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Application Proof of

Capital Securities Corporation Limited

首創證券股份有限公司

(the "**Company**")

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

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Capital Securities Corporation Limited*
首創證券股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong Dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

[Joint Sponsors,* [REDACTED]*]

CITIC SECURITIES　中國銀河國際 CHINA GALAXY INTERNATIONAL　中信建投國際 CHINA SECURITIES INTERNATIONAL　中銀國際 BOCI

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The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be **[REDACTED]**, **[REDACTED]**, pledged or transferred within the United States, or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The **[REDACTED]** are being **[REDACTED]** and **[REDACTED]** outside the United States in offshore transactions in reliance on Regulation S.

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

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SUMMARY

***This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read this document in its entirety before you decide to* [REDACTED] *in the* [REDACTED].**

***There are risks associated with any* [REDACTED] *in the* [REDACTED]. *We set out some of the particular risks in* [REDACTED] *in the* [REDACTED] *in the section headed "Risk Factors." You should read that section carefully before you decide to* [REDACTED] *in the* [REDACTED].**

OVERVIEW

We are a financial services provider in China with notable value creation capabilities, substantial asset management expertise and commitment to pursuing distinctive and differentiated development. Based in Beijing with nationwide services, we have built a one-stop financial service platform and cultivated a steadily growing and diversified client base. During the Track Record Period, we maintained a strong financial performance. According to Frost & Sullivan, our revenue and net profit under the PRC GAAP increased from 2022 to 2024 at a CAGR which ranked us 5th and 10th, respectively, among the 42 A-share listed securities companies in the PRC. In 2024, our return on average total assets and weighted return on average equity (after deducting non-recurring profits or losses) under the PRC GAAP ranked 1st and 7th, respectively, among the abovementioned A-share listed securities companies in the PRC[(1)(2)].

We are committed to a differentiated development strategy characterized by the asset management related business as an instrumental driving force, supported by the twin pillars of the wealth management related business and investment banking related business, and stabilized by the balancing development of the investment related business. We primarily engage in the following four business segments:

- **Asset management related business**. Our asset management related business includes (a) asset management business, (b) private equity investment fund business conducted by our wholly-owned subsidiary Shouzheng Desheng, and (c) mutual fund business conducted through our associate China Post Capital Fund.

- **Investment related business**. Based on different types of investment instruments, our investment related business is categorized into (a) fixed income investment and trading business, (b) equity securities investment business, (c) NEEQ market making business, and (d) alternative investment business.

- **Investment banking related business**. Our investment banking related business primarily includes (a) bond underwriting and ABS, (b) equity sponsoring and underwriting, and (c) financial advisory services.

- **Wealth management related business**. Our wealth management related business primarily consists of (a) securities brokerage, (b) securities investment advisory services, (c) sales of financial products, (d) credit-based business, (e) research business, and (f) futures business.

During the Track Record Period, we achieved consistent growth in our operating results and demonstrated strong profitability with our total revenue, gains and other income increased from RMB2,979.3 million in 2023 to RMB3,646.4 million in 2025, at a CAGR of 10.6%, and our profit for the year attributable to owners of the Company increased from RMB701.0 million in 2023 to RMB1,056.4 million in 2025, at a CAGR of 22.8%. In 2023, 2024 and 2025, our return on average total assets under the PRC GAAP was 1.7%, 2.2% and 2.1%, respectively, while our weighted return on average equity (after deducting non-recurring profits or losses) under the PRC GAAP was 5.7%, 7.6% and 7.5%, respectively.

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(1) Our return on average total assets under the PRC GAAP is calculated from net profit divided by the arithmetic average of the balances of total assets as of the beginning and the end of the relevant year and times 100%. Our weighted return on average equity (after deducting non-recurring profits or losses) under the PRC GAAP is calculated from net profit (after deducting non-recurring profits or losses) divided by weighted average total equity for the relevant year and times 100%.

(2) The PRC GAAP metrics are derived from our statutory PRC GAAP financial statements and are presented herein for informational purposes only. Prospective **[REDACTED]** should be aware that non-IFRS measures presented in this document may not be comparable with other similarly titled measures reported by other companies due to different calculation methods or assumptions.

We have established an efficient and rational corporate governance structure, a comprehensive risk management system, and effective internal control mechanisms, and we continue to pursue value creation based on these foundations. For serving Beijing's economic development, we proactively participated in bolstering Beijing's real economy through various financial means, including underwriting bonds for Beijing-based enterprises, supporting financing for key industrial projects, and promoting the commercialization of scientific and technological innovation achievements, with a view to contributing to the upgrading of Beijing's industries and the high-quality development of the regional economy. For returns to our shareholders, we maintain a steady profit growth and a scientific capital operation strategy. With consistent distribution of high-ratio cash dividends, we are dedicated to living up to our commitments to shareholders with long-term stable returns and we have successfully been included as a component stock in influential market benchmark indices such as the CSI 300 Index, the SSE 180 Index, and the MSCI China Index, gaining widespread recognition from capital market investors and showcasing our strong potential for sustained value growth and sustainable development.

Our success stems from the high degree of alignment and rigorous implementation of our corporate philosophy and culture by all of our employees. We adhere to the corporate mission of "Pursuing Excellence in Finance and Creating a Better Future" (金融首善 創享美好); the vision of "Becoming a Distinctive and Respected Financial Services Provider" (成為特色鮮明、受人尊敬的金融服務商); the core values of upholding "Confidence, Discipline, Conscience, and Professionalism" (自信、規矩、良知、專業); and the business philosophy of "Adhering to Principles While Staying Innovative, Operating with Transparency, Putting People First, and Creating Mutual Benefits" (守正創新、陽光經營、以人為本、共創共贏) to support the high-quality development of China's capital market.

STRENGTHS AND STRATEGIES

We believe the following competitive strengths contribute to our success: (i) Distinctive asset management business with well-established distribution channels driving strong growth; (ii) Well-established fixed income investment and trading business with steady and sound operations; (iii) Significant advantages of full-license operations providing comprehensive full-life cycle financial services; (iv) Leveraging Beijing's strategic location with strong state-owned shareholder backing; (v) Comprehensive compliance management and risk control system building a solid foundation for steady business growth; and (vi) Visionary management team and efficient collaborative management system.

Our strategies for business development include: (a) building the multi-asset strategies and synergies by distribution channels as the core growth drivers for asset management related business, (b) building a globally oriented investment system with integrated multi-asset strategies for investment related business, (c) focusing on business in respect of Beijing Stock Exchange with continuous cultivation of the Beijing market for investment banking related business, and (d) driving wealth management transformation through product and service innovation for wealth management related business. In terms of collaborative support, our strategies include: (a) business collaboration building a one-stop financial services platform, (b) information technology development for intelligent infrastructure and (c) technology-enabled upgrade of systems for risk management. Our strategies also include: (i) steady deployment of international strategic layout, (ii) diversified capital operations building a solid and sustainable capital structure, and (iii) cultivation of a professional, high-quality and stable team.

MARKET AND COMPETITION

During the Track Record Period, our Group only operated in the PRC market. The securities industry in China is highly competitive. As of December 31, 2024, the top ten PRC securities firms with the highest revenue accounted for around 70% of the industry's total revenue in 2024. 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. Our major competitors are other securities firms in China with similar service scope, business scale and objectives. We also compete in different levels of cross-industry and cross-business with other financial service providers, such as fund management companies, commercial banks, insurance companies and trust companies. We compete on many aspects, including market penetration, range of products and services, price, innovation capability, FinTech-enabled service differentiation, quality of service, marketing and sales channels, execution capability, reputation and employee compensation.

SUMMARY FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial information for the Track Record Period, extracted from the Accountants' Report. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, our consolidated financial statements in this document, including the related notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards.

Summary Consolidated Statements of Profit or Loss

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Commission and fee income	1,233,776	1,838,885	1,415,520
Interest income	576,991	609,565	553,341
Investment income and gains	1,159,626	1,139,333	1,667,724
Total revenue	**2,970,393**	**3,587,783**	**3,636,585**
Other income and gains	8,908	13,994	9,779
Total revenue, gains and other income	**2,979,301**	**3,601,777**	**3,646,364**
Depreciation and amortization	(101,868)	(115,637)	(117,631)
Staff costs	(734,563)	(893,261)	(879,017)
Commission and fee expenses	(356,284)	(480,109)	(444,660)
Interest expenses	(729,111)	(704,452)	(696,503)
Other operating expenses	(256,342)	(248,635)	(292,640)
Credit loss expense, net of reversal	(41,904)	(24,160)	32,751
Impairment losses	—	—	(5,916)
Total expenses	**(2,220,072)**	**(2,466,254)**	**(2,403,616)**
Share of profits and losses of an associate and a joint venture	**33,338**	**2,764**	**23,866**
Profit before income tax	792,567	1,138,287	1,266,614
Income tax expense	(91,468)	(153,140)	(210,397)
Profit for the year	**701,099**	**985,147**	**1,056,217**
Attributable to:			
Owners of the Company	701,039	984,888	1,056,403
Non-controlling interests	60	259	(186)

Summary Consolidated Statements of Financial Position

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	6,653,744	6,623,066	10,751,399
Total current assets	36,547,711	40,232,713	41,627,326
Total assets	**43,201,455**	**46,855,779**	**52,378,725**
Total current liabilities	24,835,349	27,082,178	26,680,119
Net current assets	11,712,362	13,150,535	14,947,207
Total non-current liabilities	6,003,650	6,528,497	11,927,297
Total equity	**12,362,456**	**13,245,104**	**13,771,309**

The balance of net assets, or total equity, increased from RMB12,362.5 million as of December 31, 2023 to RMB13,245.1 million as of December 31, 2024 which was mainly attributable to the profit for the year of RMB985.1 million generated in 2024 partially offset by dividend declared of RMB423.7 million. The balance of net assets, or total equity, increased from RMB13,245.1 million as of December 31, 2024 to RMB13,771.3 million as of December 31, 2025 which was mainly attributable to the profit for the year of RMB1,056.2 million generated in 2025 partially offset by dividend declared of RMB533.0 million.

Summary Consolidated Statements of Cash Flow

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flows before movements in working capital	1,059,019	1,363,505	1,483,309
Changes in working capital	(893,110)	(2,904,443)	(1,037,369)
Income tax paid	(106,127)	(110,911)	(191,700)
Interest paid	(372,468)	(319,247)	(296,924)
Net cash flows used in operating activities	(312,686)	(1,971,096)	(42,684)
Net cash flows (used in)/ from investing activities	(1,271,018)	796,207	(3,065,203)
Net cash flows from financing activities	1,901,009	791,516	2,669,802
Net increase/(decrease) in cash and cash equivalents	317,305	(383,373)	(438,085)
Cash and cash equivalents at the beginning of the year	2,717,341	3,035,027	2,652,053
Effect of foreign exchange rate changes, net	381	399	(1,474)
Cash and cash equivalents at the end of the year	**3,035,027**	**2,652,053**	**2,212,494**

We recorded net cash outflows in operating activities of RMB312.7 million, RMB1,971.1 million and RMB42.7 million in 2023, 2024 and 2025, respectively. In particular, the relatively high amount of net cash flows used in operating activities in 2024 resulted from profit before income tax of RMB1,138.3 million, adjustments for non-cash items and negative movements in working capital of RMB2,904.4 million. Such negative movements in working capital were primarily due to: (i) a decrease in financial assets sold under repurchase agreements of RMB2,693.6 million, mainly as a result of a decrease in the scale of our repurchase transactions; and (ii) an increase in cash held on behalf of customers of RMB1,713.0 million, mainly in connection with our brokerage business. These negative movements were partially offset by an increase in accounts payable to brokerage clients of RMB2,146.7 million.

In general, the main reason for changes in working capital during the Track Record Period is related to adjustments in the scale of our proprietary investment activities based on market conditions. As a securities firm, investment is one of our core businesses, and operating cash flow, cash flow from investing activities, and cash flow from financing activities together constitute our overall cash flow profile. We will continue to enhance our investment capabilities, strengthen our capital base, and expand various business lines to improve our cash flow position. For further information on our cash flows, see "Financial Information – Liquidity and Capital Resources – Cash Flows."

KEY FINANCIAL AND OPERATING DATA

In 2023, 2024 and 2025, our operating profit were RMB759.2 million, RMB1,135.5 million and RMB1,242.7 million, respectively, with operating margin of 25.5%, 31.5% and 34.1%, respectively; our profit for the year were RMB701.1 million, RMB985.1 million and RMB1,056.2 million, respectively, with net margin of 23.5%, 27.4% and 29.0%, respectively.

Key Operating Data

The following table sets forth the breakdown of our total revenue, gains and other income by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Asset Management Related Business	792,513	26.6	1,282,426	35.6	757,396	20.8
Investment Related Business	1,242,177	41.7	1,343,549	37.3	1,802,611	49.4
Investment Banking Related Business	123,725	4.2	208,200	5.8	203,812	5.6
Wealth Management Related Business	610,761	20.5	618,661	17.2	750,259	20.6
Others[(1)]	210,125	7.0	148,941	4.1	132,286	3.6
Total	**2,979,301**	**100.0**	**3,601,777**	**100.0**	**3,646,364**	**100.0**

Note:

(1) "Others" primarily include revenue, gains and other income not categorized into any of the aforementioned business lines, including revenue generated from management of our Company's own funds.

We had experienced changes to our business mix in terms of revenue contribution during the Track Record Period. In particular, from 2024 to 2025, revenue contribution from asset management related business decreased from 35.6% to 20.8% in 2025 whereas revenue contribution from investment related business increased from 37.3% to 49.4%. These changes were mainly attributable to: (i) the decrease in revenue, gains and other income from asset management related business over such periods primarily due to the decrease in asset management and fund management fee income, and (ii) the increase in revenue, gains and other income from investment related business over such periods primarily from equity securities investment business. For further information on the aforementioned changes, see "Financial Information—Summary Segment Results."

As of December 31, 2023, 2024 and 2025, the aggregate AUM of our asset management business was RMB130.3 billion, RMB143.9 billion and RMB171.1 billion, respectively, and we had a total of 630, 759 and 908 asset management schemes as of such dates, respectively, for our asset management related business.

As of each of December 31, 2023, 2024 and 2025, 100.0% of our collective asset management schemes and single asset management schemes were managed on a discretionary basis. For the years ended December 31, 2023, 2024 and 2025, our rate of return on AUM for our management of collective asset management schemes and single asset management schemes were 8.48%, 5.54% and 3.74%, respectively. Such a rate of return on AUM is calculated based on investment return of the assets under management (being the aggregate of interest income, investment income and gains or losses on fair value changes but excluding relevant operating expenses from such assets under management) as divided by the average AUM for a given period (being the arithmetic average of net asset value of assets under management as of the end of each month of such a period).

As of December 31, 2023, 2024 and 2025, the investment position of our fixed income investment and trading business was RMB23,971.0 million, RMB23,255.6 million and RMB24,423.2 million, respectively. For the years ended December 31, 2023, 2024 and 2025, the comprehensive rate of return of our fixed income investment and trading business was 7.92%, 9.14% and 7.83%, respectively. Such a comprehensive rate of return is calculated based on the annualized investment return of the fixed income assets during a given period (being the aggregate of investment income, gains or losses on fair value changes and net interest income) as divided by the average daily investment amount from our own fund of such a period.

RISK FACTORS

There are risks involved in our operations and in connection with the **[REDACTED]**, many of which are beyond our control. These risks can be categorized into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; and (iii) risks relating to the **[REDACTED]**.

We believe our major risks arise from (i) changes in general economic, geopolitical and market conditions, (ii) extensive and evolving regulatory requirements and regimes, (iii) intensive competition of the PRC securities industry, (iv) a downgrade in our classified evaluation as a securities firm, (v) a significant decline in our AUM, management fee rate or poor investment performance of the asset management schemes we manage, (vi) fluctuations in the securities market faced by our investment related business, (vii) changes in market conditions faced by our investment banking related business and our ability to successfully conduct such business, (viii) a decline in our brokerage fees, commission income and interest income for wealth management related business; and (ix) deterioration in the credit quality of, or defaults by, our clients, counterparties and debtors. For further information relating to these and other risks relating to an **[REDACTED]** in our H Shares, see "Risk Factors."

RISK MANAGEMENT, CAPITAL ADEQUACY AND LIQUIDITY

We have established a dynamic risk indicator monitoring mechanism to comply with statutory Net Capital requirements and other regulatory standards to maintain capital adequacy. In addition, we also need to maintain a minimum amount of Net Capital necessary to conduct our various businesses. The following table sets forth the Net Capital and certain key regulatory risk control indicators of our Company that we prepared in accordance with PRC GAAP and relevant PRC regulatory requirements as of the dates indicated:

	As of December 31,			Warning Index	Regulatory Index
	2023	2024	2025		
- Net Capital *(RMB in billions)*	11.6	12.0	12.1	N/A	≥ 0.2
- Risk coverage ratio	265.5%	281.7%	221.1%	120%	≥100%
- Capital leverage ratio	24.5%	26.3%	23.5%	9.6%	≥ 8%
- Liquidity coverage ratio	857.3%	858.2%	688.6%	120%	≥100%
- Net stable funding ratio	163.8%	175.2%	174.8%	120%	≥100%

Notes:

(1) Warning index are set by the CSRC that if the risk control indicator is required to stay above a certain level, then the warning index is 120% of the stipulated minimum requirement, and if the risk control indicator is required to stay below a certain level, then the warning index is 80% of the stipulated maximum requirement.

(2) Risk coverage ratio = Net Capital / Total risk capital reserves X 100%

(3) Capital leverage ratio = Core net capital / Total on-and-off-balance-sheet assets X 100%

(4) Liquidity coverage ratio = quality liquid assets / total cash outflow in the subsequent 30 days X 100%.

(5) Net stable funding ratio = available stable funding / stable funding required X 100%.

(6) The risk control indicators are calculated under the PRC GAAP pursuant to, and reflect our Company's compliance with, applicable PRC regulatory standards and requirements. Prospective **[REDACTED]** should be aware that non-IFRS measures presented in this document may not be comparable with other similarly titled measures reported by other companies due to different calculation methods or assumptions.

For further information on our risk control indicator monitoring and supplement mechanism, see "Business - Risk Management and Internal Control - Our Major Risk Management Measures - Dynamic Risk Control Indicator Monitoring and Supplement Mechanism" and "Financial Information—Net Capital and Other Regulatory Requirements". For further information on our relevant risk management and hedging measures, see "Business - Risk Management and Internal Control - Our Major Risk Management Measures - Hedging."

FUTURE PLANS AND USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the indicative **[REDACTED]**), we estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated **[REDACTED]** in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised. We intend to allocate all **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below: (1) approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be allocated to strengthen our asset management related business as an instrumental driving force for our Company's development; (2) approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be allocated to our investment related business to enhance buy-side capabilities and build a globally oriented investment system with integrated multi-asset strategies; (3) approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be allocated to investment banking related business to achieve diversified development; (4) approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be allocated to wealth management related business to refine wealth management service and product systems; (5) approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be allocated to IT and technology investments to advance digital and intelligent transformation for empowering business lines; and (6) approximately **[REDACTED]**%, or approximately HK$**[REDACTED]**, will be used for supplementing our working capital and for other general corporate purposes. See "Future Plans and Use of **[REDACTED]**" for further details.

OUR CONTROLLING SHAREHOLDER

As at the Latest Practicable Date, Capital Group directly holds approximately 53.20% of our total issued share capital. Immediately upon **[REDACTED]**, Capital Group will directly hold approximately **[REDACTED]**% of our total issued share capital (assuming the **[REDACTED]** is not exercised). Therefore, Capital Group is and will continue to be our Controlling Shareholder immediately upon **[REDACTED]**. For further details about our Controlling Shareholder, please see the section headed "Relationship with Capital Group".

[REDACTED]

DIVIDENDS

After the completion of the **[REDACTED]**, we may distribute dividends in the form of cash or by other means that we consider appropriate. Any proposed distribution of dividends shall be formulated by our Board and will be subject to our shareholders' approval and a number of factors, including our results of operations, cash flows, financial

condition, capital adequacy ratio, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important. In 2023, 2024 and 2025, we declared dividends of RMB505.7 million, RMB423.7 million and RMB533.0 million to our shareholders, respectively. Subsequent to the Track Record Period, we declared a dividend of RMB185.9 million (tax inclusive) in March 2026. Dividends declared and/or paid in prior periods shall not be indicative of future dividend payment. See "Financial Information – Dividends."

[REDACTED] EXPENSES

We expect to incur **[REDACTED]** expenses of approximately HK$**[REDACTED]** (assuming an **[REDACTED]** of HK**$[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** as stated in this document, and assuming the **[REDACTED]** is not exercised), accounting for approximately **[REDACTED]**% of the estimated **[REDACTED]** of the **[REDACTED]**. Our estimated **[REDACTED]** expenses include (i) **[REDACTED]**-related expenses, representing **[REDACTED]** and fees of approximately HK$**[REDACTED]**; and (ii) non-**[REDACTED]**-related expenses, comprising professional fees to the legal advisors and reporting accountant of approximately HK**$[REDACTED]** for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**, and other fees and expenses of approximately HK$**[REDACTED]**. Our **[REDACTED]** expenses are expected to be incurred after December 31, 2025, of which HK$**[REDACTED]** is expected to be charged to our consolidated statements of comprehensive income and HK$**[REDACTED]** is expected to be accounted for as a deduction from equity. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such expenses to have a material adverse impact on our results of operations for the year ending December 31, 2026.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

As a public company listed on the Shanghai Stock Exchange, we are required to disclose unaudited financial results prepared under PRC GAAP for the first quarter of 2026 pursuant to the relevant PRC securities laws and regulations. We intend to publish our quarterly results on or around April 30, 2026. See also Note 61 to the Accountants' Report for certain events after the Track Record Period.

Our Directors have confirmed that, since December 31, 2025 and up to the date of this document, (i) there has been no material adverse change in our operational, financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants' Report included in Appendix I to this document; and (ii) there has been no material adverse change in our business, the industries in which we operate and/or market or regulatory environment to which we are subject.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in the section headed "Glossary of Technical Terms."

"A Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which are traded in Renminbi and listed on the main board of the Shanghai Stock Exchange
"A Shareholder(s)"	holder(s) of A Share(s)
"Accountants' Report"	the accountants' report for the Track Record Period of our Group, the text of which is set out in Appendix I to this document
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company adopted on August 28, 2025, which shall become effective as of the date on which the H Shares are **[REDACTED]** on the Stock Exchange, as amended from time to time, a summary of which is set out in "Appendix III—Summary of the Articles of Association" to this document
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Beijing Energy Holding"	Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), a company with limited liability established in the PRC on December 8, 2004 that is indirectly wholly-owned by Beijing SASAC
"BII"	Beijing Infrastructure Investment Co., Ltd. (北京市基礎設施投資有限公司), a company with limited liability established in the PRC on February 10, 1981 that is directly wholly-owned by Beijing SASAC, and a substantial shareholder of our Company
"Beijing SASAC"	Beijing State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government (北京市人民政府國有資產監督管理委員會)
"Beijing Stock Exchange" or "BSE"	Beijing Stock Exchange (北京證券交易所)
"Board" or "Our Board" or "Board of Directors"	the board of Directors
"BSCOMC"	Beijing State-owned Capital Operation and Management Company Limited (北京市國有資本運營管理有限公司)
"business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Capital Group"	Beijing Capital Group Co., Ltd. (北京首都創業集團有限公司), a company with limited liability established in the PRC on October 26, 1994 that is directly wholly-owned by Beijing SASAC, and our Controlling Shareholder
"Capital Jingdu Futures"	Capital Jingdu Futures Co., Ltd. (首創京都期貨有限公司), a company with limited liability established in the PRC on March 6, 1993 and a direct wholly-owned subsidiary of our Company

[REDACTED]

"Chairman"	chairman of our Board
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires otherwise, references in this document to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of China and the Taiwan Region of China
"China Post Capital Fund"	China Post & Capital Fund Management Co., Ltd. (中郵創業基金管理股份有限公司), quoted on the NEEQ with stock code 834344 and an associate company of our Company
"China Securities Finance"	China Securities Finance Corporation Limited (中國證券金融股份有限公司), a joint stock company established under the direction of the State Council and as approved by the CSRC, to provide, among others, lending of funds and securities (refinancing services) to PRC securities firms to support their margin financing and securities lending business
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company," "the Company"	Capital Securities Corporation Limited (首創證券股份有限公司), a company established as a limited liability company in the PRC on February 3, 2000 which was converted into a joint stock company with limited liability on August 26, 2020
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Capital Group
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)

"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
	[REDACTED]
"Director(s)" or "Our Director(s)"	the director(s) of our Company
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as enacted by the NPC on March 16, 2007 and effective on January 1, 2008, as amended, supplemented or otherwise modified from time to time
"ESG"	environmental, social and governance
	[REDACTED]
"Extreme Conditions"	the occurrence of "extreme conditions" as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
	[REDACTED]
"Frost & Sullivan" or "F&S"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company, which is an independent third party
"Frost & Sullivan Report" or "F&S Report"	a commissioned industry report prepared by Frost & Sullivan
	[REDACTED]
"Group"	our Company and all of our subsidiaries
"H Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Stock Exchange
"H Shareholder(s)"	holder(s) of H Share(s)
	[REDACTED]
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
	[REDACTED]

[REDACTED]

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollar(s)" or HKD" or "HK$"	Hong Kong dollars(s), the lawful currency of Hong Kong

[REDACTED]

"IASB"	International Accounting Standards Board
"IFRS Accounting Standards" or "IFRS"	IFRS Accounting Standards as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	Individual(s) or company(ies), who or which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
	[REDACTED]

[REDACTED]

"Joint Sponsors"	the joint sponsors of the **[REDACTED]** of the H Shares on the Hong Kong Stock Exchange as named in "Directors and Parties Involved in the **[REDACTED]**"
"Latest Practicable Date"	April 8, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
	[REDACTED]
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
	[REDACTED]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM (formerly known as the Growth Enterprise Market) of the Stock Exchange
"NFRA"	the National Financial Regulatory Administration of the PRC (中華人民共和國國家金融監督管理總局)
"NDRC"	the National Development and Reform Commission of the State Council of the PRC (中華人民共和國國家發展和改革委員會)
	[REDACTED]

[REDACTED]

"Party"	the Communist Party of China (中國共產黨)
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisor"	Grandway Law Offices, our legal advisor as to PRC laws in connection with the **[REDACTED]**

[REDACTED]

"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	the lawful currency of the PRC
"Remuneration and Nomination Committee"	the remuneration and nomination committee of our Board
"Reporting Accountants"	Ernst & Young, our reporting accountants
"Risk Control Committee"	the risk control committee of our Board
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SCNPC"	the Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong

"Securities Law" or "PRC Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Stock Exchange" or "SSE"	Shanghai Stock Exchange (上海證券交易所)
"Shenzhen Stock Exchange" or "SZSE"	Shenzhen Stock Exchange (深圳證券交易所)
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of our Share(s)
"Shouzheng Desheng"	Shouzheng Desheng Capital Management Co., Ltd. (首正德盛資本管理有限公司), a company with limited liability established in the PRC on July 23, 2014 and a direct wholly-owned subsidiary of our Company
"Shouzheng Zefu"	Shouzheng Zefu Innovation Investment (Beijing) Co., Ltd. (首正澤富創新投資（北京）有限公司), a company with limited liability established in the PRC on March 10, 2015 and a direct wholly-owned subsidiary of our Company
	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategy Committee"	the strategy committee of our Board
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Track Record Period"	the three years ended December 31, 2023, 2024 and 2025
	[REDACTED]
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar(s)" or "US$"	United States dollar(s), the lawful currency of the United States
"U.S. persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended

"Wangjing PE"	Beijing Wangjing Private Equity Fund Management Co., Ltd. (北京望京私募基金管理有限公司), a company with limited liability established in the PRC on October 25, 2017 and an indirect non wholly-owned subsidiary of our Company
"we," "us" or "our"	the Company or the Group, as the context requires
"%"	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries, associate(s) and joint venture(s)) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

Certain amounts and percentage figures included in this document were subjected to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them.

Unless the content otherwise requires, references to "2023", "2024" and "2025" or "FY23", "FY24" and "FY25" in this document refer to our financial year ended December 31 of such year for the Track Record Period, respectively.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"ABS"	asset-backed securities
"Alpha"	a risk-adjusted performance measure that quantifies the excess return of an investment portfolio or security relative to a benchmark index, after accounting for systematic risk (beta). It represents the value added by active management beyond what could be achieved through passive exposure to market movements.
"asset rotation effect"	the phenomenon in financial markets where capital cyclically shifts among different asset classes (e.g., equities, bonds, commodities, real estate) based on changes in macroeconomic conditions, monetary policies, market sentiment, or relative valuation disparities. This rotation drives alternating periods of outperformance and underperformance across sectors or asset categories, creating dynamic return dispersion and influencing portfolio allocation decisions
"AUM"	the amount or value of assets under management
"beneficiary certificate"	a legal document that formally identifies the person or entity (the beneficiary) who is entitled to receive benefits, assets, or proceeds from a financial instrument, trust, insurance policy, or estate
"barbell strategy"	an investment and risk management approach that involves allocating capital to two extremes of the risk spectrum
"blind pool fund"	an investment fund (typically in private equity, venture capital, or real estate) where investors commit capital without knowing the specific underlying assets or companies the fund will invest in at the time of commitment. Instead, investments are made based on the fund's broad investment strategy, sector focus, and the track record of the fund manager
"bps"	basis points, whereby 1 basis point equals to 0.01%
"CAGR"	compound annual growth rate
"ChiNext"	the growth enterprise board launched by the Shenzhen Stock Exchange
"closed-end fund"	a fund whose total number of shares remains fixed throughout the term of the fund contract and whose shares may not be redeemed.
"collective asset management scheme" or "collective asset management plan"	an asset management contract entered into with multiple clients by an asset manager in China, pursuant to which the clients' assets are placed in the custody of commercial banks qualified to hold client transaction settlement funds or in other institutions approved by the CSRC, and the asset manager provides asset management services to the clients through designated accounts
"commodity futures"	agreements to buy or sell a predetermined amount of a commodity at a specific price on a specific date in the future
"corporate bonds"	securities issued by companies in accordance with the PRC Company Law and the statutory procedures, with the agreement to repay principal and interest within a specified period
"CPI"	consumer price index
"credit bonds"	debt instruments issued by corporations or financial institutions that rely solely on the issuer's creditworthiness for repayment, not government backing with relatively higher

	yields than government bonds but carrying greater default risk including enterprise bonds, corporate bonds, ABS, medium-term notes, short-term commercial papers private placement notes, international institution bonds, project revenue notes, negotiable certificates of deposit, etc
"CSI 300 Index"	a capitalization-weighted stock market index compiled by the China Securities Index Co., Ltd. to replicate the performance of 300 stocks traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange
"DDoS"	distributed denial of service, a cyberattack that attempts to overwhelm a server, service, or network with a flood of internet traffic from multiple compromised systems, causing it to become slow or completely crash
"enterprise bonds"	securities issued by enterprises (typically institutions affiliated with a department of the central government or a state-owned enterprise) per legal procedures of Regulations on the Administration of Enterprise Bonds with the agreement to repay principal and interest within a specified period
"ETFs"	exchange-traded funds
"exchange-traded options"	standardized, exchange-listed derivative contracts
"FICC"	fixed income, currencies and commodities
"FI+" or "fixed income plus"	an investment strategy that combines a core portfolio of traditional fixed income assets (such as bonds) with a smaller allocation to other assets including convertible bonds, exchangeable bonds, funds, REITs, commodities, equities, and derivatives, with a view to balancing returns and risks while achieving the goal of optimizing the investment portfolio
"financial bonds"	securities issued by banks and non-bank financial institutions in accordance with statutory procedures, with the agreement to repay principal and interest within a specified period
"FOF"	fund of funds, an investment fund that pools money from investors to buy units of other underlying funds
"GFA"	gross floor area
"inter-bank bond market"	an over-the-counter market in which admitted participants agree on trades using a common trading platform, trades using a market-maker, or conclude trades between themselves via phone or other means
"interest rate bonds"	is a category of bonds which refers to debt securities issued by government or government-related entities, including government bonds, local government bonds, policy bank financial bonds, and central bank bills, etc, where the primary risk is interest rate risk (caused by market rate fluctuations) rather than credit risk
"interest rate swap"	derivative transactions in which two parties agree to exchange streams of interest payments
"IPO"	initial public offering
"IT"	information technology
"IP"	intellectual properties
"KRI"	key risk indicators, quantifiable metrics used as an early warning system to signal potential threats that could negatively impact an organization's goals, financial stability, or operations

"LTV ratio"	loan-to-value ratio, the balance of stock-backed lending as of the end of a given period divided by the market value of collaterals for such business
"M&A"	mergers and acquisitions
"margin financing and securities lending"	provision of collateral by investors to securities firms who are qualified for conducting margin financing and securities lending business to borrow funds for securities purchases (margin financing) or to borrow and sell securities (securities lending)
"market making"	the activity of providing liquidity to financial markets by continuously quoting both buy and sell prices for a given security
"money market fund"	a type of mutual fund that invests in highly liquid, short-term debt securities
"MSCI China Index"	MSCI China Index, which is a stock market index that represented more than 500 large and medium Chinese companies constituents across various share classes and listings, including A shares, B shares, H shares, and foreign listings such as ADRs
"NEEQ"	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"Net Capital"	equals net assets minus risk-adjusted financial assets minus other risk-adjusted assets and risk-adjusted contingent liability plus or minus capital from other adjustments recognized or approved by the CSRC, which reflects the amount of funds that a securities company can liquidate to meet payment obligations and address risks under extreme circumstances
"non-consolidated funds"	non-consolidated funds refer to investment vehicles (such as private equity funds, hedge funds, real estate funds, or managed investment schemes) where the fund manager does not consolidate the fund's financial statements into its own group financial statements.
"open-end fund"	a fund whose total number of shares is not fixed during the term of the fund contract, and whose shares can be subscribed or redeemed at the times and locations specified in the fund contract
"OTC"	over-the-counter
"OTC option"	options traded in the over-the-counter market between two parties, negotiated directly and not on a traditional exchange
"PMI"	purchasing managers index
"PPI"	producer price index
"PRC GAAP"	Generally Accepted Accounting Principles in the People's Republic of China
"QDII"	Qualified Domestic Institutional Investors (合格境內機構投資者) as approved by the CSRC
"QFII"	Qualified Foreign Institutional Investors (合格境外機構投資者) as approved by the CSRC
"REITs"	real estate investment trusts
"SAC"	Securities Association of China (中國證券業協會)
"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, the Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai

"Shenzhen-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shenzhen
"single asset management scheme" or "single asset management plan"	a single asset management contract entered into by an asset manager in China, pursuant to which the asset manager provides asset management services to the client through accounts under the client' s name
"SOE"	state-owned enterprise
"specialized asset management scheme" or "specialized asset management plan"	a specialized asset management contract entered into with client(s) by an asset manager in China, pursuant to which the asset manager manages client assets for specific purpose
"sponsor representative"	a professional representative qualified in China to sponsor and execute the offering and listing of securities pursuant to the Measures for the Administration of the Sponsorship of the Offering and Listing of Securities (證券發行上市保薦業務管理辦法)
"SSE 180 Index"	Shanghai Stock Exchange 180 Index, which is a stock index that represents the top 180 largest and most liquid A-share stocks listed on the Shanghai Stock Exchange
"STAR Market"	the Science and Technology Innovation Board (科創板) of the Shanghai Stock Exchange
"stock-backed lending"	a transaction in which a securities firm provides financing to qualified clients who pledge their stocks as collateral
"stock index futures"	financial contracts that allow the buy and sell of a specific stock index, at a predetermined price on a future date
"subordinated bonds"	a type of debt that ranks below senior debt, loans and bonds in
"total return swap" or 'TRS"	financial contracts that enables one party to receive payments based on a set rate, while the other party gains from the total return of a reference asset, such as an equity index, a basket of loans, or bonds
"treasury futures"	standardized contracts to buy or sell government debt (notes and bonds) at a future date for a predetermined price
"VaR"	value at risk, a statistical measure used to estimate the potential loss of an investment portfolio over a defined period and at a given confidence level

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains certain forward-looking statements and information relating to our Company that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- general political and economic conditions both in the PRC and globally;
- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations and business;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to regulatory and operating conditions in the industry or in the world and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed "Risk Factors."

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

In this document, statements of or references to our intentions or those of our Directors are made as of the date of this document. Any such information may change in light of future developments.

An* [REDACTED] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and "Financial Information", before making an* [REDACTED] *in our H Shares. These risks and uncertainties could materially and adversely affect our business, financial condition, results of operations or prospects. The* [REDACTED] *of our H Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your* [REDACTED] *You should pay particular attention to the fact that we are a PRC company and are governed by a legal and regulatory environment which may differ significantly from those prevailing in other jurisdictions. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-Looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

General economic, geopolitical and market conditions could materially and adversely affect our business.

Our business depends highly on the global and regional economic situations and market performances, especially in China as our revenue is derived from the PRC securities industry. Similar to our competitors in the securities industry, our business is directly affected by the inherent risks associated with the securities markets around the world and in China specifically. These include market volatility, fluctuations in trading volume, and investor confidence. We are also subject to broader risks such as general economic and political conditions, including global macroeconomic monetary regulations and policies, fiscal policies, laws and regulations and policies affecting the financial and securities industry in China, trends in business and financial industries, as well as inflation level, currency fluctuations, availability and cost of funding, and interest rates. These inherent and broader risks together affect the PRC securities industry and creates market volatility, which impacts on our operations and business.

The business and operations of PRC securities firms, including us, are affected by volatility in the PRC securities markets. For example, the A-share market experienced fluctuations in recent years with the CSI 300 Index declined by 21.6% and 11.4% in 2022 and 2023, respectively. Many of the PRC securities firms also experienced decline in profits or fluctuations in financial performance in varying degrees during the same periods. The PRC government has introduced in recent years a series of policies and measures with a view to stabilizing the stock market and restoring investor confidence, including the "Opinions of the State Council on Strengthening Regulation, Preventing Risks and Promoting the High-Quality Development of the Capital Market" (《國務院關於加強監管防範風險推動資本市場高質量發展的若干意見》) issued in April 2024 with a view to strictly control the access to offerings and listings, imposing stricter continuing standardized operation obligations after listing and stricter de-listing requirements, stronger regulatory enforcement in funds and trading activities and promotion of long term investments, for ensuring high-quality development of the capital market, as well as the "Opinions of the China Securities Regulatory Commission on Furthering the Market Reform for the Mergers, Acquisitions, and Restructurings of Listed Companies" (《中國證監會關於深化上市公司並購重組市場改革的意見》) issued in September 2024 aiming to promote and clarify regulations on mergers, acquisitions and restructuring activities. Such policies and measures had and will continue to have a significant impact on our business.

Our business, financial condition and results of operations may be adversely affected by general economic and market conditions in various ways, including, among other things:

- Market volatility, tightened liquidity, and adverse market conditions may reduce the AUM for our asset management business and negatively impact the performance of the assets or funds we manage, which could impair our ability to earn management and performance fees for our asset management related business.

- We hold a variety of fixed income, equity and equity-linked securities as part of our proprietary trading operations for our investment related business. Since a significant portion of these instruments are marked to market, declines in fair value may directly affect our profitability. Sharp declines and heightened volatility in asset prices may result in substantial losses for our investment related business.

- A substantial portion of assets managed by us for our asset management related business and a considerable part of our own funds for our investment related business are invested in fixed income securities. Heightened volatility in interest rates relating to those fixed income products may result in substantial fluctuations or even losses for our investment related business, or adversely impact the performance of assets managed by us.

- Our investment banking related business is susceptible to market conditions. Unfavorable economic and market environments may dampen investor confidence and corporate financing activities, leading to a significant reduction in both the volume and value of investment banking transactions, which could materially and adversely affect the revenue and profitability of our investment banking business.

- Our securities brokerage business is partially reliant on trading volumes and the performance of equity markets. Adverse economic and market conditions may weaken investor confidence and reduce trading and investment activity, resulting in lower brokerage fees and commission income.

- Our margin financing, securities lending, and stock-backed lending businesses may incur losses under unfavorable economic and market conditions. During economic downturns, client risk may rise substantially, and we may be forced to liquidate collateral at values below the loan amount, leading to financial losses.

We are subject to extensive and evolving regulatory requirements, non-compliance with which, or changes in which, may affect our business operations and prospects.

We are subject to extensive regulations in the PRC securities market. The regulatory authorities supervise our business activities and set capital requirements, they determine the products and services we may offer and regulate the types of securities we may invest in. Non-compliance with applicable regulatory requirements may lead to sanctions, fines, penalties, or other disciplinary measures. These could include a downgrade in our classified evaluation and restrictions or bans on certain future business activities or relevant business activities, potentially causing significant harm to our business, reputation, financial condition, and results of operations. During the Track Record Period and up to the Latest Practicable Date, we had been involved in certain non-compliance incidents and findings in regulatory inspections and had received administrative regulatory measures from the relevant regulatory authorities. For details, see "Business—Legal Compliance—Regulatory Compliance." These incidents have not had any material adverse effect on our business operations, financial condition or classified evaluation from the CSRC, and we have actively taken remedial measures to address the relevant deficiencies. However, we cannot guarantee that we will not be involved in future risk incidents in our compliance with regulatory requirements or that any of our remedial measures would be sufficient enough to address the relevant consequence arising from such incidents, if at all. If any of these events occurs, our business, brand, reputation, financial condition, operations or classified evaluation would be materially and adversely affected.

Moreover, securities rules and regulations are amended from time to time as the PRC securities markets develop. New rules and regulations and changes to interpretations or enforcement of existing rules and regulations may have a direct effect on our business strategies and prospects. Moreover, such changes could result in limitations on the scope of our businesses and may require us to modify our business practices, which may incur additional costs, adversely affecting our ability to compete in the securities industry effectively.

The PRC securities industry is highly competitive. If we fail to compete effectively, our business, financial condition and operations may be materially and adversely affected.

The PRC securities industry is highly competitive and our business is subject to intense competition from our competitors. For instance, in the asset management related business, our main competitors include not only our peer companies, being the other securities firms, but also fund management companies, insurance companies, trust companies and commercial banks in the PRC. We compete in the range of products and services offered, pricing and quality of client services. In the investment banking related business, we compete mainly with other securities companies, and commercial banks in criteria such as brand recognition, distribution capabilities, quality of service and pricing. Our wealth management related business competes with other PRC securities firms, commercial banks, fund management companies, trust companies and third-party wealth management institutions in terms of transaction services, cash and debt management, portfolio management and integrated financial planning. If we are unable to compete effectively, we cannot guarantee our relevant fees and income, such as our commission and fee income and interest income, can be sustained. Further, we might not be able to address all the needs of our clients by offering high quality services, maintaining or reducing our fees, providing a more convenient and user-friendly trading experience or continuing to introduce new products, we may lose our market share to competitors. As a result, our business, financial condition and results of operations may be adversely affected.

In general, China's securities industry demonstrates elevated market concentration and hence increased competition. The top ten securities firms in the PRC accounted for about 70% of total industry revenue in 2024. Some

of our competitors have certain competition advantages over us, including greater financial resources, stronger brand recognition, broader product and service offerings and wider branch network coverage. At the same time, China has taken steps to open up its financial industry and ease limits on foreign stakes in securities firms, new competitors may enter the securities industry, which could further intensify the market competition. As a result, our business, financial condition and results of operations may be adversely affected.

A downgrade in our classified evaluation may adversely affect our business operations and prospects.

Regulatory authorities in the PRC conduct inspections, examinations and inquiries with respect to our compliance with relevant regulatory requirements. For example, securities firms in China, including us, are subject to a classified evaluation regime promulgated by the CSRC. Under such a regime, securities firms are classified into different classes and grades based on, among others, their risk management capabilities, continuous compliance performance and taking into account their business development and functional performance, and they are subject to different risk management standards, risk capital reserve ratios and frequency of regulatory inspection. For details of the factors taken into account by the CSRC in making classified evaluations, see "Regulatory Overview—Corporate Governance and Risk Control—Corporate Governance and Risk Control of Securities Companies — 4. Classified Regulation." There is no assurance that the CSRC will not downgrade our classified evaluation in the future, which may make us unqualified for conducting certain new businesses or obtaining business permits or approvals for our businesses or cause us to be subject to a higher risk capital reserve or a higher ratio for our securities investor protection fund in order to sustain the qualifications for conducting such businesses.

A significant decline in our AUM, management fee rate or poor investment performance may materially and adversely affect our asset management related business.

Our asset management fees are based on the AUM size of asset management schemes and private equity funds under our management. We may also earn performance fees on the excess return of the assets under management. Investment performance affects our AUM and is one of the most important factors in retaining our clients and competing for new asset management businesses. Our asset management fees are also affected by factors such as market volatility and the limitations on investment and hedging instrument options in China, which can have an adverse effect on our ability to provide stable returns for our clients, and we could lose clients as a result.

If we have poor investment performance for our asset management business, this could adversely affect our revenue and growth. For example: (a) our existing clients might withdraw funds from our asset management schemes, which would result in less management fees for us; (b) our efforts to expand such business or to find new clients as replacement may not be as successful as we had planned; (c) clients may expect to lower the fees for asset management services, particularly in an intensely competitive industry; and (d) our performance fees based on excess returns would decline.

In addition, the "Administrative Measures on Private Asset Management Business of Securities and Futures Institutions" (《證券期貨經營機構私募資產管理業務管理辦法》) promulgated in 2023 and its supplementary regulations of "Administrative Provisions on the Operation of Private Asset Management Plans of Securities and Futures Broker-Dealers" (《證券期貨經營機構私募資產管理計劃運作管理規定》) have clarified the minimum management requirements that asset management schemes must comply with. These include (i) maximum leverage ratio limits, being the regulatory cap on the permissible leverage of a private asset management scheme, and (ii) other minimum management requirements on asset management schemes including, (a) enhanced principles for look-through oversight of reverse repurchase transactions, (b) rules for the calculation of performance fees and caps on such fees, and the (c) prohibition of investments that constitute equity in name but debt in substance. These regulations have been introduced to reinforce the regulatory regime for asset management related business in the PRC. Under the evolving regulatory requirements, we may encounter extra scrutiny, and we may have to adjust our operations and business structure, which may result in shrinking in our AUM and increasing compliance costs for asset management business.

Our asset management fees or market share may decrease due to intensified competition from other securities firms, commercial banks, fund management companies, trust companies, insurance companies and other competitors. Factors such as market volatility, adverse economic conditions or failure to compete effectively may reduce our AUM or affect the performance of the assets or funds we manage, which could adversely affect the amount of management fees or performance fees received by us. For asset management schemes where we act as the asset manager and to which we also contribute our own capital, we may also experience investment losses if there is a significant decline in the AUM or poor performance of these schemes. In addition, if our clients incur significant losses from investing in our

asset management schemes, we may be subject to regulatory penalties, client complaints and compensation, litigation or adverse effects on our reputation.

Our investment related business is subject to fluctuations in the securities markets. Our investment performance depends on the performance of these markets as well as our investment decisions and professional judgment.

In our investment related business, we engage, for our own account, in the proprietary investment and trading of fixed income, equity and equity-linked securities (such as FOF and mutual funds) as well as derivative financial instruments (such as treasury futures, stock index futures, exchange-traded or OTC options). The performance of our investment related business is highly correlated with the performance of the securities markets, which in turn is influenced by multiple factors, including domestic and international economic conditions, macro-control policies, and market sentiment, characterized by strong cyclicality and high volatility. Consequently, fluctuations in the securities markets may lead to volatility in our investment related businesses.

The performance of our proprietary trading activities depends on our investment decisions and judgments, which are based on our evaluation of current and anticipated market conditions. We closely monitor the market value and financial performance of our trading portfolio and actively adjust the portfolio to allocate assets in accordance with market trends and our internal risk management guidelines. However, these investment decisions rely on the judgment, discretion, and assumptions of our personnel. If our decision-making process does not effectively limit losses while capturing gains, or if our forecasts deviate from actual market developments, or if concentration risks including market and credit risks from holding specific assets or asset classes materialize, our proprietary trading activities may fall short of expected returns, and we may incur significant losses. Any such outcome could materially and adversely affect our business, financial condition, and results of operations.

