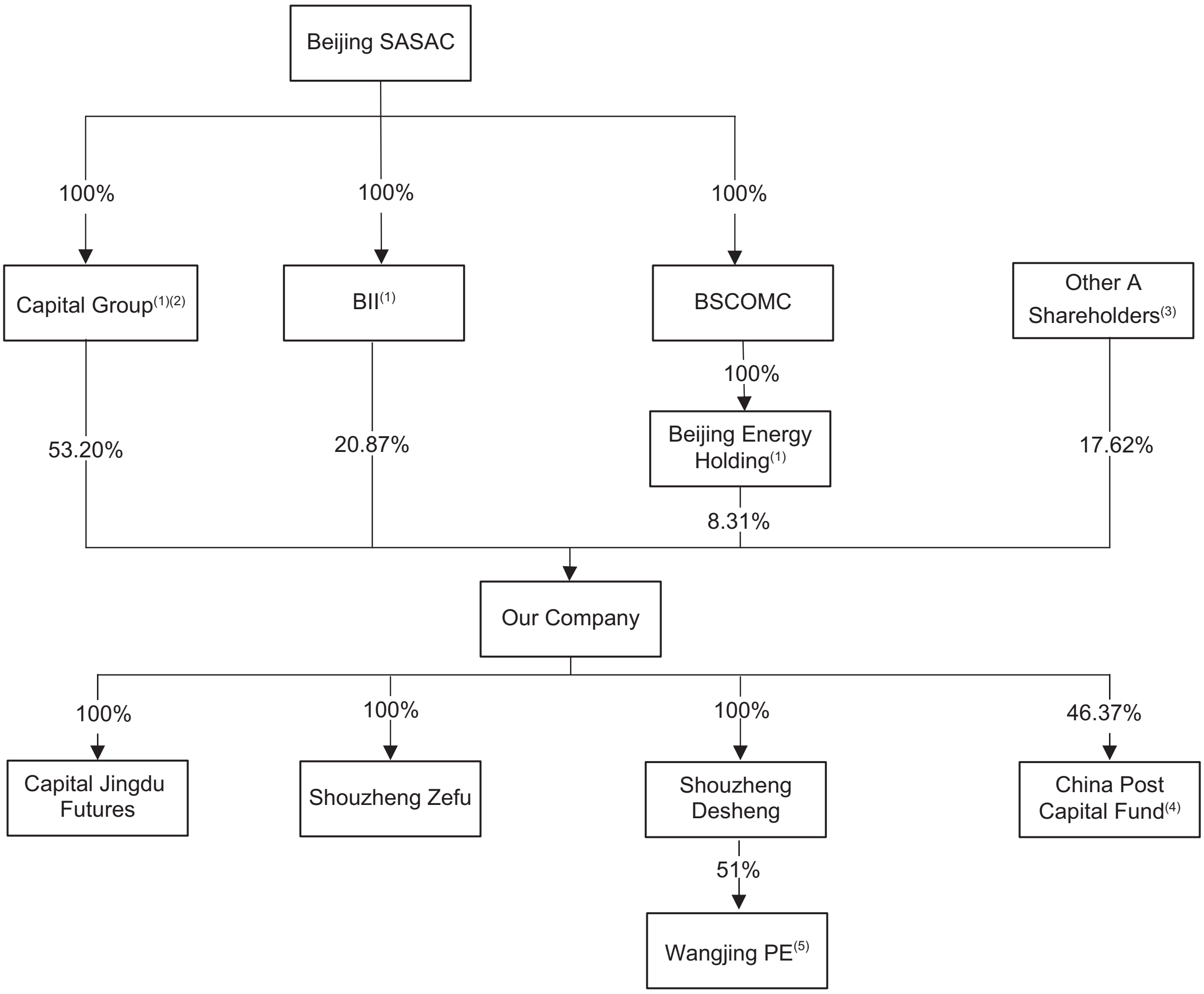
Note:

(1) None of such public A Shareholders held more than 5% interests in our Company as of the Latest Practicable Date.

CORPORATE STRUCTURE

Corporate Structure Immediately Before Completion of the [REDACTED]

The chart below sets out the corporate structure of our Group immediately before completion of the **[REDACTED]**:



Notes:

(1) Each of Capital Group, BII and BSCOMC has provided an undertaking during our A Share listing process that they will not (i) dispose of, or instruct others to dispose of, any A Shares directly or indirectly owned by each of them prior to our A Share listing; and (ii) repurchase any such A Shares, for a period of 36 months commencing from the date on which our A Shares are listed on the Main Board of the Shanghai Stock Exchange.

(2) In accordance with the Interim Measures for the Administration of the Collection of State-Owned Capital Income in Beijing (Jing Cai Guo Zi [2009] No. 2266), the Notice on the Classification and Collection of State-Owned Capital Income (Jing Cai Zi Chan [2019] No. 2472), the Notice on the Distribution of Income Following the Transfer of State-Owned Capital to the Social Security Fund (Jing Cai Zi Chan [2021] No. 302), the Notice on Matters Related to the Collection of Enterprise Payable Profits in 2021 issued by Beijing SASAC (Jing Guo Zi Fa [2021] No. 9), and the Profit Collection Notice issued by Beijing SASAC, Capital Group has, since 2021, been required to distribute its profits in accordance with a shareholding ratio of 90% held by the Beijing SASAC and 10% held by the Beijing Municipal Finance Bureau. This ratio is subject to subsequent adjustments in accordance with any additional capital contributions made by Beijing SASAC into Capital Group.

(3) None of such A Shareholders held more than 5% interests in our Company as of the Latest Practicable Date.