We utilize derivative instruments, such as interest rate swaps and treasury bond futures to hedge against interest rate risks arising from our fixed income investment and trading. We also employ instruments such as stock index futures to mitigate the impact of price fluctuations on our equity securities investment. However, we may not have sufficient tools available in the PRC derivatives market for us to effectively hedge against volatile trading conditions, making it challenging to manage our exposure to price fluctuations. Moreover, the derivatives we use may not perform as expected for hedging purposes. Additionally, the derivative contracts we enter into expose us to risks associated with these instruments and their underlying assets, which could lead to substantial losses. The secondary market for derivatives is volatile, and we may be inexperienced in managing new products that may emerge or in trading certain derivative instruments.

Our investment banking related business is subject to market conditions and is also dependent on our ability to identify, execute, and complete projects successfully and is subject to various risks associated with underwriting, sponsoring and financial advisory services.

The performance of our investment banking related business may depend on market conditions. Adverse market conditions and capital market volatility may cause delays to, or the termination of, securities offerings underwritten and sponsored by us and M&A transactions advised by us. Unfavorable market conditions may also result in fewer financing and M&A activities, which may in turn materially and adversely affect our revenue from the investment banking business.

Our investment banking related business is also subject to risks related to uncertainty in adaptation to regulatory policies and requirements, as well as timing of regulatory procedures. Securities offerings in China, especially in IPOs, follow on offerings, bond and ABS offerings and certain M&A type transactions of listed companies, are subject to certain scrutiny, filing and registration process with the relevant securities market authorities. The turnaround timing and result of these processes may be beyond our control and may cause delays to, or the termination of, securities offerings underwritten by us or M&A transactions advised by us. For example, the CSRC issued the "Notice on Coordinating Primary-Secondary Market Balance and Optimizing IPO/Refinancing Supervision" (《證監會統籌一二級市場平衡優化IPO、再融資監管安排》) on August 27, 2023 for stage tightening the pace of IPOs and promotion of dynamic equilibrium between investment and financing ends. There can be no assurance that we can successfully complete securities offerings and M&A transactions in a timely manner or at all in the future. Decrease in the number of investment banking projects completed by us could harm our reputation, erode client confidence and reduce our underwriting, sponsorship and advisory fee income. In addition, since we may be required by our client to underwrite securities offerings on a hard-underwriting basis, we may be required to purchase all of the unsubscribed portion on our own account, which may materially and adversely affect our liquidity, and we may even incur losses.

In addition, the relevant rules and regulations could be changed from time to time based on the development of the securities markets. New rules and regulations, and changes in the interpretation or enforcement of existing rules and regulations, may facilitate new products or services or result in limitations on certain investment banking activities. If we fail to come up with new products and services in a timely manner, or at all, or our activities are subject to limitations, we may lose our current market share, and our reputation, business operations and financial condition may be adversely impacted.

Moreover, in the course of conducting our investment banking related business, we may be subject to regulatory sanctions, fines, penalties or other disciplinary actions or legal liabilities for misstatements or omissions in disclosure documents, inadequate supervision, lack of due diligence, fraud, misconduct committed by issuers, other professional parties or ourselves, or other illegal or improper activities that may occur during the course of the sponsoring, underwriting or advisory process. See "Business—Legal Compliance—Regulatory Compliance."

Our wealth management related business is subject to various risks and there can be no assurance that our brokerage fees, commission income and interest income can be sustained.

Our wealth management related business is significantly affected by factors such as economic and market conditions, macroeconomic and monetary policies, investor confidence, as well as fluctuations in interest rates, all of which are beyond our control. For instance, total trading volumes of China's stock market increased from 2020 to 2021 but declined in 2022 and 2023, and then rebounded in 2024. The performance of our securities brokerage business (including our commission and fee income from such business) had to certain extent been impacted by such market changes during the Track Record Period. There can be no assurance that such volatile market conditions will not recur in the future.

Market competition is a critical factor influencing our wealth management related business. Due to the intensifying competition within the PRC securities market and the prevalence of online brokerage companies and other wealth management services, both our commission rates for brokerage business and the interest rates for margin financing and securities lending experienced downward pricing pressure. If more securities firms and online brokerage companies further intensify the competition especially in the online brokerage sphere, industry-wide brokerage fees and commission rates may continue to fall, which could negatively impact our pricing competitiveness.

In addition to offering our own financial products such as asset management products, we also distribute financial products developed by third-party financial institutions. As a third-party distributor, we are not liable for any investment losses or defaults directly arising from the third-party financial products we distribute to our clients. However, we may still face client complaints and potential litigation, which could adversely affect our reputation and wealth management business. Furthermore, certain third-party financial products may have complex structures and involve various risks, such as credit risk, interest rate risk, liquidity risk, and others. Our risk management policies and procedures may not be fully effective in identifying these risks, and our sales personnel may fail to adequately disclose such risks to our wealth management clients. As a result, clients may invest in financial products that exceed their risk tolerance and investment preferences, potentially incurring significant losses. This may expose us to client complaints and litigation risks, which could materially and adversely affect our reputation, client relationships, business, and future prospects.

Our business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, our clients, counterparties and debtors.

Credit risk refers to the risk of losses arising from the failure of counterparties, borrowers, or securities issuers to fulfill their obligations. Our margin financing and securities lending, and stock-backed lending businesses are subject to credit risk that clients may default on their payment obligations or that the collateral we hold may lose value and become insufficient to cover the amount lent. We also face credit risks in our fixed income investment and trading activities, as well as any derivatives and other OTC transactions we take part in. Any material non-payment or non-performance by a client or counterparty to meet their obligations could negatively impact our financial condition, results of operations, and cash flows. While we assess the creditworthiness of specific clients, counterparties, and industries that may pose heightened risk, defaults can still occur due to unforeseen or hard-to-detect events. Additionally, we may not always have access to complete information regarding the credit risks associated with our clients and counterparties. For further details, see "Business—Risk Management and Internal Control—Our Major Risk Management Measures—Credit Risk Management."

In our margin financing and securities lending, and stock-backed lending businesses, we may initiate the liquidation of collateral if clients are unable to fulfill their obligations on schedule, or if the relevant maintenance margin ratios or LTV, or loan-to-value, ratios triggered the required thresholds due to market price fluctuations and no additional collateral is provided. For instance, we had forced liquidation on client accounts for our margin financing and securities lending business in the amount of RMB9.2 million, RMB1.5 million and RMB0.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. In our futures brokerage activities, we require clients to maintain a specified balance in their trading accounts. We perform automatic valuations of clients' account balances on each trading day, and if an account balance is insufficient, we require clients to either top up their balance or liquidate their positions. This mandatory liquidation mechanism may lead to disputes between clients and us, potentially exposing us to related losses, costs or litigation risks.

Our ability to enforce forced liquidation of client positions may be impacted by factors such as changes in regulatory policies, market volatility, and restrictions on the sale of securities. If the market value of the securities we hold as collateral declines sharply over a prolonged period, the collateral may become insufficient to cover our margin loans or securities lent, or we may not be able to liquidate due to restrictions on selling or because the collateral is subject to a judicial freeze. In such situations, the proceeds from liquidating client positions may not be sufficient to recover the loaned amounts, if at all. This may expose us to significant losses and could materially and adversely impact our business, financial condition, and results of operations.

We make impairment loss allowances on our financial assets which are subject to our management's estimation and judgment.

In determining impairment losses allowances on financial assets, our management is required to adopt an "expected credit loss", or ECL, model which uses forward-looking information, instead of the existence of an objective evidence, as a precondition for recognizing impairment losses. Our management is required to make robust estimation on expected credit losses and the point at which there is a significant increase in credit risk based on available information that the management deems reasonable and applicable, all of which involve difficult judgment. During the Track Record Period, we incurred credit loss expense with respect to various types of financial assets. For instance, we had credit loss expense of RMB37.7 million in 2023 with respect to financial assets held under resale agreements. We had credit loss expense of RMB0.8 million, RMB16.8 million and RMB13.2 million, respectively, in respect of other receivables in 2023, 2024 and 2025. We may have to make additional impairment loss allowances in the future due to factors beyond our control, and such provisions are subject to the inherent uncertainties of accounting estimates. Any of the above factors may reduce our profit, and materially and adversely affect our business, financial condition and results of operations. For further details, see Note 15 to the Accountants' Report and "Financial Information—Principal Components of Consolidated Statements of Profit or Loss and Results of Operations—Total Expenses—Credit Loss Expense and Impairment Losses."

Negative net cash flows from operating activities may materially and adversely affect our liquidity and financial condition.

We recorded net cash outflows in operating activities of RMB312.7 million, RMB1,971.1 million and RMB42.7 million in 2023, 2024 and 2025, respectively. See "Financial Information—Liquidity and Capital Resources—Cash Flows—Operating activities." There is no assurance that we will be able to generate positive net cash flows from operating activities in the future. Negative net cash flows may materially and adversely affect our liquidity and financial condition, and we cannot guarantee that we will have sufficient cash from other sources to support our operations. Factors that could negatively impact our liquidity position include significant expansion in our investment related business, margin financing and securities lending, and stock-backed lending businesses, substantial investment activities by us, under-performing debt management, loss of market or client confidence, and increased regulatory capital requirements and other regulatory changes. To the extent we have access to external financing channels, such financing may not be available on commercially acceptable terms or may not be available at all in a timely manner due to unfavorable market conditions and disruptions in the credit and capital markets.

A significant decrease in our internal or external liquidity could negatively affect our business and reduce client confidence in us.

Maintaining sufficient liquidity is essential for conducting and developing our business, particularly as we continue to expand our margin financing and securities lending, stock-backed lending, and investment related business,

and other activities that require substantial cash resources. During the Track Record Period, we primarily met our liquidity needs through cash generated from operating activities and debt and equity financings. A decline in our liquidity could undermine client and counterparty confidence, potentially resulting in the loss of business and clients. At the same time, we are required to comply with capital adequacy and liquidity risk metrics set by the CSRC. For instance, the Measures for the Administration of Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) is a core regulatory framework established by CSRC which centers on net capital and liquidity of securities firms in China as it mandates securities firms to maintain continuous compliance with quantitative metrics, such as the risk coverage ratio, capital leverage ratio, and liquidity coverage ratio, to mitigate risks and ensure sound operations. Failure to meet such requirements may result in a rectification order. During the rectification period, we will not be approved to conduct new business and may be restricted from distributing dividends. If rectification is not completed within the prescribed period, we may face restrictions on business activities, suspension of certain operations, and in severe cases, may be ordered to cease operations for restructuring, or to have securities business license revoked, or be taken over or placed under trusteeship by another institution. If any of such events occurs, our results of operations, financial condition and prospects would be materially and adversely impacted.

Our liquidity may also be affected where we are unable to sell assets at market price or experience unforeseen outflow of cash. These events may occur beyond our control, such as market wide disruption, operational problem with counterparties, market rumors or perceptions that we or other market participants are experiencing liquidity problems. Our ability to sell assets may be limited if other market participants seek to sell assets at the same time, which can occur during a widespread liquidity crunch or market crisis. If our access to financing is restricted or we are forced to fund our operations at a higher cost, we may have to reduce our business activities or increase our costs of financing, both of which could impact on our profitability and adversely affect our results of operations and financial condition.

The level of our indebtedness and potential unavailability of credit may materially and adversely affect our business.

During the Track Record Period, we relied on issuances of bonds and other debt instruments and equity financing, among other things, to support a significant portion of our working capital needs. If we are unable to service or repay our debt obligations in a timely manner due to insufficient internal resources or an inability to secure alternative financing, our financial condition, liquidity, and business operations could be adversely affected. Even if we meet our debt service obligations, the level of debt we carry may negatively impact us in several ways, including: (a) limiting our ability to obtain additional financing in the future for working capital, strategic investments, debt servicing, or other purposes; (b) reducing our flexibility in responding to changes in our business environment; (c) placing us at a competitive disadvantage compared to peers with lower debt levels; (d) affecting our credit ratings and increasing our cost of financing and refinancing; (e) making us more vulnerable to downturns in our business or the broader economy; and (f) requiring us to allocate a substantial portion of our cash to interest and principal payments, rather than using those funds for working capital or other capital needs.

We may fail to realize returns from our equity investments in our associate and joint venture.

We have made equity investments in certain associate and joint venture. For further details, see Note 25 to the Accountants' Report. As of December 31, 2023, 2024 and 2025, our interests in associate and joint venture was RMB894.7 million, RMB898.3 million and RMB922.1 million, respectively. We may experience financial losses due to the poor performance of any of our associates and joint ventures, which could adversely affect our financial condition and results of operations. For the years ended December 31, 2023, 2024 and 2025, our share of profits and losses of an associate and a joint venture was RMB33.3 million, RMB2.8 million and RMB23.9 million, respectively. Furthermore, our investment in associates and joint ventures is subject to liquidity risk, and even if profits attributable to us are reported in our results of operations under equity accounting method, we are unable to receive any cash inflow until we receive dividends from the relevant associate or joint venture.

Significant interest rate fluctuations could affect our financial condition and results of operations.

Our business is exposed to interest rate risk primarily through monetary deposits and fixed income investments. Movements in benchmark rates and government bond yields affect the value, liquidity and returns of our fixed income portfolios and related financing. For example, from end of October 2022 to the first quarter of 2023, the yield on 10-year PRC government bond rose from 2.64% to 2.93%, pressuring valuations and trading conditions. In early 2025, the PBOC suspended its treasury trading operations and the 10-year yield rose with tighter liquidity, illustrating how policy and liquidity shifts can quickly transmit to market conditions. Persistent rate volatility can also reduce credit bond liquidity and increase oscillatory trading, which may impede portfolio repositioning and expected returns.

Significant interest rate fluctuations may reduce our interest income or returns on fixed income investments, or increase our interest expenses. Rising rates and/or widening term premia may lead to mark-to-market losses on fixed income holdings, higher funding costs on repurchase transactions and other short-term borrowings that finance proprietary positions, and tighter market liquidity, any of which could adversely affect our results of operations and financial condition. Conversely, falling rates can compress reinvestment yields on cash and monetary deposits, reducing interest income and potentially increasing duration and convexity risk in our portfolios if yield curves shift unexpectedly.

Repurchase transactions that we use to finance short-term liquidity needs in connection with our proprietary investment and trading activities may be subject to higher interest rates, which would increase our financing costs and could reduce our trading profitability and liquidity buffers. In rising rate or volatile markets, counterparties may also adjust haircuts and collateral terms, further increasing our effective cost of funds and constraining leverage, which in turn could adversely affect our financial condition and results of operations.

We employ risk management measures intended to monitor and mitigate interest rate risk, including ongoing surveillance of macroeconomic indicators such as the Producer Price Index (PPI), Purchasing Managers' Index (PMI), Consumer Price Index (CPI) and industrial value-added to inform our forward views on monetary policy and rate trajectories, asset allocation and scale control across strategies, business scale limits, and periodic measurement of portfolio duration, basis point value (DV01) and value-at-risk (VaR). While these measures are designed to manage interest rate exposures, they may not be sufficient to prevent losses or funding cost increases in rapidly changing or stressed market conditions.

Fluctuations in the exchange rate of the Renminbi against other currencies could have a material and adverse effect on our financial condition and results of operations.

Our currency risk primarily relates to our operating activities whose settlements and payments are denominated in foreign currencies which are different from the functional currencies of our group companies. We generate our revenue in the PRC, and the functional currency of our Company is Renminbi. The majority of our business transactions are denominated in Renminbi, with a relatively small proportion denominated in foreign currencies. See Note 58.2 to the Accountants' Report. Fluctuations in exchange rates between the Renminbi and the foreign currencies may impact our profitability and could lead to foreign exchange losses on assets and liabilities denominated in foreign currencies. In addition, as the **[REDACTED]** from our **[REDACTED]** will be denominated in Hong Kong dollars, changes to the exchange rates between Renminbi and Hong Kong dollar will affect the relative purchasing power in Renminbi terms of the **[REDACTED]** from the **[REDACTED]**.

Our operations may be adversely affected if we fail to obtain or maintain necessary approvals for conducting our business.

Due to the highly regulated nature of the financial industry in the PRC, many aspects of our operations rely on obtaining and maintaining approvals, licenses, permits, or qualifications from relevant regulatory authorities in the PRC. Securing these approvals is contingent upon our compliance with applicable regulatory requirements. As China's legal system and financial services industry continue to evolve, changes in relevant laws, regulations, or their interpretation may impose more compliance requirements on us in this regard. Failure to meet regulatory requirements could restrict the scope of our permitted business activities. Moreover, additional approvals, licenses, permits, or qualifications may be required by PRC and Hong Kong regulators in the future, and some of our existing approvals, licenses, permits, or qualifications are subject to periodic renewal. If we are unable to obtain or maintain the necessary approvals, licenses, permits, or qualifications, our financial condition and results of operations could be adversely affected. See "Business—Legal Compliance—Licensing Requirements."

Our risk management policies and procedures and internal controls, as well as the risk management tools available to us, may not fully protect us against various risks inherent in our business.

We have implemented an internal risk management framework and procedures to address our exposure to various risks, including, among others, market, credit, liquidity, compliance, operational and reputational risks. Certain aspects of our risk management policies and internal control systems require ongoing monitoring, maintenance, and continuous improvement by our senior management and staff. Although we continue to apply these policies and systems, they may not be sufficient or effective in mitigating our risk exposures or protecting us from unidentified or unforeseen risks. In particular, some of our risk management methods rely on historical market behavior and our experience in the securities industry, which may not accurately predict future risk exposures that could be significantly greater than those

indicated by past data. Other methods depend on the assessment of available information regarding operating and market conditions and other factors, which may be inaccurate, incomplete, outdated, or improperly evaluated. In rapidly evolving markets, the data and experience we rely on may quickly become obsolete as market dynamics and regulations change. If our efforts to maintain and improve these policies, systems, and procedures prove inadequate or ineffective, our business and prospects could be materially and adversely affected. Weaknesses in our risk management and internal control systems may also impair our ability to detect reporting errors and ensure compliance with applicable rules and regulations, which could have a material and adverse impact on our business, financial condition, and results of operations.

If we are unable to manage the risks associated with our overseas expansion, our overall business may be adversely affected.

We may expand to international business in the future. Such expansion may be subject to the following risks: (a) revenue fluctuation from period to period in the future due to unfavorable market conditions, intensified competition, unattractive products and services, downward pressure on fees and any other inherent risks associated with our international business operations; (b) challenges in providing products, services and support, in recruiting personnel in overseas markets, and in managing sales channels and overseas distribution networks effectively; (c) difficulties in managing international business operations, including complying with various regulatory and legal requirements of different jurisdictions, and obtaining approvals and necessary licenses; (d) differences in accounting treatment across different jurisdictions, potential adverse tax implications and foreign exchange losses; (e) unable to effectively enforce contractual or legal rights; and (f) changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant jurisdictions. If we are unable to effectively avoid or mitigate these risks, our ability to grow our international business in the future may be hindered, or our international operations may fail to achieve or maintain profitability, which could materially and adversely impact our business, financial condition, results of operations and prospects.

We may in the future pursue mergers or joint ventures and other transactions that could present unforeseen integration obstacles or costs and may not enhance our business as we expect.

We may pursue mergers and acquisitions, joint ventures and other transactions with the aim of expanding the geographic scope and scale of our operations. There is no assurance that we will be able to achieve the expected margins, cash flows, or realize the anticipated benefits from acquisitions or joint ventures, including growth and projected synergies. Our assessments and assumptions regarding acquisition targets and joint ventures may prove inaccurate, and actual developments could differ significantly from our expectations. We may face challenges in integrating acquired businesses into our operations or managing joint ventures effectively, and such efforts may require more investment than initially anticipated. Additionally, we may incur or assume unknown or unforeseen liabilities or contingencies involving clients, employees, suppliers, government authorities, or other parties, which could affect our operating results. Our acquisition and joint venture strategy may also be met with unfavorable reactions from clients, and we may become exposed to additional liabilities associated with any acquired business or joint venture. The integration process itself may disrupt our operations, potentially causing interruptions, loss of momentum, or a decline in performance due to various difficulties or risks, including: (a) unforeseen legal, regulatory, contractual and other issues; (b) difficulty in standardizing information and other systems; (c) difficulty in realizing operating synergies; (d) diversion of management's attention from our day-to-day business; and (e) failing to maintain the quality of services that we have historically provided. In addition, future acquisitions or joint ventures may require the issuance of additional shares by us, which may dilute investors' equity interest in us.

Our response to government measures for stabilizing the PRC stock market may increase our exposure to market and other risks.

In 2015, in response to the significant fluctuations that the A-share market experienced from mid-June to the end of August, the PRC government introduced a series of measures to stabilize the stock market and restore investor confidence. At the time, a number of PRC securities firms contributed to the designated accounts at China Securities Finance for purchasing blue-chip ETFs in China in 2015. These measures and similar measures in the future may lead to significantly increased long-only equity trading position in the PRC stock market by the relevant PRC securities firms which are exposed to greater market and other risks. In the event we are to follow such similar measures with a view to stabilizing the PRC stock market in market turbulences, we cannot control how China Securities Finance will make use of the funds for purchasing the relevant ETFs or other securities in China and when our contributions will be

returned. The occurrence of any of the foregoing risks could materially and adversely affect our business, financial condition, results of operations and prospects. We are unable to predict the long-term impact of the foregoing measures, when implemented, on our operations.

Our operations depend on key management and professional staff, and our business may suffer if we are unable to retain or replace them.

The success of our business is largely contingent upon the stability of our senior management and our ability to attract and retain key personnel who possess in-depth knowhow and understanding of the securities and financial markets. If there are significant or frequent changes to our senior management, we may not be able to execute our existing business strategy effectively or may have to redirect our existing business efforts, which may materially adversely affect our business prospects.

Our key personnel may include members of our mid-level management, experienced investment and trading managers, risk management officers, research analysts, IT specialists, licensed sponsor representatives and other personnel. Therefore, we devote considerable resources to recruiting and retaining these personnel. However, the market for talent is highly competitive and we face hiked competition in recruiting and retaining these talents as other securities firms and financial institutions are competing for them. Intense competition may require us to offer higher compensation and other benefits to poach and retain qualified professionals, which could materially and adversely affect our financial condition and results of operations. As a result, we cannot guarantee that we can attract or retain these personnel to achieve our business objectives and the failure to do so could severely disrupt our business and adversely affect our prospects.

Furthermore, companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty imposed by the relevant PRC regulatory authorities regarding payment for social insurance or housing provident fund contributions. There can be no assurance that any laws and regulations will not require us to settle any outstanding amount within a specified time limit and to pay penalties if we fail to do so, which may adversely affect our results of operations and financial condition. In addition to the above, if we fail to comply with any other relevant labor laws or regulations in the PRC, we may be exposed to penalties or be required to compensate employees.

We might not be able to detect and deter fraud or misconduct by our employees, representatives, agents, clients or other third parties.

Fraud or other misconduct committed by our employees, representatives, agents, clients or other relevant third parties could subject us to financial losses, sanctions or other regulatory measures imposed by governmental or self-regulatory authorities, as well as reputation loss. See "Business—Legal Compliance—Regulatory Compliance" for more details.

We have created internal control procedures that are designed to monitor our operations and ensure overall compliance. However, our internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner or at all, particularly with respect to our innovative products or services, which may be experimental and technologically complex.

The precautions we take to prevent and detect the fraud and other misconduct may not be effective. There can be no assurance that fraud or other misconduct will not occur in the future and there can be no assurance that we will detect and prevent such fraud or misconduct. If such fraud or other misconduct does occur, it may cause negative publicity and in turn have a material adverse effect on our business, reputation, financial condition and results of operations.

Our business is susceptible to the operational failure of third parties.

We rely on selected (a) depositary and clearing houses and clearing agents (such as CSDC), (b) exchanges (such as the Beijing Stock Exchange), and (c) other necessary financial intermediaries (such as China Securities Finance) to facilitate our securities transactions. Where these financial intermediaries suffer an operational failure or termination, our ability to execute transactions, service our clients and manage our exposure to risk could be adversely affected.

Furthermore, we may face the risk of operational difficulty or failure when clients are accessing and using our online platforms from clients' personal computers, mobile devices and tablets, whereby there may be issues with our online services' connectivity to, and compatibility with, our clients' devices and operating systems. Any such operational difficulty or failure may render our relevant services inaccessible or unattractive to clients, or may even lead to loss of our clients and give rise to complaints, litigation, liability and negative publicity, and in turn have an adverse effect on our reputation, financial condition, and results of operations.

We may be subject to complex and evolving laws and regulations and governmental policies and circumstances regarding cybersecurity, privacy and data protection.

In recent years, cybersecurity, privacy and data protection have become an increasing regulatory focus of government authorities across the world. The PRC government has enacted a series of laws, regulations and governmental policies on cybersecurity, privacy and data protection in the past few years, to which our business may be subject. For further details, see "Regulatory Overview—Regulations in Relation to Information Security and Personal Information Protection" and "Business—Data Privacy and Security."

As the regulatory requirements on privacy and data protection are relatively new and complex, and may therefore continue to evolve, we cannot guarantee that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. The effectiveness of our privacy and data protection measures is also subject to system failures, interruptions, inadequacy, security breaches or cyberattacks. Moreover, as the customers that we serve may expand their footprints globally, they may leverage our services in other countries or territories outside the PRC, which may thus subject us to laws and regulations regarding privacy and data protection in such jurisdictions. Any failure or perceived failure by us to comply with applicable laws and regulations on cybersecurity, privacy and data protection may result in governmental investigations, inquiries, enforcement actions and prosecutions, private claims and litigation, fines and penalties, adverse publicity or potential loss of business, which could damage our reputation, deter current and potential customers from accessing or using our services, lead to suspension of our non-compliant operations, and revocation of relevant business permits or licenses or otherwise subject us to significant legal, financial and operational consequences.

There may be newly proposed laws, regulations, rules and industry standards concerning cybersecurity, privacy and data protection. As a result, we may be required to upgrade or adjust our services to ensure continuous compliance. However, the relevant developments in regulatory requirements and standards may increase our costs of compliance, delay or reduce demand for our services, and affect the way we operate, any of which could harm our business, financial condition and results of operations.

Meanwhile, we rely on our databases for our business operations, and we store personal data of our clients on our databases. In order to meet regulatory requirements and to conduct business operations, the personal data we store include their name, ID number, account number, location information, telephone number, facial, audio and video images, online identity credentials, education, employment and financial information, information on commonly used devices and internet browsing history, adverse credit and tax-related records, risk preference information and account specific information such as the date of transaction and balance; of which sensitive personal information include precise location data, financial account information and biometric data. Our databases may be vulnerable to damage, including telecommunications and network failures, natural disasters and human error by both external individuals to our business and our employees including fraud, ID theft, or misuse of personal data. We may send and receive personal data and confidential information of our clients through the Internet.

We cannot guarantee that our IT systems or any data security measures we take will not be subject to physical or electronic break-ins, cyber-attacks, computer viruses and other disruptive problems, and third parties may have the knowledge to breach our data protection and we may not be able to assure that our vendors, service providers, counterparties or other third parties have appropriate measures in place to protect the confidentiality of such data. Furthermore, we cannot guarantee that our employees who have access to the data and information will not mishandle

such data or information. Any breach of these databases could expose us to liability including regulatory fines and penalties, incur expenses to remedy these breaches and mitigate their impact on affected parties, harm our reputation and deter potential clients from using our services, which could have an adverse impact on our business, financial condition and results of operations.

We rely on our IT systems to process and record our transactions and offer online products and services, which may be vulnerable to various disruptions including cyber-attacks.

As we continue to expand our business, we rely heavily on our IT systems to record and process accurately a large number of transactions across various markets and different business segments in a timely manner. A serious or prolonged disruption to, or failure of, our information processing or communications systems would limit our ability to process transactions. This would impair our ability to execute trades for our own account or on behalf of clients, which could materially and adversely affect our competitiveness, financial condition and results of operations.

The proper functioning of our core IT systems, online platform, data processing system, mobile applications, risk management system and other data processing systems, together with the communication networks between our headquarters and branches, are critical to our business and our ability to compete effectively. We have established disaster backup centers to carry on principal functions in the event of a catastrophe or failure of our systems and other unforeseeable events, including those caused by human error. However, there can be no assurance that our operations will not be materially disrupted if any of our systems fail. In addition, if the capacity of our trading system is unable to process all trading orders and results in client losses, we may be subject to regulatory measures, client complaints and compensation, litigation or adverse effects on our reputation.

We rely heavily on technology, including our online platform and mobile applications, to provide a wide range of services. However, our technology operations are vulnerable to disruptions from human error, natural disasters, power disruption, computer viruses, spam attacks, unauthorized access and similar events. Disruptions to, or the instability of, our technology or external technology that allows our clients to use our online products and services could harm our business and reputation.

We may have deferred tax assets that are subject to the uncertainties of accounting estimates.

In the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates. See Note 32 to the Accountants' Report. We believe that the substantial amounts of our deferred tax assets are subject to the uncertainties of accounting estimates and therefore warrant particular attention.

Our deferred tax assets were RMB64.4 million, RMB17.9 million and RMB24.3 million as of December 31, 2023, 2024 and 2025, respectively. Based on our accounting policies, deferred tax assets are recognized where there are timing differences between the carrying amount of assets for financial reporting purpose and the amounts used for taxation purposes. The realization of a deferred tax asset mainly depends on our management's judgment as to whether sufficient profits or taxable temporary differences will be available in the future. Management's assessment is continually reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered. If sufficient profits or taxable temporary differences are not expected to be generated, our deferred tax assets would be impaired.

We have financial assets that are subject to the uncertainties of accounting estimates.

For financial reporting purposes, we categorize fair value measurements of financial assets and liabilities into Level 1, Level 2 and Level 3, based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement. Fair value changes of financial assets such as equity instruments designated at FVTOCI, debt instruments at FVTOCI and financial assets at FVTPL would affect our financial performance.

As of December 31, 2023, 2024 and 2025, we had RMB19,078.9 million, RMB19,360.4 million and RMB23,498.1 million of Level 2 financial assets, respectively. Compared with Level 1 financial assets, Level 2 financial assets are not quoted in an active market, and we use valuation techniques to estimate the fair value of these

assets. When estimating fair value using these valuation techniques, we consider observable inputs and market data, such as the yield curve of interest rate products and foreign exchange rates, among other things. Changes in these factors will affect the estimated fair value of our Level 2 financial assets and therefore these assets will face uncertainty in accounting estimation.

As of December 31, 2023, 2024 and 2025, we had RMB912.3 million, RMB929.3 million and RMB1,169.7 million of Level 3 financial assets, respectively. For Level 3 financial instruments, fair values are determined using valuation techniques such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the observability and significance of the inputs to the overall fair value measurement. Such unobservable inputs are based on management estimates, which are subject to uncertainty and might materially differ from the actual results, and which in turn may impact our financial performance.

Our insurance coverage may not be adequate, which could expose us to costs and business disruption.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. We believe that we have maintained insurance policies in line with industry standards. However, our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy 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. If such risk materializes, we may also suffer substantial losses as we do not have such insurance coverage. See "Business—Insurance."

Unauthorized use of our intellectual properties by third parties may harm our brand and reputation and materially and adversely affect our business, and we may incur substantial expenses to protect our intellectual property rights.

Our goodwill, copyrights, trademarks, trade secrets and other intellectual properties are critical to our success, and we rely on a combination of trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual property to protect these rights. Although contracts with our business partners may prohibit the unauthorized use of our brands, images, characters and other intellectual property rights, we cannot guarantee that they or their own business partners will always comply with these terms. These agreements may be insufficient in preventing disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive; we might resolve to litigate to enforce our intellectual property rights. Litigation could result in substantial costs and diversion of our resources, attract publicity on our IP secrets and could disrupt our business. It could adversely affect our financial condition and operations.

Moreover, competitors and other third parties may register trademarks or purchase internet search engine keywords or domain names similar to ours, in an effort to poach potential customers from us. Preventing such unfair competition activities is inherently difficult, if we are unable to upend such activities, we might lose potential clients in the long term, which could harm our reputation and materially and adversely affect our results of operations.

We may be subject to intellectual property infringement claims, which could be time-consuming or costly to defend and may impact on our financial performance.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. We may from time to time be subject to such proceedings and claims. We cannot guarantee that holders of intellectual property rights purportedly relating to some aspect of our business, if any such holders exist, would not seek to enforce such intellectual property rights against us in China or any other jurisdictions. Further, the application and interpretation of China's intellectual property laws and the procedures and standards for granting IP rights in China may change, and we cannot guarantee that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may

be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against such infringement or licensing allegations and claims is costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or an injunctive relief was issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position and results of operations could be materially and adversely affected.

Our leased property interests may be defective and our right to lease or use the properties may be challenged, which could cause additional expenses or disruption to our operation.

As of the Latest Practicable Date, we leased 82 properties in the PRC which were primarily used as business premises for our offices and branches. As of the Latest Practicable Date, (i) 12 of these leased properties were without title certificates from the landlords out of which (a) landlords for 11 properties had otherwise provided evidence proving proper authorization to lease, and (b) landlord for the remaining one property had neither provided the title certificates nor any sufficient evidence proving proper authorization to lease; and (ii) for another leased property, the landlord had provided us with the title certificate but failed to provide proper authorization to lease. As of the Latest Practicable Date, we were requiring the relevant landlords to provide and/or obtain proof of title or to obtain the title certificates for these leased properties referred to above, but the timing for obtaining such certificates or proof is beyond our control. If our landlords do not have or obtain the title certificates or proper authorization to lease in respect of such leased properties, our rights in relation to such properties might not be entirely protected. See "Business—Properties" for further details.

Any claim or dispute related to the title of the properties owned or leased by us may result in the relocation of our operating premises and offices. We cannot guarantee that the legality of our use and occupation of the relevant properties will not be challenged, or that we will be able to secure alternative properties for our business if we are required to relocate. If we or our landlords cannot obtain the relevant title certificates or proper authorization to lease in a timely manner and our legal right to use or occupy the relevant properties is challenged, we may have to find alternative properties, incur additional relocation costs, or our business operations may be disrupted, any of which may have an adverse effect on our business, financial condition and results of operations.

Certain lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.

As of the Latest Practicable Date, 67 out of our 82 leased properties in the PRC had not been registered with the relevant PRC government authorities. As advised by our PRC Legal Advisor, failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of the lease agreements, but the relevant PRC government authorities may order us to, within a prescribed time limit, register the lease agreements. Failure to do so may subject us to a fine ranging from RMB1,000 to RMB10,000 for each lease agreement. We estimate that the aggregate maximum amount of penalties for not registering such lease agreements would be RMB670,000. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any such lease agreements.

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.

We might be subject to potential liabilities under securities or other laws for materially false, misleading statements or material omissions made in connection with securities offerings, potential liabilities for the advice provided to clients in corporate transactions and possible disputes over the terms and conditions of complex trading arrangements. We may also be subject to claims for alleged negligent misconduct, breach of fiduciary duty or breach of contract. These risks are difficult to assess or quantify and their existence hidden for extended periods. We may also be subject to inquiries, investigations, and proceedings by regulatory and other governmental agencies. We may be a party to legal proceedings as part of our ordinary course of business. For further details of our legal proceedings, see "Business—Legal Compliance—Legal Proceedings and Disputes." We may incur significant legal expenses in defending against litigation. Substantial legal liability or significant regulatory action against us could materially and adversely affect our business, financial condition or results of operations or cause significant reputational harm to us and seriously harm our business prospects.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in various jurisdictions.

We are subject to various anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations in the jurisdictions in which we conduct business. We have implemented policies and procedures designed to ensure compliance by us and our Directors, employees, suppliers and customers with applicable anti-corruption and anti-bribery and similar laws and regulations. Despite our efforts, our policies and procedures may not be sufficient, and our Directors, employees, suppliers and customers could engage in improper conduct for which we may be held responsible.

Where we have failed to adhere to the anti-corruption, anti-bribery, sanctions or anti-money laundering laws and regulations we could be subject to whistleblower complaints, negative publicity, investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

Where we have failed to fully comply with applicable laws and regulations, the relevant government agencies may initiate investigation, freeze our assets or impose fines or other penalties on us, the funds under our management, and the exit of our investments and our reputation would be adversely affected. We cannot guarantee that there will not be failures in detecting illegal or improper activities which may adversely affect our business reputation, financial condition and results of operations.

We regularly encounter potential conflicts of interest, and our failure to identify and address such conflicts of interest could adversely affect our business.

As our client base expands it is critical for us to be able to monitor, address and resolve potential conflicts of interests, including situations where two or more interest within our business naturally exists but are in competition or conflict. To this end we have extensive internal control and risk management procedures that have been designed to identify, monitor, address and resolve conflicts of interest. However, it remains complicated and difficult to fully identify and address potential conflicts of interest. Conflicts of interest may exist between (i) our different businesses; (ii) our employees; (iii) our clients; (iv) our clients and us; or (v) our clients and our employees, if we fail to address the potential conflicts of interests, they could have an adverse effect on our reputation. In addition, the potential conflicts of interests may trigger potential litigation or regulatory actions and could result in losses and adverse effects on our business, financial condition and results of operations.

Confidentiality agreements with employees and other third parties may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our strategy, expertise and knowhow. Although our employment agreements with our employees may have included the relevant confidentiality, and intellectual property ownership clauses, we cannot guarantee that these agreements will not be breached, that we will have adequate remedies for any breach in time or at all, or that our trade secrets, know-how or other intellectual property will not otherwise become known to third parties. Furthermore, other parties may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

Rumors or negative publicity involving our Company, products and services, management, customers, business partners or the securities industry in general, may materially and adversely affect our reputation, business, results of operations and prospects.

As an established brand in the securities industry, our image is sensitive to the public's perception of us as a business, which includes not only the quality of our services and products, but also our corporate management and culture. We cannot guarantee that no one will, intentionally or incidentally, disseminate information about us, including the quality of our services and products, our internal management matters and negative information about our management that may result in negative perception of us by the public. Although we promptly took clarification or rectification measures when we faced negative publicity in the past, we cannot guarantee that such measures will always be effective in the future.

In addition, as a listed company, our Company and members of our management or employees will be supervised by securities regulatory bodies and we may be subject to certain regulatory inquiries and penalties. Any negative publicity about our Company, Directors, employees, spokespersons or products, regardless of nature or veracity, could lead to potential loss of customers or investors' confidence or difficulty in retaining customers or recruiting talents that are essential to our business operations. In such events, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

Furthermore, our business is dependent on the strengths and market acceptance of our brand name. If we fail to maintain and enhance our brand, or if we incur excessive expenses in this effort, or if any third party takes any action that damages our brand name, or any negative publicity is associated with our brand name, our business, results of operations and prospects may be materially and adversely affected. Moreover, the brand name of "Capital" is also used by other entities of the Capital Group. It may expose us to reputational risks if these entities take any action that damages the "Capital" brand name.

We may be the subject of anti-competitive, harassing or other detrimental conducts by third parties or competitors which could harm our reputation and cause us to lose market share, customers and revenues.

We may be the target of anticompetitive, harassing, or other detrimental conduct by third parties. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. We may be subject to government or regulatory investigation as a result of such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted online by anyone, whether or not related to us. The availability of information on social media is virtually immediate, as is its impact. Social media immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Such information posted may be inaccurate and adverse to us, and it may harm our financial performance, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or malicious statements about our business, which in turn may cause us to lose market share, customers and revenues.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may materially and adversely affect our business, financial condition and results of operations.

Factors that are out of our control such as natural disasters, epidemics, acts of war or terrorism or other factors may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. For example, our operations may be under the threat of flood, typhoon, earthquake, sandstorm, snowstorm, fire or drought, power, water or fuel shortages, critical equipment failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, or are susceptible to epidemics, potential wars or terrorist attacks.

Serious natural disasters may result in loss of lives, injury, destruction of assets, reduction in our productivity and/or disruption of our business and operations. Disease outbreaks could result in a widespread health crisis that could materially and adversely affect the global economy and financial markets. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and/or destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Changes in political and economic policies, as well as the interpretation and enforcement of law, rules and regulations, may affect our business, financial condition, results of operations and prospects.

Due to our operations in the PRC, our business, financial condition, results of operations and prospects are affected by political, economic and legal developments in the PRC. Any of the foregoing would affect our business, financial condition, results of operations and prospects. We shall comply with the applicable PRC laws, rules and regulations. The relevant PRC laws, rules and regulations in force at present may be amended in the future, and their interpretation and implementation shall be determined in accordance with relevant laws and regulations in force at the time. Any non-compliance with any existing or new laws and regulations could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by the CSRC and other relevant PRC government authorities.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council together with other relevant authorities jointly published the Opinion on Strictly Cracking Down Illegal Activities in Securities Market (《關於依法從嚴打擊證券違法活動的意見》), which calls for the enhanced administration and supervision of overseas-listed PRC-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies.

Subsequently, on February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") and five supporting guidelines, which took effect on March 31, 2023. According to the Overseas Listing Trial Measures, we, as a PRC domestic company seeking to offer and list securities in overseas markets, are required to file with the CSRC within three working days after submitting the **[REDACTED]** documents to the overseas supervisory authorities.

Moreover, on February 24, 2023, the CSRC together with other relevant authorities promulgated the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Archives Rules"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation, application and enforcement of the Archives Rules are still evolving and subject to change. Failure to comply with them could have a material and adverse impact on our business, results of operation and financial conditions.

Pursuant to the Overseas Listing Trial Measures, issuers are required to submit subsequent reports to the CSRC on relevant information or material events, such as change of control or voluntary or forced delisting of the issuers who have completed overseas offerings and listings. Given that the Overseas Listing Trial Measures are relatively new, their interpretation, application, and enforcement are still evolving, and we are closely monitoring how they will affect our operations and our future financing. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. These regulatory authorities may impose fines and penalties on us, limit our ability to pay dividends outside of the PRC, delay or restrict the repatriation of the **[REDACTED]** from the **[REDACTED]** or future capital raising activities into the PRC, or take other actions that could materially and adversely affect our business, financial conditions, results of operations, and prospects, as well as the **[REDACTED]** price of our H Shares.

Restrictions on the remittance of Renminbi into and out of the PRC and governmental control of currency conversion may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your investment.

The conversion and remittance of foreign currencies from Renminbi are subject to PRC foreign exchange regulations. We cannot guarantee that we have sufficient foreign currencies to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE.

Following the completion of the **[REDACTED]**, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, we cannot speculate whether the regulations and policies that enable the payment of dividends in foreign currencies will change from time to time. In addition, any insufficiency of foreign currencies may restrict our ability to obtain sufficient foreign currencies for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we cannot obtain approval from the SAFE to convert Renminbi into any foreign currencies as intended, our business, results of operations and financial condition may be adversely affected.

It may be difficult to effect service of process upon us or our management who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

As of the Latest Practicable Date, all of our executive Directors and executive officers resided within China, and substantially all of our assets were located within China. Similar to the difficulties faced by most of the jurisdictions around the world on effecting service of process and enforcing judgment obtained from foreign jurisdictions, investors may need to follow specific legal procedures to effect service of process upon us or our executive Directors and officers inside China or to enforce against us or them in China any judgments obtained from non-PRC courts.

On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into the Arrangement of the Supreme People's Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (the "Arrangement"). The Arrangement came into effect on January 29, 2024, and stipulated that a judgment rendered by a Hong Kong court can generally be recognized and enforced in the Chinese mainland regardless of whether the parties to the dispute entered into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the Chinese mainland. Whether a specific judgment will be recognized and enforced will be subject to a case-by-case examination by the relevant court in accordance with the Arrangement.

RISKS RELATING TO THE [REDACTED]

Our A Shares are listed in China and the characteristics of the A shares and H shares markets are different.

Our A Shares are currently listed and traded on the Shanghai Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be **[REDACTED]** on the Stock Exchange.

Although fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa, the **[REDACTED]** performance of our H Shares and A Shares may not be comparable as they possess different characteristics. Our A Shares and H Shares differ in **[REDACTED]** volumes, **[REDACTED]** and **[REDACTED]** bases, as well as having different levels of individual **[REDACTED]** and institutional **[REDACTED]** participation. Additionally, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no direct **[REDACTED]** or **[REDACTED]** between the H Share and A Share markets. Hence you should not place an undue reliance on the trading history of our A Shares when **[REDACTED]** our H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shanghai Stock Exchange.

Following the listing of our A Shares on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in China. As a result, from time to time we publicly release information relating to ourselves on other media outlets designated by the Shanghai Stock Exchange or the CSRC or other regulatory bodies. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in China, which are different from those applicable to the **[REDACTED]**. Such information does not and will not form a part of this document. As a result, prospective **[REDACTED]** in our H Shares are reminded that, in making their **[REDACTED]** decisions as to whether to **[REDACTED]** our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to **[REDACTED]** our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you will not rely on any information other than that contained in this document, and any formal announcements made by us in Hong Kong with respect to the **[REDACTED]**.

Our Controlling Shareholder has substantial influence over our Group and its interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholder has significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, and the sale of all, or substantially all, of our assets, election of Directors and other significant corporate actions. The interests of our Controlling Shareholder might differ from the interests of our other Shareholders. In the event that our Controlling Shareholder causes us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of

interest between our Controlling Shareholder and our other Shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

There has been no prior [REDACTED] for our H Shares, there is no certainty that an [REDACTED] would develop, and the [REDACTED] of our H Shares may be volatile.

Since there has been no **[REDACTED]** for our H Shares there can be no assurance that an active **[REDACTED]** for our H Shares will develop or be sustainable after the **[REDACTED]**. The **[REDACTED]** is the result of negotiations between our Company, the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), and should not be taken as the indicator of the price at which our H Shares will **[REDACTED]** following the **[REDACTED]**. The market price of our H Shares may fluctuate and may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

Future sales or perceived sales of substantial amounts of our H Shares in the public market could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

Our ability to raise additional capital in the future and our H Shares price may be adversely affected by future sales of our H shares or other securities relating to our H Shares in the public market by our shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuance may occur. Further, if we issue more securities in the future, it will have a diluting effect on our shareholders' holding. We may also issue shares under any future share option incentive schemes, which may have the effect of further dilution of our shareholders' interest in us. New shares or equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares. Market sale of Shares by such shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our H Shares.

Additionally, **[REDACTED]** to our H Shares in the **[REDACTED]** are not subject to any restrictions on the disposal of our H Shares. Such **[REDACTED]** may have arrangements or agreement to dispose part, or all of the H Shares they hold immediately or within certain period upon completion of the **[REDACTED]** for legal and regulatory, business and market, or other reasons. Such disposal may occur within any time or a short period after the **[REDACTED]**.

Disposal of the H Shares **[REDACTED]** by such **[REDACTED]** pursuant to such arrangement or agreement could adversely affect the **[REDACTED]** of our H Shares and any sizeable disposal could have a material and adverse effect on the **[REDACTED]** of our H Shares and could cause substantial volatility in the **[REDACTED]** volume of our H Shares.

You will incur immediate and substantial dilution and raising additional capital may cause further dilution or restrict our operation.

Since our **[REDACTED]** of the H Shares is higher than the net tangible asset value per H Share immediately prior to the **[REDACTED]**, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. Our existing Shareholders will receive an increase in the **[REDACTED]** adjusted consolidated net tangible asset value per Share of their Shares. In addition, if we issue additional H Shares in the future to raise additional capital, any holders of our H Shares may experience further dilution of their interest.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, dividends may be paid only out of distributable profit. Distributable profit is our profit as determined under PRC GAAP or IFRS Accounting Standards, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. We may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios. The PRC regulatory authorities may further amend the dividend distribution rules for listed companies in the future, which may significantly affect the amount of capital available to support the development and growth of our business.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS Accounting Standards in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

There is no assurance that we will declare and distribute any amount of dividends in the future.

We have declared and distributed dividends in the past. However, we cannot make any assurance that dividends of any amount will be declared or distributed by us in any period in the future. The declaration, payment and amount of any future dividends are of the discretion of our Directors, after taking into account various factors, including our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our Company's Articles and the applicable PRC laws and regulations. For further details of our dividend policy, see "Financial Information—Dividends." No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our historical dividends should not be taken as indicative of our dividend policy in the future.

Certain statistics contained in this document are derived from official government sources and are not independently verified by us. There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from such sources that are contained in this document.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the PRC securities industry. Such information and statistics have been partially derived from official government sources. We believe that these are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any other party involved in the **[REDACTED]**, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being non-replicable, inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot guarantee that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should examine carefully the importance placed on such information or statistics.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "aim," "anticipate," "believe," "could," "predict," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and the negative of these terms as well as similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In consideration of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information contained in this document. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

The publication of this document may attract press and media coverage from time to time, subsequent to the date of this document but prior to the completion of the **[REDACTED]**. The press and media may include certain financial information, industry comparisons, profit predictions and other speculations about us that do not appear in this document. Prospective **[REDACTED]** should rely solely upon the information contained in this document, the **[REDACTED]** and any formal announcements made by us in Hong Kong in making their **[REDACTED]** decision regarding our H Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any predictions, forecasts, views or opinions expressed by the press or other media regarding ourselves or the **[REDACTED]**. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, reports or publications. Accordingly, prospective **[REDACTED]** should not rely on any such information, reports or publications in making their **[REDACTED]** decisions regarding the **[REDACTED]**. By applying to **[REDACTED]** our H Shares in the **[REDACTED]**, you will be deemed to have agreed that you have not and will not rely on any information other than that contained in this document, the **[REDACTED]** and any formal announcements made by us in Hong Kong.

In preparation for the **[REDACTED]**, we have sought the following waivers and exemption from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, a new applicant applying for a primary **[REDACTED]** on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 may be waived by having regard to, among other considerations, the applicant's arrangements for maintaining regular communication with the Stock Exchange.

Our management, business operations and assets are primarily located, managed and conducted outside Hong Kong (the PRC). Our executive Directors are based in the PRC as our Board believes it would be more effective and efficient for our executive Directors to be based in a location where our significant operations are located. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will have, sufficient management presence in Hong Kong for the purposes of satisfying the requirements under the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 and Rule 19A.15 of the Listing Rules, provided that the Company implements the following arrangements:

(a) our Company has appointed and will continue to maintain two authorized representatives (the "**Authorized Representatives**"), namely Dr. Zhang Tao and Mr. He Feng, who will act as our Company's principal communication channel with the Stock Exchange. Each of the Authorized Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone and email. As and when the Stock Exchange wishes to contact our Directors on any matters, each of the Authorized Representatives will have means to contact all of our Directors promptly at all times. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in the Authorized Representatives.

(b) our Company has provided the contact details of each Director (such as mobile phone numbers, office phone numbers and email addresses) to each of the Authorized Representatives and to the Stock Exchange. This will ensure that the Authorized Representatives and the Stock Exchange will have the means to contact any of our Directors (including our independent non-executive Directors) promptly as and when required, including means to communicate with our Directors when they are travelling. Our Company confirms and will ensure that all Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required.

(c) our Company has appointed Innovax Capital Limited as our compliance advisor (the "**Compliance Advisor**"), pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will have access at all times to the Authorized Representatives, Directors and senior management of our Company, and will act as an additional channel of communication between the Stock Exchange and our Company for the period commencing on the **[REDACTED]** and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the **[REDACTED]**. The Compliance Advisor will maintain constant contact with the Authorized Representatives, Directors and senior management of our Company through various means, including regular meetings and telephone discussions whenever necessary. The Authorized Representatives, Directors and other officers will provide promptly such information and assistance as the Compliance Advisor may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Rule 8.17 of the Listing Rules provides that the issuer must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers that the following academic or professional qualifications to be acceptable: (a) a member of The Hong Kong Chartered Governance Institute; (b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance); and (c) a certified public accountant (as defined in the Professional Accountants Ordinance).

Note 2 to Rule 3.28 of the Listing Rules provides that in assessing "relevant experience", the Stock Exchange will consider the individual's: (a) length of employment with the issuer and other issuers and the roles he or she played; (b) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code; (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (d) professional qualifications in other jurisdictions.

Paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants provides that the Stock Exchange will consider waiver applications in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include: (a) whether the applicant has principal business activities primarily outside Hong Kong; (b) whether the applicant is able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for New Listing Applicants) as a company secretary; and (c) why the directors consider the proposed company secretary to be suitable to act as the applicant's company secretary.

Our Company has appointed Mr. He Feng ("**Mr. He**") and Ms. Sham Ying Man ("**Ms. Sham**") as the joint company secretaries of our Company (the "**Joint Company Secretary(ies)**") to jointly discharge the duties and responsibilities of our company secretaries with reference to their work experience and qualifications.

Mr. He currently serves as our executive vice general manager and secretary of our Board. Although Mr. He does not possess the qualifications set out in Rule 3.28 of the Listing Rules, our Company has appointed him as one of the Joint Company Secretaries due to his extensive experience in business management and corporate governance matters, as well as a thorough understanding of the daily operations and internal administration of our Group accumulated since his joining our Group in January 2003. Ms. Sham has been appointed as the other Joint Company Secretary on July 25, 2025 to assist Mr. He in discharging the duties as our company secretary. Ms. Sham is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, respectively, and is therefore qualified under Rule 3.28 of the Listing Rules to act as a Joint Company Secretary. Further biographical details of Mr. He and Ms. Sham are set out in "Directors and Senior Management" in this document.

Our Directors believe that the Joint Company Secretaries should, apart from being able to meet the professional qualifications or the relevant experience (the "**Relevant Experience**", unless otherwise defined, within the meaning of Note 2 to Rule 3.28 of the Listing Rules), have sufficient knowledge about (a) the operation and business environment of our Company; and (b) regulatory requirements in the PRC which are applicable to our Company.

Since Mr. He does not possess the Relevant Experience, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. He may be appointed as a joint company secretary of our Company. Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, the waiver will be granted for a fixed period of time and on the following conditions:

(a) our Company appoints a person who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules as a joint company secretary to assist the proposed company secretary in discharging his functions as a joint company secretary and in gaining the Relevant Experience; and

(b) the waiver will be revoked immediately if the person who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules so appointed as a joint company secretary ceases to provide assistance to the proposed company secretary, or if there are material breaches of the Listing Rules by our Company.

The following arrangements have been, or will be, put in place to assist Mr. He in acquiring the qualifications and experience required under Rule 3.28 of the Listing Rules:

(a) Ms. Sham will work closely with Mr. He to jointly discharge the duties and responsibilities as the Joint Company Secretaries and to assist Mr. He to acquire the Relevant Experience for an initial period of three years from the **[REDACTED]** the ("**Waiver Period**"), a period which should be sufficient for Mr. He to acquire the Relevant Experience;

(b) our Company will ensure that Mr. He and Ms. Sham have access to relevant training, support and advice from the Compliance Advisor (appointed pursuant to Rule 3A.19 of the Listing Rules) and our Company's legal and professional advisors, who can provide professional guidance to our Company and the Joint Company Secretaries as to compliance with the Listing Rules and all other applicable laws and regulations; and

(c) before the end of the Waiver Period, the qualifications and experience of Mr. He and the need for on-going assistance of Ms. Sham will be further evaluated by our Company. Our Company will demonstrate to the Stock Exchange and seek the Stock Exchange's confirmation that Mr. He, having had the benefit of Ms. Sham's assistance during the three year period, has attained the Relevant Experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. Our Company understands that the waiver will be revoked immediately if Ms. Sham (or, any other person acceptable to the Stock Exchange) ceases to provide assistance to Mr. He as a joint company secretary during the Waiver Period or where there are material breaches of the Listing Rules by our Company.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue, certain transactions which will constitute partially-exempt or non-exempt continuing connected transactions of our Company under the Listing Rules following the completion of the Listing. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirements and independent Shareholders' approval requirements (where applicable) under the Listing Rules. For further details in this respect, see "Connected Transactions."

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Dr. Zhang Tao (張濤)	Room 502, Unit 1 Building 2, Jinchen Apartment No. 4 Guangcheng Street Xicheng District Beijing, PRC	Chinese
Mr. Jiang Qingfeng (蔣青峰)	No. 1, Building 15, Yard 5 Jiangtai Road Chaoyang District Beijing, PRC	Chinese
Mr. Cheng Jialin (程家林)	No. 161, 24/F Minwang Court Dongcheng District Beijing, PRC	Chinese
Ms. Liu Meijun (劉美君)	1C, Unit 2, Building 2 Shiyu Yuan, Shiji Cheng Haidian District Beijing, PRC	Chinese
Non-executive Directors		
Mr. Liu Huibin (劉惠斌)	No. 151, Door 1, 7/F West Shuangyushu Lane Haidian District Beijing, PRC	Chinese
Ms. Qin Yi (秦怡)	No. 1403, 2/F, Court No.A1 Shilipu Chaoyang District Beijing, PRC	Chinese
Ms. Li Yang (李洋)	Room 604 Building C1, Chegongzhuang Dajie Xicheng District Beijing, PRC	Chinese
Mr. Tian Ye (田野)	Room 901, Unit 2, 15/F No. 17 Xicui Road Haidian District Beijing, PRC	Chinese
Independent non-executive Directors		
Prof. Ye Lin (葉林)	No. 703, Unit 2, Building No. 3 Yuandayuan District No. 5 Century City Haidian District Beijing, PRC	Chinese

Name	Residential Address	Nationality
Prof. Wang Xixin (王錫鋅)	No. 308, Residence 503 Zhongguanyuan Peking University Haidian District Beijing, PRC	Chinese
Prof. Zhang Jianhua (張健華)	No. 105, Building No. 3 Kangleli Court Xicheng District Beijing, PRC	Chinese
Ms. Rong Jian (榮健)	No. 0388, Unit 6, Building No. 1 Guangdaxiyuan, Wanliu Haidian District Beijing, PRC	Chinese
Prof. Yang Haibin (楊海濱)	Flat 5C, Block 5 Ontolo, No.7 Fo Yin Road, Science Park Tai Po, New Territories Hong Kong	Chinese (Hong Kong)

Further information about our Directors and other senior management members is set forth in "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

China Securities (International) Corporate Finance Company Limited
18/F
Two Exchange Square
8 Connaught Place, Central
Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

[REDACTED]

Legal advisors to our Company	*As to Hong Kong and U.S. laws:* **Norton Rose Fulbright Hong Kong** 38/F Jardine House 1 Connaught Place, Central Hong Kong *As to PRC law:* **Grandway Law Offices** 7-8/F News Plaza No. 26, Jianguomennei Avenue Dongcheng District Beijing, PRC
Legal advisors to the Joint Sponsors and the [REDACTED]	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing PRC

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Auditors and reporting accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Suite 2504, Wheelock Square 1717 Nanjing West Road Shanghai PRC
[REDACTED]	**[REDACTED]**

CORPORATE INFORMATION

Registered office	Floor 11-21, Block A Building 13, No. 5 Anding Road Chaoyang District Beijing PRC
Head office and principal place of business in the PRC	Floor 11-21, Block A Building 13, No. 5 Anding Road Chaoyang District Beijing PRC
Principal place of business in Hong Kong	Room 1910, 19/F Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong
Company's website	**www.sczq.com.cn** *(information contained on this website does not form part of this document)*
Joint company secretaries	**Mr. He Feng** (何峰) Floor 11-21, Block A Building 13, No. 5 Anding Road Chaoyang District Beijing PRC **Ms. Sham Ying Man** (岑影文) Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized representatives	**Dr. Zhang Tao** (張濤) Floor 11-21, Block A Building 13, No. 5 Anding Road Chaoyang District Beijing PRC **Mr. He Feng** (何峰) Floor 11-21, Block A Building 13, No. 5 Anding Road Chaoyang District Beijing PRC
Audit Committee	Ms. Rong Jian (榮健) (*Chairperson*) Prof. Wang Xixin (王錫鋅) Mr. Tian Ye (田野)
Remuneration and Nomination Committee	Prof. Zhang Jianhua (張健華) (*Chairperson*) Dr. Zhang Tao (張濤) Prof. Ye Lin (葉林)

Risk Control Committee	Prof. Ye Lin (葉林) (*Chairperson*) Mr. Liu Huibin (劉惠斌) Mr. Jiang Qingfeng (蔣青峰)
Strategy Committee	Dr. Zhang Tao (張濤) *(Chairperson)* Mr. Jiang Qingfeng (蔣青峰) Ms. Li Yang (李洋) Mr. Tian Ye (田野) Prof. Zhang Jianhua (張健華)
	[REDACTED]
Compliance Advisor	**Innovax Capital Limited** Room B, 13/F Neich Tower, 128 Gloucester Road Wanchai HONG KONG
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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], *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.

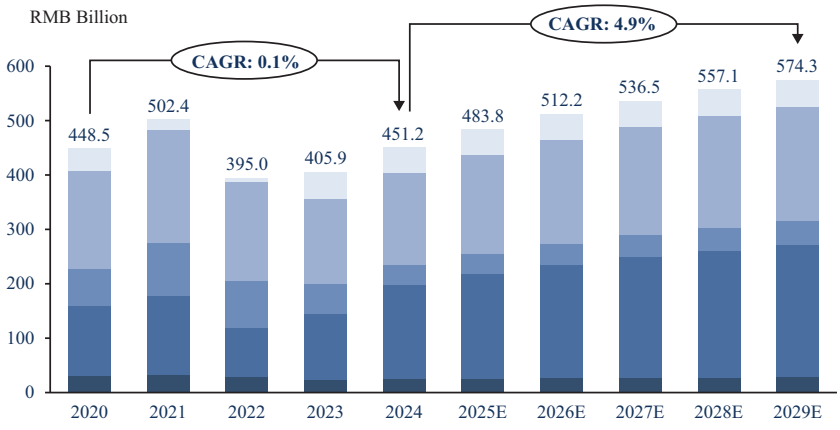
In China's securities industry, the asset management market in China declined from RMB 30.0 billion in 2020 to RMB 23.9 billion in 2024 with a CAGR of -5.4%. This contraction was primarily driven by market volatility, tighter regulatory oversight, and the contraction of certain products. Firstly, the 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.

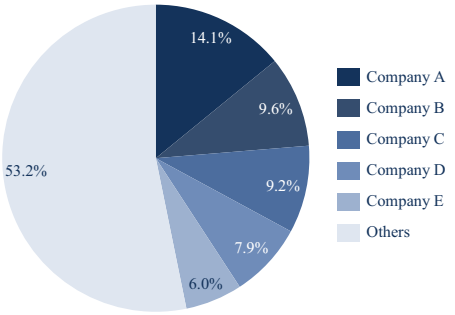
To obtain a higher rating, a firm must demonstrate excellence across 4 evaluation dimensions, including risk management, compliance, business development, and specialized strategic initiatives. The classification is a comprehensive assessment of a company's overall health and its alignment with national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

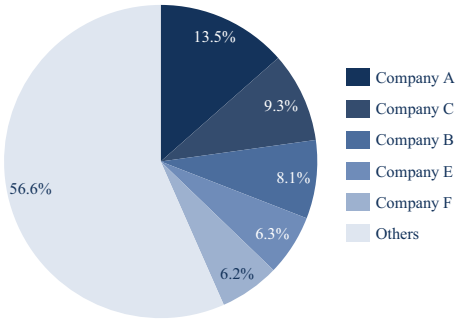
Company D established in 2007 is a company listed on SSE and SEHK and headquartered in Beijing, and focus on securities brokerage, asset management, investment banking and wealth management services.

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%**

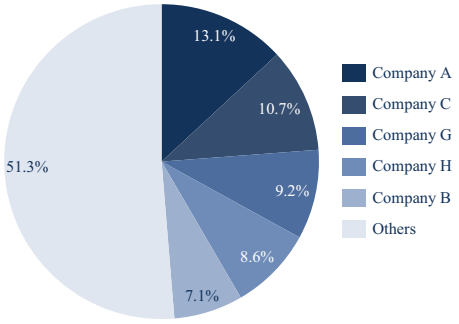
Note: Listed securities companies refer to securities companies listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange and Beijing Stock Exchange.

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.

Overview

The Company is a securities company registered and conducting its business activities within the PRC. Our business activities in the PRC are governed by the applicable laws, administrative regulations, departmental rules, and other regulatory documents of the PRC. The primary objective of these regulations is to safeguard the interests of clients and investors of securities companies. The following presents a summary of the principal laws and regulations applicable to our business, which, however, is not an exhaustive description of all legal and regulatory requirements to which we must adhere in conducting our business activities.

Major Regulatory Authorities and Self-regulatory Organizations

CSRC

CSRC exercises supervision and administration over the securities market in accordance with the law to ensure the securities market's openness, fairness, and impartiality, prevent systemic risks, safeguard the legitimate rights and interests of investors, and promote the healthy development of the securities market. CSRC may establish local offices based on the actual needs to perform supervision and administration duties as authorized.

Stock Exchange

A stock exchange is a self-regulatory and lawfully registered legal entity, which provides venues and facilities for the centralized trading of securities, and organizes and supervises the trading of securities. Currently, the stock exchanges within the PRC include Shanghai Stock Exchange, Shenzhen Stock Exchange and Beijing Stock Exchange.

National Equities Exchange and Quotations ("NEEQ")

The National Equities Exchange and Quotations is a national securities trading venue established upon the approval of the State Council. Companies whose shares are listed on the NEEQ are non-listed public companies. NEEQ Co. Ltd., which implements self-regulation, is responsible for organizing and overseeing the share transfer and related activities of companies listed on the NEEQ.

Futures Exchange

A futures exchange is a non-profit self-regulatory legal entity, structured as either a membership-based or corporate entity, which provides venues and facilities for the trading of futures, organizes and supervises the trading of futures, and maintains market fairness, orderliness, and transparency.

Securities Association of China

The Securities Association of China is a national self-regulatory organization for the securities industry. It is a non-profit social organization with the status of a legal entity, and is subject to the guidance, supervision and management of the CSRC. All securities companies are required to become members of the Securities Association of China. The main duties of the Securities Association of China include the formulation and implementation of self-regulation rules and business standards, as well as the supervision and inspection of the conduct of its members and practitioners.

Asset Management Association of China (AMAC)

The AMAC is a self-regulatory organization for the securities investment funds industry. It is a non-profit social organization with the status of a legal entity, and is subject to the guidance, supervision and management of the CSRC. Fund managers and fund custodians shall join the AMAC. The main duties of the AMAC include the formulation and implementation of self-regulation rules, as well as the supervision and inspection of the professional conduct of its members and practitioners.

China Futures Association (CFA)

The CFA is a self-regulatory organization for the futures industry. It is a non-profit social organization with the status of a legal entity, and is subject to the guidance and supervision of the CSRC. Futures broker-dealer firms shall

join the CFA. The main duties of the CFA include the formulation and implementation of self-regulation rules of the industry, as well as the supervision and inspection of the business activities of its members and the professional conduct of practitioners.

Other Authorities

Other authorities relating to the business activities of the Company and its affiliated futures companies, private fund management companies and alternative investment companies mainly comprise the People's Bank of China (PBOC), National Development and Reform Commission (NDRC), National Financial Regulatory Administration (NFRA), State Administration of Foreign Exchange (SAFE), China Securities Depository and Clearing Corporation Limited (CSDC), China Securities Investor Protection Fund Corporation Limited (SIPF), China Futures Market Monitoring Center Co., Ltd. (CFMMC), China Securities Finance Corporation Limited (CSF), National Association of Financial Market Institutional Investors (NAFMII), etc.

Industry Entry

Industry Entry for Securities Companies

1. Establishment

According to the Securities Law and Regulations on the Supervision and Administration of Securities Companies (《證券公司監督管理條例》) (amended on and effective from July 29, 2014), the establishment of a securities company shall meet corresponding conditions and requires approval from the CSRC to obtain an operating license. These conditions primarily include: the company's articles of association complying with relevant regulations, major shareholders and actual controllers possessing the requisite qualifications, registered capital meeting statutory requirements, directors, supervisors, senior management personnel and employees meeting relevant criteria, sound risk management and internal control systems, and qualified business premises, operational facilities and information technology systems.

According to the Provisions on the Administration of Equities of Securities Companies (《證券公司股權管理規定》) (amended on and effective from March 27, 2025), the number of securities companies in which a securities company's shareholders, their controlling shareholders, and actual controllers may collectively hold equity interests shall not exceed two, of which the number of controlling securities companies shall not exceed one. The following circumstances shall not be counted into the number of shareholding and controlling securities companies: directly hold and indirectly control less than 5% of equity in securities companies; invest in other securities companies through controlling securities companies; securities companies have control over other securities companies; transitional arrangements for implementing mergers and acquisitions of securities companies; the State Council authorizes the holding of equity in securities companies; other circumstances as recognized by the CSRC.

The Measures for the Administration of Foreign-Funded Securities Companies (《外商投資證券公司管理辦法》) (amended on and effective from March 27, 2025) stipulate the conditions and procedures for the establishment of foreign-invested securities companies. In accordance with the Relevant Measures for Further Opening Up the Financial Sector (《關於進一步擴大金融業對外開放的有關舉措》), foreign-invested securities companies are no longer subject to the previous restriction that "the proportion of foreign capital shall not exceed 51%", with effect from January 1, 2020. Foreign investors may, in accordance with the law, hold shares of listed domestic securities companies through securities trading on stock exchanges, or establish strategic cooperative relationships with listed domestic securities companies to hold their shares upon the approval of the CSRC. Foreign investors who lawfully hold 5% or more of the shares in a listed domestic securities company through securities trading on a stock exchange or who jointly hold such shares with others by agreement and other arrangement shall meet the conditions for foreign shareholders of foreign-invested securities companies as stipulated in Article 6 of the Measures for the Administration of Foreign-Funded Securities Companies, and shall comply with relevant requirements of the Securities Law and the CSRC in relation to acquisition of listed companies and change of securities companies.

2. Business scope

According to the Securities Law, a securities company can conduct any of or all the following securities businesses: securities brokerage; securities investment consultation; financial advisory in relation to securities trading and securities investment; securities underwriting and sponsorship; securities margin trading; securities market-making; proprietary securities trading; and other securities business.

Pursuant to Article 121 of the Securities Law, the minimum registered capital requirement for a securities company shall be RMB50 million if it engages in securities brokerage, securities investment advisory services, or financial advisory services related to securities trading and investment activities, RMB100 million if it engages in securities underwriting and sponsorship, securities margin trading, securities market-making, proprietary trading, or other securities business, and RMB500 million if it engages in two or more of these businesses. The registered capital of a securities company shall be paid-up capital.

The CSRC may adjust the minimum registered capital requirements in accordance with the principle of prudent supervision and the risk levels of various business activities, but such adjustments shall not result in amounts lower than the thresholds specified in the preceding paragraph.

According to the Regulations on the Examination and Approval of the Business Scope of Securities Companies (Provisional) (《證券公司業務範圍審批暫行規定》) (amended on and effective from March 27, 2025), securities companies under common control of an entity or individual or securities companies with control relationship among each other shall not engage in the same business, unless effective measures are in place for division of operation regions or target client bases and there is no competition between the companies. The business scope of a securities company shall be approved by the CSRC upon its establishment in accordance with the statutory requirements, and no more than four types of businesses shall be approved for a new company, unless otherwise specified by the CSRC. A securities company shall obtain approval from the CSRC for any change in its business scope, which can be categorized into increase and decrease of type of business. No more than two additional types of business can be applied for at once for securities companies. Subject to approval by the CSRC, a securities company may operate businesses not clearly stipulated by the Securities Law, the Regulations on the Supervision and Administration of Securities Companies and the rules and regulatory documents of the CSRC.

A securities company expanding its business scope shall comply with the following prudential requirements:

(a) The registered capital shall comply with the provisions of Article 121 of the Securities Law after the expansion of business scope;

(b) It shall have a sound governance structure and effective internal management systems to effectively control risks associated with both existing and proposed new business activities;

(c) All risk control indicators shall consistently meet regulatory requirements over the previous year, and the net capital shall remain compliant after the expansion of business scope;

The risk control indicators are stipulated in the Administrative Measures for Risk Control Indicators of Securities Companies (revised and implemented on March 20, 2020) and the Provisions on Calculation Standards for Risk Control Indicators of Securities Companies (revised in 2024, effective from January 1, 2025). For details, refer to "Regulatory Overview – Corporate Governance and Risk Control – Corporate Governance and Risk Control of Securities Companies – 2. Risk Control". Regarding net capital requirements, pursuant to the Administrative Measures for Risk Control Indicators of Securities Companies:

i. A securities company engaged in securities brokerage business shall maintain net capital not less than RMB20 million.

ii. A securities company engaged in one of the following businesses: securities underwriting and sponsorship, proprietary trading, securities asset management, or other securities businesses, shall maintain net capital not less than RMB50 million.

iii. A securities company engaged in securities brokerage, and one of the following businesses: securities underwriting and sponsorship, proprietary trading, securities asset management, or other securities businesses, shall maintain net capital not less than RMB100 million.

iv. A securities company engaged in two or more of the following businesses: securities underwriting and sponsorship, proprietary trading, securities asset management, or other securities businesses, shall maintain net capital not less than RMB200 million.

(d) The company shall not have been penalised for any major violations of laws or regulations over the previous 2 years, shall not have been subject to any major regulatory measures over the previous year, and shall not be

under investigation by relevant authorities or self-regulatory industry organisations for suspected major violations of laws or regulations;

(e) The company shall have senior management personnel to oversee the proposed additional businesses and an adequate number of employees to engage in the proposed additional businesses;

(f) The information system shall operate securely and stably, with no major incidents over the previous year; the information system related to the applied-for business scope expansion shall comply with regulations;

(g) The company has obtained a securities business licence and operated continuously for at least one year, and more than six months shall have elapsed since the previous application was approved if it applies to expand business scope again;

(h) The existing business operations and management are in good condition;

(i) Other requirements of laws, administrative regulations, and the CSRC.

If a securities company applies to include innovative business activities in its business scope, it shall comply with the provisions of Article 5(2) of these regulations, namely: Such business activities shall not violate current laws, administrative regulations, and the regulations of the CSRC; the risks shall be measurable, controllable, and bearable; the business activities shall be highly relevant to the company's existing securities business, conducive to fully utilising its existing business outlets, customer resources, business expertise, or management experience, and beneficial to optimising customer services and enhancing the company's profit model. Where a subsidiary of a securities company engaged in securities business applies to expand its business scope, it shall also comply with the provisions of Article 7 of the Provisional Regulations on the Establishment of Subsidiaries by Securities Companies, namely:

(a) It shall have been in continuous operation for at least two years, have a good reputation, and have no record of major violations of laws or regulations over the previous 2 years;

(b) All risk control indicators shall consistently meet regulatory standards over the previous 12 months;

(c) It shall demonstrate sustained profitability and robust operational and management capabilities, with its market share of its principal business not lower than the industry average over the previous year;

(d) It shall have a sound corporate governance structure, a comprehensive risk management system, and an effective internal control mechanism;

(e) Other requirements of the CSRC.

Where a subsidiary meets the requirements of this Article, its shareholders may also apply to establish a separate subsidiary to conduct the additional securities business.

The four categories of business we conduct do not exceed the scope of business approved by the CSRC for the Company. In addition to obtaining the securities and futures business licence and other specific administrative permits for our actual business operations, we shall acquire membership, complete filing procedures, or enter into agreements with relevant associations, exchanges, registration and settlement/clearing companies when conducting particular business activities in particular institutions. The corresponding procedures shall not constitute administrative permits. For example, in 2024 we obtained:

- Qualification for Spot Bond Market Makers in the Interbank Bond Market

According to the Decision of the State Council on Cancelling and Delegating a Batch of Administrative Licensing Items (Guofa [2020] No. 13) (issued on September 13, 2020), the State Council cancelled the administrative licensing requirement for approving bilateral quotation providers in the interbank bond market. To implement this decision, the People's Bank of China issued the Notice on Improving the Management of Spot Bond Market Makers in the Interbank Bond Market (People's Bank of China Notice [2020] No. 21) (effective from April 1, 2021). Article 1 of this notice stipulates that market makers shall possess robust pricing capabilities, capital strength and risk management capabilities commensurate with the proposed market-making activities, as well as business systems and professional personnel

capable of supporting market-making operations. According to the Operational Guidelines for Spot Bond Market Makers in the Interbank Bond Market of the National Interbank Funding Centre (effective from April 1, 2021), if a financial institution applying to become a spot bond market maker in the interbank bond market meets the requirements of Article 1 of the Notice on Improving the Management of Spot Bond Market Makers in the Interbank Bond Market, the National Interbank Funding Centre shall enter into the Agreement for Spot Bond Market Makers in the Interbank Bond Market of the National Interbank Funding Centre with it. During the six-month trial period for spot bond market making, if no specific circumstances stipulated in the guidelines occur, it shall formally commence spot bond market making business.

- Qualification for Underwriters of Non-Financial Corporate Debt Financing Instruments

According to the Administrative Measures for Non-Financial Corporate Debt Financing Instruments in the Interbank Bond Market (issued by the People's Bank of China Order [2008] No. 1 of April 9, 2008, effective from April 15, 2008), debt financing instruments issued by enterprises shall be underwritten by financial institutions. Enterprises may choose their own lead underwriters. Where an underwriting syndicate is required, the lead underwriter shall organise the syndicate. Enterprises issuing debt financing instruments shall register with the National Association of Financial Market Institutional Investors ("NAFMII"). The NAFMII shall implement self-regulatory oversight over the issuance and trading of debt financing instruments in accordance with these measures and relevant regulations of the People's Bank of China. The National Interbank Funding Centre ("NIFC") shall provide services for the trading of debt financing instruments in the interbank bond market. The NIFC shall be responsible for the daily monitoring of debt financing instrument transactions and shall compile and report monthly summaries of such transactions to the NAFMII.

According to the Market Evaluation Rules for Members Related to the Underwriting Business of Non-Financial Corporate Debt Financing Instruments of the National Association of Financial Market Institutional Investors ([2024] No. 16) (effective from October 18, 2024), members related to the debt financing instrument underwriting business of the NAFMII ("underwriting-related members") shall refer to members of the NAFMII who are authorised to engage in or intend to engage in debt financing instrument underwriting business in the interbank bond market, including lead underwriting members, underwriting members, and prospective underwriting members of the NAFMII. The NAFMII shall organise market participants to evaluate members related to the underwriting business and gradually establish a market-oriented classified and tiered membership management mechanism based on market evaluation outcomes. Market evaluations include market evaluations for entities applying to engage in underwriting-related business ("initial evaluations") and routine evaluations of underwriting business practices ("routine evaluations"). Initial evaluations primarily examine the business development foundation, capabilities, and market participation of underwriting-related members. Routine evaluations primarily examine the business performance, business quality, participation in market development and research and innovation, as well as compliance with market order and the self-regulatory rules of the NAFMII of underwriting-related members. Prospective underwriting members who participate in the market evaluation for engaging in underwriting activities and meet the evaluation criteria shall become underwriting members. Underwriting members who participate in the market evaluation for engaging in lead underwriting activities and meet the evaluation criteria shall become lead underwriting members.

3. Material changes

According to the Securities Law, a securities company shall obtain approval from the CSRC if it has any of the following material changes: change of the business scope, change of any major shareholders or actual controllers, and merger, division, cessation, dissolution and bankruptcy, which are subject to approval by the securities regulatory authorities of the State Council.

Pursuant to the Regulations on the Supervision and Administration of Securities Companies, any entity or individual that holds or actually controls 5% or more of equity in a securities company without approval shall be ordered by the securities regulatory authorities of the State Council to rectify the situation within a specified period; prior to such rectification, the corresponding equity shall not have voting rights.

According to the Announcement on Cancelation or Adjustment of Some Administrative Approval Items of Securities Companies (《關於取消或調整證券公司部分行政審批項目等事項的公告》) (effective from March 1, 2020), the following changes in a securities company shall be filed with the relevant local office of the CSRC after the changes occur: establishment or acquisition of, or investment in securities operating institutions outside of the PRC,

changes to registered capital or equity that do not involve changes in the major shareholders or actual controllers of the company, and amendments to the company's articles of association.

4. Establishment of subsidiaries, branch offices and securities business units

According to the Regulations on Formation of Subsidiaries of Securities Companies (Provisional) (《證券公司設立子公司試行規定》) (amended on and effective from March 27, 2025), subject to the approval of the CSRC, securities companies may establish wholly-owned subsidiaries, and invest jointly in the establishment of subsidiaries with other investors who meet the requirements for shareholders of securities companies stipulated in the Securities Law.

Pursuant to the Provisions on the Supervision of Branch Offices of Securities Companies (《證券公司分支機構監管規定》) (amended on and effective from October 30, 2020), branch offices of a securities company refer to branch companies and securities business units established by such securities company in the PRC for business operation. The establishment, acquisition or de-registration of branch offices of securities companies shall be filed with the local offices of the CSRC at the location of such branch offices.

Industry Entry for Futures Companies

1. Establishment

The establishment of a futures company shall be subject to the approval of the CSRC. The Futures and Derivative Law of the People's Republic of China (《中華人民共和國期貨和衍生品法》) (effective from August 1, 2022), the Regulation on the Administration of Futures Trading (《期貨交易管理條例》) (amended on and effective from March 1, 2017) and the Measures for the Supervision and Administration of Futures Companies (《期貨公司監督管理辦法》) (amended on and effective from June 4, 2019) stipulate the requirements for the establishment of futures companies. These requirements primarily include: the company's articles of association comply with relevant provisions; major shareholders and actual controllers meet the corresponding conditions in terms of financials, integrity and compliance; conditions regarding the minimum registered capital are met; directors, supervisors, senior management personnel and employees possess the necessary qualifications; the company has a sound corporate governance structure, a robust risk management system, and a comprehensive internal control system; and the company possesses qualified business premises, operational facilities and information technology systems.

According to the Provisions on Issues Relating to the Regulation of Controlling Interests or Equity Interests in Futures Companies (《關於規範控股、參股期貨公司有關問題的規定》) (promulgated on and effective from June 1, 2008), an entity shall not hold controlling interests and equity interests in more than two futures companies. In particular, it shall not hold controlling interests in more than one futures company.

2. Material changes

Pursuant to the Futures and Derivative Law of the People's Republic of China, approval of the CSRC shall be obtained for the following changes of futures companies: merger, demerger, cessation of business, dissolution, or bankruptcy filing, change in major shareholders or actual controllers of the company, change in the registered capital and adjustment of shareholding structure, and change in the business scope. According to the Measures for the Supervision and Administration of Futures Companies, an approval from the local office of the CSRC at the location of the futures company shall be obtained if the shareholding of an individual shareholder or the aggregate shareholding of associated shareholders in the futures company is increased to 5% or above, except for two scenarios requiring approval from the CSRC, namely, changes in the controlling shareholder or the largest shareholder of the future company, and any increase in the shareholding of an individual shareholder or the aggregate shareholding of associated shareholders to 5% or above, which involves overseas shareholders.

3. Establishment of subsidiaries and branch offices

Pursuant to the Measures for the Supervision and Administration of Futures Companies, a futures company shall meet the following conditions when establishing business units, branch companies and other domestic branch offices, primarily including that it maintains sound corporate governance and its internal control system meets relevant requirements and is effectively implemented; its risk regulatory indicators shall reach the prescribed criteria; it shall meet the requirements on the protection of client assets and the secure custody and monitoring of futures margins; it carries out business operations in a lawful and compliant manner; and establishment plans and business plans for

branch offices conform to relevant provisions. When a futures company establishes its domestic branch offices, such as business units and branch companies, it shall report for record to the local office of the CSRC at its location after the relevant entities have been duly established.

Industry Entry for Alternative Investment Subsidiaries

In accordance with the Provisions on the Investment Scope of the Proprietary Trading Business of Securities Companies and Related Issues (《關於證券公司證券自營業務投資範圍及有關事項的規定》) (amended on and effective from March 20, 2020) issued by the CSRC, and the Management Rules for the Alternative Investment Subsidiaries under Securities Companies (《證券公司另類投資子公司管理規範》) (amended on and effective from May 31, 2024) formulated by the Securities Association of China, securities companies qualified to conduct proprietary securities business may, in accordance with the law, establish alternative investment subsidiaries to engage in alternative investment businesses in financial products and equity beyond those listed in the List of Proprietary Securities Investment Items for Securities Companies (《證券公司證券自營投資品種清單》). Concurrently, a securities company shall clearly delineate the business scope between itself and its alternative investment subsidiary, as well as between its alternative investment subsidiary and other subsidiaries.

When establishing alternative investment subsidiaries, securities companies shall comply with the prudential requirements outlined in the aforementioned Regulations on Formation of Subsidiaries of Securities Companies (Provisional). Furthermore, the Management Rules for the Alternative Investment Subsidiaries under Securities Companies (《證券公司另類投資子公司管理規範》) stipulate that, as a general principle, each securities company shall establish no more than one alternative investment subsidiary. Securities companies shall establish alternative investment subsidiaries on a wholly-owned basis using their own capital and are prohibited from indirectly co-investing with other investors in the establishment of alternative investment subsidiaries through any means, such as shareholding by proxy.

Industry Entry for Private Investment Fund Subsidiaries

1. Establishment

Securities companies shall comply with the prudential requirements set forth in the abovementioned Regulations on Formation of Subsidiaries of Securities Companies (Provisional) in establishing private investment fund subsidiaries. In accordance with the Management Rules for the Private Investment Fund Subsidiaries of Securities Companies (《證券公司私募投資基金子公司管理規範》) (amended on and effective from May 31, 2024), each securities company shall, as a general principle, establish no more than one private investment fund subsidiary. Securities companies shall establish private investment fund subsidiaries on a wholly-owned basis using their own capital and are prohibited from indirectly co-investing with other investors in the establishment of private investment fund subsidiaries through any means, such as shareholding by proxy. The establishment of any private investment fund subsidiaries by securities companies shall be registered with the AMAC.

2. Establishment of subsidiaries

Based on business development needs, private investment fund subsidiaries may establish secondary management subsidiaries, which are prohibited from establishing any further entities. The shareholding or capital contribution percentage of a private investment fund subsidiary in a secondary management subsidiary shall be no less than 35%, and the private investment fund subsidiary shall possess management control rights commensurate with or exceeding those of the co-investor. If a private investment fund subsidiary has established multiple secondary management subsidiaries, the business scope of each secondary management subsidiary shall be clearly defined.

Industry Entry for Mutual Fund Management Companies

1. Establishment

Pursuant to the Measures for the Supervision and Administration of Publicly Offered Securities Investment Fund Managers (《公開募集證券投資基金管理人監督管理辦法》) (amended on and effective from March 27, 2025), the establishment of a fund management company is subject to approval by the CSRC. The primary conditions for establishing a fund management company include: its shareholders and actual controllers shall meet the requirements in terms of compliance, integrity and financials; its articles of association shall comply with relevant provisions; its

registered capital shall meet the minimum threshold and be fully paid in by shareholders using legally sourced proprietary funds, and foreign shareholders shall be able to freely convert currencies for contribution; its directors, supervisors, senior management personnel and staff responsible for research, investment, operations, sales, and compliance, comply with relevant provisions, with the number of such individuals meeting specified requirements; its company name, business premises, security facilities, and other equipment necessary for business operations meet relevant requirements; it shall establish a well-defined organizational structure with reasonable division of labor and clear responsibilities, along with designated job positions; and internal management systems compliant with the regulations of the CSRC shall be in place.

2. Material changes

Pursuant to the Measures for the Supervision and Administration of Publicly Offered Securities Investment Fund Managers (《公開募集證券投資基金管理人監督管理辦法》), fund management companies shall seek approval from the CSRC for the following material changes, including: changes in actual controllers, major shareholders, and non-major shareholders holding more than 5% equity; changes in shareholders holding less than 5% equity but having a significant impact on corporate governance; the establishment of domestic subsidiaries engaged in asset management and related businesses; mergers and divisions of the company; and other significant matters stipulated by the CSRC.

Fund management companies shall file the following matters with the local offices of the CSRC: changes to registered capital or equity that are not among those requiring approval as listed above (unless otherwise stipulated by the CSRC); amendments to the company's articles of association; and the closure of subsidiaries or material changes within subsidiaries.

In addition to matters requiring approval or filing by the CSRC, the Measures for the Supervision and Administration of Publicly Offered Securities Investment Fund Managers also stipulate several matters required to be reported to the CSRC.

3. Establishment of subsidiaries and branch offices

Pursuant to the Measures for the Supervision and Administration of Publicly Offered Securities Investment Fund Managers and the Provisions on Administration of Subsidiaries of Fund Management Companies (《基金管理公司子公司管理規定》) (effective from December 15, 2016), the establishment of subsidiaries and branch offices by fund management companies is subject to specific conditions. Notably, the establishment of subsidiaries requires approval from the CSRC, while the establishment of branch offices necessitates filing with the local offices of the CSRC at the location of such branch offices.

Corporate Governance and Risk Control

Corporate Governance and Risk Control of Securities Companies

1. Corporate Governance

The corporate governance structure of securities companies is stipulated by the Company Law, the Securities Law, the Regulations on the Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies (《證券公司治理準則》) (amended on and effective from March 27, 2025), the Guidelines for Internal Control of Securities Companies (《證券公司內部控制指引》) (effective from December 15, 2003), and the Transitional Arrangements for the Implementation of the Supporting Rules of the New Company Law (《關於新<公司法>配套制度規則實施相關過渡期安排》) issued by the CSRC. A-share listed companies and state-owned holding companies shall also concurrently comply with governance structure requirements for listed companies and state-owned enterprises.

The Administrative Measures for the Supervision of Directors, Supervisors, Senior Managers and Practitioners of Securities and Fund Institutions (**《證券基金經營機構董事、監事、高級管理人員及從業人員監督管理辦法》**) (amended on 19 February 2025, effective from 27 March 2025) stipulate the appointment management and professional conduct of directors, supervisors, senior managers and practitioners of securities and fund management institutions. Securities and fund institutions shall, file with the relevant local offices of the CSRC when appointing directors, supervisors, senior managers and branch heads in accordance with the law. Directors, supervisors, and senior managers

of securities and fund institutions shall meet a series of qualification requirements and comply with corresponding professional code of conduct and performance standards. Where the chairman, senior managers, or branch heads of a securities and fund institution resign, the institution shall conduct an audit and submit the resignation audit report to the relevant local offices of the CSRC within two months of their resignation. Securities practitioners shall meet the conditions for engaging in securities business and register with the Securities Association of China as stipulated, and shall comply with the relevant performance standards.

2. Risk Control

The Securities Law stipulates the risk control system for securities companies, including: securities companies shall establish and improve internal control systems, adopt effective segregation measures, and prevent conflicts of interest between the company and its clients, as well as among different clients. Securities companies must conduct their securities brokerage business, securities underwriting business, proprietary trading business, market-making business, and securities asset management business separately, and shall not engage in mixed operations.

The Measures for the Administration of Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) (amended on and effective from March 20, 2020) provides that securities companies shall, in accordance with the relevant provisions of the CSRC, establish a comprehensive risk management system that meets the needs of their own development strategies. Securities companies shall incorporate all their subsidiaries, as well as all types of sub-subsidiaries that are managed by reference to subsidiaries, into the comprehensive risk management system, strengthen risk management of branch offices, and achieve full coverage of risk management. The comprehensive risk management system shall include operable management rules, a sound organizational structure, reliable information technology systems, a quantifiable system of risk indicators, a team of qualified professionals, and effective risk response mechanisms. Securities companies shall, in accordance with the relevant provisions of the CSRC and adhering to the principles of prudence and substance over form, calculate net capital, risk coverage ratio, capital leverage ratio, liquidity coverage ratio, net stable funding ratio, and other risk control indicators, and prepare regulatory reports such as the Statement of Net Capital, the Statement of Risk Capital Reserves, the Statement of Total On- and Off-Balance Sheet Assets, the Statement of Liquidity Coverage Ratio, the Statement of Net Stable Funding Rate, and the Statement of Risk Control Indicators (collectively referred to as "Risk Control Indicator Regulatory Reports"). Securities companies shall, within 7 working days from the end of each month, submit the monthly Risk Control Indicator Regulatory Reports to the CSRC and its local offices.

The Provisions on the Calculation Standards for Risk Control Indicators of Securities Companies (《證券公司風險控制指標計算標準規定》) (amended in 2024 and effective from January 1, 2025) set forth the calculation standards for Risk Control Indicator Regulatory Reports, specifically including six appendices: Calculation Sheet of Net Capital of Securities Companies, Calculation Sheet of Risk Capital Reserves of Securities Companies, Calculation Sheet of Total On-Balance Sheet and Off-Balance Sheet Assets of Securities Companies, Calculation Sheet of Liquidity Coverage Ratio of Securities Companies, Calculation Sheet of Net Stable Funding Rate of Securities Companies, and Calculation Sheet of Risk Control Indicators of Securities Companies.

To urge securities companies to establish and improve a dynamic monitoring mechanism for risk control indicators, enhance risk monitoring, and conduct all business operations under the premise that risks are measurable, controllable, and bearable, the Securities Association of China issued and implemented the Guidelines for the Dynamic Monitoring System of Risk Control Indicators of Securities Companies on 30 December 2016, requiring securities companies to establish a dynamic monitoring system for risk control indicators ("dynamic monitoring system") to achieve dynamic monitoring and automatic early warning for risk control indicators such as net capital and liquidity. The dynamic monitoring system shall possess at least the following features: It shall cover all business data affecting risk control indicators such as net capital and liquidity, dynamically calculate risk control indicators such as net capital and liquidity, automatically issue early warnings for risk control indicators such as net capital and liquidity based on pre-set thresholds and monitoring standards, and generate dynamic monitoring reports for risk control indicators such as net capital and liquidity. Securities companies shall incorporate the effectiveness assessment of the dynamic monitoring system into their internal control effectiveness evaluation, and adjust and improve the system in a timely manner in response to changes in market conditions, business development, technology, and the regulatory environment, to ensure that the system maintains data integrity, functional completeness, operational stability, and robust supporting policies, thereby effectively supporting the their risk control indicator monitoring.

3. Compliance Management

Pursuant to the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》) (amended on and effective from March 20, 2020), securities companies and securities investment fund management companies shall implement compliance management in accordance with these Measures. The compliance management shall cover all business lines, all departments, all branch offices, subsidiary companies at all levels and all staff members of the company, and exist in all links including decision-making, execution, supervision and feedback, among others. Securities and funds business institutions shall have chief compliance officers. A chief compliance officer is a senior executive who is directly responsible to the board of directors, and shall examine, supervise and inspect the compliance of the operation management and practicing behavior of the company and its staff members. The chief compliance officer of a securities and funds business institution shall organize the drafting of the basic compliance management rules and other compliance management rules, and urge and guide the implementation of such rules by all subordinate entities.

4. Classified Regulation

According to the Provisions on the Classified Evaluation of Securities Companies (《證券公司分類評價規定》) (amended on and effective from August 22, 2025), the CSRC, based on the risk management capability and continuous compliance performance of securities companies, and taking into account their business development and functional performance, classifies securities companies into five categories with eleven levels, ranked from high to low as follows: A (AAA, AA, A), B (BBB, BB, B), C (CCC, CC, C), D, and E.

In line with the principle of classified regulation, the CSRC prescribes different standards for risk control indicators and different calculation ratios for risk capital reserves for securities companies in different categories, and differentiates in terms of allocation of regulatory resources, as well as the frequency of on-site inspections and off-site inspections.

The results of the classification may serve as prudential considerations for securities companies in: (i) applying for expansion of business scope, public offering, and listing; (ii) determining the scope of pilot programs and the order of rollout for new businesses and new products; and (iii) determining, by the China Securities Investor Protection Fund Corporation, the specific contribution ratios to the Securities Investor Protection Fund payable by securities companies of different levels, based on their classification results.

Corporate Governance and Risk Control of Futures Companies

1. Corporate Governance

According to the Measures for the Supervision and Administration of Futures Companies (《期貨公司監督管理辦法》), futures companies shall, in accordance with the principles of clear division of responsibilities, strengthened checks and balances, and enhanced risk management, establish and improve corporate governance. Futures companies shall strictly separate themselves from their shareholders, actual controllers, and other related parties in respect of business, personnel, assets, and finance, and shall operate independently with independent accounting. Futures companies shall establish a board of directors, and establish a board of supervisors or supervisors in accordance with the provisions of the Company Law. Futures companies may appoint independent directors, who shall not hold any positions other than as directors within the board of directors of the futures company, and shall not have any relationships with the company that may impair their ability to make independent and objective judgments.

2. Risk Control

According to the Measures for the Supervision and Administration of Futures Companies and the Regulation on the Administration of Futures Trading, for a futures company engaging in the futures brokerage business and other futures businesses, it shall strictly follow the principle of separation of business and separation of funds, and shall not mix them up.

The Measures for the Administration of Risk-Based Regulatory Indicators of Futures Companies (《期貨公司風險監管指標管理辦法》) (effective from August 12, 2022) set forth the standards and calculation requirements for risk regulatory indicators that futures companies must continuously satisfy. Futures companies shall, in accordance with the methods prescribed by the CSRC, prepare and submit risk regulatory reports, and shall engage accounting firms that meet the prescribed qualifications to audit their annual risk regulatory reports.