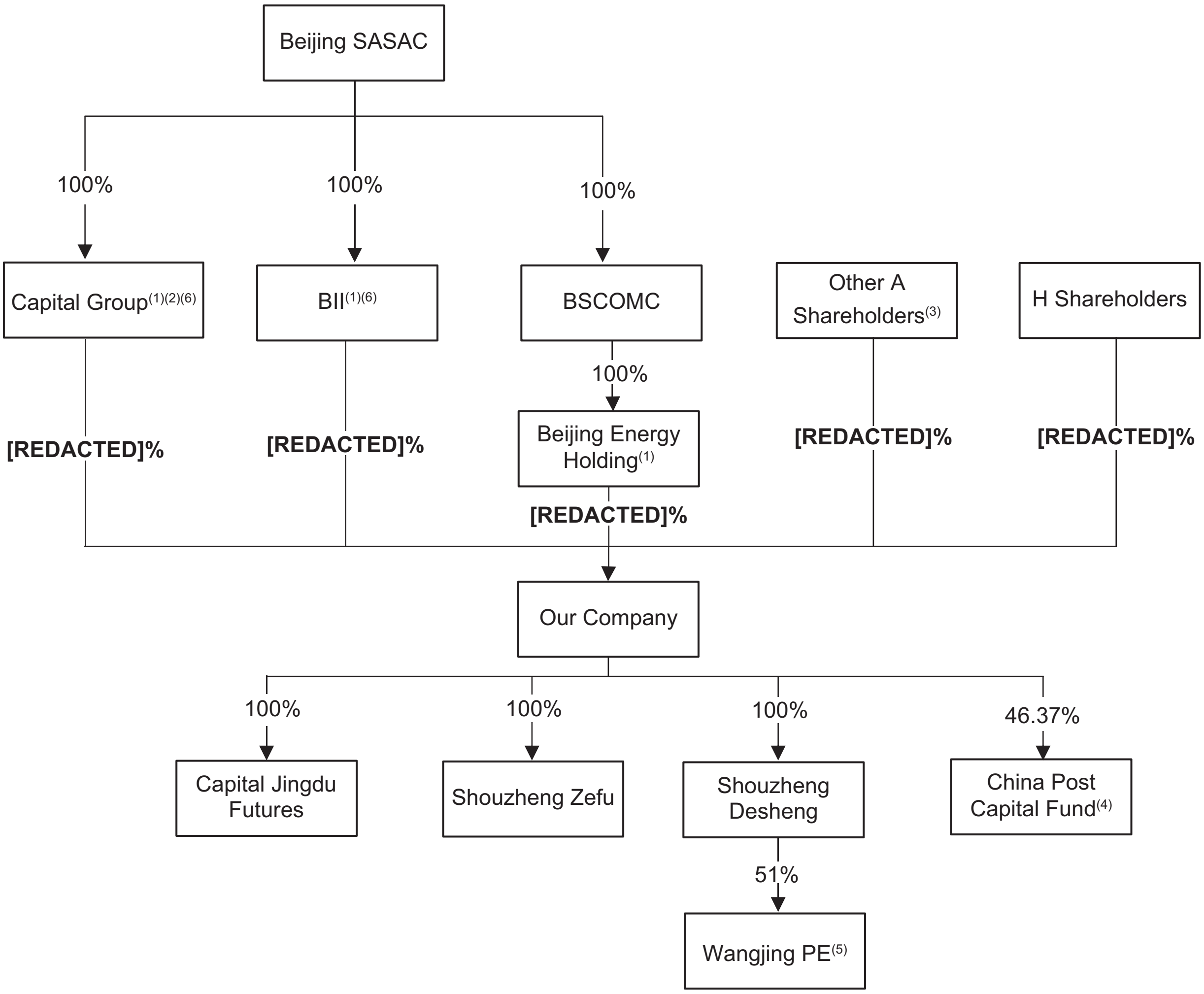
(4) As of the Latest Practicable Date, China Post Capital Fund was owned as to approximately 46.37% by our Company and is an associate of our Company. The remaining equity interest therein was owned as to 28.61% by China Post Securities Co., Ltd. (中郵證券有限責任

公司), whose ultimate beneficial owner is the State Council, and 23.68% by Sumitomo Mitsui Banking Corporation (三井住友銀行股份有限公司), which is a wholly-owned subsidiary of Sumitomo Mitsui Financial Group, Inc. (三井住友金融集团) (TSE: 8316; NSE: 8316; NYSE: SMFG), a company incorporated in Japan with banking operations as its foundation, offering a broad range of banking, credit card, leasing, information, investment securities, and other financial services. The other remaining equity interest therein was distributed among shareholders, each holding less than 1% thereof, all of which are controlled by Independent Third Parties.

(5) As of the Latest Practicable Date, Wangjing PE was owned as to 51% by Shouzheng Desheng. The remaining interest was held as to 25% by Beijing Wangjing New Industrial Zone Comprehensive Development Co., Ltd. (北京望京新興產業區綜合開發有限公司), whose ultimate beneficial owner is Beijing Chaoyang District State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government (北京市朝陽區人民政府國有資產監督管理委員會), and as to 24% by Beijing Jiuzun Xinyuan Investment Management Co., Ltd. (北京九尊鑫源投資管理有限公司), whose ultimate beneficial owner is Mr. Wang Wenhao. Each of their respective ultimate beneficial owners is an Independent Third Party.

Corporate Structure Immediately Following Completion of the [REDACTED]

The chart below sets out the corporate structure of our Group immediately following completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and that there are no other changes in the share capital of our Company and our subsidiaries since the Latest Practicable Date up to the **[REDACTED]**):



Notes:

See notes 1 to 5 to the chart in "– Corporate Structure – Corporate Structure Immediately Before Completion of the **[REDACTED]**" in this section.