3. Classified Regulation

Pursuant to the Provisions on the Classified Evaluation of Futures Companies (《期貨公司分類評價規定》) (amended on and effective from September 12, 2025), the CSRC, based on the continuous compliance performance and risk management capability of futures companies, and taking into account their market competitiveness, capacity to serve the real economy, etc., classifies futures companies into five categories with eleven levels, ranked from high to low as follows: A (AAA, AA, A), B (BBB, BB, B), C (CCC, CC, C), D, and E. In line with the principle of classified regulation, the CSRC makes differentiated arrangements in the allocation of regulatory resources, the frequency of on-site inspections and off-site inspections, and calculates risk supervision indicators for futures companies of different categories based on different standards.

Corporate Governance and Risk Control of Alternative Investment Subsidiaries

1. Corporate Governance

According to the Management Rules for the Alternative Investment Subsidiaries under Securities Companies (《證券公司另類投資子公司管理規範》) issued by the Securities Association of China, securities companies shall, through the appointment or designation of directors and supervisors, and the recommendation or assignment of senior management personnel or candidates for key positions, ensure management control over their alternative investment subsidiaries and safeguard the effectiveness of investment decision-making and business management.

2. Risk Control

Securities companies shall incorporate the compliance and risk management of their alternative investment subsidiaries into the company's comprehensive risk management system, so as to prevent compliance risk, liquidity risk, market risk, credit risk, operational risk, and other risks arising from the businesses of alternative investment subsidiaries, and to ensure that the compliance management of the securities company covers all staff members and all processes of such subsidiaries. Securities companies shall urge their alternative investment subsidiaries to establish and improve internal control systems, risk management systems, and compliance management systems, and to establish and implement mechanisms for assessing the effectiveness of the above systems as well as internal accountability mechanisms. They shall also establish mechanisms for monitoring business risks of alternative investment subsidiaries, systems for stress testing, and systems for risk resolution. Securities companies shall establish and improve mechanisms for identifying and managing conflicts of interest, so as to promptly and accurately identify potential conflicts of interest that may arise between the businesses of securities companies—such as investment banking, proprietary trading, asset management, investment advisory, and private funds—and alternative investment businesses, assess the scope and degree of their impact, and adopt effective measures to manage conflict-of-interest risks.

Corporate Governance and Risk Control of Private Fund Subsidiaries

1. Corporate Governance

According to the Management Rules for the Private Investment Fund Subsidiaries of Securities Companies (《證券公司私募投資基金子公司管理規範》) issued by the Securities Association of China, similar to the administration of alternative investment subsidiaries, securities companies shall also ensure management control over their private fund subsidiaries by appointing senior management personnel responsible for compliance and risk management. The concurrent positions of relevant personnel shall comply with applicable requirements in order to prevent conflicts of interest. The same senior management personnel of a securities company shall not concurrently be responsible for both investment banking business and private fund business.

2. Risk Control

Similar to the risk control requirements applicable to alternative investment subsidiaries of securities companies, private fund subsidiaries and second-tier management subsidiaries of securities companies are likewise incorporated into the comprehensive risk management system of the securities company, and shall establish and improve internal control systems as well as mechanisms for identifying and managing conflicts of interest.

Corporate Governance and Risk Control of Mutual Fund Management Companies

1. Corporate Governance

Pursuant to the Measures for the Supervision and Administration of Publicly Offered Securities Investment Fund Managers (《公開募集證券投資基金管理人監督管理辦法》), a manager of a mutual fund shall, in accordance with laws, administrative regulations and the rules of the CSRC, establish a governance structure with a sound organizational structure, clear division of responsibilities, effective balancing and supervision, and reasonable incentives and constraints, to ensure independent and standardized operation. Fund management companies shall establish and improve the system of independent directors.

2. Risk Control

A manager of a mutual fund shall, in accordance with the rules of the CSRC, establish comprehensive, scientific and rational, strictly controlled, and efficient internal control mechanisms and risk management systems, administrate the management of mutual fund and other business in a centralized and unified manner, establish a firewall mechanism for personnel, business, venues, etc., maintain legal and compliant operation, and maintain sound and effective internal control.

3. Compliance Management

Pursuant to the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》), similar to the compliance management requirements applicable to securities companies, managers of mutual fund shall also implement compliance management in accordance with these Measures. They shall appoint a chief compliance officer, who shall organize the formulation of basic compliance management rules and other compliance management systems, and supervise their implementation by subordinate entities.

Business Supervision

Our business is primarily divided into four major segments: asset management related business, investment related business, investment banking related business, and wealth management related business.

Asset Management Related Business

Asset Management Business

Pursuant to the Administrative Measures on Private Asset Management Business of Securities and Futures Institutions (《證券期貨經營機構私募資產管理業務管理辦法》) (amended and issued on January 12, 2023, and effective from March 1, 2023), securities and futures operating institutions engaging in private asset management must, under certain prescribed conditions, obtain approval from the CSRC, unless otherwise provided by laws, administrative regulations, or separate provisions of the CSRC. Securities and futures operating institutions may not conduct private asset management business on-balance sheet, nor may they, in any manner, make commitments to investors regarding protection of principal against loss or guaranteed minimum returns. Securities and futures operating institutions may establish single asset management plans for a single investor, or collective asset management plans for multiple investors. Asset management plans must have clear and lawful investment directions, exhibit defined risk-return characteristics, and distinguish among the underlying asset classes to which they are ultimately allocated. In accordance with relevant provisions, asset management plans must be categorized as fixed income, equity, futures and derivatives, or mixed. Asset management plans shall be raised privately and only from qualified investors. The board of directors and senior management of securities and futures institutions shall fully understand private asset management operations and the various risks they face. Based on factors such as the institution's operational objectives, investment management capabilities, and risk management proficiency, they shall reasonably determine the overall strategy for conducting private asset management business and designate senior managers to be responsible for its implementation. Securities and futures institutions shall establish and improve management systems relating to private asset management operations, covering all aspects of the business, including investor suitability, investment decision-making, fair trading, accounting, risk control, compliance management, and complaint handling, and clearly defining job responsibilities and accountability mechanisms, to ensure the effective implementation of all systems and procedures. Securities and futures institutions shall establish and improve management systems for related-party

transactions, standardising criteria for identifying related-party transactions, transaction pricing methods, and transaction approval procedures, and shall not engage in improper transactions, transfer of benefits, insider trading, or market manipulation with related parties using assets under management plans. When engaging in related-party transactions using assets under management plans, securities and futures institution shall comply with laws, administrative regulations, CSRC rules, and contractual agreements, obtain prior consent from investors, promptly inform investors and custodians afterward, and report to the relevant local offices of the CSRC.

Administrative Provisions on the Operation of Private Asset Management Plans of Securities and Futures Broker-Dealers (《證券期貨經營機構私募資產管理計劃運作管理規定》) (revised and promulgated on 12 January 2023, effective from 1 March 2023) further stipulates the fundraising, investment, risk management, valuation and accounting, information disclosure, and other operational activities of asset management plans of securities and futures institutions. Asset management plans shall be offered to qualified investors through private placement. Qualified investors refer to natural persons, legal entities, or other organisations possessing corresponding risk identification and risk tolerance capabilities, investing no less than a certain amount in a single asset management plan and meeting specific conditions. The initial fundraising scale of an asset management plan shall not be less than RMB10 million. Closed-end asset management plans specialising in investments in equity of unlisted companies shall comply with certain conditions when expanding the fundraising scale. The regulations prohibit asset management plans from directly or indirectly investing in projects that violate national industrial or environmental protection policies (excluding securities market investments), and stipulate the ratios of investment in certain assets by certain asset management plans, including that the ratio of senior to junior tranches in fixed-income asset management plans shall not exceed 3:1, the ratio of senior to junior tranches in equity asset management plans shall not exceed 1:1, and the ratio of senior to junior tranches in futures and derivatives and mixed asset management plans shall not exceed 2:1. Furthermore, the regulations stipulate that tiered asset management plans shall not invest in other tiered or structured financial products, nor shall they directly or indirectly provide capital protection or guaranteed return arrangements to subscribers of senior shares.

Private Equity Investment Fund Business

According to the Management Rules for the Private Investment Fund Subsidiaries of Securities Companies (《證券公司私募投資基金子公司管理規範》) issued by the Securities Association of China, as subsidiaries of securities companies, private fund entities may not directly or indirectly engage in private lending, guarantees, factoring, pawn, financial leasing, online lending intermediation, crowdfunding, off-exchange margin financing, or any business that conflicts with or is irrelevant to private fund management, with the exception of financial advisory services related to equity investment. They may not engage in, or in disguised form engage in, substantive business operations, save for financial investments.

Pursuant to the Regulation on the Supervision and Administration of Private Investment Funds (《私募投資基金監督管理條例》) (effective from September 1, 2023), private fund managers are required, upon completion of private fund fundraising, to submit materials to the registration and filing authority in order to complete fund filing.

Mutual Fund Management Business

According to the Securities Investment Fund Law of the People's Republic of China (《中華人民共和國證券投資基金法》) (amended on and effective from April 24, 2015), the fund management institution of a publicly offered fund shall be a fund management company or any other institution confirmed by the securities regulatory authority of the State Council in accordance with the relevant provisions. Publicly offered funds must be registered with the securities regulatory authorities of the State Council; no public offering, or disguised public offering, may be made without registration.

The Measures for the Administration of the Operations of Publicly Offered Securities Investment Funds (《公開募集證券投資基金運作管理辦法》) (effective from August 8, 2014) regulate the offering of mutual funds, the purchase, redemption, and trading of fund shares, the investment of fund assets, the distribution of fund profits, the holding of the shareholders' meeting of a fund, and other fund operations.

Investment Related Business

Proprietary Trading Business

Pursuant to the Securities Law and the Regulations on the Supervision and Administration of Securities Companies, the proprietary trading business of securities companies is limited to the purchase and sale of lawfully

publicly issued stocks, bonds, warrants, securities investment funds, or other securities recognized by the securities regulatory authorities of the State Council. When engaging in proprietary trading, securities companies must use proprietary trading accounts registered in their real names and trade in their own names, and they may not trade in the names of others or in personal names. Proprietary trading must be conducted with the companies' own funds or funds lawfully raised. Securities companies may not lend their proprietary trading accounts to others. The Guidelines on Proprietary Business of Securities Companies (《證券公司證券自營業務指引》) (effective from November 23, 2005) set forth specific requirements regarding decision-making and authorization, operations, risk monitoring, and information reporting in relation to proprietary trading.

According to the Regulations on the Investment Scope and Related Matters of Proprietary Securities Trading Business for Securities Companies (revised and implemented on 20 March 2020), securities companies qualified for proprietary securities trading may engage in financial derivatives trading. When conducting proprietary securities trading, securities companies may buy and sell the securities listed in the List of Proprietary Securities Investment Items for Securities Companies annexed to the regulations, specifically:

(a) Securities listed or legally permitted to be listed for trading and transferring on domestic stock exchanges.

(b) Securities listed for transfer on the National Equities Exchange and Quotations.

(c) Private placement bonds listed or legally permitted to be listed for transfer on regional equity trading markets that meet prescribed requirements, and shares listed for transfer on such regional equity trading markets.

(d) Securities listed and legally permitted to be traded on the domestic interbank market.

(e) Securities approved or filed for issuance by national financial regulatory authorities or their authorised agencies and traded over-the-counter at domestic financial institutions.

Market-Making Business on the NEEQ

Pursuant to the Interim Measures for the Administration of National Equities Exchange and Quotations Co., Ltd. (《全國中小企業股份轉讓系統有限責任公司管理暫行辦法》) (amended on and effective from December 7, 2017) and the Business Rules of the National Equities Exchange and Quotations (for Trial Implementation) (《全國中小企業股份轉讓系統業務規則(試行)》) (effective from December 30, 2013), the NEEQ adopts the sponsoring broker system. Securities companies engaging in sponsoring broker business on the NEEQ are referred to as sponsoring brokers. Sponsoring brokers engaging in market-making activities must possess qualifications for proprietary trading business.

Alternative Investment Business

Pursuant to the Management Rules for the Alternative Investment Subsidiaries under Securities Companies (《證券公司另類投資子公司管理規範》) formulated by the Securities Association of China, subsidiaries of securities companies engaging in alternative investment business—other than those varieties listed in the List of Proprietary Securities Investment Items for Securities Companies (《證券公司證券自營投資品種清單》) —may invest in financial products, equity interests, bulk commodities, shares of companies listed on the NEEQ, as well as other investment varieties recognized by the CSRC. However, they may not engage in business activities other than investment.

Investment Banking Related Business

Pursuant to the Guidelines for the Internal Controls of the Investment Banking Business of Securities Companies (《證券公司投資銀行類業務內部控制指引》) (effective from July 1, 2018), to carry out investment banking business, a securities company shall, according to relevant provisions, establish and improve the systems and mechanisms of internal controls, and ensure the effective implementation of internal controls. These Guidelines set out detailed requirements concerning the organizational structure for internal control, internal control safeguards, primary control measures at various stages of projects, project management, and working papers in the course of securities companies' investment banking business. The specific types of investment banking business and corresponding regulatory requirements include the following:

Sponsorship and Underwriting of Securities

According to the Measures for the Administration of the Sponsorship Business for the Offering and Listing of Securities (《證券發行上市保薦業務管理辦法》) (amended on and effective from March 27, 2025), securities

companies engaging in sponsorship business for securities issuance and listing must satisfy the prescribed conditions and apply to the CSRC for qualifications as a sponsoring institution in accordance with these Measures.

According to the Measures for the Administration of Securities Offerings and Underwritings (《證券發行與承銷管理辦法》) (amended on and effective from March 28, 2025), these Measures apply to the issuance of shares, depositary receipts, or convertible corporate bonds within the PRC, the underwriting of securities within the PRC by securities companies, and investors' subscription of securities issued domestically, as well as public offerings of shares held by shareholders at the time of an initial public offering. These Measures set forth detailed provisions regarding pricing and allocation, securities underwriting, information disclosure, supervision, and legal liability in the course of securities issuance involving issuers, securities companies, and investors.

Corporate Bond Underwriting

Pursuant to the Measures for the Administration of the Issuance and Trading of Corporate Bonds (《公司債券發行與交易管理辦法》) (amended on and effective from October 20, 2023), every issuance of corporate bonds must be underwritten by a securities company qualified for securities underwriting business. For publicly offered corporate bonds, the issuer shall appoint a bond trustee for bondholders and enter into a bond-trust deed. For privately placed corporate bonds, the issuer must set out the bond-trust arrangements in the offering circular. The bond trustee may be the underwriting institution for the current issuance or any other institution recognized by the CSRC; a bond trustee must be a member of the Securities Association of China. The underwriting institutions and bond trustees that provide services for the issuance of corporate bonds shall act with due diligence, strictly comply with the code of practice and regulatory rules, and fulfill obligations as required and as agreed. In addition, the Regulations on the Administration of Enterprise Bonds (《企業債券管理條例》) (amended on and effective from January 8, 2011) provide that issuance of corporate bonds must be underwritten by a securities institution.

Financial Advisory Services for M&A and Restructuring of Listed Companies

Pursuant to the Measures for the Administration of Financial Advisory Services for M&A and Restructuring of Listed Companies (《上市公司並購重組財務顧問業務管理辦法》) (effective from August 4, 2008), a securities firm that has been approved by the CSRC and holds a license for financial-advisory services in respect of M&A and restructuring of listed companies may engage in such advisory business in accordance with the regulations. To obtain the license, the securities firm must satisfy the prescribed conditions. When appointed as an independent financial adviser to a listed company, the firm must remain independent and must not have any conflict of interest with the listed company.

Chief Agency Broker Services on the NEEQ

A securities firm that acts as a chief agency broker on the NEEQ and engages in recommendation services must hold qualifications for securities underwriting and sponsorship. The chief agency broker is required to provide continuous guidance and supervision over the companies listed on the NEEQ that it recommends.

Asset Securitization Business

Under the Administrative Measures for Asset Securitization Business of Securities Companies and Subsidiaries of Fund Management Companies (《證券公司及基金管理公司子公司資產證券化業務管理規定》) (effective from November 19, 2014), a securities company engaged in asset securitization business must hold a license for client asset-management business; a subsidiary of fund management companies must be established by a securities-investment-fund manager and hold a license for specific-client asset-management business.

Wealth Management Related Businesses

Securities Brokerage Business

Under the Securities Law, the Regulations on the Supervision and Administration of Securities Companies and the Measures for the Administration of Securities Brokerage Business (《證券經紀業務管理辦法》) (effective from February 28, 2023), a securities company engaging in brokerage business must: observe the real-name requirement for accounts; strengthen identity verification on institutional investors and individual investors whose financial assets exceed the prescribed threshold; classify investors as either retail or professional in accordance with the Measures for

the Administration of Suitability of Securities and Futures Investors (《證券期貨投資者適當性管理辦法》) (amended on and effective from August 12, 2022), and further sub-divide retail investors by investment experience and history to provide tailored trading services; segregate each client's trading-settlement funds in a designated commercial bank in an account opened in the client's own name, and neither the client's trading-settlement funds nor the securities may be commingled with the securities company's own assets; refuse any general power of attorney that authorizes the securities company to decide when or what securities to trade, or the quantity or price of such trades; and carry out investor education.

On 27 October 2025, the CSRC issued the Opinions on Strengthening the Protection of Small and Medium Investors in the Capital Market, urging operating institutions to fulfil their responsibilities for investor education services and suitability management. The Opinions also urge operating institutions to conduct investor education in a substantive and meticulous manner, including it in business processes to enhance its relevance and effectiveness. Prior to selling financial products or providing services to investors, operating institutions shall thoroughly explain business rules, clarify key contractual terms, and fully disclose relevant risks. The Opinions emphasize the investment suitability management responsibilities of distributing institutions, and urge distributing institutions to fully fulfill their obligation to explain and disclose risks when selling financial products, thus enabling investors to better understand product risks and make prudent investment decisions.

Securities Investment Advisory Services

Under the Interim Measures for the Administration of Securities and Futures Investment Consultancy (《證券、期貨投資諮詢管理暫行辦法》) (effective from April 1, 1998), any institution providing securities investment advisory services must first obtain a license issued by the CSRC; individuals may engage in securities investment advisory services only after obtaining the requisite professional qualification and joining a licensed securities-investment consultancy.

Under the Interim Provisions on Securities Investment Advisory Business (《證券投資顧問業務暫行規定》) (amended on October 2020 and effective from November 1, 2020): securities investment advisory services are a fundamental form of securities investment consultancy; securities companies, securities investment advisory institutions and their personnel must act in good faith, exercising diligence and prudence when serving clients; when providing securities investment advisory services, securities companies, securities investment advisory institutions and their personnel must place clients' interests first and must not: prejudice clients' interests for the benefit of the firm or its affiliates, prejudice clients' interests for the adviser or the adviser's associates, or favor one client to the detriment of others. Personnel providing securities investment advisory services to clients shall meet relevant professional qualifications and be registered as securities investment advisers with the Securities Association of China. Securities investment advisers may not concurrently be registered as securities analysts. Securities companies and securities investment advisory institutions shall establish management systems for securities investment advisers, and strengthen the management of their registration, job responsibilities, and professional conduct.

Under the Interim Provisions on the Publication of Securities Research Reports (《發佈證券研究報告暫行規定》) (amended on and effective from March 20, 2020): publishing securities research reports is another fundamental form of securities investment consultancy; securities companies and securities investment advisory institutions that publish securities research reports must comply with applicable laws and administrative regulations, adhere to principles of independence, objectivity, fairness and prudence, effectively manage conflicts of interest, treat recipients equitably, and are prohibited from disseminating false, inaccurate or misleading information or from engaging in insider trading or market-manipulation activities. Securities companies and securities investment advisory institutions publishing securities research reports shall establish a special research department or subsidiary, establish a sound business management system, and conduct centralized uniform management of the publication of securities research reports and the relevant personnel. The relevant personnel engaged in the securities research reports publication business are prohibited from concurrently engaging in businesses that present conflicts of interest, such as proprietary securities trading or securities asset management. Where senior management personnel of a company manage both the securities research reports publication business and other securities business concurrently, the company shall take measures to prevent conflicts of interest and maintain sufficient evidence demonstrating that such conflicts of interest have been effectively prevented. When securities companies and securities investment advisory institutions authorize other institutions to publish or redistribute their securities research reports or summaries, they shall enter into a contractual agreement with the relevant institutions which shall specify the responsibilities for publication and redistribution, require the relevant institutions to identify the original publisher and publication date of the securities research report, and provide a warning about the risks involved in using the securities research report. Any unauthorized publication or redistribution of a securities research report shall bear corresponding legal liability.

Securities Margin Trading Business

According to the Measures for the Administration of Securities Margin Trading Business of Securities Companies (《證券公司融資融券業務管理辦法》) (effective from July 1, 2015), securities companies must obtain approval from CSRC to conduct securities margin trading business.

In accordance with the Internal Control Guidelines for Securities Margin Trading Business of Securities Companies (《證券公司融資融券業務內部控制指引》) (amended on and effective from October 26, 2011), the Implementation Rules for Securities Margin Trading on the Shanghai Stock Exchange (《上海證券交易所融資融券交易實施細則》) (amended on and effective from September 8, 2023), the Implementation Rules for Securities Margin Trading on the Shenzhen Stock Exchange (《深圳證券交易所融資融券交易實施細則》) (amended on and effective from September 8, 2023), and the Securities Margin Trading Rules of the Beijing Stock Exchange (《北京證券交易所融資融券交易細則》) (amended on and effective from September 8, 2023), securities companies engaged in margin trading business must ensure the safety of client assets, strengthen risk monitoring and business auditing, and comply with specified business processes and eligible target securities.

Distribution of Financial Products Business and Distribution of Securities Investment Funds Business

Pursuant to the Provisions on the Administration of Securities Companies Distributing Financial Products (《證券公司代銷金融產品管理規定》) (amended on and effective from March 20, 2020), securities companies may distribute various types of financial products that are issued domestically and have been approved or filed by relevant state authorities or their authorized institutions, unless otherwise prohibited by laws, administrative regulations, or relevant state authorities. Securities companies must obtain the qualification to distribute financial products to engage in such activities. The local CSRC office in the securities company's place of residence shall review and approve the application for this qualification in accordance with the conditions and procedures for adding conventional business types.

In accordance with the Measures for the Supervision and Administration of Publicly Offered Securities Investment Fund Distribution Institutions (《公開募集證券投資基金銷售機構監督管理辦法》) (effective from October 1, 2020), securities companies engaged in fund distribution business must apply to the local CSRC office in their place of residence for registration to obtain fund distribution business qualifications and secure the Securities and Futures Business License, provided they meet the necessary conditions.

Futures Brokerage

Under the Futures and Derivative Law of the People's Republic of China and the Regulation on the Administration of Futures Trading, a futures company that has been approved by the CSRC may engage in the following futures-related activities: futures brokerage, futures trading advisory services, futures market-making, and other futures businesses. If a futures company engages in asset-management business, it must also comply with the Securities Investment Fund Law of the People's Republic of China and other relevant laws and administrative regulations. A futures company must handle its futures brokerage, market-making, asset-management and other related businesses separately; commingling of these operations is prohibited. When a futures company accepts a client's order to trade on the client's behalf, it must enter into a written agency agreement and execute the futures trades in its own name; the trading results are borne by the client. The futures company may not guarantee profits to the client, nor may it agree to share profits or losses with the client in connection with the brokerage business. In conducting brokerage business, a futures company may not accept any client's fully discretionary authorization.

Other Regulatory Provisions

Provisions on PRC Taxation

1. Enterprise Income Tax

Under the Enterprise Income Tax Law of the PRC (《中華 人民共和國企業所得稅法》) (amended on and effective from December 29, 2018) and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (amended on and effective from January 20, 2025), Chinese resident enterprises are generally subject to enterprise income tax at 25%, unless the enterprise or project qualifies for sector-specific preferential rates.

2. Value-Added Tax

According to the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) (effective from January 1, 2026), any entity or individual (including individual industrial and commercial households) that sells goods, services, intangible assets or real property ("taxable transactions") within the territory of the PRC, or that imports goods, is a VAT taxpayer and must pay VAT in accordance with the Law. Taxpayers selling services or intangible assets shall be subject to a 6% tax rate, except in the following cases: those specified in Item 1 of this Article shall apply a 13% tax rate, those specified in Item 2 shall apply a 9% tax rate, and those specified in Item 5 shall apply a 0% tax rate. Item 5 refers to the circumstance where domestic entities and individuals engage in cross-border sales of services or intangible assets within the scope prescribed by the State Council, which is subject to a 0% tax rate.

Pursuant to the Announcement of the Ministry of Finance and the State Administration of Taxation on VAT Policy for Interest Income from Government Bonds and Other Bonds (《財政部 稅務總局關於國債等債券利息收入增值稅政策的公告》), interest income from government bonds, local-government bonds and financial bonds issued on or after August 8, 2025 will again be subject to VAT. Interest income from government bonds, local-government bonds and financial bonds issued before August 8, 2025 (including any additional tranches issued on or after that date) remains VAT-exempt until the bonds mature.

Foreign Exchange Administration

According to the Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) (amended on and effective from August 5, 2008), international payments and transfers are categorized into current account items and capital account items. The PRC imposes no restrictions on current account international payments and transfers, while capital account transactions are subject to approval by the State Administration of Foreign Exchange.

According to the Regulations on Foreign Exchange Administration, foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange according to the relevant provisions of the State. Foreign exchange receipts for capital account transactions may be retained or sold to financial institutions engaged in the settlement or sale of foreign exchange with approval by the foreign exchange administration authorities, unless otherwise exempted by state regulations. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas negotiable securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council. Such entities or individuals subject to prior approval or record-filing with relevant authorities shall complete the required approval or record-filing prior to foreign exchange registration.

Information Disclosure

1. Information Disclosure by Securities Companies

Notice on Matters Concerning the Public Disclosure of Information by Securities Companies (《關於證券公司信息公示有關事項的通知》) (effective from August 1, 2006) requires every securities company to publish, through the website of the Securities Association of China and its own website, its basic corporate information, business outlets, types of licenses and products, senior-management roster, etc.

Rules on Content and Format of Annual Reports of Securities Companies (《證券公司年度報告內容與格式準則》) (effective from January 1, 2014) oblige each securities company to prepare its annual report in accordance with these Rules and file it with the CSRC within four months after the end of each fiscal year. A securities company that has publicly offered securities must, in addition to observing these Rules, prepare and disclose its annual reports in accordance with the relevant regulations on information disclosure for companies that publicly issue securities. A securities company that has not publicly offered securities must publish the information prescribed by these Rules and must disclose the full text of its auditor's report and audited financial statements (excluding notes).

2. Information disclosure by futures companies

According to the Provisions on the Administration of Information Disclosure by Futures Companies (《期貨公司信息公示管理規定》) (amended on and effective from August 12, 2022), futures companies shall disclose the basic information about the futures company and its branches, details of senior management and practitioners, the company's shareholder information, integrity records, and other information prescribed by the CSRC through the information disclosure platform designated by the CSRC for futures companies.

3. Information disclosure by mutual fund management companies

According to the Administrative Measures for Information Disclosure on Publicly Offered Securities Investment Funds (《公開募集證券投資基金信息披露管理辦法》) (amended on and effective from March 20, 2020), mutual fund management companies shall, within the time limit stipulated by the CSRC, disclose the fund information that should be disclosed through media such as national newspapers that meet the conditions stipulated by the CSRC, and the websites of the fund manager, the fund custodian, and the CSRC's fund electronic disclosure website. They shall also ensure that investors can access or copy the publicly disclosed information at the time and in the manner agreed upon in the fund contract.

Anti-Money Laundering and Counter-Terrorist Financing

Companies shall comply with anti-money laundering regulations such as the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) (amended in 2024 and effective from January 1, 2025), Measures for Supervision and Administration of Anti-Money Laundering and Counter-Terrorist Financing in Financial Institutions (《金融機構反洗錢和反恐怖融資監督管理辦法》) (amended on September 30, 2025 and effective from December 1, 2025), and Measures for the Implementation of Anti-Money Laundering in the Securities and Futures Sector (《證券期貨業反洗錢工作實施辦法》) (amended on and effective from August 12, 2022).

According to the Measures for the Administration of Special Preventive Measures of Anti-Money Laundering (《反洗錢特別預防措施管理辦法》) (issued on January 13, 2026 and effective from February 16, 2026), financial institutions shall establish and improve internal control systems for special preventive measures of anti-money in order to prevent money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction, and shall identify and evaluate relevant risks and adopt management measures corresponding to the risks. Financial institutions shall continuously monitor and promptly obtain the lists specified in the Measures. When establishing business relationships with customers, providing one-time financial services to customers, or when there is any change in the basic identity information of a customer during the term of a business relationship, financial institutions shall verify the customer against such lists.

The International Convention for the Suppression of the Financing of Terrorism (《制止向恐怖主義提供資助的國際公約》) calls for enhanced international cooperation among countries to develop and adopt effective measures in order to prevent the provision of funding for terrorism and suppress such an act through the prosecution and punishment of those who carry out terrorist activities. China approved the convention with reservations in 2006.

Anti-corruption

The Law Against Unfair Competition of the People's Republic of China (《中華人民共和國反不正當競爭法》) (amended in 2025 and effective from October 15, 2025) stipulates that business operators shall not bribe the employees of the transaction counterparty, units or individuals entrusted by the transaction counterparty to handle relevant affairs, or units or individuals that can influence the transaction by taking advantage of their authority or influence, through the provision of property or other means, in order to seek transaction opportunities or competitive advantages. The aforementioned units and individuals shall not accept bribes. If the act constitutes a crime, criminal liability shall be pursued in accordance with the law. The Interim Provisions on Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) (issued on and effective from November 15, 1996) by the former State Administration for Industry and Commerce defined the composition and legal liability of commercial bribery.

The United Nations Convention against Corruption (《聯合國反腐敗公約》) aims to promote and strengthen measures to prevent and combat corruption more efficiently and effectively; promote, facilitate, and support international cooperation and technical assistance in preventing and combating corruption, including in asset recovery; and promote integrity, accountability, and the proper management of public affairs and public property. China approved the convention with reservations in 2005.

Regulations in Relation to Information Security and Personal Information Protection

According to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) (amended on October 28, 2025 and effective from January 1, 2026), network operators shall not collect personal information unrelated to the services they provide, and shall not collect or use personal information in violation of legal provisions or agreements between both parties. They shall process the personal information they store in accordance

with laws, administrative regulations, and agreements with users. If individuals discover that the personal information collected and stored by network operators is incorrect, they have the right to request the network operators to make corrections. Network operators shall take measures to delete or correct such information. No individual or organization may steal or otherwise illegally obtain personal information, or illegally sell or illegally provide personal information to others.

According to the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) (effective from September 1, 2021), whoever processes data shall observe laws and regulations, respect social morality and ethics, observe business and professional ethics, uphold honesty and trustworthiness, fulfill data security protection obligations, and undertake social responsibilities; and shall not endanger national security and public interests, nor harm the lawful rights and interests of individuals and organizations. An organization or individual shall collect data by lawful and proper means, and shall not acquire data by theft or in other illegal manners.

The Administration Regulation on Cyber Data Security (《網絡數據安全管理條例》) (effective from January 1, 2025) stipulates the rules and measures for data processing activities conducted via networks and for personal information protection. According to these Regulations, network data processors shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, and on the basis of classified protection of network security, strengthen the protection of network data security, establish and perfect the system of network data security management, and take technical measures such as encryption, backup, access control and security authentication as well as other necessary measures to protect network data from being falsified, destroyed, divulged or illegally acquired or used, dispose of network data security incidents, prevent illegal and criminal activities aiming at and using network data, and assume primary responsibility for the security of the network data processed by them. Network data processors shall establish and improve the contingency plan for network data security incidents, and when a network data security incident occurs, they shall immediately activate their contingency plan, take measures to prevent the expansion of the harm, eliminate hidden security risks, and report the same to the appropriate competent authorities in accordance with the applicable provisions. If any network data security incident damages the lawful rights and interests of any individual or organization, network data processors shall promptly notify interested parties of the security incident and risks, harmful consequences, and remedial measures taken, among others, by such means as telephone calls, text messages, instant messaging tools, e-mail, or public announcements. If any law or administrative regulation prescribes that the notice is not required, such provisions shall prevail. Where network data processing activities carried out by network data processors affect or may affect national security, a national security review shall be conducted in accordance with the relevant national provisions.

According to the Administration Regulation on Cyber Data Security, network data processors handling the personal information of more than 10 million individuals shall also specify the person in charge of network data security and the management body for network data security.

Pursuant to the Cybersecurity Review Measures (《網絡安全審查辦法》) (effective from February 15, 2022), critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. Network platform operators with personal data of more than one million users must file applications to the Cybersecurity Review Office for cybersecurity review before **[REDACTED]** overseas. If the member units under the cybersecurity review working mechanism opine that any network products and services and data processing activities affect or potentially affect national security, the Cybersecurity Review Office has the duty to conduct a review in accordance with relevant requirements after reporting to the Central Cyberspace Affairs Commission for approval in compliance with the procedure. The measures in Article 10 stipulate that cybersecurity reviews focus on assessing the following national security risks factors associated with relevant objects or circumstances:

(i) the risk of critical information infrastructure being illegally controlled, interfered or destroyed as a result of the use of the products or services;

(ii) the harm caused by the disruption of the supply of the product and service to the business continuity of critical information infrastructure;

(iii) the security, openness, transparency and diversity of sources of the product and service, the reliability of supply channels, and risks of supply disruption due to political, diplomatic, trade and other factors;

(iv) compliance with PRC Laws, administrative regulations and departmental rules by the provider of the product and service;

(v) the risk of core data, important data or a large amount of personal information being stolen, leaked, damaged and illegally used, illegally transmitted overseas;

(vi) the risk that critical information infrastructure, core data, important data or a large amount of personal information being affected, controlled, and maliciously used by foreign governments for a **[REDACTED]**, as well as network information security risks;

(vii) other factors that may endanger the security of critical information infrastructure, cybersecurity and data security.

Pursuant to Article 2 of the Regulations on Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) (effective from September 1, 2021), the critical information infrastructure as defined in these regulations refers to the important network facilities and information systems in important industries and fields such as public telecommunications, information services, energy, transportation, water conservancy, finance, public services, e-government and national defense science, technology and industry, as well as other important network facilities and information systems which, in case of destruction, loss of function or leak of data, may result in serious damage to national security, the people's livelihood and public interests. Pursuant to Article 8, the competent authorities and the supervision and administration departments of the important industries and sectors involved in Article 2 of these Regulations shall be responsible for the security protection of critical information infrastructures (hereinafter referred to as the "Protection Departments"). Article 10 stipulates that the Protection Authorities are responsible for organizing the identification of critical information infrastructures in their own industries and sectors in accordance with the identification rules, promptly notifying the operators of the identification results and reporting to the public security department of the State Council.

Regarding the assessment of the applicability, impact, and compliance feasibility of the "Administration Regulation on Cyber Data Security" and the "Cybersecurity Review Measures" to the Company, the data compliance lawyer hired by the Company, Grandway Law Offices, has issued a "Data Compliance Legal Opinion". For the "Administration Regulation on Cyber Data Security", the data compliance lawyer stated, "based on the Company's responses to the due diligence checklist and the interviews with the Company's Information Technology Department, the Company is not a significant data processor and processes personal information of fewer than 10 million individuals. Therefore, the Company is not subject to the relevant regulations on network data security officers." Regarding the "Cybersecurity Review Measures", the data compliance lawyers opined that "given that (i) our lawyers conducted a telephone consultation with the cybersecurity review work supervisor of the China Cybersecurity Review Technology and Certification Center on June 3, 2025, and were given to understand that **[REDACTED]** on the Hong Kong does not fall within the meaning of "overseas **[REDACTED]**" as stipulated in the Cybersecurity Review Measures, the issuer's current **[REDACTED]** will not trigger mandatory application for cybersecurity review under the Cybersecurity Review Measures; (ii) as of the date of the legal opinion, the issuer has not been notified of it being recognised as a critical information infrastructure operator or any network facilities and information systems being recognised as critical information infrastructure; (iii) as of the date of the legal opinion, the issuer has not been notified by regulatory authorities requiring it to fulfill cybersecurity review obligations; (iv) as of the date of the legal opinion, the issuer has not received any investigation, notice, warning or sanction issued by the competent governmental authorities in relation to national security, or been involved in any investigation by the CAC in relation to any network security review on the basis of national security or any other grounds, and has not yet received any enquiry, notice, warning or sanction in this regard. The lawyers are of the view that, as of the date of the legal opinion, the issuer's current **[REDACTED]** is not subject to the relevant provisions of the "Cybersecurity Review Measures", and does not require proactive filing for cybersecurity review. Moreover, the issuer does not fall into the circumstances if the member units under the cybersecurity review working mechanism opine that any network products and services and data processing activities affect or potentially affect national security, the Cybersecurity Review Office proactively initiates a cybersecurity review in accordance with relevant requirements after reporting to the Central Cyberspace Affairs Commission for approval in compliance with the procedure."

Pursuant to the Measures for Reporting, Investigation and Handling of Cybersecurity Incidents in the Securities and Futures Industry (《證券期貨業網絡安全事件報告與調查處理辦法》) (issued on and effective from June 4, 2021, the Measures for Reporting, Investigation and Handling of Information Security Incidents in the Securities and Futures Industry (《證券期貨業信息安全事件報告與調查處理辦法》) was abolished simultaneously). After the occurrence of the cybersecurity incident, securities companies, futures companies, fund management companies, their subsidiaries providing securities and futures related services, securities and futures service institutions and other securities and futures business institutions shall report cybersecurity incidents in accordance with these Measures. Cybersecurity

incidents are classified into extremely serious incidents, very serious incidents, serious incidents and ordinary incidents based on comprehensive consideration of the following factors: the category of network and information systems; the severity of service disruption; the duration of the incident; the extent of data damage; the amount of settlement errors; direct financial losses as well as the degree of harm caused to national financial security, social order, and the legitimate rights and interests of investors. Securities and futures institutions shall establish a cybersecurity risk monitoring and early warning system, promptly verify identified risk hazards and implement necessary prevention and control measures. In the event of a major incident, an early warning report shall be issued promptly. Securities and futures institutions shall establish cybersecurity emergency response mechanisms to promptly address cybersecurity incidents, restore normal system operations as quickly as possible, preserve incident sites and relevant evidence, and submit emergency reports in accordance with corresponding requirements. The Measures also stipulate the investigation and handling procedures for cybersecurity incidents by the CSRC and its local offices.

According to the Administrative Measures for Information Technology in Institutions Engaged in Securities and Funds Operations (《證券基金經營機構信息技術管理辦法》) (amended on and effective from January 15, 2021), institutions engaged in securities and futures operations shall meet the relevant requirements in relation to information technology governance, information technology compliance and risk management internally. In terms of information system security, institutions engaged in securities and funds operations shall properly maintain documents generated from the development, testing, launch, modification, and operation and maintenance of information systems, and establish a log recording mechanism adapted to monitoring work based on business operations and the importance of information systems to satisfy the demands of emergency response and auditing. In terms of data governance, institutions engaged in securities and funds operations shall improve security measures such as network isolation, user identification, access control, data encryption, data backup, data destruction, log recording, virus prevention, and illegal intrusion detection to protect the security of operating data and customer information, and prevent information leakage and damage. In terms of emergency management, if institutions engaged in securities and funds operations utilize information technology in their securities and fund business activities, they shall establish an organizational structure for information technology emergency management, identify important businesses and their recovery objectives, formulate emergency plans, allocate sufficient resources, properly handle information technology emergencies, and actively carry out emergency drills and assessments and improvements to information technology emergency management. Institutions engaged in securities and funds operations shall fulfill their responsibilities for reporting and investigating information security incidents in accordance with the relevant provisions of the CSRC.

According to the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (effective from November 1, 2021), processing of personal information shall be for a definite and reasonable purpose, shall be directly related to the purpose of processing, and shall be processed in a manner that has the least impact on individual rights and interests. Collection of personal information shall be limited to the minimum scope for the purpose of processing and excessive collection of personal information shall not be allowed. Personal information processors shall be responsible for their processing of personal information and take necessary measures to ensure the security of the personal information they process. No organization or individual may illegally collect, use, process, or transmit other people's personal information, or illegally trade, provide, or disclose other people's personal information, or engage in the processing of personal information that endangers the national security or public interests. Prior to processing personal information, a personal information processor shall truthfully, accurately, and completely inform the individual of the following matters in an eye-catching manner and with clear and understandable language: the name and contact information of the personal information processor; the purpose and method of processing personal information, and the type and retention period of the processed personal information; the method and procedure for the individual to exercise the rights provided herein; and other matters to be notified in accordance with the provisions of laws and administrative regulations. A personal information processor shall, according to the purpose and method of processing personal information, type of personal information, impact on individual's right and interest, and possible security risk, etc., take measures prescribed by laws and administrative regulations to ensure the compliance of personal information processing activities with provisions of laws and administrative regulations, and prevent unauthorized visit, or leakage, falsification, and loss of personal information.

In terms of the overall impact of data compliance on this **[REDACTED]**, the data compliance lawyer believes that, "for the issuer's core business and core products operating in Chinese mainland covered in this comment letter, as of the date of this comment letter, the issuer complies, in all material respects, with the requirements of laws and regulations in Chinese mainland currently in force in relation to cybersecurity, data compliance, and personal information protection, and has taken necessary data and cybersecurity protection measures in accordance with the law. No administrative penalties were found due to any non-compliance with the laws, regulations, and regulatory requirements concerning cybersecurity, data security, and personal information protection. No significant compliance risks were

found concerning personal information protection, data security, and cybersecurity compliance. Specifically, there are no material matters that would fail to maintain a sustainable business of the relevant principle business and are impossible to rectify due to violations of laws and regulatory requirements regarding personal information protection, data security, and cybersecurity. Meanwhile, there are no instances where the issuer's principle business relies on serious illegal activities such as illegal collection, use, provision to third parties, or illegal export of data. The issuer's actions regarding cybersecurity, data security, and personal information protection will not result in material legal impediment against this **[REDACTED]**."

According to the Measures for the Administration of Network and Information Security in the Securities and Futures Industry (《證券期貨業網絡和信息全管理辦法》) (effective from May 1, 2023), securities and futures operating institutions, such as securities companies, futures companies, and fund management companies (hereinafter referred to as "operating institutions") that build, operate, maintain, or use networks and information systems within China shall comply with the Measures. Operating institutions shall have a sound information technology governance framework, a robust network and information security management system, and establish internal decision-making, management, execution, and supervision mechanisms to ensure that their network and information security management capabilities align with the scale and complexity of their business activities. Operating institutions shall designate their primary responsible person as the first accountable individual for their network and information security work, while the leadership members or senior management members in charge of network and information security shall be the directly accountable individuals. The Measures also stipulate that operating institutions shall implement the classified protection system for cybersecurity, establish and improve the monitoring and early warning mechanism for network and information security, comprehensively and accurately record and properly preserve business logs and system logs generated during production and operations, and build a network and information security protection system, among other related requirements.

Regulations in Relation to Leasing

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (effective from January 1, 2021), an owner of an immovable or a movable property is entitled to possess, use, benefit from, and dispose of the property in accordance with law.

According to the Measures for the Administration of Commercial Housing Leasing (《商品房屋租賃管理辦法》) (effective from February 1, 2011), the lessor and the lessee shall, within 30 days after signing the property lease contract, complete the registration and filing procedures for the leased property with the municipal or county-level construction (real estate) authorities at the location of the leased property. In case of violation, the construction (real estate) authorities under the people's government of the municipality directly under the central government, city or county shall order corrective actions within a specified time limit. If an individual fails to make corrections within the time limit, a fine of up to RMB1,000 may be imposed; if an entity fails to make corrections within the time limit, a fine ranging from RMB1,000 to RMB10,000 may be imposed.

Regulations in Relation to Labor, Social Insurance and Housing Provident Fund

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) (amended on and effective from December 29, 2018), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) (amended in 2012, effective from July 1, 2013), and the Implementing Regulations of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》) (effective from September 18, 2008), the employing unit shall establish and improve rules and regulations in accordance with the law to ensure that laborers enjoy labor rights and fulfill labor obligations. The employing unit and the laborers shall conclude written labor contracts. Wages to be paid to laborers by the employing unit shall not be lower than the local standards of minimum wages. Violations of the aforementioned labor and social security laws and regulations may result in fines and other administrative liabilities, and in serious cases, criminal liability may be pursued.

According to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) (amended on and effective from December 29, 2018) and the Interim Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》) (amended on and effective from March 24, 2019), Chinese enterprises shall pay basic old-age insurance, basic medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance for their employees based on the statutory contribution base and contribution rates. If an employing unit fails to pay social insurance premiums in full and on time, the social insurance premium collection

agency shall order it to make the payment or supplement the amount within a specified time limit. If the employing unit still fails to pay or supplement the premiums, the social insurance premium collection agency may inquire about its deposit accounts with banks and other financial institutions and may apply to the relevant administrative departments at or above the county level to decide on transferring the social insurance premiums, notifying the employing unit's bank or other financial institutions in writing to transfer the premiums. If the employing unit fails to pay the social insurance premiums in full and does not provide a guarantee, the social insurance premium collection agency may apply to the people's court to detain, seize, or auction the property equivalent in value to the social insurance premiums due, using the auction proceeds to offset the premiums. If the employing unit fails to pay the social insurance premiums within the time limit, the relevant administrative departments also have the right to impose fines.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (came into force on September 1, 2025), if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the people's court shall deem such agreement or undertaking invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Paragraph 3 of Article 38 of the Labor Contract Law, the people's court shall support such claims in accordance with the law. Under the circumstances specified in the preceding paragraph, if the employer has paid the social insurance contributions retroactively in accordance with the law and then claims that the employee shall return the compensation for social insurance contributions already paid, the people's court shall support such claim in accordance with the law.

According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) (amended on and effective from March 24, 2019), a unit shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and go through the formalities of opening housing provident fund accounts on behalf of its staff and workers. Where a unit fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its staff and workers, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine shall be imposed. A unit shall pay and deposit housing provident fund on schedule and in full. Where a unit is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

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%**

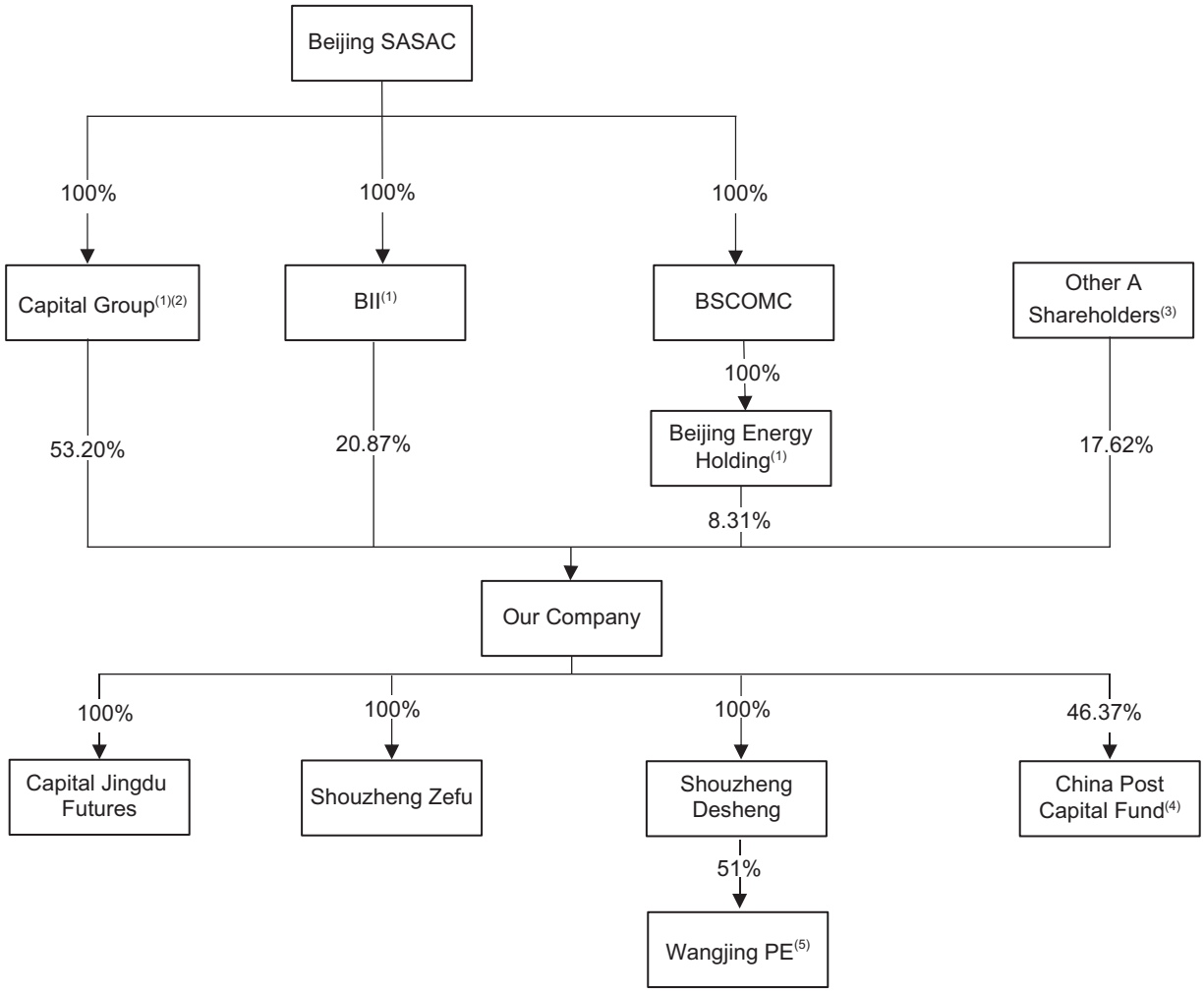
Note:

(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.

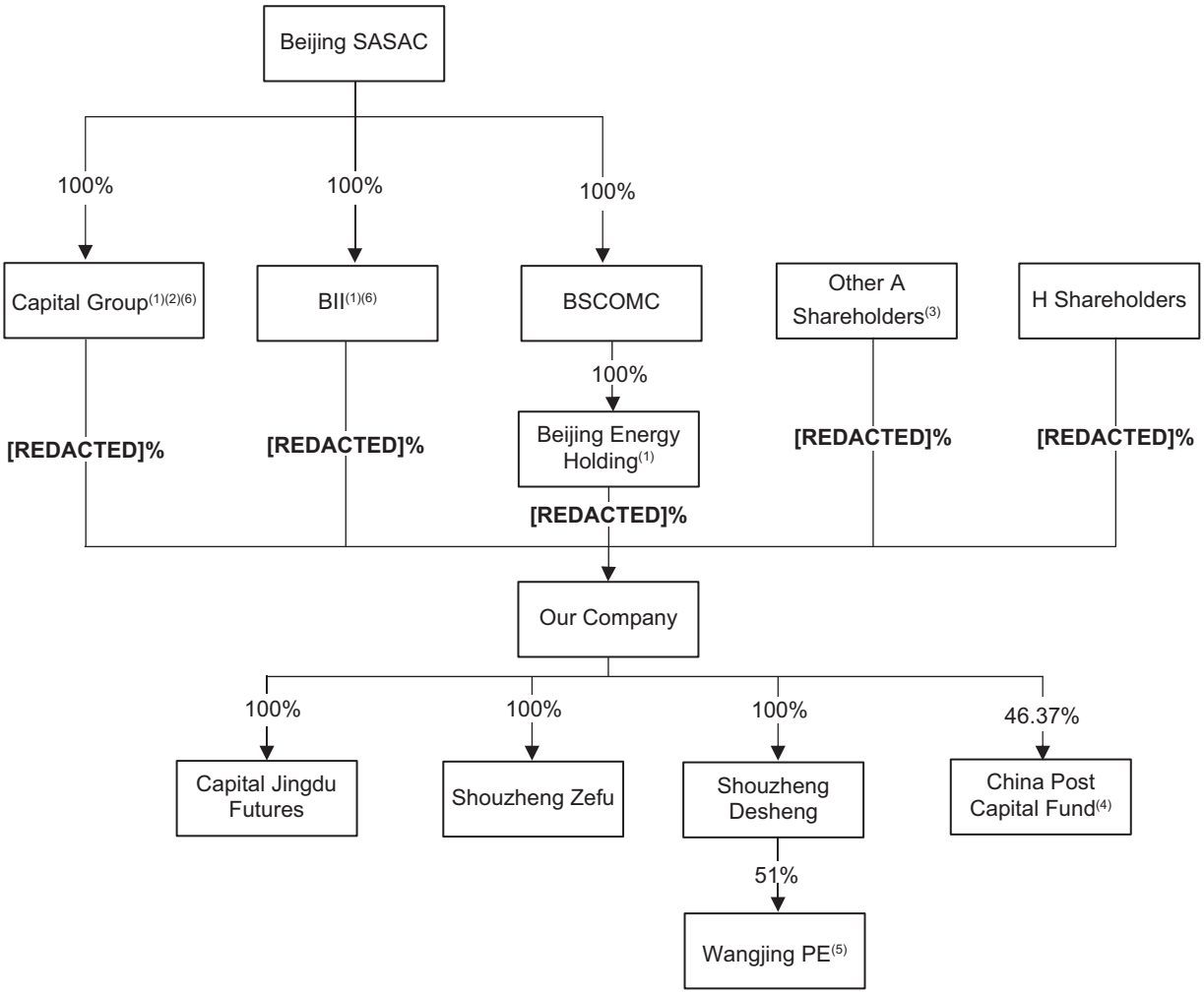
(4) As of the Latest Practicable Date, China Post Capital Fund was owned as to approximately 46.37% by our Company and is an associate of our Company. The remaining equity interest therein was owned as to 28.61% by China Post Securities Co., Ltd. (中郵證券有限責任

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.

OVERVIEW

We are a financial services provider in China with notable value creation capabilities, substantial asset management expertise and commitment to pursuing distinctive and differentiated development. Based in Beijing with nationwide services, we have built a one-stop financial service platform and cultivated a steadily growing and diversified client base. During the Track Record Period, we maintained a strong financial performance. According to Frost & Sullivan, our revenue and net profit under the PRC GAAP increased from 2022 to 2024 at a CAGR which ranked us 5th and 10th, respectively, among the 42 A-share listed securities companies in the PRC. In 2024, our return on average total assets and weighted return on average equity (after deducting non-recurring profits or losses) under the PRC GAAP ranked 1st and 7th, respectively, among the abovementioned A-share listed securities companies in the PRC.

We have four major business segments, namely, (a) asset management related business, (b) investment related business, (c) investment banking related business and (d) wealth management related business. During the Track Record Period, we achieved consistent growth in our operating results and demonstrated strong profitability with our total revenue, gains and other income increased from RMB2,979.3 million in 2023 to RMB3,646.4 million in 2025, at a CAGR of 10.6%, and our profit for the year attributable to owners of the Company increased from RMB701.0 million in 2023 to RMB1,056.4 million in 2025, at a CAGR of 22.8%.

We have received the following major awards in recognition of our business development and industry achievements during the Track Record Period:

Year	Awarding Organization	Award or Recognitions
	Asset Management Related Business	
2025	China Securities Journal (中國證券報)	2025 Golden Bull Growth Securities Company (2025 年度金牛成長證券公司)
2025	China Securities Journal (中國證券報)	2025 Five-Year Golden Bull Securities Company Collective Asset Manager (2025 年度五年期金牛券商集合資產管理人)
2025	China Fund News (中國基金報)	2025 Yinghua Award for Outstanding Asset Management Exemplary Institution in Brokerage Asset Management (2025 年度券商資管英華獎優秀資管示範機構)
2025	Cailian Press (財聯社)	Outstanding Securities Company Asset Management Institution (優秀券商資管機構)
2025	Securities Times (證券時報)	2025 Jun Ding Award for All-Around Asset Management Institution in China's Securities Industry (2025 年度中國證券業全能資管機構君鼎獎)
2025	Securities Times (證券時報)	2025 Jun Ding Award for Fixed Income Team in China's Securities Industry Asset Management (2025 年度中國證券業資管固收團隊君鼎獎)
2024	China Securities Journal (中國證券報)	2024 Golden Bull Growth Securities Company (2024年度金牛成長證券公司)
2024	China Securities Journal (中國證券報)	2024 Five-Year Golden Bull Securities Company Collective Asset Manager (2024 年度五年期金牛券商集合資產管理人)
2024	Securities Times (證券時報)	2024 Jun Ding Award for All-Around Asset Management Institution in China's Securities Industry (2024 年度中國證券業全能資管機構君鼎獎)
2024	China Fund News (中國基金報)	2024 Yinghua Award for Outstanding Asset Management Exemplary Institution in Brokerage Asset Management (2024 年度券商資管英華獎優秀資管示範機構)
2023	China Securities Journal (中國證券報)	2023 Golden Bull Growth Securities Company (2023年度金牛成長證券公司)
2023	China Securities Journal (中國證券報)	2023 Golden Bull Securities Company Collective Asset Manager (2023年度金牛券商集合資產管理人)

Year	Awarding Organization	Award or Recognitions
2023	Securities Times (證券時報)	2023 Jun Ding Award for Asset Management Brand in China's Securities Industry (2023年度中國證券業資管品牌君鼎獎)
2023	Securities Times (證券時報)	2023 Jun Ding Award for Fixed Income Team in China's Securities Industry Asset Management (2023年度中國證券業資管固收團隊君鼎獎)
	Investment Related Business	
2025	China Central Depository & Clearing Co., Ltd. (中央國債登記結算有限責任公司)	2025 "Outstanding Institution for Valuation Business" Title (2025年度"估值業務傑出機構"稱號)
2025	National Interbank Funding Center (全國銀行間同業拆借中心)	Most Popular Credit Bond Market Maker in the Interbank Market (銀行間市場"最受歡迎信用債做市商")
2025	Beijing Financial Assets Exchange (北京金融資產交易所)	Institution with the Greatest Market Emerging Growth Potential (最具市場新生力機構)
2024	Shenzhen Stock Exchange (深圳證券交易所)	2024 Top 100 Trading Institutions in the Shenzhen Stock Exchange Bond Market (深交所2024年度債券交易百強機構)
2024	Shanghai Stock Exchange (上海證券交易所)	2024 Top 100 Trading Institutions in the Shanghai Stock Exchange Bond Market (2024年度上交所債券市場交易百强機構)
2024	National Interbank Funding Center (全國銀行間同業拆借中心)	"Market Innovation Business Institution – X-Auction" Title in the Interbank RMB Market (銀行間本幣市場"市場創新業務機構-X-Auction"稱號)
2024	National Interbank Funding Center (全國銀行間同業拆借中心)	Most Popular Credit Bond Market Maker in the Interbank RMB Market (銀行間本幣市場最受市場歡迎的信用債做市商)
2023	Shanghai Stock Exchange (上海證券交易所)	2023 Top 100 Trading Institutions in the Shanghai Stock Exchange Bond Market (2023年度上交所債券市場交易百强機構)
	Investment Banking Related Business	
2025	Securities Times (證券時報)	2025 Jun Ding Award for Equity Financing Investment Banking in China's Securities Industry (2025 中國證券業股權融資投行君鼎獎)
2025	Securities Times (證券時報)	2025 Jun Ding Award for Private Enterprise Service Projects in China's Securities Industry (2025 中國證券業服務民營企業專案君鼎獎)
2025	The 9th Real Estate Securitization REITs Forum (第九屆不動產證券化 REITs 論壇)	Jin Cui Award – Most Innovative Real Estate ABS Award (金萃獎—年度最具創新不動產ABS產品獎)
2024	Securities Times (證券時報)	2024 Jun Ding Award for Private Enterprise Service Projects in China's Securities Industry (2024 中國證券業服務民營企業項目君鼎獎)
2024	Wind Information Co., Ltd (萬得資訊)	2024 Wind Best Investment Bank Awards: "Rapid Progress Award in A-Share Equity Underwriting", "Rapid Progress Award in A-Share Refinancing Underwriting", "Rapid Progress Award in Bond Underwriting","Best Convertible Bond Underwriter" (2024 年度Wind 最佳投行："A 股股權承銷快速進步獎", "A 股再融資承銷快速進步獎", "債券承銷快速進步獎", "最佳可轉債承銷商")

Year	Awarding Organization	Award or Recognitions
2023	Department of Corporate Bond Supervision - China Securities Regulatory Commission, Shanghai Stock Exchange, Shenzhen Stock Exchange (中國證監會公司債券監管部、上海證券交易所、深圳證券交易所)	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)
2023	Securities Times (證券時報)	2023 Jun Ding Award for Bond Investment Banking in China's Securities Industry (2023年度中國證券業債券投行君鼎獎)
2023	China Association of Small and Medium Enterprises (中國中小企業協會)	7th NEEQ & Beijing Stock Exchange Annual Ranking – Outstanding Service Institution Award (第七屆北交所&新三板年度風雲榜 優秀服務機構獎)
	Wealth Management Related Business	
2025	Securities Times (證券時報)	2025 Jun Ding Award for Investment Advisory Services in China's Securities Industry (2025中國證券業投資顧問服務君鼎獎)
2025	Cailian Press (財聯社)	2025 Hua Zun Award – "Best Growth Wealth Management" (2025華尊獎"最佳成長財富管理獎")
2025	Cailian Press (財聯社)	2025 Hua Zun Award – "Best Investment Advisory Team" (2025華尊獎"最佳投顧團隊獎")
2025	National Business Daily (每日經濟新聞)	2025 Jin Ding Award for Best Growth Investment Advisory Team (2025年最具成長投顧團隊金鼎獎)
2024	Cailian Press (財聯社)	2024 Huazun Award – Best Growth Wealth Management Award (2024 年度華尊獎"最佳成長財富管理獎")
2024	Securities Times (證券時報)	2024 Jun Ding Award for Emerging Wealth Brokerage Firm in China's Securities Industry (2024 年度中國證券業新銳財富經紀商君鼎獎)
2024	Securities Times (證券時報)	2024 Jun Ding Award for Outstanding APP Operations Team in China's Securities Industry (2024 年度中國證券業APP 運營團隊君鼎獎)
2024	Sina Finance (新浪財經)	2024 Golden Kirin Award for the Most Innovative Investor Services Institution (2024年度"金麒麟" 最具創新性投資者服務機構)
2023	Securities Times (證券時報)	2023 Jun Ding Award for Investment Advisory Team in China's Securities Industry (2023年度中國證券業投資顧問團隊君鼎獎)
2023	JRJ.com (金融界)	JRJ-Golden Intelligence Award, "Outstanding Investment Advisory Business Award" (金融界-金智獎, "傑出投顧業務獎")
2023	JRJ.com (金融界)	JRJ-Golden Intelligence Award, "Outstanding Popular App Award"(金融界-金智獎, "傑出人氣APP獎")

STRENGTHS

Leveraging Beijing's unique locational advantages and our proven asset management and investment capabilities, we have demonstrated strong profitability and steady growth momentum. In 2023, 2024 and 2025, our return on average total assets under the PRC GAAP was 1.7%, 2.2% and 2.1%, respectively, while our weighted return on average equity (after deducting non-recurring profits or losses) under the PRC GAAP was 5.7%, 7.6% and 7.5%,

respectively, ranking us among the top 20 of all the PRC securities firms for each year during the period mentioned above, according to Frost & Sullivan[(1)].

Distinctive Asset Management Business with Well-established Distribution Channels Driving Strong Growth

Our asset management business possesses characteristics that differentiate ourselves and have positioned us as one of the few securities companies in China to achieve a comprehensive coverage of distribution channels. We have pursued persistently the strategy of management on a discretionary basis for the development of our asset management business and we have leveraged third-party distribution as a driver for scaling up our business since 2017. We have built an extensive and stable distribution channel system through cooperation with third-party distributors which included the vast majority of banks, non-bank financial institutions, and other third-party distribution channels engaged in the distribution of asset management products in China.

We have established a "private + public + specialized" full-chain asset management ecosystem and formed a diversified product matrix pursuant to which (a) our asset management business division engages in the establishment and management of private asset management products, (b) our wholly-owned subsidiary Shouzheng Desheng focuses on private equity funds, and (c) our associate company China Post Capital Fund specializes in the mutual fund sector. This matrix has enabled us to meet the all-around and diverse asset allocation needs of different investors, laying a solid foundation for the continuous in-depth cultivation and expansion of our asset management business.

In terms of asset management products and investment strategies, we have deployed product portfolio and strategies covering four major directions of "credit bonds, interest rate bonds, FI+ and equities," with investment advisory services as a diverse business development driver. Since 2017, we have deeply focused on credit bonds strategies, adjusting the pace of capital and asset allocation based on forecasts of medium- to long-term interest rate changes. Our interest rate bond strategies have withstood market cycles and formed a systematic market analysis framework. Our FI+ strategy has been prioritized since 2019, with early positioning in convertible bonds, derivatives and FOF segments, delivering outstanding historical performance. For equity strategies, we rolled out multiple products when the market was at a low level and successfully captured the beta-driven market trend since 2024, and continuously refining our Alpha capture capabilities.

In recent years, our asset management business has established itself in the upper tier of the industry with impressive growth of AUM. Our AUM maintained a steady growth momentum and grew at a CAGR of 15.8% from 2022 to 2024, whereas the industry level of such CAGR in the PRC securities industry was negative 6.7%. As of December 31, 2025, our AUM for asset management reached RMB171.1 billion.

In terms of business operations, we had cumulatively issued 846 collective asset management products since the issue of "Guiding Opinions on Regulating the Asset Management Business of Financial Institutions" (《關於規範金融機構資產管理業務的指導意見》) in 2018 and up to December 31, 2024, which ranked us first in the securities industry in China according to Frost & Sullivan. In 2024, we issued 134 collective asset management products, ranking second in the securities industry in China, whereas our asset management business (excluding specialized asset management schemes) generated net revenue under PRC GAAP of RMB870.0 million in 2024, ranking us the 7th in the securities industry in China, according to Frost & Sullivan. This ranking in both scale and revenue fully demonstrates our deeply ingrained expertise and strong competitiveness in PRC asset management industry.

As of December 31, 2025, we had been accredited with 17 Golden Bull Awards and seven Yinghua Awards over seven consecutive years, and 17 Jun Ding Awards over six consecutive years. We have also received other industry awards for multiple years, with our discretionary management capabilities earning high recognition from the market. For further details, see " —Overview."

Well-established Fixed Income Investment and Trading Business with Steady and Sound Operations

In fixed income investment and trading business, we have forged a clear competitive advantage in the market through seasoned expertise and prudent operational strategies. Our investment footprint is both extensive and solid. In

(1) Our return on average total assets under the PRC GAAP is calculated from net profit divided by the arithmetic average of the balances of total assets as of the beginning and the end of the relevant year and times 100%. Our weighted return on average equity (after deducting non-recurring profits or losses) under the PRC GAAP is calculated from net profit (after deducting non-recurring profits or losses) divided by weighted average total equity for the relevant year and times 100%.

the area of conventional bonds, we cover the full spectrum of instruments, including government bonds, local government bonds, policy bank financial bonds, enterprise bonds, short-term commercial papers, medium-term notes, and corporate bonds, while implementing diversified investment and trading strategies. In the meantime, we proactively strengthen our multi-asset allocation by continuously expanding the depth and breadth of our FI+ strategy, and actively researching and exploring currency and commodities under the integrated FICC business. Benefiting from the strengthening of investment research and trading capabilities, our fixed income investment and trading business has recorded steady and substantial growth in recent years and maintaining exceptional performance on return well-above the industry benchmark level.

Regarding conventional bond investment, we continuously optimize our portfolio structures and proactively adjust risk preferences. Leveraging keen market insights and professional research and analytical capabilities, we accurately capture forward-looking trends in the bond market to solidify the foundation for core position returns. Simultaneously, we actively employ multiple strategies to enhance returns, including individual bond spread mining, yield curve riding strategies, primary-secondary market arbitrage, and warrant bond arbitrage. With respect to funding for such business, we established a refined liability management system to safeguard our investment position and maintain its stability, which includes flexible adjustment of financing paces, comprehensive utilization of various financing instruments and diversified channels to effectively reducing financing costs.

While focusing on refining and deepening our strengths in fixed income investment, we have also vigorously expanded our capital intermediary business scope, committed to breaking barriers and obtaining key business qualifications. In doing so, we aim to enhance our comprehensive service capabilities in bond market making, precise pricing and efficient trading. Such efforts have enabled us to solidify our diversified revenue streams empowered by new business growth drivers. In March 2024, we were successfully designated as a market maker for credit bonds in the interbank bond market in China, with which we are dedicated to providing continuous and in-depth bilateral quotation services for high-yield bonds.

In addition to cultivating our core fixed income business, we have also achieved multiple breakthroughs and comprehensive development in FI+ investment areas such as convertible bonds and REITs. By continuously enhancing market research and judgment-making capabilities, we captured structural opportunities amid equity market fluctuations and generated significant returns from investment in convertible bonds and fund products. We steadily expanded our commodity and derivatives business scope, gradually initiating single-sided commodity futures trading and cross-commodity arbitrage strategies. We cumulated valuable experience for efficient risk hedging by thoroughly exploring the strategic value of multiple instruments, including treasury futures, interest rate swaps and total return swaps. Seizing global market opportunities, we keenly identified trading windows arising from the China-US interest rate differential. Through selecting high-quality managers for product collaborations, our global asset and investment portfolio consistently delivered substantial returns and demonstrated better performance when compared to market products.

Our fixed income team is built on a solid talent pipeline, providing strong talent support for investment and trading processes. These team members contribute to the strengthening of our research and analytical capabilities with nearly 90% holding master's degrees or higher and nearly 70% having over five years of hands-on market experience with a profound understanding and insights into fixed income investment and trading markets.

Our long-term dedication and operation in the fixed income market are well-recognized in the industry and have earned us multiple awards and accolades. For details, see " – Overview."

Significant Advantages of Full-license Operations Providing Comprehensive Full-Life Cycle Financial Services

As a financial services provider holding a full range of operating licenses, our Company has established a comprehensive license system 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 also conduct business through our wholly-owned subsidiaries, namely private equity investment fund business through Shouzheng Desheng, alternative investment business through Shouzheng Zefu, and futures business through Capital Jingdu Futures, respectively. All of these have built a solid foundation for our one-stop comprehensive financial services ecosystem.

For corporate clients, our services span the entire development journey from startup to maturity. During the initial phase, we provide private equity financing, IPO advisory, sponsorship and underwriting services to help enterprises

secure launch capital and establish compliance and governance frameworks. During the growth phase, we provide capital support for scaling operations and optimizing business structures through bond underwriting, restructuring and M&As, while meeting clients' short-term funding needs via margin financing and securities lending, as well as stock-backed lending. When enterprises reach maturity, we leverage our asset management and alternative investment licenses to offer ABS products and industrial fund partnerships, as well as futures products for risk management, with a view to helping clients monetize existing assets, hedge potential risks and explore new growth drivers. During industrial transformation, we motivate clients to delve into cross-sector expansion and innovative development through private equity investment and specialized asset management schemes.

For individual clients, our services cover the full lifecycle needs of diverse customer segments. For mass investors, we provide convenient trading channels and inclusive investment advisory services through entry points like securities brokerage and sale of financial products. We endeavor to meet clients' diverse wealth management needs with elevated service quality and efficiency, and strengthened client loyalty and brand influence. For high-net-worth clients, we leverage our asset allocation and wealth management capabilities, combined with tools such as third-party financial products, private asset management schemes, derivative financial instruments such as futures, to customize diversified portfolio solutions encompassing fixed income, equities, and alternative assets, in order to meet the specific needs of our clients.

Leveraging Beijing's Strategic Location with Strong State-Owned Shareholder Backing

Beijing, as the capital of China, is the national center for political affairs, culture, international exchanges, and scientific and technological innovation. It also ranks among the nation's most economically dynamic cities and hosts numerous financial regulatory bodies, including the PBOC, the NFRA, the CSRC, and the Beijing Stock Exchange, alongside headquarters of major financial institutions. The city is also home to a significant number of high-quality listed companies.

Driven by robust performance in high-tech industries, financial services, and the digital economy, Beijing's GDP maintained a steady increase from 2020 to 2025. Beijing's nominal GDP grew from RMB3.6 trillion in 2020 to RMB5.0 trillion in 2024, at a CAGR of 8.5%. From 2020 to 2024, Beijing's per capita disposable income for urban residents continued to grow, increasing from RMB75,602 in 2020 to RMB92,464 in 2024, at a CAGR of 5.2% which demonstrated resilience of the capital's economy. Based on 2024 urban per capita disposable income, Beijing ranked first among China's provincial-level administrative regions. Additionally, Beijing ranks first in the PRC in terms of the number of licensed financial institutions it hosts, covering banks, securities firms, insurance companies, fund management firms, financial holding companies, etc. By the end of 2024, Beijing hosted 69 national-level technology incubators, nurturing over 29,700 national high-tech enterprises and 1,035 National-level "Little Giant" Enterprises (specialized, refined, unique, innovative) (國家級專精特新"小巨人"企業). Beijing was also home to 115 unicorn companies with a combined market valuation of US$594.9 billion as of December 31, 2024.

Beijing converges abundant financial resources, high-end enterprise clusters, and cutting-edge policy guidance, and uniquely positioned to nurture the development of our business operations. As a state-owned financial enterprise in the capital, we are deeply rooted in Beijing, transforming the city's locational advantages and resource endowments into powerful drivers of development. In 2022, we supported the national-level high-tech enterprise Sugon DataEnergy (Beijing) Co., Ltd. in completing its listing on the Beijing Stock Exchange, where it consistently ranked among the top ten on the exchange by market capitalization as of the Latest Practicable Date and stands as a benchmark case for the Beijing Stock Exchange. In 2024, in Beijing alone, we underwrote RMB6.5 billion in bond financing, and RMB8.3 billion in ABS. In particular, we assisted enterprises in issuing 22 science and technology innovation corporate bonds in 2024, raising a cumulative total of RMB3.9 billion. In 2025, we facilitated the issuance of 34 science and technology innovation corporate bonds, raising a cumulative total of RMB6.5 billion. This effectively promotes the transformation of scientific and technological achievements into new productive forces and drives industrial upgrading and economic structural optimization. As of December 31, 2025, our asset management schemes had invested in standardized bonds issued by Beijing-based state-owned enterprises, including Beijing Jinyu Group Co., Ltd., BII, and Shougang Group Co., Ltd., as well as standardized bonds from central government-owned enterprises and financial institutions headquartered in Beijing, including China Reform Holdings Corporation Limited and SDIC Power Holdings Co., Ltd., effectively supporting the bond financing needs of Beijing-based enterprises.

We are backed by our well-established state-owned shareholders, namely Capital Group, BII and Beijing Energy Holding, in terms of shareholder resources support. The strength of our state-owned shareholders enables us to maintain strategic resolve in complex and volatile market conditions, strategically position our business operations, and

actively fulfill our mission of serving the real economy through financial services. We are backed with sufficient shareholder resources in terms of major investment projects and business innovation initiatives, which enabled us to solidify the foundation for our operations and sustainable development and demonstrate the responsibility and commitment of state-owned financial services provider in the capital markets. As lead underwriter, we have in-depth participation in the following projects: - (i) "2024 and 2025 Public Offerings of Science and Technology Innovation Corporate Bonds to Professional Investors" by Capital Group; (ii) "2024 and 2025 Public Offerings of Science and Technology Innovation Corporate Bonds to Professional Investors" by BII and (iii) "2024 Science and Technology Innovation Corporate Bonds (Phase I) for Professional Investors" by Beijing Energy Holding. These projects are to support our shareholders' stable operations and development while advancing technological innovation and industrial upgrading.

As the region with the largest number of licensed financial institutions nationwide, Beijing boasts abundant financial resources, high-end corporate clusters, and forward-looking policy orientations, providing a uniquely favourable environment for us to conduct our business as a securities firm. However, this also implies relatively intense market competition within the region. Against this backdrop of Beijing's highly competitive and institutionally dense market, we endeavour to further enhance our competitive edge by focusing on specialized services, localized operations, differentiated competition, and strengthened collaboration.

Comprehensive Compliance Management and Risk Control System Building a Solid Foundation for Steady Business Growth

We consistently prioritize prudent operations as the cornerstone of our development, establishing a comprehensive, scientific, and efficient risk management system to safeguard the high-quality growth of our operations. We have implemented a four-tier risk management organizational structure comprising "Board of Directors – management, general manager's executive committee – risk management functional departments – business departments, branches, and subsidiaries," forming a multi-level, interconnected operational mechanism with effective checks and balances. For further details of such an organizational structure, see " - Risk Management and Internal Control - Our Risk Management Framework and Organizational Structure." We have developed a comprehensive and actionable risk management framework covering credit risk, market risk, liquidity risk, operational risk, compliance risk, reputational risk, and other domains, providing institutional safeguards for all risk management activities. Multiple risk management information systems have been established and continuously iterated and optimized, comprehensively enhancing the informatization, automation, intelligence, and professionalism of risk management. These systems provide strong support for risk measurement, monitoring, early warning, and other functions.

We have established a risk control indicator system centered on Net Capital and liquidity. Through continuous refinement of dynamic monitoring and early warning mechanisms, we ensure Net Capital and all risk control indicators meet regulatory standards while promptly identifying and alerting to potential risks. We have strengthened our risk response mechanisms, continuously enhancing pre-event risk control, in-process risk monitoring and reporting, as well as post-event response and resolution for materialized risks. During the Track Record Period, all of our risk control indicators remained compliant with the regulatory requirements by CSRC pursuant to the "Measures for the Administration of Risk Control Indicators of Securities Companies" (《證券公司風險控制指標管理辦法》) and consistently maintained a healthy and stable level. As of December 31, 2025, our ratios for risk coverage, capital leverage, liquidity coverage and net stable funding were 221.1%, 23.5%, 688.6% and 174.8%, respectively. For further information, see "Financial Information – Net Capital and Other Regulatory Requirements."

We firmly uphold the core values of "compliance" in our industry culture and "discipline" in our corporate culture. We prioritize compliance culture development as the cornerstone of our compliance management, reinforcing the principles of "compliance for all, compliance starting from management, compliance creates value, and compliance is vital to company's sustained existence." We have strengthened compliance awareness among employees, and adhere to a substantive compliance management mindset of "rules plus principles." We are continuously improving compliance management mechanisms and enhancing proactive compliance management. We continue to strengthen compliance teams at all levels for the elevation of their sense of pride in the profession and the competency of our compliance personnel. We will resolutely implement full-coverage compliance requirements, comprehensively solidify institutional frameworks, and deepen compliance controls. This will establish a compliance management system featuring preemptive standardization, in-process oversight, and post-event accountability, ensuring consistent compliance execution to safeguard our high-quality development.

Visionary Management Team and Efficient Collaborative Management System

Guided by our core values of "Confidence, Discipline, Conscience, and Professionalism" (自信、規矩、良知、專業), we are committed to becoming a distinctive and respected financial services provider.

We possess a visionary management team whose core members have seasoned knowledge and expertise in the financial sector for years. Combining extensive industry experience with forward-looking strategic vision, they consistently analyze industry trends through a market-oriented lens. In complex and volatile market environments, they accurately seize development opportunities and provide steadfast guidance for our strategic planning and steady growth.

We place high importance on talent pipeline development, cultivating a young, highly skilled, well-structured, and stable professional team. With an average employee tenure of more than six years serving our Group, we have established a stable and healthy spindle-shaped talent structure that provides strong support to our continuous innovation and steady growth. We implement a multi-dimensional and market-oriented incentive system, committed to creating value for clients, building platforms for employees, and delivering returns for shareholders, thereby cultivating a virtuous all-win ecosystem. Meanwhile, we have established a multi-level training system for all employees, with a key focus on middle and senior management, key business talents, and new hires. The training covers critical areas such as leadership and management skills, professional skills, corporate culture, and compliance and risk controls. These approaches can continuously unlock employee potentials and ensure that our talent pool maintains sustained growth and competitiveness in a rapidly changing market environment.

We have established a highly efficient, flat organizational structure that breaks down hierarchical barriers and strengthens cross-departmental collaboration, resulting in shorter decision-making chains and faster response times. When serving clients, business units can rapidly coordinate based on customer needs to deliver one-stop, customized financial service solutions.

STRATEGIES

Business Development

Asset Management Related Business: Building the multi-asset strategies and synergies by distribution channels as the core growth drivers

(1) Optimization of business layout with refinement of product strategy system: We will accelerate our multi-asset and multi-strategy deployment and continue to refine our asset management product portfolio and strategies covering the four major directions of "credit bonds, interest rate bonds, FI+ and equities" to build a balanced business structure. We will continue to optimize product structure in respect of our credit bond strategies, to scale up the AUM for interest rate bonds and equity strategies, and to promote the continued expansion of FI+ product line through third-party distribution channels. Building on the strengths of our traditional credit bonds business, we achieved a breakthrough in the 2025 in our multi-asset and multi-strategy deployment as we successfully issued multiple equity and interest rate bond products, making notable progress in diversifying our business portfolio for asset management. As of December 31, 2025, AUM for the management of interest rate bond products, FI+ products, and equity products increased by 67.0%, 36.7% and 232.6%, respectively, as compared to relevant AUM as of December 31, 2024.

(2) Deepening of multi-asset transformation and enhancement of investment research teams' multi-asset vision and strategy execution capabilities: We will continue to pursue the strategy of deepening our multi-asset transformation and enhance investment research capabilities of the four major product strategies. For interest rate bond strategies, we will flexibly adjust portfolio duration and leverage based on thorough analysis of macroeconomic conditions and the directions and timing of policy adjustment, while employing tools such as treasury bond futures and bond lending for risk hedging. For credit bonds strategies, we will continuously optimize asset structures through dedicated cultivation, broaden investment horizons, and utilize duration approaches such as the barbell strategy to refine portfolio structures. For FI+ strategies, we will continue to diversify assets, delve deeper into investment opportunities for convertible bonds, offshore bonds, derivatives, REITs or other investment targets, and improve the win rate for portfolio excess returns by capitalizing on asset rotation effects. For equity strategies, we will focus on the Alpha generation capabilities of discretionary strategies, accumulate strong performance while continuously optimizing the investment team structure to ensure the stability and sustainability of investment capabilities.

(3) Full leverage of distribution channel clients to deepen business synergy and expansion: By leveraging new products and business models, we will fully explore growth potentials from clients within existing distribution

channels. As of December 31, 2025, we had 22 external distribution channel partners each with an AUM for distribution exceeding RMB1.0 billion and 11 external distribution channel partners each with an AUM for distribution exceeding RMB2.5 billion. Leveraging on the advantages of our extensive channel network and building on credit bond operations, we will actively promote products covering interest rate bonds, FI+ and equities, etc., to drive new growth in AUM of asset management through a balanced product structure. We will also continue to expand partnerships with new institutions including city and rural commercial banks and large state-owned banks to achieve broader coverage of distribution channels by way of industry referrals and introductions through our branches. In the meantime, we will strengthen the business synergies with, and development of, external distribution channel partners along with our internal functional lines. Deepening collaboration will begin by strengthening ties with a specific department within the distribution channel, then gradually expanding engagement to other business units to develop additional collaborative initiatives.

(4) Strengthening of direct sales system and client service capabilities: Moving forward and in respect of our direct sales clients, we will build a product portfolio centered on fixed income strategies, with FI+ and equity products serving as complementary support. This will further solidify our in-house grown clientele with our services extended to high-net-worth clients, insurance, and family trust sectors.

Investment Related Business: Building a globally oriented investment system with integrated multi-asset strategies

(1) Global capital allocation capabilities: Building a multi-dimensional and performance engine through a global asset matrix: We proactively expand global asset allocation and identify allocation opportunities across different markets. In doing so, we established systematic market research and asset screening mechanisms, as well as forward-looking analysis of macroeconomic cycles and interest rate trends. In respect of strategy execution, we will flexibly adjust portfolio duration and credit structure while managing exchange rate risks and credit risks. We will conduct in-depth analysis of relative value and interest rate transmission mechanisms across domestic and international markets to develop cross-market yield enhancement strategies that capture profound and systematic opportunities. By utilizing QDII products for investment, we will diversify our investment strategies, broaden return streams, and establish a solid foundation for global asset allocation capabilities.

(2) All- weather FI+ ecosystem: Structural optimization driving growth of absolute return: Adopting FI+ as core strategy, we are driving a pivotal shift in our operational focus, transitioning from a single bond driven model to a dual model with bond and multi-asset strategies working in parallel. Our multi-asset operations will serve as the second curve for growth of the fixed income investment business based on which we will build an adaptable portfolio framework. We adjust multi-asset positions in FI+ strategy instruments on a dynamic basis, including convertible bonds, exchangeable bonds, REITs, etc. to achieve rebalancing of risk and return. In asset selection, we will continue to emphasize the integration of policy directions with industry trends for enabling us to build resilience in weathering market cycles and capturing investment opportunities with enhanced portfolio returns on a continuous basis. Furthermore, we will enhance our research capabilities across the entire spectrum of FICC products, proactively identify cross-market and cross-asset opportunities, and systematically build resilience to market volatility and uncertainty.

(3) Full-chain capital intermediary business: Enhancing comprehensive trading services capabilities: We will further develop our capital intermediary business by refining our expertise in credit bond trading and strengthening our pricing and execution capabilities for interest rate bonds. We will actively expand and deepen partnerships with financial institutions, including banks, insurance companies, fund management companies, trust companies, and finance companies. By pursuing new business licenses and capitalizing on market trends, we aim to provide distinctive and differentiated capital intermediary services.

(4) Sound and sustainable equity investment framework: Multi-strategy and dynamic allocation to enhance portfolio resilience: Facing the inherent high volatility of equity markets, we adhere to an absolute return development approach and systematically build a multi-strategy, investment framework to achieve the organic integration of risk diversification and return enhancement. Embracing a multi-strategy investment philosophy, we cover multiple markets and asset classes equipped with cross-cycle and multi-dimensional strategy allocation capabilities.

We intend to carry out the development approach of pursuing absolute return in the following ways: (a) in terms of asset allocation structure, our focus will be on stable, low-volatility strategies and low-risk arbitrage strategies, with a relatively low proportion of long positions to mitigate market fluctuation risks; (b) regarding the categories of asset allocation, the investment scope will cover multiple markets and asset classes to enhance portfolio diversification and

risk resilience; and (c) for risk prevention and control, under our risk control limits, differentiated management is implemented by setting various threshold levels for monitoring indicators such as concentration, sector distribution, and drawdowns, combined with different investment strategies. This approach aims to effectively control portfolio volatility and maximum drawdown, thereby improving the overall stability of the investment portfolio. We will build our competitive edge in equity securities investment in the following four aspects: (i) conducting research-driven investment decisions, implementing refined operational management, delving into industry trend research, and identifying high-quality investment opportunities; (ii) continuously developing, iterating, and maintaining a repository of high-quality strategies, fostering synergy among strategies of different styles to enhance the overall stability of the investment portfolio; (iii) adhering to a value investing orientation and holding high-quality, dividend-paying assets over the long term to withstand short-term market fluctuations; and (iv) utilizing a diverse range of derivative strategies and hedging tools to capture structural opportunities and low-risk arbitrage windows across markets and cycles, thereby improving the resilience and of the asset portfolio.

Investment Banking Related Business: Focusing on business in respect of Beijing Stock Exchange with continuous cultivation of the Beijing market

Leveraging the locational advantages of our Beijing headquarters with favorable policy resources, we will continue the strategic focus of our investment banking business in pursuit of a differentiated development roadmap centering on the Beijing Stock Exchange with deep cultivation of Beijing's market and driving of growth through innovation.

(1) Focusing on the ecosystem of the Beijing Stock Exchange to build full-chain service advantages and innovation incubation platform: We have designated Beijing Stock Exchange as the strategic core for our investment banking business with our clientele targeting National-level "Little Giant" Enterprises (specialized, refined, unique, innovative) and small and medium-sized enterprises with high growth potentials and innovative drives. We will keep enhancing our capabilities serving these technology enterprises. Moving forward, we will strengthen the philosophy of "dedicated end-to-end services" with in-depth participation throughout the business growth life cycle of our clients. We will provide one-stop solutions from front-end value discovery and listing tutoring to listing financing and subsequent capital operation, spanning the lifecycle of our corporate clients. In the meantime, we position the strategic development of our financial advisory services as an importance means to diversify our revenue sources and a gateway to attract potential clients. We are prioritizing resources toward short cycle, high value-added advisory services such as equity incentive design, M&A restructuring consulting, and financing plan optimization. Such services allow us to rapidly respond to client needs and enhance revenue generation efficiency, which we believe would help smooth out impacts brought on by fluctuations in IPO cycles and nurture early stage incubator projects for our business in respect of Beijing Stock Exchange.

(2) Fostering in-depth development in the capital economic circle to leverage Beijing's potentials of locational and resource advantages: Leveraging our particular advantages as a Beijing-based securities company, we are thoroughly integrated into the broader landscape of the capital's economic development. Our short-term business objectives for the Beijing region will focus on expanding underwriting scale, leveraging synergies between equity and debt offerings to increase market share and industry ranking. This is expected to not only help promote the development of our other business segments, but also to provide crucial support for securing our interbank business licenses and driving revenue growth in other areas. In this connection, we intend to carry out the following: (a) with respect to strategic cooperation with Beijing municipal government agencies (such as the Beijing Municipal Financial Regulatory Bureau and district governments), the focus is on serving key local industries and regional development strategies, supporting the listing of specialized and innovative enterprises and technology firms, and participating in financial innovation pilots; (b) with respect to regulatory bodies (including the Beijing Securities Regulatory Bureau, the Beijing Stock Exchange, and other exchanges' Beijing offices), the emphasis is on implementing capital market reforms, enhancing project quality, and facilitating the listing of local enterprises on various exchanges; (c) with respect to key Beijing-based SOEs, the collaboration will center on supporting their mixed-ownership reforms, asset listings, capital operations, and providing tailored financing solutions for key industries; and (d) with respect to key technology companies in Beijing, we will also actively expand business targeting Beijing's private technology enterprises and specialized, refined, unique, innovative enterprises, unlocking their capital market potentials through tailored formulation of financing plans and IPO roadmap to propel the capital's technological innovation and industrial upgrading.

Beijing's high concentration of licensed financial institutions presents intense competition for investment banking services with clients demanding stronger underwriting capabilities, higher project quality, and greater professionalism. We will nonetheless capture market opportunities by: (i) deepening specialized coverage of Beijing-based banks and

financial holding groups to meet their steady capital instrument and bond financing needs; (ii) strengthening client loyalty through multi-product offerings such as ABS, structured financing, and advisory services tailored to diverse local demands; and (iii) integrating financial institution resources with the needs of Beijing's tech firms and state-owned enterprises to improve project pipeline stability.

(3) Forging new frontiers in innovative business and building a growth model with synergies: We are committed to achieving breakthroughs in innovative business areas and we focus on creating benchmark cases with market influence to establish industry exemplars. Leveraging our existing strengths in investment banking and in view of regulatory directions, we have identified industrial asset securitization as a key area for future business innovation and development. We will focus on capitalizing major business opportunities in industrial financing and revitalizing existing assets. In the meantime, we will prioritize providing specialized services tailored to the core needs of industrial clients, including M&A restructuring, distressed asset disposal, and alternative asset investment. This focus is central to our commitment to actively contributing to the development of the real economy.

We actively explore and implement the integration synergy model, combining expertise in equity and debt financing to design and deliver comprehensive financing solutions that meet enterprises' diversified funding needs for both equity and debt financing. We also optimize cross departmental and cross regional resource allocation and team collaboration mechanisms. By deepening the integrated synergy system covering research, investment and investment banking, we closely coordinate with our internal investment platforms and research departments to form a closed-loop business system. This enables us to serve clients' financing needs while sharing in their growth value at opportune moments, enhancing overall profitability and comprehensive financial service competitiveness.

Wealth Management Related Business: Driving wealth management transformation through product and service innovation

(1) Product innovation and precision services to enhance client service capabilities across dimensions: We will continue to optimize our wealth management service system, building a comprehensive and diversified product line covering stocks, bonds, funds, insurance, trusts, and retirement products, as well as customized asset allocation services to meet clients' multifaceted wealth management needs. We will implement precise client segmentation and classification and strengthen integrated online and offline service models by establishing digital platforms and delivering 24 hours uninterrupted service through trading terminals, physical branches, and dedicated professional service representatives. Furthermore, we plan to have our "product shelf" model evolve into scenario-based solutions centered around scenarios such as wealth management, retirement planning, education funding, and cross-border services. We have developed replicable standard packages that undergo continuous iteration. This approach addresses the wealth management needs of different investor types, fostering distinctive brands and driving refined services. We will continue to enhance our customer service capabilities by fully integrating professional expertise, service processes, and technology.

(2) Upgrading of service systems as deeply empowered by fintech: Leveraging big data and artificial intelligence, we intend to improve our customer profiling and precision marketing systems to deliver highly personalized services. We plan to provide automated portfolio recommendations by a smart investment advisory platform with powerful capabilities which would enable clients to access professional asset allocation services 24/7 with zero barriers. Driven by AI and big data, the platform will be designed to achieve refined client segmentation and enable precision marketing. Simultaneously, we will continue to optimize trading service systems to deliver speedy trading services, meeting the diverse trading needs of high-net-worth clients and professional investors. Through a four-pronged upgrade integrating hardware, algorithms, data, and risk control, we aim to enhance our service system in a comprehensive manner enabling more rapid response to clients' diverse needs.

(3) Deepening the transition to buy-side investment advisory services to drive asset allocation transformation: We will continue to embrace the transition to a buy-side investment advisory service model. We intend to further strengthen our investment research capabilities to build a professional and efficient investment research and advisory team and to establish brand influence. We will continue to prioritize client needs, introduce more diversified portfolio strategies to provide personalized investment advice and ongoing support services. Simultaneously, we will actively promote a comprehensive investment advisory development strategy from headquarter to branches, strengthening the advisory system across the board. With client interests at heart, we will continuously enhance service capabilities, proactively respond to client needs, and consistently reinforce client trust. Leveraging our extensive branch network, we will adopt an integrated online and offline approach to further expand client and market coverage. Furthermore, we will fully utilize Beijing's locational advantages and client resources to drive coordinated development across the national market.

Collaborative Support

Business collaboration building a one-stop financial services platform

We will pursue the strategy emphasizing on "refined and distinctive" development to build a differentiated business system driven by product capabilities and with institutional services serving as an effective means for ultimately establishing a one-stop financial services platform. Asset management related business will continue to be the core driver of our strategic development. In parallel to steadily expanding the AUM, we will also enhance our discretionary management capabilities and in-depth service capabilities for end-customers. We aim to foster synergy and drive coordinated growth across all segments with our asset management business serving as supportive tools and structured solutions for other business lines. The investment banking related business will adhere to its fundamental positioning to offer technology-driven investment banking services integrating equity and debt financings with in-depth collaborations across research, investment, and branch operations. We will prioritize to strengthen the development of the institutional business center and the wealth management center by centrally managing key client resources, integrating sales channels collaboratively, and enhancing cross-department coordination. This will make ways for synergies to be created across our asset management, investment banking and brokerage businesses and would serve as the core engine driving our transformation into a one-stop service platform with the depths of our services to institutional and individual clients and our comprehensive financial supply capabilities fully enhanced. We will leverage the investment and product research center as a platform to promote the development of an integrated mobilizing mechanism covering "investment research – products – clients" which is expected to help foster a unified product development foundation with customized delivery capabilities highlighting the coordinator role played by product driven approaches in wealth management and institutional services.

Information technology development for intelligent infrastructure

We will focus our efforts on developing AI-native agile organization and cultural framework with the deployment of a scalable AI computing cloud platform and an intelligent data governance system. These initiatives will empower the comprehensive restructuring of our business value chain forming three key AI-driven application matrices of digitalized and smart client services, investment research and operations management. For external clients, we will provide trading services and offer user experiences based on intelligent products; for our internal employees, we will offer smart technical tools to support investment decision making, risk management, and process optimization.

For digitalized and smart client services, we will continue to upgrade our "Capital Fanqie Wealth APP" ("***Fanqie APP***") to fully integrate with our digitalized and smart sales and marketing services platform. We intend to create a management loop encompassing client segmentation, personalized marketing, asset allocation, operational recommendations, and asset analysis to further enable the transition of our brokerage business from product sales to client asset management.

In digitalized and smart investment research, we will fully utilize and combine mature quantitative trading frameworks with AI and financial data for building and following a strategy factory pattern. We will mine multi-dimensional strategy factors to develop strategy systems suitable for investors with different asset sizes and risk preferences. Supplemented with risk and performance metrics, these strategy systems can also empower our proprietary trading business, as well as our asset management and institutional clients, and can be embedded in the Fanqie APP to serve individual investors.

For digitalized and smart operations management, we will continue to integrate AI and robotic process automation technologies into more operational automation scenarios covering various business lines with improved operational efficiency. Our operations management platform will further employ an AI-driven digital integration strategy which unifies multi-line business data and processes to automate real-time monitoring, analysis, and rapid issue resolution. We will adopt robotic process automation (RPA) to achieve comprehensive coverage across all our operational business lines. By securely and stably simulating human-computer interaction processes, RPA will intelligently take over and execute all highfrequency, rules-based daily operational workflows freeing up human resources for higher-value work.

Technology-enabled upgrade of systems for risk management

We will continuously improve our overall risk management system to make it more agile, business-oriented and empowering. We aim to play an instrumental role in boosting business innovation and strategic transformation through building a full-chain, digitalized, and forward-looking risk control system.

We will strengthen the risk management operational mechanism that ensures comprehensive coverage and full participation, improve risk management functions at all levels, and foster a deep cultural belief that "risk management creates value." This ensures that risk decisions are highly aligned with development strategies, providing a safety margin for business innovation. We will continue to refine the cascade mechanism from risk appetite to risk limits, and dynamically adjust our risk management strategies in response to changes in the market environment and business activities. Focusing on key risk areas, we will enhance risk quantification capabilities for new businesses, strengthen look-through risk management for complex products and businesses, and improve response speed and capability in extreme market scenarios.

We will increase investment in risk management informatization through the procurement of professional risk management information systems, continuous upgrades of existing information systems and functional modules, and establishment of risk management information systems that commensurate with business complexity and risk management needs. We will monitor risks on a real-time basis utilizing big data and AI technologies to strengthen our forward-looking risk warning capabilities, and furthering our efforts in the strategic elevation of risk management systems as enabled by technology.

We endeavor to build a look-through and panoramic risk control system. We will strengthen the vertical integrated management of subsidiaries and the look-through risk control of businesses or clients sharing common or correlated traits. We will promote the development of a risk consolidation data middle platform, and shift from single business or entity risk control to full-chain risk linkage which would enable us to provide decision making basis for business portfolio optimization at the group level and to enhance overall asset allocation efficiency and systemic risk prevention capabilities.

We involve risk management in the full process for innovative areas such as derivative businesses and cross-border operations. With refined and down-to-earth services, we will participate in the entire process of innovative business, including feasibility analysis, project approval, development, testing, launch, and post evaluation. In doing so, we aim to improve risk identification and pricing capabilities, as well as cross-market risk hedging mechanisms, making room for sound development of our high-potential businesses well within controllable total risk exposure.

Steady Deployment of International Strategic Layout

Building on our one-stop integrated financial services platform, we will closely follow the "Belt and Road" initiative and national development strategies such as RMB internationalization. We will proactively align our business development with the "go-global" national policies and the international needs of domestic clients for the steady deployment of our international layout. We will take the opportunity of the **[REDACTED]** on the Hong Kong Stock Exchange to actively integrate into international capital markets with thorough understanding of regulatory rules, industry trends, and business opportunities in Hong Kong and surrounding markets for gradually extending our service reaches to global **[REDACTED]**.

Hong Kong serves as a primary foothold for Chinese enterprises' go-global strategies and a confluence for global financial resources as it shoulders the important functions for international capital allocation. Leveraging the resource integration capabilities of our Controlling Shareholder, Capital Group, our customer base of Beijing based enterprises, and our own strong asset management, investment and trading and investment banking capabilities, we aim to build an integrated service system overseas for transaction facilitation, capital pairing, and investment and financing advisory. To promote our overseas business layout in phases, we will focus on scenarios such as Chinese enterprises overseas expansion, international financing for technology innovation enterprises and cross-border investment and trading, etc.

In the future, we will also strengthen business cooperation and product innovation with overseas financial institutions. We will explore establishing overseas platforms, participating in international market issuances, and conducting cross-border asset management to develop full-chain investment and financing service capabilities with an international perspective.

Diversified Capital Operations Building a Sound and Sustainable Capital Structure

Capital constitutes the essential foundation upon which a securities company expands its business, withstands risks, and strengthens its competitiveness. Based on our development stage and strategic goals, we will continuously optimize our capital structure with the aim of improving capital adequacy, enhancing comprehensive strength, and increasing competitiveness in industry. We will conduct capital operations in a diversified and scientific manner to provide solid guarantee for our high-quality development.

We were listed on the main board of the SSE in 2022, the A-Share IPO further solidified our capital strength and market influence and provided strong support for the sustained expansion and high-quality development of various businesses. The **[REDACTED]** of the **[REDACTED]** will be used to supplement our working capital, strengthen business layout, and enhance capital adequacy and risk resilience. For details, see "Future Plans and Use of **[REDACTED]**."**[REDACTED]** of our H Shares will not only enhance our capital strength and broaden financing channels but will also effectively bolster our brand influence and recognition in the international capital markets, further boosting investor confidence.

In our capital operation strategy, we will also actively monitor industry consolidation trends, seize opportunities for capital operation such as M&As and strategic investments, and flexibly employ external expansion methods to further enhance asset scale, business footprint, and industry standing. At the same time and considering industry cyclical fluctuations, we will adhere to the prudent and steady financial principles to ensure that our capital operations are highly aligned with operational goals for sustained growth to be achieved while ensuring safety.

Through diversified capital operations and creation of a sound and sustainable capital structure, we will undergo comprehensive upgrades in business expansion, client service, risk management, and technology investment as we strive to rank among the top tier of the industry in the PRC.

Cultivation of a Professional, High-quality and Stable Team

We will comprehensively build a talent system matching our rapid development in multiple dimensions including organizational mechanisms, talent structure, and incentive methods. We will adhere to meeting our business development and transformation needs, to strengthen the personnel selection and appointment mechanism, optimize job matching efficiency, and continuously improving on a market oriented, professional, and systematic talent management mechanism with our "Capital characteristics".

Regarding talent philosophy, we have always regarded talent as our most important strategic resource and adhered to the principle of placing equal emphasis on lateral hire and in-house cultivation. On one hand, we will increase the introduction of high-level talents for key business lines, with a focus on critical sectors such as asset management, investment banking and technology to recruit professionals and interdisciplinary talents with leading industry experience. On the other hand, we will continuously improve the talent cultivation system, promote the rejuvenation and specialization of talent echelons, and focus on developing leadership management echelons with strategic thinking and reform spirit.

Regarding talent development paths, we will further improve mechanism for cultivating key talents, build a multi-track personalized promotion system covering management, professional, and technical channels, and encourage employees to achieve value growth in their respective fields. By improving training mechanisms and job rotations, we will strengthen the two-way enhancement of practice and ability, continuously stimulating vitality and talent potential.

Simultaneously, we will keep valuing culture foremost and supplement with the perfection of mechanisms, and will enhance employees' sense of organizational identity and sense of belonging through corporate culture building, and fostering core values reflecting "Confidence, Discipline, Conscience, and Professionalism." We will continuously optimize compensation incentives and performance evaluation mechanisms, strengthen medium- to long-term incentive arrangements, enhance the stability and strategic synergy of core talents, for creating a fair, transparent, and dynamic employment environment so as to maximize individual potential, optimize talent deployment, and ensure a strong return on talent.

OUR BUSINESS MODEL

We provide diverse financial products and services to institutional, individual and corporate clients in the PRC. Our principal business lines comprise (a) asset management related business, (b) investment related business, (c) investment banking related business and (d) wealth management related business. The following table sets forth the breakdown of our total revenue, gains and other income by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Asset Management Related Business	792,513	26.6	1,282,426	35.6	757,396	20.8
Investment Related Business	1,242,177	41.7	1,343,549	37.3	1,802,611	49.4
Investment Banking Related Business	123,725	4.2	208,200	5.8	203,812	5.6
Wealth Management Related Business	610,761	20.5	618,661	17.2	750,259	20.6
Others[(1)]	210,125	7.0	148,941	4.1	132,286	3.6
Total	**2,979,301**	**100.0**	**3,601,777**	**100.0**	**3,646,364**	**100.0**

Note:

(1) "Others" primarily include revenue, gains and other income not categorized into any of the aforementioned business lines, including revenue generated from management of our Company's own funds.

ASSET MANAGEMENT RELATED BUSINESS

Our asset management related business consists of asset management business and private equity investment fund business, as well as mutual fund business conducted through our associate China Post Capital Fund. For the years ended December 31, 2023, 2024 and 2025, our total revenue, gains and other income generated from asset management related business were RMB792.5 million, RMB1,282.4 million and RMB757.4 million, respectively, representing 26.6%, 35.6% and 20.8% of our total revenue, gains and other income, respectively. The following table sets forth the breakdown of our total revenue, gains and other income from asset management related business by business line for the periods indicated:

	Year ended December 31					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Asset Management Business	783,062	98.8	1,289,130	100.5	751,026	99.2
Private Equity Investment Fund Business	9,451	1.2	(6,704)	(0.5)	6,370	0.8
Total[(1)]	**792,513**	**100.0**	**1,282,426**	**100.0**	**757,396**	**100.0**

Note:

(1) Our revenue, gains and other income from asset management related business do not include the revenue of China Post Capital Fund as it is our associate. Accordingly, the revenue of China Post Capital Fund generated from its mutual fund business is not directly consolidated into our consolidated financial statements for the Track Record Period. Rather, it is reflected as share of profits and losses of an associate and a joint venture on our consolidated statement of profit or loss. See Note 25 to the Accountants' Report and "Financial Information – Principal Components of Consolidated Statements of Profit or Loss and Results of Operations – Share of Profits and Losses of Associate and Joint Venture."

Asset Management Business

Our Company was approved by the CSRC in 2011 to conduct asset management business, pursuant to which we are able to manage assets on behalf of both institutional and individual clients covering scheme types including collective, single and specialized asset management schemes. We mainly invest in fixed income assets such as credit bonds and have in recent years pivot our asset management portfolio to cover a variety of other assets including interest rate bonds and equity assets as we pursue our multi-asset and multi-strategy objectives for asset management business. We generate income primarily from charging management fees based on the AUM and performance fees on excess

return. As of December 31, 2023, 2024 and 2025, the aggregate AUM of our asset management business was RMB130.3 billion, RMB143.9 billion and RMB171.1 billion, respectively. In addition to acting as asset manager for our clients, we also provide investment advisory services to institutional clients for asset management and charge advisory service fees for the provision of such services.

Asset Management by Scheme Type

Our asset management business is conducted through the following types of asset management schemes:

Collective asset management scheme: We issue an asset management scheme to multiple qualified investors through self-distribution or third-party sales channels. Investors pool funds into a designated account for such collective asset management scheme by purchasing participating shares of the scheme. Funds raised are under the custody of regulatory-approved institutions. We manage assets for multiple clients on a unified basis through such designated account pursuant to applicable laws and terms of the asset management scheme.

Single asset management scheme: We manage assets for a single client, through designated account(s) pursuant to specific protocols, conditions, requirements and restrictions stipulated in the scheme contracts.

Specialized asset management scheme: We are entrusted by subscribers of a specialized asset management scheme to manage assets for a special purpose in accordance with the terms of the scheme documents. In addition to acting as the asset manager of such schemes for our asset management business, we also engage in the underwriting of ABS issued under these schemes for our investment banking related business. For further details, see " – Our Business Model – Investment Banking Related Business – Bond Underwriting & ABS - ABS."

The following table sets forth the scale of our asset management business by scheme type as of the dates or for the periods indicated:

	Year ended/ As of December 31,								
	2023			2024			2025		
	AUM[1]	Number of Schemes	Revenue, gains and other income[2][3]	AUM[1]	Number of Schemes	Revenue, gains and other income[2][3]	AUM[1]	Number of Schemes	Revenue, gains and other income[2][3]
	(RMB in thousands except for number of schemes)								
Collective asset management schemes	97,603,758	570	749,710	101,421,760	671	1,199,147	102,956,451	749	636,227
Single asset management scheme	10,495,186	31	22,276	15,637,458	45	50,431	22,548,632	77	43,960
Specialized asset management schemes	22,245,780	29	8,150	26,822,101	43	18,445	45,619,027	82	28,429
Total	**130,344,724**	**630**	**780,136**	**143,881,319**	**759**	**1,268,023**	**171,124,110**	**908**	**708,616**

Notes:

(1) AUM refers to the net asset value of assets under management as of the end of a given period.

(2) Revenue, gains and other income mainly include management fees and performance fees.

(3) Revenue, gains and other income exclude revenue of our asset management business that is not generated from the management of any of our three types of asset management schemes which are mainly in relation to the provision of our investment advisory services for asset management. In 2023, 2024 and 2025, such other revenue from asset management business amounted to RMB2.9 million, RMB21.1 million and RMB42.3 million, respectively.

As of each of December 31, 2023, 2024 and 2025, 100.0% of our collective asset management schemes and single asset management schemes were managed on a discretionary basis. For the years ended December 31, 2023, 2024 and 2025, our rate of return on AUM for our management of collective asset management schemes and single asset management schemes were 8.48%, 5.54% and 3.74%, respectively. Such a rate of return on AUM is calculated based on investment return of the assets under management (being the aggregate of interest income, investment income and gains or losses on fair value changes but excluding relevant operating expenses from such assets under management) as divided by the average AUM for a given period (being the arithmetic average of net asset value of assets under management as of the end of each month of such a period).

Asset Management by Asset Type

During the Track Record Period, assets managed by us (excluding specialized asset management schemes) comprised of (a) fixed income assets, (b) FI+ assets, and (c) equity assets.

Fixed income: During the Track Record Period, a substantial part of our revenue, gains and other income generated from asset management business was derived from management of fixed income assets (such as credit bonds and interest rate bonds). We commenced to strengthen our fixed income asset management business on a discretionary basis starting from 2016. We have overtime built a sales network mainly consisting of third-party distributors of state-owned, joint stock, city and rural commercial banks in China. As of December 31, 2025, our AUM of fixed income assets was RMB106.5 billion.

FI+: We started our FI+ asset management business in 2019. FI+ investments mainly cover (a) fixed income plus options, (b) fixed income plus equity, and (c) fixed income plus convertible bonds. During the Track Record Period, our FI+ asset management scale experienced a visible increase since 2024 against the downward rate of return of conventional bonds and our AUM of FI+ reached RMB14.1 billion as of December 31, 2025.

Equity: We prioritized the development of equity asset management in 2023 with assets mainly invested in stocks and equity funds. In the fourth quarter of 2023, we seized a favourable investment window and launched a pure equity-oriented asset management product when the stock market at the time was approaching a cyclical bottom. This move was in line with our "multi-asset and multi-strategy" objective for asset management business and marked a critical step forward into the equity investment domain. Our AUM of equity products amounted to RMB4.9 billion as of December 31, 2025, increasing by 232.6% as compared to December 31, 2024.

Apart from acting as clients' asset manager, we also provide investment advisory services to institutional clients, such as commercial banks and trust companies, for assets managed by such clients. As of December 31, 2025, our investment advisory services were provided to clients' AUM of RMB43.7 billion. We charge advisory service fees for the provision of such services generally at a pre-agreed percentage based on the scale of the client's AUM being served by us. We may also charge a performance-based advisory fee from our clients depending on the contract terms agreed.

Fees for Asset Management Business

We generate income primarily from charging management fees based on the AUM and performance fees on excess return. Other factors to consider when determining such fees include the rate of return on AUM for our management of the relevant asset management schemes and the fee rate charged by third-party distribution institutions. During the Track Record Period and with respect to our asset management business (excluding all specialized asset management schemes), the average management fee rate, calculated on an annualized basis as the management fees for a given period divided by the AUM as of the end of the period, generally ranged from 0.44% to 0.55%; and the average performance fee rate, calculated on an annualized basis as the performance fees for a given period divided by the AUM as of the end of the period, generally ranged from 0.13% to 0.65%. The following table sets forth our total revenue, gains and other income from asset management business by fee type for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB'000)	
Management fees	513,643	584,708	554,415
Performance fees	266,493	683,315	154,201
Total[(1)]	**780,136**	**1,268,023**	**708,616**

(1) Revenue, gains and other income exclude revenue of our asset management business that is not generated from the management of any of our three types of asset management schemes which are mainly in relation to the provision of our investment advisory services for asset management. In 2023, 2024 and 2025, such other revenue from asset management business amounted to RMB2.9 million, RMB21.1 million and RMB42.3 million, respectively.

For further information on the changes of our revenue, gains and other income from asset management business during the Track Record Period, see "Financial Information – Principal Components of Consolidated Statements of Profit or Loss and Results of Operations – Revenue, Gains and Other Income – Commission and Fee Income."

Key Asset Management Schemes

The following sets forth further information of some of our key asset management schemes during the Track Record Period:

The Capital Securities Chuangying No. 5 Collective Asset Management Scheme (首創證券創贏5號集合資產管理計劃) was established on March 29, 2018. This product is an open-ended and privately placed collective asset management scheme targeting fixed income assets. As of December 31, 2025, it achieved an annualized return of 5.35% since inception. The scheme primarily invests in standardized debt related assets such as fixed income and cash-like assets, with a main focus on corporate bonds and financial bonds. It aims to achieve steady investment returns while effectively controlling investment risks. This product was awarded as the "Five-Year Medium to Long-Term Pure Bond Golden Bull Asset Management Scheme" by China Securities Journal in 2024.

The Capital Securities Stocks & Bonds Shuangli Zhiyuan No. 1 Collective Asset Management Scheme (首創證券股債雙利致遠1號集合資產管理計劃) was established on October 23, 2020. This product is an open-ended and privately placed collective asset management scheme targeting FI+ assets. As of December 31, 2025, it achieved an annualized return of 6.47% since inception. The scheme aims to offer a "steady progress" asset allocation portfolio with most of the funds allocated to fixed income assets and a small portion to equity assets, together with derivative tools for risk hedging. This product was awarded the "Brokerage, Asset Management and Fixed Income Plus, Three-Year Yinghua Product Exemplary Case" by China Fund News in 2024.

The Capital Securities Hongsheng Yueyi Jinqu No. 101 Collective Asset Management Scheme (首創證券紅升銳意進取101號集合資產管理計劃) was established on November 30, 2023. This product is an open-ended and privately placed collective asset management scheme targeting equity assets. As of December 31, 2025, it achieved an annualized return of 23.38% since inception. The manager adheres to a top-down investment approach, focusing on global industry trends and policy directions to research and identify high-growth sectors. In investment practice, it emphasizes on aligning research with investment and prioritizing deep industry insights to discover value ahead of the market. It uses flexible portfolio strategies to capture strong growth opportunities with high certainty and striving to create sustained excess returns for investors. This product was recognized as one of the "Top 10 Asset Management Products at Mid-Year" by Simuwang.com in 2024.

Asset Management Clients

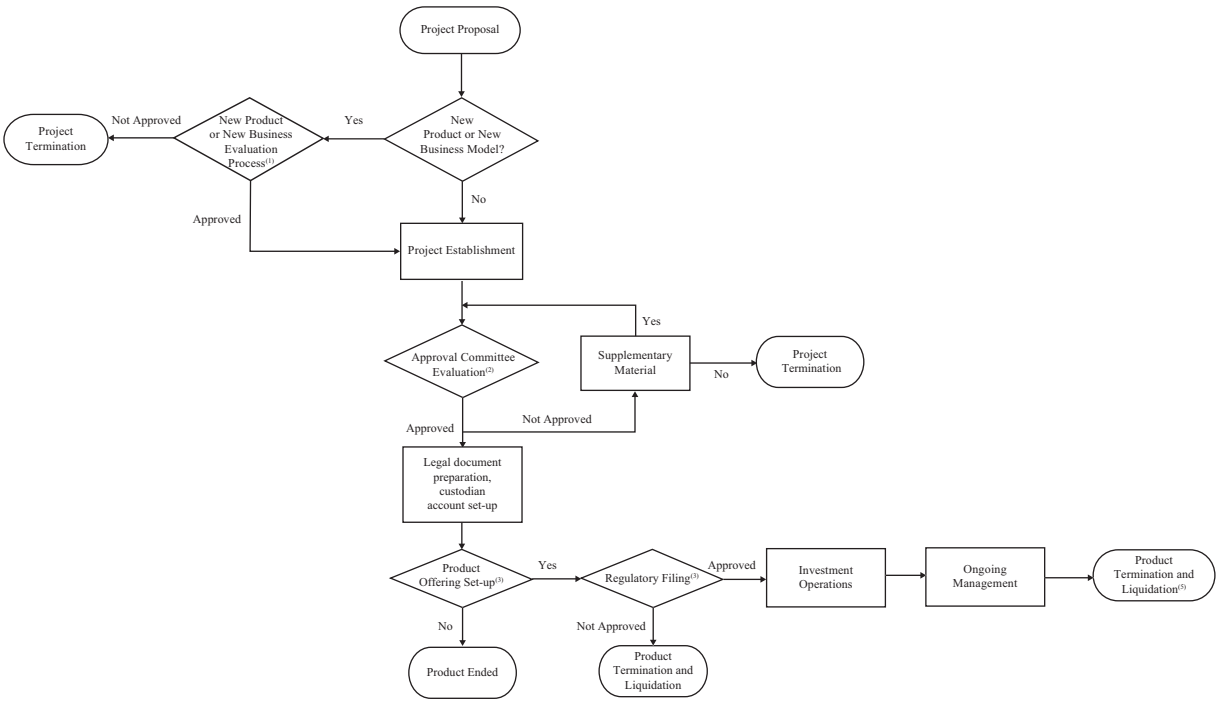
Our client base for asset management business is categorized into the following three types: **(A) Individual clients**: being the qualified individual investors pursuant to the Administrative Measures on Private Asset Management Business of Securities and Futures Institutions (《證券期貨經營機構私募資產管理業務管理辦法》), as amended from time to time (the "**Asset Management Administrative Measures**"); **(B) Institutional clients**: being professional financial institutional investors in China, such as other securities companies, fund management companies, commercial banks, trust companies, and insurance companies, as well as ordinary non-financial institutional investors; and **(C) Product clients**: being, as stipulated in the Asset Management Administrative Measure, the asset management products issued by institutions supervised by the financial regulatory authorities under the State Council. In such cases, the asset management business contract we entered into with client is entered into in the name of such an asset management product (as a product client) even though the counterparty who signs the contract maybe an institution (usually the manager of such an asset management product). This is different from us entering into an asset management business contract with an institutional client which itself is the investor in our asset management offerings. For further information, see "– Major Customers and Suppliers."

Sales Model

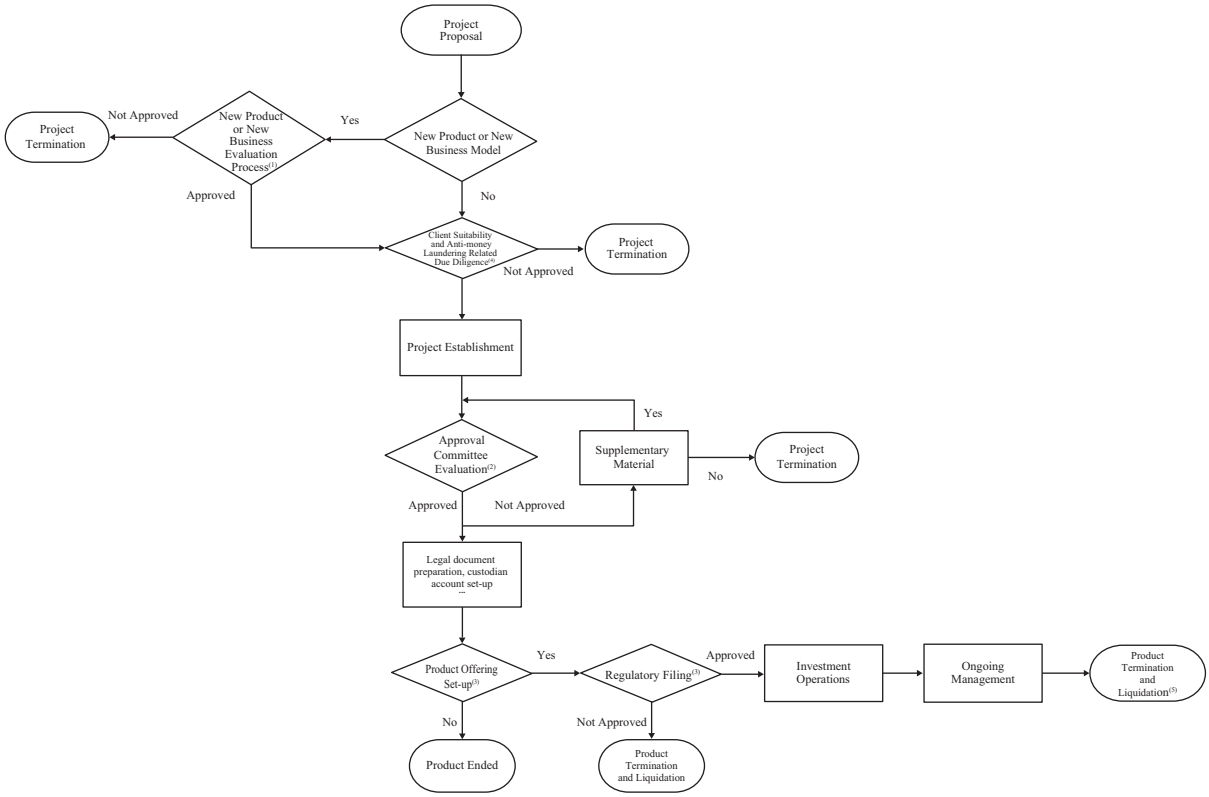
Our asset management products are sold to qualified individual and institutional investors mostly through third-party distributors on a commission basis and, to a lesser extent, through direct sales by sales force of our own branches and/or via our client terminals (such as mobile applications and PC terminals). Our third-party distributors are licensed entities to conduct such sales which mainly include bank distributors (such as state-owned, joint stock, city or rural commercial banks), digital distribution platforms and securities broker distributors. Commission is charged by third-party distributors based on the amount of asset management products distributed. For further details on our sales of financial products, see " – Our Business Model – Wealth Management Related Business – Wealth Management Business – Sales of Financial Products." As of December 31, 2025, we were in cooperation with a total of 51 third-party distributors for the sales of our asset management products, including two state-owned commercial banks, six joint stock commercial banks, 20 city or rural commercial banks, two other securities companies and 21 other third-party distributors.

Main Business Flows

The following diagram sets forth the main business flow for our asset management business in respect of collective asset management schemes:



The following diagram sets forth the main business flow for our asset management business in respect of direct sales for single asset management schemes:



Notes

(1) Evaluation process for new product or new business involves the participation from the compliance department to issue a compliance opinion and from the risk management department to issue a risk control opinion.

(2) Evaluation by approval committee involves the participation of relevant persons in charge from the asset management division, compliance department, risk management department, research team of the asset management division, risk management and compliance team of the asset management division.

(3) Product offering set-up and regulatory filing stages involve the participation of our operations management staff and corresponding business personnel from the asset management division, as well as the filing review personnel from the Asset Management Association of China.

(4) Client suitability and anti-money laundering related due diligence is being carried out by the relevant business personnel and compliance staff from the asset management division and the staff from compliance department.

(5) Depending on the terms of the relevant asset management scheme, a number of circumstances may lead to product termination or liquidation, including without limitation: (a) product reading its maturity date and is not extended, (b) termination agreed by all investors, the manager and the custodian through consultation, (c) the manager and/or the custodian's business license or qualification is legally revoked, or the manager and/or the custodian is legal dissolved, revoked or declared bankrupt, and no replacement assumes the role within prescribed period, (d) the manager deems it necessary to terminate the scheme, (e) the occurrence of a force majeure event that prevents the continuation of the scheme, and (f) failure to complete or denial of filing with the Asset Management Association of China.

Private Equity Investment Fund Business

We engage in private equity investment fund business in China through our wholly-owned subsidiary Shouzheng Desheng and its controlling subsidiary Wangjing PE. We primarily establish, manage and invest in various private equity funds, which include pooled or single private equity funds or private equity FOFs covering, among others, industrial funds, specialized funds and blind pool funds. Funds managed by us generally have an investment period of five years. We endeavor to ensure steady operation of the funds and to maximize investor returns through fund raising, investment management, project screening and evaluation, and post-investment management. The investors of the private equity investment funds that we manage are generally institutional or individual professional investors.

Since establishing the first private equity fund in late 2019, we had as of December 31, 2025 launched in total 18 funds with a cumulative committed capital of RMB5.0 billion and cumulative called capital totaling RMB4.1 billion. As of December 31, 2025, we had 16 funds under management with committed capital of RMB1.8 billion and called capital of RMB0.8 billion (out of which called capital with our own funds amounted to RMB0.2 billion). All of these funds we manage are non-consolidated funds. Investment directions of these funds managed by us cover sectors including new energy, new retail, smart city management, environmental protection, etc.

We primarily earn fund management fees (generally at a rate ranging from 1% to 2%) and performance fees from our private equity investment fund business. In 2023, 2024 and 2025, our average AUM by called capital, being the arithmetic average of such AUM at the beginning and end of a given period, was RMB2.1 billion, RMB0.7 billion and RMB0.8 billion, respectively. The following table sets forth our total revenue, gains and other income from private equity investment fund business by fee type for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
		(RMB'000)	
Management fees	6,011	7,244	6,489
Others [(1)]	3,440	(13,948)	(118)
Total	**9,451**	**(6,704)**	**6,371**

Note:

(1) "Others" refers to investment gains or loss from our own funds invested in the private equity funds we manage.

Mutual Fund Business

China Post Capital Fund, a mutual fund manager in the PRC established in 2006, is our associate in which we held 46.37% of its equity interest as of December 31, 2025 as its largest shareholder. See "History, Development and Corporate Structure – Corporate Structure – Corporate Structure Immediately Following Completion of the **[REDACTED]**." China Post Capital Fund's main business includes:

Mutual fund products: China Post Capital Fund provides mutual fund products, mainly open-end funds, by raising capital through public offerings of fund shares to non-specific investors whose assets are thereby under custody by fund custodians and managed and/or operated by China Post Capital Fund as the fund manager. To maximize returns for fund shareholders, the fund manager conducts securities investments, such as equity or fixed income securities, through a diversified asset portfolio pursuant to agreed investment scope as set forth in the fund documents and in accordance with relevant laws and regulations.

Specific asset management business: China Post Capital Fund raises funds from specific clients or accepts mandates from specific clients to act as an asset manager. The client funds raised are under the custody of commercial banks or securities companies as asset custodians and are utilized by China Post Capital Fund to conduct securities investment for the benefit of the clients. Two types of client accounts are set up for such business, namely, one-on-one

specialized account targeting one single client and operated on a single asset management scheme, and one-to-many specialized account targeting multiple specific clients and operated on a collective asset management scheme.

Revenue generated by China Post Capital Fund from operating activities primarily includes management fees, service fees, investment income, and interest income. Management fees and service fees are charged based on contractual agreements of managed products. As of December 31, 2025, China Post Capital Fund had (a) 60 mutual funds under management with a total AUM of RMB75.2 billion and (b) 35 specialized accounts for specific asset management business (excluding those accounts managed by its subsidiaries), with a total AUM of RMB14.7 billion. For the years ended December 31, 2023, 2024 and 2025, our share of profits and losses of an associate and a joint venture with respect to China Post Capital Fund amounted to RMB33.1 million, RMB2.8 million and RMB23.8 million, respectively. See "Financial Information – Principal Components of Consolidated Statements of Profit or Loss and Results of Operations - Share of Profits and Losses of Associate and Joint Venture."

INVESTMENT RELATED BUSINESS

Based on different types of investment instruments, our investment related business is categorized into fixed income investment and trading business, equity securities investment business, NEEQ market making business and alternative investment business. We utilize our own funds to conduct such business and regularly review and adjust our investment strategy and asset allocation based on market conditions, our liquidity and financial resources, and other conditions. For the years ended December 31, 2023, 2024 and 2025, our revenue, gains and other income generated from investment related business were RMB1,242.2 million, RMB1,343.5 million and RMB1,802.6 million, respectively, representing 41.7%, 37.3% and 49.4% of our total revenue, gains and other income, respectively. The following table sets forth the breakdown of our total revenue, gains and other income from investment related business by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Fixed Income Investment and Trading Business	1,187,425	95.5	1,421,715	105.8	1,285,005	71.4
Equity Securities Investment Business	17,288	1.4	(13,148)	(1.0)	433,434	24.0
NEEQ Market Making Business	(15,459)	(1.2)	(16,764)	(1.2)	2,305	0.1
Alternative Investment Business	52,923	4.3	(48,254)	(3.6)	81,867	4.5
Total	**1,242,177**	**100.0**	**1,343,549**	**100.0**	**1,802,611**	**100.0**

Fixed Income Investment and Trading Business

We conduct our fixed income investment and trading business in the PRC inter-bank bond market, stock exchanges, and futures exchanges with our own accounts. Our fixed income investment and trading activities mainly cover investment types of credit bonds, interest rate bonds, mutual funds and derivative financial instruments such as treasury futures, commodity futures, total return swaps and interest rate swaps. By using our own capital, we assume market risk arising from such investments and generate investment gains and interest income from such business. We also engage in fixed income-related capital intermediary business to provide liquidity or facilitate client transactions relating to investment in fixed income products. We generate revenue generally from spread income or commissions for our capital intermediary business.

As of December 31, 2023, 2024 and 2025, the investment position of our fixed income investment and trading business was RMB23,971.0 million, RMB23,255.6 million and RMB24,423.2 million, respectively. The following table sets forth the investment position of our fixed income investment and trading business as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in millions)	
Bonds[(1)]	21,845.7	20,011.9	17,737.2
Derivative financial instruments[(2)]	101.2	53.2	82.2
Funds and others[(3)]	2,024.1	3,190.5	6,603.8
Total	**23,971.0**	**23,255.6**	**24,423.2**

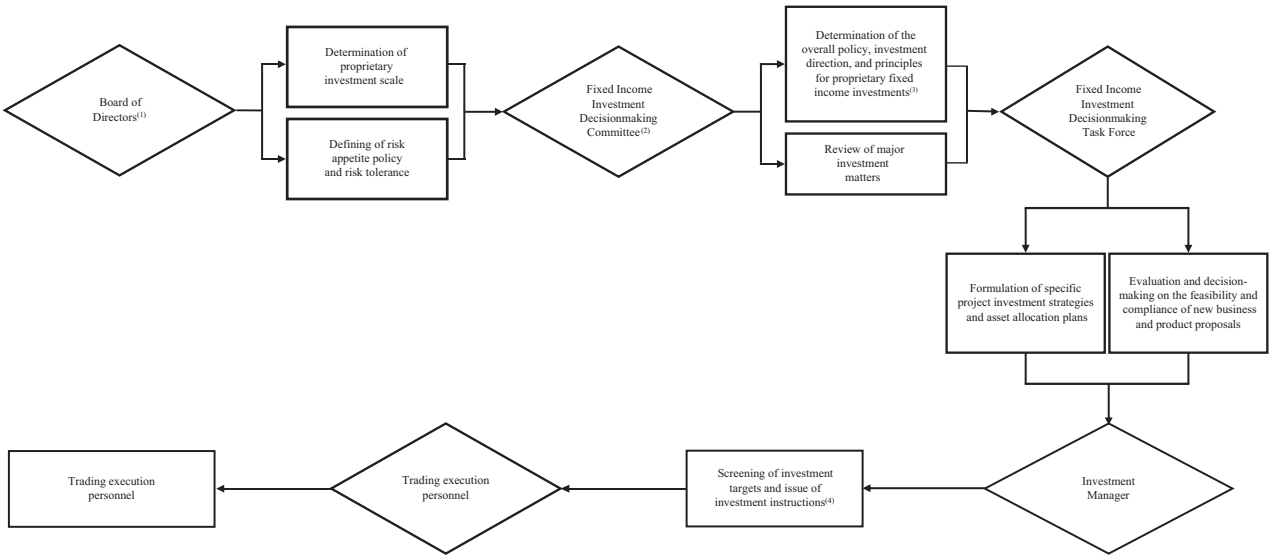
Notes:

(1) Bonds mainly include credit bonds and interest rate bonds (excluding any liability cost thereof).

(2) Derivative financial instruments mainly include treasury futures, commodity futures, total return swaps and interest rate swaps.
(3) Funds and others mainly refer to mutual funds and asset management schemes.

For the years ended December 31, 2023, 2024 and 2025, the comprehensive rate of return of our fixed income investment and trading business was 7.92%, 9.14% and 7.83%, respectively. Such a comprehensive rate of return is calculated based on the annualized investment return of the fixed income assets during a given period (being the aggregate of investment income, gains or losses on fair value changes and net interest income) as divided by the average daily investment amount from our own fund of such a period.

The following diagram sets forth the main business flow for our proprietary fixed income investment:



Notes:

(1) The board of directors determines the scale of proprietary investments and defines the risk appetite policy and risk tolerance generally on an annual basis.

(2) The fixed income investment decision-making committee determines the overall policy, investment direction, and principles for the fixed income proprietary investments generally on a quarterly basis. For matters involving new business types, new products, or major business issues, ad-hoc meetings may be convened by the fixed income investment decision-making committee as needed.

(3) When determining the overall policy, investment direction and principles for the fixed income proprietary investments, the fixed income investment decision-making committee would generally consider factors including market trends for various investment products, the direction and requirements of regulatory policies, our overall development strategy, and practical business needs.

(4) For investment manager to screen investment targets and issue investment instructions, investment manager generally considers factors including macroeconomic data and policies, market conditions of the investment targets, investment strategy and portfolio framework, investment mandates and permissible ranges set by our Company, and compliance and risk control requirements.

(5) Generally, new business types, new products, or major business matters do not require separate deliberation by the Board of Directors. They are sequentially decided and authorized by the fixed income investment decision-making committee and the fixed income investment decision-making task force. Investment managers and traders then execute the corresponding investment and trading operations. The timeframe from decision-making and authorization to the completion of investment and trading operations typically ranges from approximately one week to three months.

We set and review our limits of investment scale and risk tolerance for our fixed income investment and trading business. For details, see " — Risk Management and Internal Control – Risk Management and Internal Control Measures of Our Major Business Lines – Investment Related Business – Fixed Income Investment and Trading Business."

Equity Securities Investment Business

We trade equity and equity-linked securities with our own accounts and pursue absolute returns. Such equity securities include stocks, equity funds, and equity derivatives including stock index futures and stock index options. We select equity securities based on macro-economic research, market cycle analysis and fundamental factors such as investigation on the industry, business models, financial position and quality of management teams of the target companies. We continuously adjust our trading strategies based on market trends and conditions. By using our own capital, we assume market risk arising from such investments and generate primarily investment gains from such business.

As of December 31, 2023, 2024 and 2025, the investment position of our equity securities investment was RMB1,128.2 million, RMB2,523.0 million and RMB6,435.4 million, respectively. The following table sets forth the investment position of our equity securities investment business by investment type as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in millions)	
Stocks	280.9	2,170.0	5,723.9
Derivative financial instruments[(1)]	37.3	54.0	35.4
Funds and others[(2)]	810.0	299.0	676.1
Total	**1,128.2**	**2,523.0**	**6,435.4**

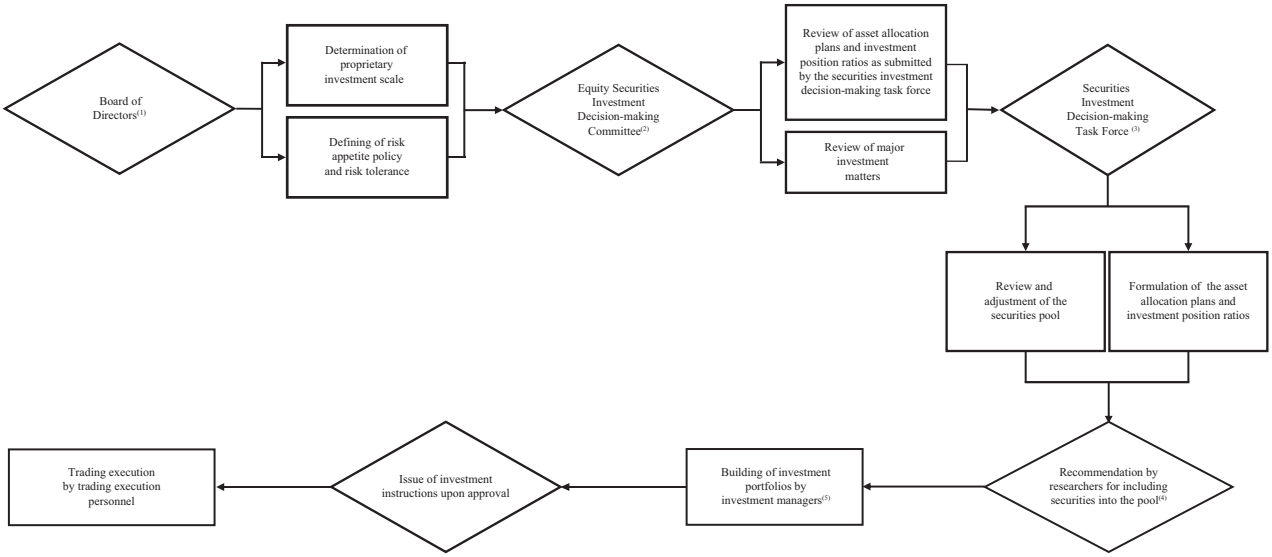
Notes:

(1) Derivative financial instruments mainly include stock index futures, exchange-traded options and OTC options.

(2) Funds and others mainly refer to mutual funds, private securities funds and asset management schemes.

For the years ended December 31, 2023, 2024 and 2025, the comprehensive rate of return of our equity securities investment business was 0.50%, negative 0.27% and 6.19%, respectively. Such a comprehensive rate of return is calculated based on the annualized investment return of the equity securities during a given period (being the aggregate of investment income, gains or losses on fair value changes and net interest income) as divided by the average daily investment amount from our own fund of such a period. The comprehensive rate of return of negative 0.27% in 2024 was mainly attributable to an intense A-share market volatility throughout the year which impacted certain equity investment strategies, such as quant market-neutral strategies, leading to a modest drawdown in our equity securities investment portfolios.

The following diagram sets forth the main business flow for our equity securities investment business:



Notes

(1) The board of directors determines the scale of proprietary investments and defines the risk appetite policy and risk tolerance and authorizes the general manager's executive committee to be responsible for the specific investment operation and management of equity securities investment business.

(2) The equity securities investment decision-making committee, under the authorization of the general manager's executive committee, reviews the asset allocation plans and investment position ratios as submitted by the securities investment decision-making task force as the basis for selection. For matters involving new business types, new products, or major business issues, ad-hoc meetings may be convened by the equity securities investment decision-making committee as needed.

(3) The securities investment decision-making task force formulates the asset allocation plans and investment position ratios and submits the same to the equity securities investment decision-making committee for approval, and then organizes the implementation of the asset allocation plans.

(4) Researchers identify securities with investment value through research, analysis and investigations and recommend securities for inclusion in the pool list.

(5) Investment managers, based on their analysis of market conditions and within their authorized limits, build securities portfolios based on the pool list.

We set and review our limits of investment scale and risk tolerance for our equity securities investment business. For details, see " – Risk Management and Internal Control – Risk Management and Internal Control Measures of Our Major Business Lines – Investment Related Business – Equity Securities Investment Business."

NEEQ Market Making Business

We obtained the NEEQ market making qualification in 2014 and offer market making services under the strategies to provide market liquidity and optimize portfolio structure. We profit from the difference between the quoted trading prices of NEEQ listed companies as we provide continuous bid and ask quotes for NEEQ-listed companies and fulfill securities trading obligations within the quoted price range. As of December 31, 2025, we were providing market making services for 25 companies listed on the NEEQ. As of December 31, 2023, 2024 and 2025, our investment position for NEEQ market making was RMB124.2 million, RMB70.5 million and RMB80.3 million, respectively.

During the Track Record Period, our NEEQ market-making business recorded losses in the amount of RMB15.5 million and RMB16.8 million in 2023 and 2024, respectively, which were primarily due to sustained adverse market conditions and liquidity contraction in the NEEQ market. Specifically, in 2023, secondary market weakness persisted and changes to the Beijing Stock Exchange's securities firms evaluation framework reduced the relative emphasis on NEEQ market-making, which accelerated market-maker withdrawals and further impairing liquidity. In 2024, trading activity and prices in NEEQ lagged other markets as resources shifted toward the Beijing Stock Exchange, exacerbating thin turnover and price pressure and leading to continued losses.

In response, we implemented targeted measures primarily as follows to stabilize performance, narrow losses and position the business for a more resilient return profile: (a) in 2024, we disposed of lower-valuation positions to limit downside, increased the proportion of holdings supported by repurchase arrangements to mitigate position risk, maintained stable trading levels and market share in liquidity provision, and upgraded internal controls and portfolio management, and (b) in 2025, we pursued incremental returns through trading and business collaboration, sharpened focus on high-quality issuers in strategic emerging industries, and deepened issuer engagement and market-making services to support a more stable, long-term operating model. As a result of the foregoing, we managed to turnaround the loss and recorded RMB2.3 million in 2025 for our NEEQ market-making business.

Alternative Investment Business

We engage in alternative investment business through our wholly-owned subsidiary Shouzheng Zefu. Alternative investment activities encompass financial products and equity investments excluded from The List of Proprietary Securities Investment Items for Securities Companies (《證券公司證券自營投資品種清單》). Utilizing proprietary capital, Shouzheng Zefu conducts alternative investments mainly including private equity, NEEQ investments, and private fund investments. As of December 31, 2025, we had in total 106 alternative investment projects. The following table sets forth the investment scale of our alternative investment business in further details as of the dates indicated:

	As of December 31,					
	2023		2024		2025	
	Number of Projects	Investment Position	Number of Projects	Investment Position	Number of Projects	Investment Position
		(RMB in millions except for number of projects)				
Private equity investments[1]	9	181.5	10	184.2	10	160.5
NEEQ investments[2]	64	258.6	67	289.8	94	421.9
Private fund investments[3]	4	130.6	2	124.8	2	100.7
Total	**77**	**570.7**	**79**	**598.8**	**106**	**683.1**

Notes:

(1) Private equity investments refer to equity investments in unlisted companies.

(2) Including investment in NEEQ companies which subsequently transferred to other stock exchanges (such as the Beijing Stock Exchange).

(3) Private fund investments refer to private equity funds and private securities funds.

We had losses in the alternative investment business in 2024 as we experienced declines in the fair value of our listed holdings and associated losses which were mainly attributable to a sharp correction in the Beijing Stock Exchange, slower-than-expected share transfers to other boards, and tighter IPO pathways. Our performance recovered in 2025, which were supported by policy tailwinds, market improvements, and strategic realignment. Key reforms, such as relaxed investor thresholds and enhanced exit channels, boosted liquidity and valuations. At the same time, we have sharpened our focus on key and core technologies and specialized, refined, unique and innovative enterprises, strengthened post-investment oversight, and diversified exit strategies, so as to successfully align our approach with evolving market dynamics.

INVESTMENT BANKING RELATED BUSINESS

Our investment banking related business mainly consists of bond underwriting and ABS, equity sponsoring and underwriting and financial advisory services. We provide these services to corporate and government clients in China, which mainly include Beijing municipal state-owned enterprises, other local state-owned enterprises, and technology innovation enterprises such as National-level "Little Giant" Enterprises (specialized, refined, unique, innovative). For the years ended December 31, 2023, 2024 and 2025, our revenue, gains and other income generated from investment banking related business were RMB123.7 million, RMB208.2 million and RMB203.8 million, respectively, representing 4.2%, 5.8% and 5.6% of our total revenue, gains and other income, respectively. The following table sets forth the breakdown of our total revenue, gains and other income from investment banking related business by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Bond underwriting & ABS	76,498	61.8	138,956	66.7	166,682	81.8
Equity sponsoring and underwriting	236	0.2	25,138	12.1	4,245	2.1
Financial Advisory	22,280	18.0	27,972	13.4	26,244	12.9
Others [1]	24,711	20.0	16,134	7.8	6,641	3.2
Total	**123,725**	**100.0**	**208,200**	**100.0**	**203,812**	**100.0**

Note:

(1) Others refer to other comprehensive financial services mainly including certain capital introduction services.

Bond Underwriting & ABS

Bond Underwriting

We engage in the underwriting of bond issuances in China mainly covering enterprise bonds, corporate bonds, and financial bonds typically of an Issue Credit Rating Level of AA or above. The issuers of the bonds we underwrite are generally central government-owned enterprises, local SOEs and/or other companies with an Issuer Credit Rating of AA or above and engaged in industries of manufacturing, public services, construction, environmental protection, etc. We generate underwriting fees from underwriting of bond issuances. We determine the underwriting fee level for our bond underwriting business through commercial negotiation with the client by generally taking into account the complexity and scale of the project, market conditions, and the negotiating positions of both parties. During the Track Record Period, we acted as the lead underwriter for a total of 346 bond issuances, underwriting an aggregate amount of RMB85.8 billion for our clients. In addition to our lead underwriting role, we also participated in a total of 84 bond issuances during the Track Record Period as a debt financing distributor.

The following table sets forth the breakdown of bond underwriting transactions by type in which we acted as a lead underwriter for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Number of Issuances	Amount underwritten	Number of Issuances	Amount underwritten	Number of Issuances	Amount underwritten
		(RMB in millions except for number of issuances)				
Corporate bonds	59	16,062	98	19,339	123	23,215
Enterprise bonds	1	330	2	235	3	473
Financial bonds	3	2,400	5	5,200	12	3,120
Total	**63**	**18,792**	**105**	**24,774**	**138**	**26,808**

For the years ended December 31, 2023, 2024 and 2025, our underwriting fees from such bond underwriting transactions amounted to RMB47.4 million, RMB91.4 million and RMB93.4 million, respectively.

ABS

Asset securitization business refers to business activities wherein specific underlying assets or asset portfolios generate cash flows as repayment support, with structured credit enhancement applied to issue of asset-backed securities, or ABS. Securities companies must obtain asset management business qualifications to engage in asset securitization. We engage in ABS business by acting as the asset manager of the specialized asset management scheme under which the relevant ABS are issued and we generate revenue from charging management fees. For further details, see " – Our Business Model – Asset Management Related Business – Asset Management Business – Asset Management by Scheme Type." We also act as underwriter of such ABS issued and generate revenue from charging underwriting fees. We may also earn commission from participating in an ABS issuance as distributor.

For the years end December 31, 2023, 2024 and 2025, we acted as scheme manager for 25, 36 and 64 issuances of ABS, respectively, in the aggregate offering size of RMB15.8 billion, RMB19.5 billion and RMB37.4 billion, respectively; we also participated in the distribution of 33, 45 and 77 issuances of ABS, respectively, with distribution amounts of RMB14.1 billion, RMB16.8 billion and RMB32.4 billion, respectively. The following table sets forth certain landmark issuances of bonds or ABS in which we acted as a lead underwriter during the Track Record Period:

Year	Name of Issuance	Issuance Type	Highlights	Other Information on the Issuance
2025	Guangxi Modern Logistics Group Co., Ltd. 2025 Non-public Issuance of Corporate Bonds to Professional Investors (High-Growth Industry Bonds) (First Series) (廣西現代物流集團有限公司 2025 年面向專業投資者非公開發行公司債券（高成長產業債）) (第一期)	Corporate bonds (high-growth industry bonds)	The first issuance of high-growth industry bonds in Guangxi Zhuang Autonomous Region and the first high-growth industry bonds issued by a provincial SOE in Southern China	*Industry involved*: logistics *Offering size*: RMB500 million *Amount underwritten by us*: RMB350 million *Issuer credit rating for bonds*: AA+

Year	Name of Issuance	Issuance Type	Highlights	Other Information on the Issuance
2024	Tianjin TEDA Hui Asset-Backed Securitization Specialized Scheme (天津泰達薈資產支持專項計劃)	ABS – Commercial Mortgage-backed Securities ("**CMBS**")	The first issuance of consumer-oriented commercial complex CMBS by a Tianjin Municipal SOE	*Industry involved*: Wholesale and retail *Offering size*: RMB501 million *Amount underwritten by us*: RMB351 million *Priority class rating for ABS*: AAA
2023	Xinhua Factoring – New Jiangsu Red Inheritance Phase 2 Factoring Receivable Asset-Backed Securitization Specialized Scheme (Revolutionary Old Area) (新華保理—新江蘇紅色傳承第2期保理債權資產支持專項計劃（革命老區）)	ABS – Factoring financing	The first "Revolutionary Old Area" factoring receivable ABS Specialized Scheme in the PRC	*Industry involved*: Financial *Offering size*: RMB541 million *Amount underwritten by us*: RMB541 million *Priority class rating for ABS*: AAA

Equity financing and financial advisory

Equity sponsoring and underwriting

We provide equity sponsoring and underwriting to corporate clients in China for IPOs and follow-on offerings (including convertible bonds) on stock exchanges in the PRC. We generate underwriting fees and sponsor fees from providing such equity financing services. We determine the underwriting fee level for our equity sponsoring and underwriting business generally based on the following factors: (a) the offering scale and complexity of the project, (b) transaction structure of the project and offering and underwriting model, (c) project risk exposure and our resource commitment, (d) commercial negotiation with the client and reference to industry pricing levels, and (e) historical and future collaboration with the client. During the Track Record Period, we provided equity financing services to a total of two equity securities offerings (both in the form of follow-on offerings) and the total amount of equity securities underwritten by us amounted to RMB4,620.0 million.

During the Track Record Period, we experienced fluctuations in the revenue contribution from equity sponsoring and underwriting business to investment banking related business. The relatively higher revenue contribution from equity sponsoring and underwriting in 2024 as compared to other years of the Track Record Period was mainly attributable to the increase in revenue from such business in 2024 primarily in relation to our convertible corporate bond project for Sichuan Hebang Biotechnology Co., Ltd.

Financial advisory services

We offer financial advisory services mainly for NEEQ-listed companies or applicants with respect to listing recommendations, ongoing supervision and other related services. During the Track Record Period, (a) we successfully recommended NEEQ listings for eight corporate clients, (b) served in 13 private placements by NEEQ-listed companies (with a total offering size of RMB512 million), and (c) as of December 31, 2025, provided ongoing supervision for 106 NEEQ-listed companies of which Innovation Tier enterprises accounted for more than 30%.

We also provide financial advisory services to pre-IPO companies for restructuring counseling, consultation and standardization, M&A and reorganizations. During the Track Record Period, we had provided financial advisory services to 49 clients (excluding NEEQ related financial advisory services). We charge financial advisory fees from clients for providing such services.

We are committed to serving SOEs with strategic transformation needs and high-growth technology enterprises possessing technological innovation capabilities and capital expansion demands. We focus on two key client segments: (A) deeply serving and providing full-lifecycle capital services to National-level "Little Giant" Enterprises (specialized, refined, unique, innovative) and provincial-level technology enterprises (specialized, refined, unique, innovative); and (B) leveraging the transformation opportunities of urban development and investment platforms, being the state-owned investment and operating entities established by local governments or urban functional zones to be responsible for undertaking urban infrastructure construction, industrial cultivation and capital operation tasks. Such platforms generally focus on the industrial development positioning of the region, which provide business opportunities for us to offer integrated equity solutions for their industrial integration, M&As, and capital operations.

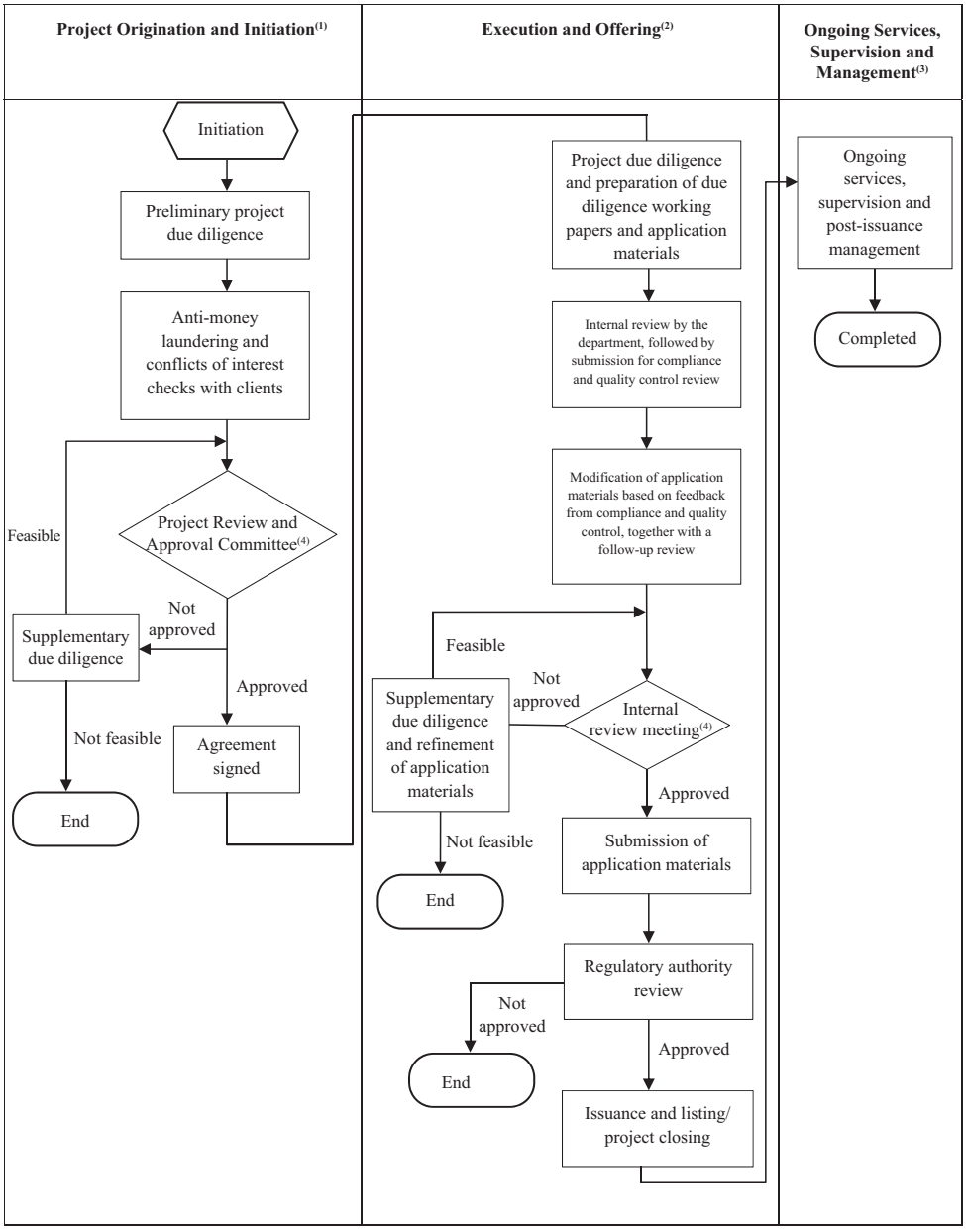
In terms of sector coverage, we prioritize six key fields, including: (a) new energy, (b) high-end equipment manufacturing, (c) electronic information technology, (d) new materials, (e) pharmaceuticals, and (f) environmental technology. To enhance our professional service capabilities, we implement the following initiatives: (i) Establishment of in-depth and systematic industry research frameworks covering industry policies, technology roadmaps, industrial chain structures, business models, and valuation methodologies, with a focus on key technology sectors such as semiconductors, artificial intelligence, advanced manufacturing and biotechnology; and (ii) utilization of an "Investment Banking+" collaboration mechanism to provide closed-loop services for technology enterprises, including equity financing, M&A restructuring, and strategic investments.

The following table sets forth certain landmark equity securities transactions in China in which we acted as a lead underwriter or we provided financial advisory services during the Track Record Period:

Year	Issuer/ Client	Service Type	Offering Size (if applicable)	Our Role	Amount Underwritten by us	Highlights/ description
2024	Sichuan Hebang Biotechnology Co., Ltd. (四川和邦生物科技股份有限公司)	Convertible corporate bonds	RMB4,600 million	Sponsor and lead underwriter	RMB4,600 million	The single largest convertible bond offering in 2024 in the PRC
2024	Beijing Daoda Tianji Technology Co., Ltd. (北京 道達天際科技 股份有限公司)	NEEQ private placement	RMB68 million	On-going supervision and financial advisor	RMB68 million	The first case in Beijing whereby a collective economic organization acquired equity interest in a NEEQ listed company
2023 2024	Lanyun Technology Group Co., Ltd. (藍耘科技集團股份有限公司)	NEEQ private placement	RMB142 million	On-going supervision and financial advisor	RMB142 million	We assisted the client in completing two rounds of financing, providing critical capital support for its subsequent business development and contributing to the client's important strategic initiatives.

Main Business Flow

The following diagram sets forth the main business flows for our investment banking related business:



Notes:

(1) For the project origination and initiation stage, our key personnel involved include project manager and project team of our investment banking business, industry research department, compliance department and risk management department. External parties mainly include the management of the relevant issuer client.

(2) For the project execution and offering stage, our key personnel involved include project team and underwriting team of our investment banking business, legal and compliance department, finance department, and quality control and internal audit team. External parties mainly include the management of the relevant issuer client, other professional parties engaged by the client for the project such as accountants, legal counsels and valuers (where applicable), as well as regulatory bodies and investors.

(3) For the ongoing services, supervision and management stage, our key personnel include business staff for ongoing supervision work, compliance department and information disclosure team. External parties mainly include listed companies, legal counsels, accountants, exchanges.

(4) Key considerations within the approval process for our investment banking projects include: (a) whether the project meets regulatory requirements (financial, compliance, business independence, etc.), (b) whether legal, financial, and industry risks are

controllable, (c) whether information disclosure is true, complete, and adequate, (d) the internal audit and quality control's assessment regarding the accuracy of materials, risk disclosure, and rectification status (if any), and (e) whether the project aligns with our risk appetite, resource allocation, and reputation standards.

(5) In terms of the general timeframe of our investment banking projects, it typically takes (a) one to two months for project engagement and initiation, (b) three to six months for due diligence and document preparation, (c) six to 18 months for filing and regulatory review (and depending on inquiry rounds), (d) one to two months for issuance and listing, and (e) two years post-listing for ongoing supervision. Total completion cycle is typically 12 to 24 months but may vary from one project to another depending on its specific circumstances.

WEALTH MANAGEMENT RELATED BUSINESS

We provide wealth management related services in the PRC through our high-caliber financial products and services, professional service teams, extensive branch networks and convenient online platforms. Our wealth management related business is categorized into the following: (a) wealth management business, which includes (i) securities brokerage, (ii) securities investment advisory services, (iii) sales of financial products, (iv) credit-based business, and (v) research business, as well as (b) futures business that is conducted through our wholly-owned subsidiary Capital Jingdu Futures. For the years ended December 31, 2023, 2024 and 2025, our revenue, gains and other income generated from wealth management related business were RMB610.8 million, RMB618.7 million and RMB750.3 million, respectively, representing 20.5%, 17.2% and 20.6% of our total revenue, gains and other income, respectively. The following table sets forth the breakdown of our total revenue, gains and other income from wealth management related business by business line for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Wealth Management Business	528,106	86.5	530,921	85.8	672,582	89.6
Futures Business	82,655	13.5	87,740	14.2	77,677	10.4
Total	**610,761**	**100.0**	**618,661**	**100.0**	**750,259**	**100.0**

Wealth Management Business

Securities Brokerage Services

We provide securities brokerage services to clients as an agent to facilitate their buying and selling of securities. We charge handling fees and commissions from such services including opening securities accounts on clients' behalf, providing trading channel services and offering other ancillary support. Our commission charges and the collection of various taxes and fees comply with the standards set by regulatory authorities such as the securities regulatory agencies, the stock exchanges, and CSDC. Commission charges may vary depending on the exchange and the type of securities being transacted. According to Frost & Sullivan, our commission rate for securities brokerage business is within the general industry range in the PRC during the Track Record Period. As of December 31, 2025, our Company had 20 branch offices and 47 securities branches covering 37 cities in China.

We trade a wide range of securities on the stock exchanges and the NEEQ on behalf of our clients, mainly including: (a) **stocks** of companies, listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Beijing Stock Exchange and the NEEQ, and stocks of companies listed on the Hong Kong Stock Exchange which are admitted to the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect; (b) **funds** that are listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, such as open-end funds and closed-end funds; and (c) **bonds** that are listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange, such as corporate bonds, enterprise bonds, etc. The following table sets forth the breakdown of the trading volume of our securities brokerage business by product type for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in billions)		
Stocks	493.0	625.9	1,004.9
Funds	15.8	37.7	67.0
Bonds[1]	20.1	17.7	17.9
Total	**528.9**	**681.3**	**1,089.8**

Note:
(1) Excludes trading volume generated from repurchase transactions.

Securities Investment Advisory Services

Our securities investment advisory business involves the acceptance of client mandate and provision of investment advice to clients in accordance with agreed terms to assist them with investment decisions in securities and securities-related products. Such services are provided for the benefit of client interest and are based on client needs and subject to suitability requirements. We charge fixed fees or differential commissions for such services.

Sales of Financial Products

We sell our own financial products to clients, mainly including our asset management schemes. We also distribute financial products issued and managed by external financial institutions, including mutual funds, private securities investment funds, trust schemes, etc. We cooperate with external financial institutions, mainly including mutual fund managers, private investment fund managers and trust companies, for the distribution of their financial products. We charge handling fees from distribution of external financial products accordingly. Our clients can purchase financial products through our branches and client terminals (such as mobile applications and PC terminals). The following table sets forth the breakdown of our sales of financial products by source for the periods or as of the dates indicated:

	As of/ Year ended December 31,					
	2023		2024		2025	
	Sales Amount	Number of Products[1]	Sales Amount	Number of Products[1]	Sales Amount	Number of Products[1]
	(RMB in millions except for number of products)					
Sales of our own financial products:	18,464.0	299	17,133.8	318	17,092.8	232
Sales of external financial products	18,523.0	1,463	14,712.1	1,447	20,785.3	1,391
Total	**36,987.0**	**1,762**	**31,845.9**	**1,765**	**37,878.1**	**1,623**

Note:
(1) Refers to the number of products being sold by us as of the end of a given period.

The following sets forth a list of major investment and financial products sold by us during the Track Record Period on behalf of third parties:

No.	Product	Product category	Key features	Target clients	Risk level
1.	China Post Stable Return Bond Securities Investment Fund (中郵穩定收益債券型證券投資基金)	Mutual fund	Primary market bond fund mainly invested in fixed income assets (no less than 80% of fund assets); no more than 20% of fund assets can be invested in convertible bonds for return enhancement	Institutional clients and individual clients in general	Medium to low risk

No.	Product	Product category	Key features	Target clients	Risk level
2.	Invesco Great Wall Interbank Negotiable Certificate of Deposit (NCD) Index Fund (景順長城同業存單指數基金)	Mutual fund	Fund investments follow the CSI NCD AAA Index, a bond index launched by China Securities Index Co., Ltd. which tracks the performance of AAA-rated NCDs issued by commercial banks in China's interbank market; no less than 80% of fund assets shall be invested in such interbank NCDs	Institutional clients and individual clients in general	Low risk
3.	A CSI 1000 Index enhanced private securities investment fund (Phase I)	Private fund	Based on the fundamental logic of quantitative trading and tracking the CSI 1000 Index, the fund aims to achieve returns that exceed those of the benchmark index while reducing portfolio risk; CSI 1000 Index is a broad-based small-cap equity index launched by China Securities Index Co., Ltd. to track the performance of the 1,000 small- to mid-capitalization stocks listed on the Shanghai and Shenzhen stock exchanges	Private fund qualified investors	Medium to high risk
4.	A private securities investment fund (Phase III)	Private fund	Mainly focused on Hong Kong Stock Connect markets and operated on a value-driven contrarian investment approach, i.e., investing against prevailing market sentiment with a view to uncovering undervalued opportunities	Private fund qualified investors	Medium to high risk
5.	A collective trust plan	Trust	Mainly invested in a sub-trust managed by the trustee and with us serving as the investment advisor; no less than 80% of the underlying trust assets shall be invested in cash, deposits, money market funds, bonds and other fixed income asset management products	Asset management qualified investors	Medium to low risk

The following sets forth key salient terms of agreements entered into with external financial institutions in which we distribute financial products for:

- ***Commission and fees; payment mechanics.*** (a) For trust products, we collect sales service fees and floating distribution fees at agreed rates stipulated in the distribution agreement. Trust companies transfer these fees to our designated account according to the payment schedule in the distribution agreement. (b) For mutual fund products, pursuant to the distribution agreement, we collect subscription/purchase/redemption fees at the agreed rate, as well as sales service fees calculated based on the fund's asset size. Additionally, we receive a certain percentage of management fees as our sales maintenance expenses, for which we issue VAT invoices. The fees are transferred by the fund manager to our designated account as stipulated in the distribution agreement. (c) For private fund products, we collect sales service fees, subscription/purchase handling fees, and performance fees from the fund manager based on the agreed ratio in the distribution agreement. The fees are transferred by the fund manager to our designated account according to the agreed time frame in the distribution agreement.

- ***Allocation of responsibilities; liability and indemnification.*** The issuer or manager of the financial product is responsible for product design, operation and disclosures and bears losses arising from its breach or inaccurate or deficient product materials. We, as the distributor, are not liable for investment losses of the product but is responsible for sales-conduct obligations, such as in respect of suitability, AML/KYC, information handling, data or settlement accuracy, etc. We must compensate for losses or penalties caused by our fault. Liability for data or settlement and funds-flow errors are fault-based with full recourse to the responsible party.

We have set up a comprehensive risk rating system to evaluate the risk exposure associated with the products distributed by us as well as to meet our clients' needs with regard to various risk and return preferences. For further details, see " — Risk Management and Internal Control – Risk Management and Internal Control Measures of Our Major Business Lines – Wealth Management Related Business – Sales of Financial Products."

Credit-based Business

During the Track Record Period, we engaged in credit-based business mainly covering (a) margin financing and securities lending, and (b) stock-backed lending.

Margin Financing and Securities Lending

In margin financing business, clients borrow funds from us using funds and securities in their margin accounts as collateral to purchase securities. The borrowed principal and interest must be repaid within an agreed period. In

securities lending business, clients apply to borrow eligible securities from us by using the funds and securities in their margin accounts as collateral. Clients sell such securities and later purchase identical quantity and type of securities to return to us while paying the corresponding securities lending fees. The following table sets forth a summary of key operating and financial information of our margin financing and securities lending business as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
Number of margin financing and securities lending client accounts	12,457	12,860	13,409
Balance of margin loans and securities lent: *(RMB in millions)*			
• Balance of margin loans[(1)]	2,092.3	2,886.1	3,780.5
• Balance of securities lent	5.3	3.7	2.2
• **Total**	**2,097.6**	**2,889.8**	**3,782.7**
Maintenance margin ratio[(2)]	255.82%	259.06%	270.07%

Notes:

(1) Before impairment loss allowance (if any).

(2) Maintenance margin ratio equals to the market value of collaterals for our margin financing and securities lending business as of the end of a given period and divided by the balance of margin loans and securities lent as of such period-end (and excluding the collaterals of clients with nil balance of margin loans and securities lent).

We require our margin financing and securities lending clients to provide collateral primarily in the form of cash used to offset margins, as well as securities listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange, and Beijing Stock Exchange that are used to offset margins. For further details of such collaterals, see Note 33 to the Accountants' Report. Different conversion rates apply in calculating the value of the collaterals. We have established a conversion rate calculation system which is tailored to our circumstances while in compliance with the requirements of the relevant stock exchanges.

We had a general increase in maintenance margin ratio during the Track Record Period. In particular, the maintenance margin ratio increased from 259.06% as of December 31, 2024 to 270.07% as of December 31, 2025 which was due to the increase in the value of client collaterals in 2025 as driven by the fluctuating upward market trend and clients' additional collateral deposits. According to Frost & Sullivan, our maintenance margin ratios during the Track Record Period were generally above the industry average in the PRC.

Stock-backed Lending

In our stock-backed lending business, eligible clients pledge their held stocks or other securities to us to obtain financing, and agree to return the funds (principal and interest) in the future for the pledge to be released. As of December 31, 2025, the balance of our stock-backed lending (before impairment loss allowance) was RMB11.2 million. The following table sets forth a summary of key operating and financial information of our stock-backed lending business as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
Balance of stock-backed lending[(1)] *(RMB in millions)*	299.0	107.0	11.2
Market value of collaterals for stock-backed lending *(RMB in millions)*	964.8	137.7	N/A[(3)]
LTV ratio[(2)]	30.99%	77.72%	N/A

Notes:

(1) Before impairment loss allowance (if any).

(2) LTV ratio equals to the balance of stock-backed lending as of the end of a given period divided by the market value of collaterals for such business.

(3) The balance of stock-backed lending as of December 31, 2025 was only in relation to the outstanding payment from one defaulted client against whom we had filed a lawsuit which remained unsettled as of the Latest Practicable Date. For further details, see " – Legal Compliance – Legal Proceedings and Disputes." No market value of collaterals was applicable as all collaterals under the relevant stock-backed lending transactions with this client were being enforced as of December 31, 2025.

Our LTV ratio increased considerably from 30.99% as of December 31, 2023 to 77.72% as of December 31, 2024 which was due to a significant decrease in the value of client collaterals despite a decrease in outstanding stock-backed lending balances. The decrease in the value of client collaterals was mainly because (i) we further contracted our stock-backed lending business and did not initiate any new business transactions in 2024 in light of heighted market and

credit risk, which together with a concentrated number of existing contracts maturing and being repurchased during the year, had led to a decrease in the overall collateral value, and (ii) we wrote down the value of collaterals to zero for certain defaulted stock-backed lending transactions in relation to a dispute with a client. This has further contributed to the sharp decline in the value of collaterals in 2024 and subsequently a substantially higher LTV ratio.

We place great emphasis on the risk management of our credit-based business, especially in respect of the management of credit risks. See " - Risk Management and Internal Control – Risk Management and Internal Control Measures of Our Major Business Lines – Wealth Management Related Business – Credit-based Business." and " – Risk Management and Internal Control – Our Major Risk Management Measures – Credit Risk Management."

Research Business

We have established a research system comprising one institute being our research development department and one center being our investment and product research center. We provide professional research services externally through our research development department. As of December 31, 2025, we had issued research reports of more than 900 listed companies covering industry sectors mainly of science and technology, new energy, chemical engineering, consumers, environmental protection, etc. Our research development department obtained the "Most Improved Research Institution Award" at the 12th Wind Golden Analyst Awards in 2024. Furthermore, we have established an investment and product research center dedicated to buy-side research, with a view to enhancing our capabilities in investment research, product development, and global market asset allocation. This supports the development of our proprietary investment and trading, asset management, and wealth management businesses, transforming research into a core competitiveness that integrates across all these operational lines. We believe this approach would help us build and strengthen distinctive, differentiated competitive advantages in the industry.

Futures Business

Our futures business is conducted by our wholly-owned subsidiary Capital Jingdu Futures, which is a member of Dalian Commodity Exchange, China Financial Futures Exchange, Shanghai Futures Exchange, Zhengzhou Commodity Exchange, Guangzhou Futures Exchange, and Shanghai International Energy Exchange. Capital Jingdu Futures' business consists of futures brokerage and asset management.

Futures Brokerage

Our futures brokers act as an agent for clients in futures trading. Their primary responsibilities include handling client account opening, order execution, settlement, and delivery. We charge handling fees and earn interest income from client deposit for our futures brokerage business. For the years ended December 31, 2023, 2024 and 2025, our average futures brokerage commission rate was 0.31bps, 0.22bps and 0.17bps, respectively.

We expand our futures brokerage market primarily through two channels: (a) the Introducing Broker (IB) business network by our own securities branches and (b) direct sales by the branch offices of Capital Jingdu Futures. As of December 31, 2025, 46 of our securities branches qualified for IB business had referred potential clients to our futures business. As of December 31, 2025, we had five futures branch offices in five cities in China. The following table sets forth the breakdown of the trading volume of our futures brokerage business by product type for the periods indicated:

	The year ended December 31,		
	2023	2024	2025
	(Thousand lots)		
Financial futures options	104.6	207.6	440.7
Commodity futures options	9,628.4	7,895.5	10,105.2
Total	**9,733.0**	**8,103.1**	**10,545.9**

Asset Management by Capital Jingdu Futures

Capital Jingdu Futures also engages in asset management through collective asset management schemes and single asset management schemes with investment scope covering bonds, stocks, futures, options, mutual funds, private funds, money market financial products, etc. Capital Jingdu Futures generally charges annual management fees based on the AUM, as well as performance fees on the excess return with respect to certain schemes. The following table sets

forth the scale of asset management business conducted by Capital Jingdu Futures by scheme type for the periods or as of the dates indicated:

	Year ended/As of December 31,					
	2023		2024		2025	
	AUM[1]	Number of Schemes	AUM[1]	Number of Schemes	AUM[1]	Number of Schemes
	(RMB in millions except for number of schemes)					
Collective asset management schemes	16.0	2	10.2	1	85.5	7
Single asset management schemes	177.2	6	130.0	6	63.6	4
Total	**193.2**	**8**	**140.2**	**7**	**149.1**	**11**

Note:
(1) AUM refers to the amount of assets under management calculated on a net basis as of the relevant period end.

Wealth Management Service System

We provide convenient wealth management services to clients, including basic trading, market information, and investment news, etc. Depending on clients' specific needs, we also provide customized wealth management value-added services, including professional asset allocation advice based on their investment preferences and risk appetite, and other customized investment and financing services. As of December 31, 2023, 2024 and 2025, we had 723.2 thousand, 811.1 thousand and 878.2 thousand clients for our wealth management business, respectively.

As of December 31, 2025, our Company had 20 branch offices and 47 securities branches and Capital Jingdu Futures had five branch offices that were located in 19 provinces, municipalities and autonomous regions and 37 cities in China. Our branches provide comprehensive financial services to our clients, which are mainly located in the regions of the Yangtze River Delta, Beijing-Tianjin-Hebei Region and Pearl River Delta. We continue to optimize our branch network. During the Track Record Period, we opened two securities branches, three securities branch offices (including one upgraded from a securities branch) and three futures branch offices, and closed five securities branches. We have a dedicated wealth management service team. As of December 31, 2025, we had 89 licensed investment advisors, 256 full-time wealth managers, and 75 securities brokers.

We provide wealth management services through our well-established online service platforms, including our company websites, mobile applications and PC terminals, which in aggregate offer a variety of services, such as account opening, transaction execution, sales of financial products, investment advisory services, and product and market information.

In particular, our Fanqie APP launched in 2016 has evolved into a one-stop comprehensive wealth management platform providing brokerage clients with investment services centered on market trading, differentiated advisory, dedicated wealth products, and intelligent services:

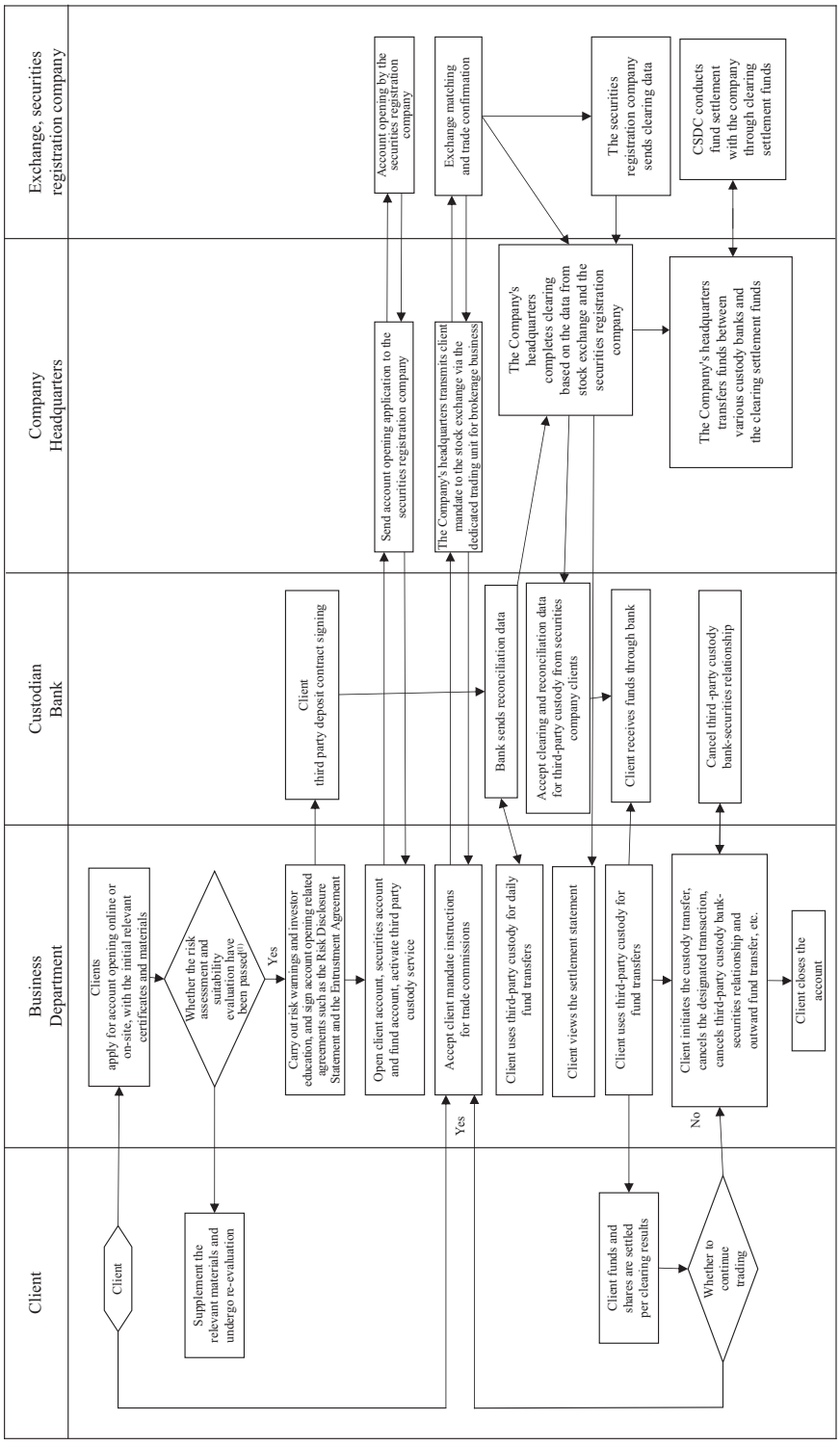
- **Signature Investment Advisory Services** – Focused on all-around, concierge-style investment advisory services, Fanqie APP features matching of client needs and companion-style advisory services, which aims to meet professional investment needs such as asset allocation, in-depth research and market analysis, while at the same time making clients experience warmer and more human advisory services.
- **Intelligent Trading Tools** – Enhancing the client's multi-scenario intelligent trading experience with 12 types of intelligent conditional orders, AI grid trading, and diverse trading strategy tools like "Stock of the Day," providing clients with convenient and efficient trading experiences, aiding more effective investment decision-making.
- **Diverse Product Shelf** – To meeting clients' varied asset allocation needs, Fanqie APP offers a rich and comprehensive selection, covering products from asset management, public and private offerings, trusts, structured notes, ETFs, etc., to suit various risk-return investment preferences.
- **Market Trading** – To fulfil clients' core trading needs, it offers massive information, real-time market updates, and diverse features like order books, K-line charts, and watchlists. It supports core trading functions such as "lightning-fast" order entry for general/credit trading clients, trading on the Beijing Stock Exchange, and through the stock connect program(s).

- **Comprehensively Upgraded Account Opening Experience** – It affords 3-minute securities account setup, flexible online account opening with 7*24-hour intelligent verification, making the process convenient, secure, and clear at every step.
- **Business Handling** – It possesses 40+ online services via a direct channel, covering four major categories of client information, account management, permission activation, and password management which essentially cover all scenarios for individual clients to handle business online.

As of December 31, 2023, 2024 and 2025, the number of average monthly active users of our Fanqie APP was around 56,000, 78,000 and 107,000 with a cumulative total number of users of more than 479,000 as of December 31, 2025.

Main Business Flows

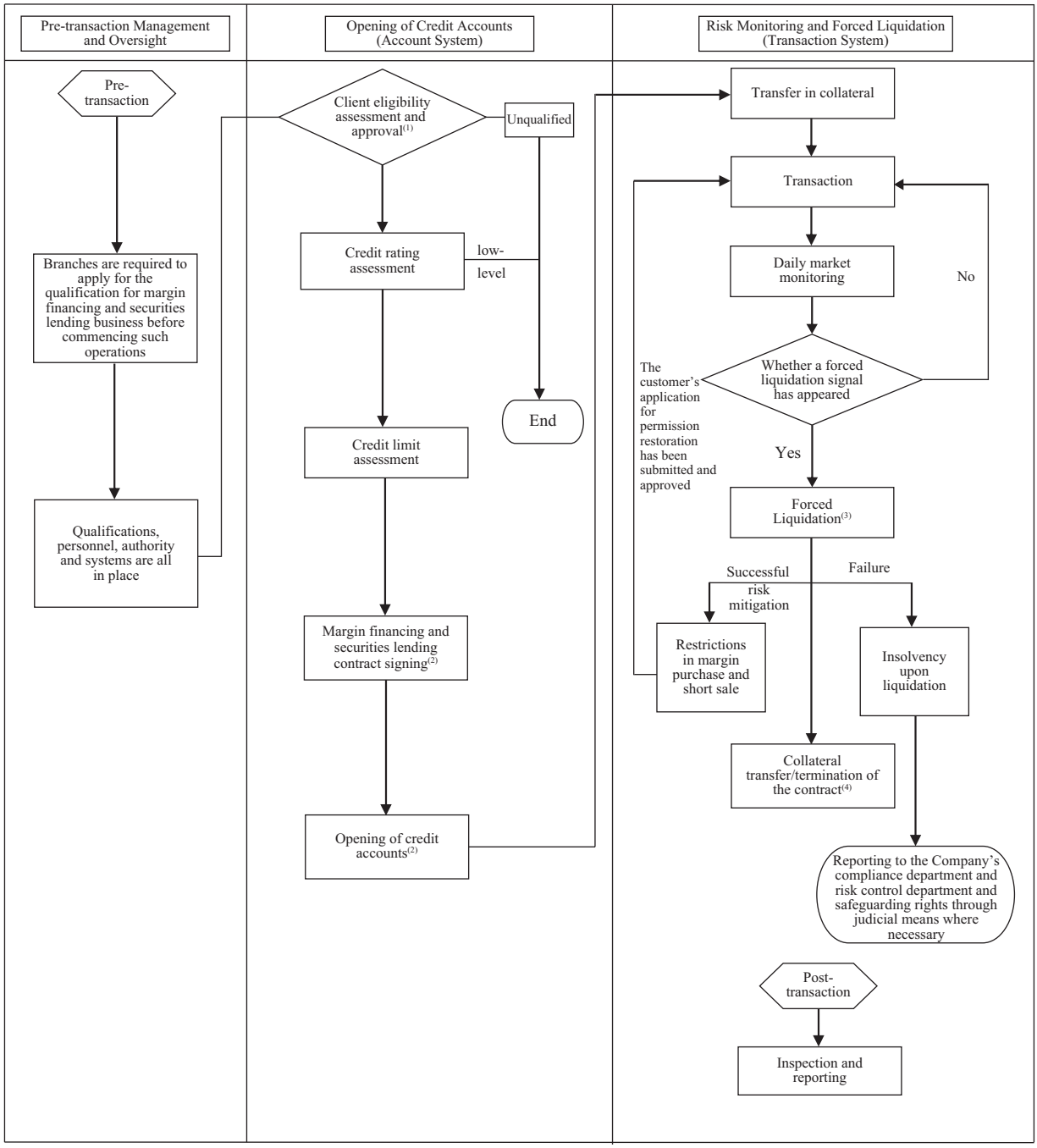
The following diagram sets forth the main business flow for our securities brokerage business:



Note:

(1) When conducting risk assessment and suitability evaluation for client account opening, we generally consider factors including client's financial status, investment goals, risk preferences and tolerance, investment knowledge and experience, etc.

The following diagram sets forth the main business flow for our margin financing and securities lending business:



Notes:

(1) For client eligibility assessment and approval, main factors to consider include the authenticity, completeness, and validity of the credit information materials submitted by the client, and whether the client meets the investor suitability management requirements for margin financing and securities lending business.

(2) Prior to signing of business contract and opening of client credit accounts, key factors need to be considered including (a) whether the client's credit materials are complete and compliant, (b) whether the applied credit limit exceeds stipulated thresholds, (c) whether the contract signing information is complete and accurate, (d) whether the client's valid identity documents match those in their general securities account (if any), and (e) whether the documents submitted for opening the credit account are complete and compliant.

(3) Prior to making of forced liquidation, general factors to consider include the scale of credit transactions, the maintenance margin ratio, margin call status, contract expiration status, and any abnormal or suspicious trading activities.

(4) Circumstances that may lead to the liquidation or termination of our business contracts include, among others, (a) the client defaults on its credit account and still owes debts to us after forced liquidation is executed, (b) the client engages in illegal or non-compliant activities during margin financing and securities lending transactions, (c) the client is determined to be subject to market entry bans or restrictions, (d) the client fails to provide authentic materials as required, (e) the client is deceased or loses capacity for civil conduct, or as the case may be, is declared bankrupt or dissolved by a court, (f) judicial authorities take property preservation or enforcement measures against the equities recorded in the client's credit account according to law, and (g) the client engages in other acts that violate applicable laws, regulations, or the margin financing and securities lending business contract, or is deemed unsuitable to continue margin financing and securities lending transactions, or other statutory or agreed contract termination conditions occur. Additionally, the client may voluntarily settle its margin financing and securities lending transactions, repay all due debts, and terminate the contract.

INFORMATION TECHNOLOGY

We place great emphasis on our information technology and have continued to increase our IT investments, actively promoting digital transformation, recruiting IT professionals, and updating our IT infrastructure, equipment, and technology. As of December 31, 2025, we had 96 employees performing IT functions in our IT center and branch offices. Our IT center is divided into five teams covering infrastructure, trading systems operations, non-trading systems operations, application and data development, and quality control.

We have established an IT governance committee under the general manager's executive committee for overseeing our IT governance activities and to formulate IT governance objectives and work plans. The committee reports to our Board and management with respect to IT development plans, IT governance status, IT security operations, and other relevant matters.

We have in place a series of internal systems in accordance with industry standards and regulations such as the "Measures for the Administration of Cybersecurity and Information Security in the Securities and Futures Industries" (《證券基金經營機構信息技術管理辦法》) issued by CSRC. We conduct IT special audit annually and regularly engage external professionals to conduct comprehensive IT management audits.

We have implemented various measures to better manage our IT systems and safeguard our IT infrastructure, including establishing information security management positions to coordinate and plan the security of our information systems, conducting rigorous security testing before new systems go live, performing regular stress testing, capacity assessment, and emergency drills for application systems, and maintaining a disaster recovery system at an off-site location to ensure the uninterrupted operation of core trading systems. The security tests that we conduct include (a) cybersecurity level protection classification, evaluation and filing; and (b) mobile app testing and certifications. For further details of our IT related measures implemented for data privacy and security, see " - Data Privacy and Security."

In 2023, 2024 and 2025, our total IT related expenditure amounted to RMB126.8 million, RMB144.2 million and RMB155.6 million, respectively, which primarily comprised of expenditures on hardware and electronic equipment, system or software procurement, IT daily maintenance costs, data center leasing or depreciation, network leasing, and IT personnel compensation.

DATA PRIVACY AND SECURITY

Protecting privacy and data security is one of our responsibilities. We have established a multi-tiered IT governance framework and a designated department to lead network and information security. We have appointed a cybersecurity officer, chief information officer, and personal information protection officer in accordance with applicable laws. We have established and implemented a series of strict data security policies and measures to ensure that the collection, use, storage, processing, and dissemination of data comply with all applicable laws and regulations in the PRC, optimize data management, and protect the interests of data subjects. For detailed information on relevant laws and regulations, see "Regulatory Overview." These policies and measures include:

Data Collection and Use: Based on the types of products and services selected by our customers, and with their consent or in accordance with applicable legal exemptions, we may collect certain categories of personal data during our business operations. When opening an account and selecting our products and services, customers must confirm that they have read and agreed to relevant terms and conditions, including our "Capital Securities User Privacy Policy" (《首創證券用戶隱私政策協議》), which informs customers how we collect, use, store, share data with software development kits service provider and provide access to their personal data, as well as how customers can access, update, control, and protect their personal data and the rights associated with the data. Our customers are also required to sign a "single authority letter" (《單獨同意授權書》) authorizing us to obtain customers' single authority under the applicable laws and regulation requirements.

Data Storage and Processing: We will encrypt and conduct de-identification of our customer personal data to prevent unauthorized access, use, or modification of customer's information and to avoid data corruption or loss. Data is stored in proprietary storage facilities located in our Beijing Tucheng Internet Data Center and our head office in the PRC, as well as in third-party cloud database storage facility at the SSE Cloud Hosting Data Center. We conduct regular data backup, either on a daily backup basis or on a weekly backup and daily update basis, we also conduct regular tests on backup data every quarter.

Data Dissemination: As the processor of the personal data collected from our customers, we do not share or transfer personal data with third parties without the customer's explicit authorization or unless exempted under applicable laws and regulations. We have established measures to choose and supervise third-party service providers in fulfilling their obligations.

Protection of Personal Information: We have established a strict customer personal data protection policy and have implemented a series of internal control measures from organizational, managerial, and technical perspectives to preserve individual personal data and protect customer privacy, which comply with the aforementioned laws and regulations.

Security Policy Management: We have established relevant systems to define cybersecurity and system security objectives, to divide responsibility, and set out control requirements. We have enabled security policies on our systems; a secure server is deployed for centralized policy management. Policy activations are allowed according to the principle of least privilege, configured by IP/port. Policies without hits are regularly reviewed and deleted to ensure effective security controls.

Access Control and Permission Management: Our network is partitioned and isolated with firewalls. There are dedicated secure zones within the databases, and our network devices require login authentication via AAA servers. Access permissions are assigned according to the principle of least privilege and are subject to approval, with regular verification of the permission. Personal information is accessed through tiered authorization and is traceable. Our employees access data strictly according to their duties, sign confidentiality agreements, and adhere to strict password control.

Data Destruction: We have established data destruction procedures, destruction plans will require approval, evaluation, and archiving.

We have implemented protection products such as firewalls, online behavior management systems, intrusion detection system and detection tools, to be able to detect internet attacks prudently. By procuring a DDoS traffic scrubbing service with the data carrier, we monitor DDoS attacks in real time. Through the monitoring system, we analyze network bandwidth and abnormal traffic, promptly activating DDoS traffic scrubbing. We conduct specialized annual audits of our IT management and commission external professional institutions to conduct comprehensive audits of our IT management. We perform annual stress testing on our critical IT systems.

Our legal advisor as to data compliance in the PRC is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the Personal Information Protection Law (《個人信息保護法》), the Cybersecurity Law (《網絡安全法》), and the Data Security Law (《數據安全法》) of the PRC as well as other related applicable laws and regulations in the PRC in all material aspects.

MAJOR CUSTOMERS AND SUPPLIERS

We serve institutional, individual and corporate clients across a spectrum of sectors. Our clients are primarily located in China. The following table sets forth the number of our clients by business line and by customer type as of the dates or for the periods indicated:

	The year ended/As of December 31,		
	2023	**2024**	**2025**
Asset Management Related Business			
- Individual clients	38,183	40,751	41,320
- Institutional clients	281	307	292
- Product clients	400	475	540
Sub-total	**38,854**	**41,532**	**42,152**
Investment Related Business(1)	N/A	N/A	N/A
Investment Banking Related Business			
- Corporate clients	117	129	207
Sub-total	**117**	**129**	**207**
Wealth Management Related Business *(in thousands)*			
- Individual clients	721.1	809.0	875.9
- Non-individual clients	2.0	2.1	2.3
Sub-total	**723.2**	**811.1**	**878.2**

Note:

(1) The concept of "client" does not apply to our investment related business, as for such business we are investing our own capital for our own account, rather than acting on behalf of and providing services to an external party.

Our client base is diversified. For the years ended December 31, 2023, 2024 and 2025, revenue, gains and other income attributable to our five largest clients for each year during the Track Record Period accounted for less than 5% of our total revenue, gains and other income, respectively. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owns more than 5% of our issued share capital immediately following the completion of the **[REDACTED]** (without taking into account the exercise of the **[REDACTED]**), had any interest in any of our five largest clients in each year during the Track Record Period.

We have no major suppliers due to the characteristics of our business.

MARKET AND COMPETITION

The securities industry in China is highly competitive and competition will remain intense. As of December 31, 2024, there were 150 registered securities firms in China. China's securities industry is experiencing aggravated market concentration and the top ten securities firms with the highest revenue accounted for around 70% of the industry's total revenue in 2024.

Our major competitors are other securities firms in China with similar service scope, business scale and objectives. For our asset management related business, we compete primarily with other securities firms, fund management companies, banks, insurance companies, trust companies, private investment fund management companies and other financial institutions in China in terms of the range of products and services offered, pricing and quality of client service. For our investment related business, we compete primarily with other PRC securities firms and other financial institutions in terms of capital and capabilities of risk management and research. For our investment banking related business, we compete primarily with other investment banks, commercial banks as well as trust companies in terms of brand recognition, marketing and distribution capacity, service quality, and pricing. For our wealth management related business, we compete primarily with other PRC securities firms and brokers in terms of pricing and the range of products and services offered.

For further information, see "Summary—Market and Competition", "Risk Factors—Risks Relating to Our Business and Industry—The PRC securities industry is highly competitive. If we fail to compete effectively, our business, financial condition and operations may be materially and adversely affected" and "Industry Overview—Competitive Analysis of China's Securities Industry."

INTELLECTUAL PROPERTIES

As of the Latest Practicable Date, we had 37 trademarks, one patent, two domain names and six software copyrights registered in China. For details, please see "Appendix VI - Statutory and General Information—B. Further Information about Our Business—2. Intellectual Property Rights of Our Group." During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material dispute or claims for infringement upon third parties' trademarks, licenses and other intellectual property rights.

INSURANCE

We maintain insurance coverage for certain of our assets, including buildings, IT equipment and motor vehicles. We believe that we have maintained such insurance coverage as we consider necessary and sufficient for our operations and customary for the industry in which we operate. Moreover, our policies are subject to standard deductibles, exclusions and limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. All of our insurance policies are underwritten with reputable insurance providers, and we review our insurance policies regularly. For further information, see "Risk Factors—Risks Relating to our Business and Industry—Our insurance coverage may not be adequate, which could expose us to costs and business disruption."

EMPLOYEES

As of December 31, 2025, we had a total of 1,711 employees. The following table sets forth a breakdown of our employees by business function as of the same date:

	Number of employees
Asset management related business	122
Investment related business	100
Investment banking related business	142
Wealth management business	805
Futures business	50
Research	39
Operations	66
Information technology	96
Finance	86
Compliance and risk management	113
Comprehensive management	92
Total	**1,711**

Based on our business development strategy and market-oriented principles, we have established a compensation system that balances fairness with differentiation. Our total remuneration includes position-based salary, performance-linked salary, allowances, and various benefits. We determine compensation levels in a scientific and reasonable manner with references to industry practices and taking into account factors such as our actual operating conditions, compliance and risk control effectiveness, our development strategy, and the long-term interests of shareholders. Furthermore, we link employee compensation to the performance of our Company, our business units and individual employees. We adjust our compensation policies from time to time based on our operating conditions.

We have established a multi-level training system for all employees, covering key areas such as professional skills, corporate culture, and compliance and risk control. The training adopts an online and offline combined approach. For middle and senior management personnel, we focus on enhancing their leadership and management capabilities. For newly hires, we provide systematic onboarding training and job guidance. For key business talents, we strive to create customized development programs to build a professional echelon of talents.

We have established a labor union in accordance with PRC laws and regulations. We believe that we have maintained a good working relationship with our employees. As of the Latest Practicable Date, we had not experienced any labor strikes or other labor disturbances that had materially interfered with our operations.

We implement applicable labor-related PRC laws and regulations and policy requirements, follow the national and local government arrangements for annual leave, marriage leave, maternity leave and other holidays. We pay social insurance for our employees covering pension, medical, unemployment, work-related injury, and maternity insurance. In addition to social insurances, we maintain supplementary medical insurances and Beijing universal health insurance for our employees. We also make housing provident fund contributions for our employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance Philosophy and Structure

We endeavor to fully fulfill our economic, social, and environmental responsibilities, and create greater and sustainable comprehensive value for stakeholders. We focus on the management of material ESG issues and our ESG practices are comprehensively carried out across four areas: ESG corporate governance, ESG investment and services, ESG risk management, and ESG information disclosure.

Our ESG governance system is structured with the Board of Directors as the highest management body. The Strategy Committee under the Board is primarily responsible for formulating ESG-related strategies and plans. Our management, under the leadership of the Board, is responsible for organizing and executing related matters, advancing the implementation of ESG practices. Relevant departments, branches, and subsidiaries are responsible for the specific implementation of ESG issues.

Some of our Directors possess professional experience in environmental protection and legal sectors, while others oversee social responsibility-related work. Furthermore, some of our Directors have served as directors and senior management at listed companies, thus they are experienced in formulating and executing ESG matters. For further information of our Directors' experience, see "Directors and Senior Management." We also have an ESG Task Force led by the Chairman of the Board, supported by a team consisting of our Directors and persons in charge of our key business departments.

Stakeholder Communication

We highly value communication and engagement with stakeholders, including shareholders, investors, clients, employees, government and regulatory agencies, suppliers, cooperation partners, and communities. We have established regular information disclosure and interaction mechanisms. Through various channels, we promptly share the latest developments, actively listen to stakeholders' concerns and needs, and incorporate them into our management and decision-making processes, and strive to create long-term value for all parties.

Management of Material Issues

According to our "Work Plan for Improving the Company's ESG Governance System", we identified ESG issues comprise of: 11 ESG governance issues, including corporate governance, stakeholder communication, economic performance, anti-commercial bribery and anti-corruption, prevention of financial crime, anti-unfair competition, ESG risk management, compliance, ethics and integrity, ESG strategic investment, ESG products and services; five ESG environmental issues, including addressing climate change, environmental compliance management, energy utilization, water resource utilization, circular economy; and nine ESG social issues, including data security and privacy protection, supply chain security, practice quality and client service, fintech and innovation-driven development, employee equality and diversity, employee health and safety, employee growth and training, social contribution and rural revitalization. We also evaluated these issues from the perspectives of impact materiality and financial materiality.

Environment and Green Operations

As a financial enterprise, the pollutants and waste generated in our daily operations primarily come from office activities. We closely follow the national "Dual Carbon" goals and strive to promote green operations.

Energy Use

Our energy consumption during operations mainly comes from purchased electricity, natural gas for cafeterias, and gasoline for office vehicles.

Office operations are the primary source of our electricity consumption. Our headquarters building uses LED energy-saving lighting, and we have installed smart lighting systems in office areas. We encourage employees to use natural light, turn off lights when not in use, reduce standby energy consumption of office equipment such as computers and printers, and shut off power when leaving the office. In 2023, 2024 and 2025, our electricity consumption was 2,160,159 kWh, 2,190,439 kWh and 2,207,595 kWh, respectively. Natural gas is primarily used in our cafeteria which commenced operation in 2023. In 2023, 2024 and 2025, our natural gas consumption was 37,059 cubic meters, 36,066 cubic meters and 36,782 cubic meters, respectively. To reduce energy consumption, we strictly review applications for office vehicle use. When gasoline-powered office vehicles reach the end of their service life, we replace them with new energy vehicles. We encourage employees to choose green commuting methods, such as public transportation, for their daily commute. In 2023, 2024 and 2025, our gasoline consumption was 22,868 liters, 22,472 liters and 19,263 liters, respectively.

Greenhouse Gas Emissions

We have calculated the greenhouse gas ("GHG") emissions associated with our business operations and have formulated a carbon peaking action plan in relation to GHG emissions. In 2023, 2024 and 2025, our total GHG emissions were 1,289.8 tons of CO_2 equivalent, 1,303.0 tons of CO_2 equivalent and 1,299.5 tons of CO_2 equivalent, respectively, of which: (a) our direct emissions (i.e., Scope 1 emissions, including emissions from gasoline and natural gas consumption) were 130.7 tons of CO_2 equivalent, 127.6 tons of CO_2 equivalent and 122.0 tons of CO_2 equivalent, respectively, and (b) our indirect emissions (i.e., Scope 2 emissions, including emissions from purchased electricity) in 2023, 2024 and 2025 were 1,159.1 tons of CO_2 equivalent, 1,175.4 tons of CO_2 equivalent and 1,177.5 tons of CO_2 equivalent, respectively.

Water Resource Use

Our water consumption primarily comes from office and cafeteria use, with water sourced from municipal water supply. We adopt a series of water-saving measures which include installing water-saving fixtures in offices and cafeterias, regularly maintaining water equipment and pipelines, periodically measuring and evaluating water usage across facilities to avoid waste, and promoting water conservation awareness among employees during daily operations. Our water consumption in 2023, 2024 and 2025 were 22,738 tons, 22,198 tons and 16,014 tons, respectively.

Social Responsibility

We actively support rural revitalization through various means, such as industrial assistance and consumption assistance. In 2023, 2024 and 2025, we and our labor union collectively invested assistance funds of RMB21.4 million in aggregate.

We actively take part in public welfare endeavours including educational public welfare projects and initiatives such as science and technology classrooms, music classrooms, care and support packages, water purification projects, and thematic study camps, all aimed at improving teaching facilities in assisted primary and secondary schools and helping children in formerly poverty-stricken counties access quality educational resources. Our donations to these public welfare projects in 2023, 2024 and 2025 were RMB3.5 million, RMB3.5 million and RMB2.0 million, respectively.

We always adhere to a people-oriented approach, respecting and protecting the rights of every employee, and prioritizing their health, safety, and well-being. We advocate for values of diversity and equality, striving to create a fair and inclusive working environment. We actively create valuable job opportunities and career development paths for society, supporting the growth of both employees and our Company. As of December 31, 2025, we had 1,711 employees, including 853 male employees and 858 female employees, with a gender ratio of 1:1.0058.

PROPERTIES

Our headquarters are located in Beijing, the PRC. We own properties and lease properties in the PRC. As of December 31, 2025, none of our property interests had a carrying amount of 15% or more of our consolidated total

assets. According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

Owned Properties

As of the Latest Practicable Date, we owned 135 properties in the PRC with an aggregate GFA of approximately 9,501.8 sq.m. which are mainly for commercial, office or parking use. As of the Latest Practicable Date, we had obtained the real estate title certificates for all of our owned properties in the PRC.

Leased Properties

As of the Latest Practicable Date, we also leased 82 properties in the PRC with an aggregate GFA of approximately 43,886.4 sq.m. which are mainly used as business premises for our offices and branches. As of the Latest Practicable Date, the leases had terms with expiry dates falling in April 2026 to June 2032. In the event that any of our leases expire after the end of their respective lease term, we would need to seek alternative premises and incur relocation costs. We believe that there are alternative properties at comparable rental rates available on the market, the use of which would not materially and adversely affect our business operations, and thus we do not rely on the existing leases for our business operations.

As of the Latest Practicable Date, certain of our leased properties were without title certificates and/or landlord's proper authorization to lease. However, based on the advice of our PRC Legal Advisor, our Directors are of the view that the risk of eviction or cessation of occupation of such leased properties was relatively low, which is due to the following reasons: (A) as of the Latest Practicable Date, (i) 12 of these leased properties were without title certificates from the landlords out of which (a) landlords for 11 properties had otherwise provided evidence proving proper authorization to lease proving that the lessor or the authorized property owner holds title to the relevant leased property, and (b) landlord for the remaining one property had neither provided the title certificates nor any sufficient evidence proving proper authorization to lease. However the lessor confirmed in the lease agreement that they have legal ownership or usage rights to the property. Furthermore, we had leased and used this property for more than four years as of the Latest Practicable Date without any occurrence of eviction or termination of occupancy; and (ii) for another leased property, the landlord had provided us with the title certificate but failed to provide proper authorization to lease. However, the lessor confirmed in the lease agreement that they have the legal right to dispose of the leased property; (B) during the Track Record Period and up to the Latest Practicable Date, neither we nor our subsidiaries and branches had to cease using any of the leased properties due to third-party claims; and (C) the leased GFA of the aforementioned affected leased properties only accounted for a minimal portion of our total leased GFA of leased properties as of the Latest Practicable Date and should any ownership disputes arise regarding such leased properties that affect our normal use, we should be able to promptly secure alternative properties without causing any material adverse effect on our business operations. As such, we believe that the aforementioned property defects are immaterial. For details of the risks with respect to our leased properties, see "Risk Factors—Risks Relating to Our Business and Industry—Our leased property interests may be defective and our right to lease or use the properties may be challenged, which could cause additional expenses or disruption to our operation."

As of the Latest Practicable Date, 67 out of our aforementioned 82 leased properties in the PRC had not been registered with the relevant PRC governmental authorities. According to our PRC Legal Advisor, the failure to register does not in itself invalidate the leases, but we may be ordered by the relevant PRC governmental authorities to rectify such non-compliance and, if we fail to do so within a given period of time, we may be subject to fines ranging from RMB1,000 and RMB10,000 for each of our unregistered lease agreements. As such, we estimate that the maximum penalty we might be subject to with respect to these unregistered leased properties as of the Latest Practicable Date would be approximately RMB670,000, which we believe is immaterial. If the relevant authority requests us to complete the lease registration, we will actively cooperate with the lessor and endeavor to complete the lease registration within the specified time frame. Our Directors are of the view that such failure to register will not have any material adverse effect on our financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any notice or allegation of penalty from PRC government authorities for any of our unregistered lease agreements. For details, see "Risk Factors—Risks Relating to Our Business and Industry—Certain lease agreements of our leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines."

LEGAL COMPLIANCE

Licensing Requirements

We conduct our business primarily in the PRC and are, therefore, subject to applicable PRC laws and regulations. As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the relevant regulatory requirements and guidelines in the PRC, and obtained the permits, licenses and approvals or completed the filings necessary for our operations in accordance with applicable PRC laws and regulations and such licenses, permits and approvals remained in full effect as of the Latest Practicable Date. The following table sets forth the permits, licenses, approvals and filings with respect to the business qualifications of our Company that we consider material to our operation as of the Latest Practicable Date:

No.	Business qualification	Approval document/ Filing status	Approval or record-filing authority/Public disclosure platform	Date of approval/filing/ public disclosure and applicable expiry date[1]	Applicable business or nature of permits
1.	License for Securities and Futures Business (經營證券期貨業務許可)	License for Securities and Futures Business Operations (經營證券期貨業務許可證)	China Securities Regulatory Commission	January 8, 2026	Securities business
2.	Shenzhen Stock Exchange Membership (深交所會員資格)	Membership Certificate (會員資格證書)	Shenzhen Stock Exchange	September 14, 2020	Exchange membership
3.	Shanghai Stock Exchange Membership (上交所會員資格)	Membership Certificate (會員資格證書)	Shanghai Stock Exchange	September 29, 2020	Exchange membership
4.	Beijing Stock Exchange Membership (北交所會員資格)	Membership Certificate (會員資格證書)	Beijing Stock Exchange	November 10, 2021	Exchange membership
5.	China National Interbank Funding Market Dealers Association Membership Qualification (中國銀行間市場交易商協會會員資格)	Notification of Filing for Membership Qualification with the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會會員資格備案通知書)	National Association of Financial Market Institutional Investors	November 29, 2007; December 3, 2020 (for change of name)	Association membership
6.	China Securities Investment Fund Association Membership (中國證券投資基金業協會會員資格)	Membership Certificate (會員證書)	Asset Management Association of China	December 17, 2025 to December 16, 2027	Association membership
7.	China Securities Association Membership (中國證券業協會會員資格)	China Securities Association Membership Certificate (中國證券業協會會員證)	Securities Association of China	April 20, 2000	Association membership
8.	Beijing Securities Association Membership (北京證券業協會會員資格)	Reply Letter Regarding Approval for Capital Securities Brokerage Co., LTD to Join the Beijing Securities Association (關於同意首創證券經紀有限責任公司加入北京證券業協會的復函)	The Securities Association of Beijing	April 17, 2000	Association membership

No.	Business qualification	Approval document/ Filing status	Approval or record-filing authority/Public disclosure platform	Date of approval/filing/ public disclosure and applicable expiry date[1]	Applicable business or nature of permits
9.	Online Securities Commission Business Qualification (網上證券委託業務資格)	Approval on Online Securities Commission Business Qualifications for 23 Securities Firms Including China Eagle Securities Co., Ltd. (關於深圳大鵬證券有限責任公司等23家證券公司網上證券委託業務資格的批復)	China Securities Regulatory Commission	February 5, 2001	Wealth management business
10.	Foreign Exchange Business Qualification (外匯業務資格)	Approval for Reissuing the "Securities Business Foreign Exchange Operating License" to Capital Securities Co., LTD (關於首創證券有限責任公司換領《證券業務外匯經營許可證》的批復)	State Administration of Foreign Exchange of the PRC – Beijing Foreign Exchange Administrative Department	December 17, 2004	Fixed income investment and trading business
		Application for Change of Institutional Foreign Exchange Account (HKD) (變更機構外匯賬戶申請書（港幣）)	Bank of China Limited, Beijing Embassy District Sub-branch	November 13, 2020	Fixed income investment and trading business
		Application for Change of Institutional Foreign Exchange Account (USD) (變更機構外匯賬戶申請書（美元）)		November 17, 2020	Fixed income investment and trading business
11.	China Securities Depository and Clearing Corporation Limited Settlement Participant Qualification (中國證券登記結算有限公司結算參與人資格)	Approval Letter Regarding the Designation of Capital Securities Co., LTD as a Settlement Participant of China Securities Depository and Clearing Corporation Limited (關於同意首創證券有限責任公司成為中國證券登記結算有限責任公司結算參與人的批復)	China Securities Depository and Clearing Corporation Limited	March 23, 2006; September 15, 2020 (for change of name)	Settlement participant qualification
12.	Account Opening Witness Services Qualification (見證開戶業務資格)	Securities Association of China Notice on Issuing the "Regulations on the Opening of Client Accounts by Securities Companies" (中國證券業協會關於發佈《證券公司開立客戶賬戶規範》的通知)	Securities Association of China	June 7, 2013	Wealth management business
13.	Intermediary Introduction Business for Futures Companies (為期貨公司提供中間介紹業務)	Filing completed (已備案)	CSRC Beijing Regulatory Bureau	March 31, 2014	Wealth management business

No.	Business qualification	Approval document/ Filing status	Approval or record-filing authority/Public disclosure platform	Date of approval/filing/ public disclosure and applicable expiry date[1]	Applicable business or nature of permits
14.	Hong Kong Stock Connect Trading Qualification (港股通業務交易資格)	Notice on Approval to Activate Southbound Trading Permissions for Capital Securities Co., LTD (關於同意開通首創證券有限責任公司港股通業務交易權限的通知)	Shanghai Stock Exchange	October 15, 2014	Wealth management business
15.	Qualification to Engage in Recommendation, Brokerage, and Market-Making Services on the National Equities Exchange and Quotations (在全國中小企業股份轉讓系統從事推薦業務、經紀業務、做市業務資格)	Lead Underwriter Business Filing Letter (主辦券商業務備案函)	National Equities Exchange and Quotations	October 14, 2020	Investment banking related business
16.	Proprietary Trading Participation in Stock Index Futures Qualification (自營業務參與股指期貨交易資格)	Receipt for Securities Firms' Filing Materials for Index Futures Trading Participation (證券公司參與股指期貨交易報備材料回執)	CSRC Beijing Regulatory Bureau	February 27, 2012	Equity securities investment business
17.	Qualification to Engage in Interbank Lending on the National Interbank Funding Market (全國銀行間同業拆借市場從事同業拆借業務資格)	Approval by the People's Bank of China for Donghai Securities Co., Ltd. and 4 Other Securities Firms to Become Members of the National Interbank Funding Market (中國人民銀行關於東海證券有限責任公司等5家證券公司成為全國銀行間同業拆借市場成員的批復)	People's Bank of China	November 15, 2004	Fixed income investment and trading business
18.	Bond Trading Qualification on the National Interbank Funding Center (全國銀行間同業拆借中心債券交易資格)	Announcement Regarding the Admission of Rabobank (Shanghai) Branch and 7 Other Institutions to the National Interbank Bond Trading System (關於荷蘭合作銀行有限公司上海分行等8家機構加入全國銀行間債券交易系統的公告)	China Foreign Exchange Trade System and National Interbank Funding Center	February 5, 2006	Fixed income investment and trading business
19.	Shanghai Stock Exchange Fixed Income Securities Comprehensive Electronic Platform Dealer Qualification (上海證券交易所固定收益證券綜合電子平臺交易商資格)	Letter Confirming Dealer Qualification for the Shanghai Stock Exchange Fixed Income Securities Comprehensive Electronic Platform (關於確認上海證券交易所固定收益證券綜合電子平臺交易商資格的函)	Shanghai Stock Exchange	July 10, 2007	Fixed income investment and trading business

No.	Business qualification	Approval document/ Filing status	Approval or record-filing authority/Public disclosure platform	Date of approval/filing/ public disclosure and applicable expiry date[1]	Applicable business or nature of permits
20.	Access to China Paper Trading System Qualification (Fixed Income) (接入中國票據交易系統資格（固收）)	Notice Regarding Capital Securities Co., LTD's Access to China Paper Trading System (關於首創證券有限責任公司接入中國票據交易系統的通知)	Shanghai Commercial Paper Exchange Corporation Ltd.	January 2, 2020	Fixed income investment and trading business
21.	Interbank Bond Market – Market Maker Qualification (銀行間債券市場做市商資格)	Notice on 15 Market Makers Including Xiamen International Bank Officially Commence Market Making Operations (關於廈門國際銀行等十五家做市商正式開展做市業務的通知)	National Interbank Funding Center	March 1, 2024	Fixed income investment and trading business
22.	Non-Financial Enterprise Debt Financing Instrument Underwriter (非金融企業債務融資工具承銷商)	Announcement on Market Evaluation Results for Member Applications to Engage in Underwriting-Related Business for Non-Financial Enterprise Debt Financing Instruments in 2024 (關於2024年非金融企業債務融資工具承銷業務相關會員申請從事承銷相關業務市場評價結果的公告)	National Association of Financial Market Institutional Investors	December 30, 2024	Investment banking related business

Note:

(1) Save as otherwise disclosed herein, expiry dates are not applicable to the permits, licenses and filing documents set forth above.

The following table sets forth the permits, licenses, approvals and filings with respect to the business qualifications of our subsidiaries that we consider material to our operation as of the Latest Practicable Date:

No.	Subsidiary	Business qualification	Approval or record-filing authority	Date of approval/filing/ public disclosure and applicable expiry date[1]	Applicable business or nature of permits
1.	Capital Jingdu Futures	License for Securities and Futures Business (經營證券期貨業務許可)	China Securities Regulatory Commission	July 31, 2025	Commodity futures brokerage and financial futures brokerage
2.	Capital Jingdu Futures	Asset Management Business (資產管理業務)	China Futures Association	November 19, 2015	Asset management
3.	Capital Jingdu Futures	Trading and Clearing Member of China Financial Futures Exchange (中國金融期貨交易所交易結算會員)	China Financial Futures Exchange Co., Ltd.	March 24, 2023	Exchange membership
4.	Capital Jingdu Futures	Member of Dalian Commodity Exchange (大連商品交易所會員)	Dalian Commodity Exchange	January, 2010	Exchange membership
5.	Capital Jingdu Futures	Member of Zhengzhou Commodity Exchange (鄭州商品交易所會員)	Zhengzhou Commodity Exchange	February 5, 2015	Exchange membership

No.	Subsidiary	Business qualification	Approval or record-filing authority	Date of approval/filing/ public disclosure and applicable expiry date[1]	Applicable business or nature of permits
6.	Capital Jingdu Futures	Member of Shanghai Futures Exchange (上海期貨交易所會員)	Shanghai Futures Exchange	August 12, 2014	Exchange membership
7.	Capital Jingdu Futures	Member of Shanghai International Energy Exchange (上海國際能源交易中心會員)	Shanghai International Energy Exchange Co., Ltd.	June 13, 2017	Exchange membership
8.	Capital Jingdu Futures	Guangzhou Futures Exchange Member (廣州期貨交易所會員)	Guangzhou Futures Exchange Co., Ltd.	June 1, 2022	Exchange membership
9.	Shouzheng Desheng	China Securities Association Member (中國證券業協會會員)	China Securities Association	October 20, 2017	Association membership
10.	Shouzheng Desheng	Securities Firm Private Fund Subsidiary Manager (證券公司私募基金子公司管理人)	Asset Management Association of China	November 26, 2015	Private equity investment fund business
11.	Shouzheng Zefu	Securities Firm Alternative Investment Subsidiary (證券公司另類投資子公司)	China Securities Association	June 1, 2018	Alternative investment business
12.	Shouzheng Zefu	China Securities Association Member (中國證券業協會會員)	China Securities Association	December 31, 2026	Association membership
13.	Wangjing PE	Securities Firm Private Fund Subsidiary Manager(證券公司私募基金子公司管理人)	Asset Management Association of China	April 15, 2019	Private equity investment fund business

Note:

(1) Expiry dates are not applicable to the permits, licenses and filing documents set forth above.

We renew all of our permits, licenses, approvals and filings from time to time to comply with the relevant laws and regulations. As advised by our PRC Legal Advisor, as of the Latest Practicable Date, there were no legal impediments to renewing our licenses, permits and approvals. Since our A Share offering in December 2022 and up to the Latest Practicable Date, neither we nor any of our Directors had been subject to auditing or administrative penalties by the CSRC, nor have we or any of our Directors been criticized or publicly reprimanded by the Shanghai Stock Exchange for violations of any listing rules or other relevant applicable rules.

Legal Proceedings and Disputes

From time to time, we may be involved in legal proceedings, investigations, administrative penalties or other claims or disputes arising in the ordinary course of our business. As advised by the PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) against us that would, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations, reputation or compliance. See "Risk Factors—Risks Relating 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." The following sets forth details of certain legal proceedings each with a claim amount exceeding RMB10.0 million that remained unsettled as of the Latest Practicable Date:

Dispute with He Jilun arising from Stock-Backed Lending Transactions

We as the plaintiff filed a lawsuit against the defendant, He Jilun, a client of our stock-backed lending business for failure to repay an aggregate principal amounts of RMB128.6 million. We sought repayment of principal, financing interest, and liquidated damages, along with the disposal of 20.8 million shares of Shenzhen Liantronics Co., Ltd. (深圳市聯建光電股份有限公司) held by the defendant and pledged to us and the disposal of real estate mortgaged to us. On November 18, 2019, the Beijing No. 4 Intermediate People's Court issued separate civil mediation agreements, confirming that the defendant must pay us the outstanding principal totalling RMB128.6 million and interest by the specified time. Should the defendant fail to pay the principal on time, the defendant must also pay us a penalty. As the

defendant failed to fulfil the abovementioned obligation, we have filed separate applications for compulsory enforcement with the Beijing No. 4 Intermediate People's Court. After multiple enforcement actions, as of the Latest Practicable Date, the case remained in the enforcement phase, with the defendant still owing us RMB11.1 million in principle.

Dispute of Shouzheng Zefu arising from Capital Increase and Repurchase Agreement

In May 2021, Shouzheng Zefu, as the plaintiff, filed a lawsuit with the Haidian District People's Court of Beijing demanding that Wang Xiaowei and the other defendants repurchase all of Shouzheng Zefu's equity interest in Yundongli (Tianjin) E-Commerce Co., Ltd. (雲動力(天津)電子商務有限公司) ("**Yundongli**") pursuant to certain capital increase agreement and supplementary agreement entered into amongst the parties and the defendants shall pay the equity repurchase amount and liquidated damages, among other claims. In March 2022, the Haidian District People's Court of Beijing ruled that the defendants shall pay Shouzheng Zefu the repurchase amount together with liquidated damages and attorney's fees. As the defendants failed to fulfill the obligations under the aforementioned effective judgment, Shouzheng Zefu applied to the Haidian District People's Court of Beijing for compulsory enforcement. As of the Latest Practicable Date, the case was still in the enforcement stage with the defendants still owing us in the amount of around RMB13.9 million.

Potential and maximum liability under the litigations

As advised by our PRC Legal Advisor, the abovementioned litigations were initiated by us as plaintiff seeking compulsory enforcement through the courts due to the defendants' failure to fulfill obligations stipulated in judicial documents. Under the "Notice of the Supreme People's Court on Issuing the Guiding Opinions of the Supreme People's Court on Cross-Enforcement Work" (《最高人民法院關於印發<最高人民法院關於交叉執行工作的指導意見>的通知》), if the court exhausts all asset investigation measures and finds no executable assets belonging to the defendant, or if no other executable assets are discovered after the lawful disposal and distribution of assets, the court may rule to terminate enforcement. In such circumstances, we may be unable to recover the assets claimed under enforcement, meaning that approximately RMB25.0 million in total as of the Latest Practicable Date may remain unrecoverable from the aforementioned legal proceedings. Should we subsequently discover that the defendant possesses enforceable assets, we may apply to the court to resume the enforcement proceedings.

Regulatory Compliance

We are subject to a number of regulatory requirements and guidelines issued by the relevant regulatory authorities applicable to our business operations, including, but not limited to, the CSRC, the PBOC, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the SAC and, where applicable, their respective local branches and offices. We have, from time to time, been involved in incidents of regulatory non-compliance and received notices and warnings from, or been fined by, the relevant regulatory authorities. Set out below are details of non-compliance incidents of our Company, our subsidiaries or branches in operation during the Track Record Period, for which we received regulatory measures, and the primary remedial measures adopted:

1. ***Warning Letter in respect of futures business***

On December 11, 2025 the CSRC Beijing Regulatory Bureau issued a warning letter to us as an administrative regulatory measure arising from the following issues: (1) in conducting futures business, we have in place inadequate monitoring and control of brokerage intermediaries' professional conduct, coupled with insufficient client follow-up, reflecting our inadequate risk management and deficiencies in internal controls, and (2) in conducting futures business, we have in place inadequate monitoring of abnormal trading activities by certain clients (especially clients that we engaged through brokerage intermediaries), reflecting deficiencies in our management mechanisms regarding client trading behavior.

In response to these issues, we have implemented corrective measures. We had terminated our cooperation with all such brokerage intermediaries as of December 31, 2025 so as to eliminate such risks going forward. Prior to December 31, 2025, we had already implemented enhanced monitoring and control measures to identify abnormal trading activities and report to China Futures Association monthly.

We compiled a report on the rectification measures and submitted it to the CSRC Beijing Regulatory Bureau. As of the Latest Practicable Date, the CSRC Beijing Regulatory Bureau had not imposed any further rectification

requirements or additional penalties on us. For further details on our risk management for wealth management related business, see "—Risk Management and Internal Control—Management and Internal Control Measures of Our Major Business Lines—Wealth Management Related Business."

2. ***Warning letter in respect of asset management business and research reports***

On May 22, 2023, the CSRC Beijing Regulatory Bureau issued a warning letter to us as an administrative regulatory measure arising from the following issues: (1) in conducting private asset management business, we have exhibited non-standard operations of asset management products. For instance, there were discrepancies between investment targets and the asset management agreements, inconsistencies in investment ratios in asset management contracts, and asset holdings did not align with post-investment management reports. The warning letter also noted that we have exhibited inadequate risk assessments, and insufficient diligence in identifying actual product investors, (2) our research report management system was inadequate, with insufficient oversight over third-party publication or redistribution of its research reports. There were instances where media outlets republished research reports without authorization for extended periods without us taking timely legal action, and (3) a published research report contained instances of imprecise information citation, incomplete retention of working papers, and conclusions that lacked rigor.

In response to these issues, we have implemented corrective measures and enhanced our relevant business systems: (a) for asset management related operations, we have optimized workflows for product operations, risk assessment, and identification of actual investors to elevate risk control standards. We have configured our internal asset management investment system to recognise the investment scope and allocation ratios stipulated in the agreement, should any investment target fall outside the contractual scope or exceed the permitted investment ratio, the investment manager will be unable to execute the order, and (b) for securities research report issuance, we have improved tracking, monitoring, and rights protection mechanisms, strengthened internal controls across the entire process of report preparation, review, and publication, enhanced traceability management of information sources and working papers, and improved the quality and compliance standards of research reports to ensure compliance with our report drafting, sharing and issuing requirements in the "Capital Securities Co., Ltd Management Notes for the Production and Release of Securities Research Reports" (《首创证券股份有限公司证券研究报告制作及发布管理细节》) and the "Administrative Measures for Business Operations of the Research and Development Department of Capital Securities Co., Ltd" (《首创证券股份有限公司研究发展部业务管理办法》).

We compiled a report on the rectification measures and submitted it to the CSRC Beijing Regulatory Bureau. Upon receiving the relevant written documents, the CSRC Beijing Regulatory Bureau did not impose any further rectification requirements or additional penalties on us. For further details on our risk management for asset management related business, see "—Risk Management and Internal Control — Management and Internal Control Measures of Our Major Business Lines — Asset Management Related Businesses."

3. ***Warning letter in respect of investment banking business***

On March 29, 2023, the CSRC Beijing Regulatory Bureau issued a warning letter to us as an administrative regulatory measure. The warning letter was recorded in the capital market integrity archive and was issued arising from the following issues in respect of our lead underwriter role for the issuance of a corporate bond by Beijing Oriental Garden Environmental Co., Ltd., ("Oriental Garden"): (1) inadequate verification of debt delinquency. When Oriental Garden announced this document for the issuance of the corporate bond in December 2020, it had already incurred certain debt defaults. We were found to have not conducted thorough verification of such debt delinquency which was primarily because litigation documents for defaults in private lending are generally not publicly disclosed in the PRC, and Oriental Garden has omitted from us such information on the relevant default situations and we were not able to verify the relevant default situations through public channels, (2) inadequate verification of non-compliant guarantee matters concerning a non-compliant guarantee that was signed by the former actual controllers of Oriental Garden without notifying the board of directors and the shareholders, thus the noncompliant guarantee was not approved through proper procedures and was accordingly not disclosed. We have failed to promptly detect the non-compliant guarantee matters that occurred at Oriental Garden in March 2019. The working papers contained no records of verification regarding the external guarantees provided by Oriental Garden and its subsidiaries.

As of the Latest Practicable Date, no fines or reprimands were imposed on us or our employees in connection with the incident. Furthermore, the CSRC, other regulatory bodies, or any affected stakeholders had not further pursued regulatory or legal action against us as of the Latest Practicable Date.

We have conducted self-inspection and investigation immediately after receiving the warning letter, we have initiated internal compliance accountability procedures, inspected the adequacy and thoroughness of our due diligence work and performed in-depth investigations into relevant issues. Following the self-inspection and investigation, we have improved our due diligence system for corporate bond underwriting, with a focus on enhancing the verification of potential risk events involving issuers and strengthening information disclosure requirements. These actions aim to effectively prevent the risk of debt default by project companies. We compiled a report on the rectification measures and submitted it to the Shenzhen Stock Exchange. Upon receiving the relevant written documents, the Shenzhen Stock Exchange did not impose any further rectification requirements or additional penalties on us. For further details on our risk management for investment banking related business, see "— Risk Management and Internal Control — Management and Internal Control Measures of Our Major Business Lines — Investment Banking Related Business."

Our Directors confirm the regulatory non-compliance incidents disclosed above are not material to our business operations and do not, and are not expected to, have any material adverse effect on our business, financial condition and results of operations, or the **[REDACTED]**. This is due to the following reasons: (i) we had implemented measures to rectify the non-compliance incidents immediately upon becoming aware of the incidents as disclosed above and all such incidents had been rectified up to the Latest Practicable Date; (ii) in response to the above non-compliance incidents, we have carefully investigated each incident and implemented a series of remedial measures, supervision mechanisms and policies to strengthen our risk management and internal controls; (iii) no objections have been raised and no follow-up actions have been taken by the regulatory authorities in the PRC against the rectification reports or remedial measures, where applicable, taken by us in relation to the regulatory non-compliance incidents disclosed in this document as of the Latest Practicable Date; (iv) none of the Directors was subject to any warning, penalty, sanction or reprimand by the regulatory authorities in the PRC as a result of the regulatory non-compliance incidents disclosed in this document as of the Latest Practicable Date; (v) our PRC Legal Advisor confirmed that the regulatory non-compliance incidents disclosed above are not material to our business operations and do not have any material adverse effect on our business, financial condition and results of operations, or the **[REDACTED]** taking into account that (a) the regulatory measures imposed on our Group do not constitute administrative penalties, (b) the corresponding non-compliance circumstances have been rectified, and (c) no material adverse consequences such as serious losses or severe social impact have occurred as a result of such non-compliance incidents; (vi) no occurrence of any of the non-compliance incidents was due to the failure of any Director to perform his or her duty; and (vii) On October 10, 2025, the Institutional Supervision Department of the CSRC issued the "Letter on Providing a Regulatory Opinion Letter Regarding the **[REDACTED]** of H Shares by Capital Securities Corporation Limited and its **[REDACTED]** on the Hong Kong Stock Exchange", which stated that our Company was not found to have been subject to any criminal or administrative penalties in the past 36 months, nor has it been subject to regulatory measures by the PRC securities regulatory authorities due to violations of laws or regulations in the past 12 months in any material respect, nor is it currently under investigation for suspected violations of laws or regulations in the PRC.

Our internal control consultant had performed a long-form review on our internal control system, based on a scope agreed with us and the Joint Sponsors, and concluded with a number of findings and recommendations. No material deficiency had been identified based on the results of the review process and we have also taken necessary remedial actions pursuant to the recommendations.

Regulatory Inspection

The regulatory authorities in the PRC, such as the CSRC and the PBOC, carry out routine or ad hoc inspections, examinations and inquiries in respect of our business activities and our compliance with the laws, regulations, guidelines and regulatory requirements applicable to us and our business. During the Track Record Period and up to the Latest Practicable Date, such regulatory authorities that have supervisory oversight over us and/or their relevant local offices and bureaux carried out routine or ad hoc inspections on us, including, without limitation,with respect to our investment banking related business, asset management business, securities research report operations, branch operations, and other business activities, as well as our comprehensive risk management, anti-money laundering risk management, information technology management and internal control system.

Some of the inspections may reveal certain deficiencies and weaknesses in our business operations, risk management and internal controls, as a result certain regulatory measures have been issued against us, and we took immediate remedial measures in response to the notifications from the regulatory authorities. For instance, following on-site inspections of our asset management business operations and securities research report operations, regulatory authorities issued administrative regulatory measures in the form of warning letters addressing issues such as non-compliant operations of asset management products and inadequate management systems for research report operations

as further discussed in "—Legal Compliance—Regulatory Compliance." For certain other inspections that are ongoing and future inspections that may arise, we will continue to work with the relevant regulatory authorities and take remedial actions as required. Our Directors confirm that, there were no material regulatory examination findings or material incidents of regulatory non-compliance during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

To ensure our sustained and stable operations, enhance risk management capabilities, and strengthen core competitiveness, we have established a comprehensive risk management and internal control system in compliance with regulatory requirements. This system includes (a) comprehensive and operational management regulations; (b) a sound and effectively implemented organizational structure; (c) a strong and professional risk management team; (d) a scientifically sound and reasonable quantitative risk indicator system; (e) reliable information technology systems; and (f) effective risk response and handling mechanisms. We adhere to a prudent and pragmatic risk management philosophy for strict compliance with relevant laws, regulations, and regulatory requirements, and endeavor to continuously improve our comprehensive risk management and internal control system.

OUR RISK MANAGEMENT FRAMEWORK AND ORGANIZATIONAL STRUCTURE

We have established a four-tier risk management organizational structure comprising of (a) the Board of Directors; (b) the management and general manager's executive committee; (c) risk management functional departments; and (d) business departments, branches, and subsidiaries. The four-tier structure is a multi-tiered, interconnected, and balanced operational mechanism, the structure fulfills our comprehensive risk management responsibilities.

Board of Directors

The Board of Directors is the highest decision-making body for risk management and bears the ultimate responsibility for the effectiveness of our comprehensive risk management work, including: (a) establish a risk management philosophy in line with our operations and comprehensively further the development of our risk culture; (b) review and approve our risk management strategies and systems and promote effective implementation thereof in business operations; (c) review and approve our risk appetite, risk tolerance, and major risk limits; (d) review our periodic risk assessment reports; (e) appoint, remove and evaluate the chief risk officer, and determine chief risk officer's compensation; and (f) establish a direct communication mechanism with the chief risk officer. Furthermore, the Board of Directors may delegate part of its comprehensive risk management responsibilities to the Risk Control Committee under its authorization.

Management

Our management is primarily responsible for comprehensive risk management, such as formulating risk management systems, establishing and improving our comprehensive risk management operational management structure, and other important tasks. There is a risk management committee under the general manager's executive committee which conducts various risk management activities. The risk management committee is composed of five members, being the general manager, the chief risk officer (who also serves as the chief compliance officer), the chief accountant, the chief auditor, and the head of the risk management department.

Risk Management Functional Departments

Our risk management functional departments mainly include: (a) the **risk management department**, under the leadership of the chief risk officer, which is responsible for driving our overall risk management efforts, monitoring, assessing, and reporting on our overall risk levels, providing risk management recommendations for business decisions, and assisting, guiding, and inspecting the risk management work of all departments, branches, and subsidiaries, (b) the **compliance department** which assists the compliance director in managing our compliance risk management, as well as anti-money laundering related matters, (c) the **quality control division** and **credit business department** which implement our risk management requirements for investment banking related business and credit-based business, respectively, and (d) four other departments, namely, the **fund operations management department,** the **planning and finance department,** the **operations management center** and the **IT center** which assume risk management responsibilities, focusing on reducing operational and process risks within us and enhancing overall operational efficiency.

Business departments, subsidiaries, and branches

Each business department, branch, and subsidiary is able to fully understand and adequately consider various risks related to their business in decision-making processes, promptly identify, assess, address, and report relevant risks, and assume direct responsibility for risk management.

Each business department and back-office department involved in specific risk types were assigned with at least one risk control officer. Risk control officers are responsible for assisting their department heads in conducting risk management work and collaborating with our risk management department to further various risk management initiatives. Risk control officers are evaluated jointly by their respective departments and our risk management department.

OUR MAJOR RISK MANAGEMENT MEASURES

Market Risk Management

Market risk refers to the risk of fluctuations in the value or future cash flows of financial instruments due to changes in market prices. Our market risks include equity securities price risk, interest rate risk, and foreign exchange risk.

Equity Securities Price Risk

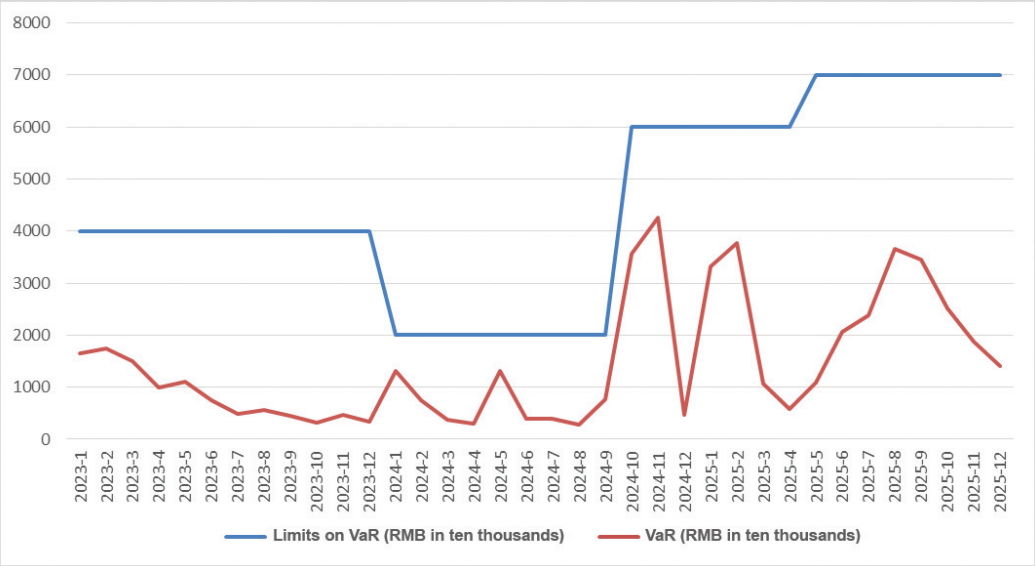
We primarily implement a diversified investment strategies to appropriately control equity securities positions, balancing returns and risks, and use stock index futures hedging to offset systemic risks, thereby appropriately controlling market risk. We have established a comprehensive market risk management system, built a market risk management information system, and established a fullset risk control process covering pre-investment, during investment execution, and post-investment stages.

To fully implement risk limit management, including scale limits, concentration limits, stop-loss limits, and sensitivity limits, we have set differentiated risk limits for different business types and investment strategies to achieve refined management and provide dedicated support for business operations, and we regularly conduct risk limit back-testing and effectiveness assessments, establishing a dynamic risk limit adjustment mechanism.

To monitor the impact of market risk on the value of equity securities, we use VaR as a tool to measure the market risk of our securities and derivative investment portfolios. We regularly track changes in the VaR of equity securities holdings, using a 1-day holding period and a 95% confidence interval for specific parameter settings. The VaR model primarily relies on historical data and has certain limitations, especially in reflecting tail risks under extreme conditions. As a supplement, we also implement routine and special stress tests to assess the impact of extreme adverse changes in risk factors on our Net Capital and other risk control indicators, proprietary portfolio gains and losses, and our overall gains and losses. Based on the assessment results, we propose relevant recommendations and measures and formulate contingency plans to ensure that our overall risk status remains within a controllable and acceptable range.

We dynamically adjust various risk limits each year based on factors such as business development and market changes. For established limits such as VaR, monitoring is primarily conducted through the relevant risk management systems. In the event of a limit breach, the risk management department will issue a risk monitoring over-limit notification to the business department, with copies sent to the chief risk officer and the divisional head of the business department. The business department is required to take timely and proactive measures to restore the risk limits to the prescribed range. Additionally, within one business day of receiving the over-limit notification, the business department must report details such as the time of occurrence, cause, actions taken, results, and resolution timeline of the breach to the risk management department. If the rectification is not completed within the committed timeframe, a supplementary explanation must be submitted to the risk management department.

The following table sets forth the monthly VaR and corresponding limits for our equity securities investment business during the Track Record Period:



Interest Rate Risk

Interest rate risk refers to the risk arising from changes in market interest rates. The portions of our assets exposed to interest rate risk primarily include monetary deposits, fixed income investments, etc. We control interest rate risk by closely monitoring a series of macroeconomic data such as PPI, PMI, CPI, and industrial added value to anticipate monetary policy and interest rate trends in advance. In terms of investment strategy, we primarily use methods such as scale control and portfolio management to allocate assets reasonably. We also measure interest rate risk by setting limits on the scale of various businesses, regularly calculating the duration of investment portfolios, bps values, VaR values, and other indicators.

Foreign exchange risk

Foreign exchange risk refers to the possibility of losses arising from fluctuations in foreign exchange rates. Our foreign exchange-related businesses are limited and account for a small proportion of our overall operations.

Credit Risk Management

Credit risk refers to the risk of losses arising from the failure of counterparties, borrowers, or securities issuers to fulfill their obligations. Our credit risk is primarily concentrated on margin financing and securities lending, stock-backed lending, and fixed income investment and trading businesses.

Fixed Income Investment and Trading: To control credit risk associated with our fixed income investment and trading business, we primarily invest in government bonds, policy bank financial bonds, municipal bonds, and state-owned enterprise industrial bonds, and has established a comprehensive risk limit management, bond pool, counterparty database, and internal credit rating system. Our fixed income investment transactions primarily invested in high-credit-rated products, with issuers mainly being central or local key state-owned enterprises. We closely monitor the operational performance and credit rating changes of bond issuers, reduce concentration risk through diversification, and control the credit risk level of the bond investment portfolio. The primary methods for managing counterparty credit risk include, but are not limited to, counterparty whitelists, tiered management, and limit management, and we also encourage the use of delivery versus payment settlement.

Credit-based Business: To control credit risks associated with margin financing and securities lending, stock-backed lending and other businesses, we have established a business scale monitoring and adjustment mechanism centered on Net Capital, we have established an overall credit limit for each client's credit financing activities (for both margin financing and securities lending and stock-backed lending), and has formulated comprehensive risk prevention,

monitoring, and response mechanisms, including customer suitability management, creditworthiness review, collateral management, underlying securities management, risk limit management, daily market monitoring, early warning, and forced liquidation.

For example, we determine the credit limits based on factors including the client's credit rating, financial asset value, and credit amount requested. Our system dynamically controls the margin financing and securities lending scale for each client in real time by monitoring factors such as available margin balances and available credit limits. For stock-backed lending, lending scale is also determined by the discount rates assigned to the pledged securities based on factors such as nature of the shares, transaction term, borrower concentration, underlying security concentration, and collateral market value sufficiency.

For margin financing and securities lending, we conduct customer qualification review before conducting business. Securities eligible for margin financing and margin lending, as well as those designated as underlying securities, are selected from the list published by the exchange and we adjust the scope of eligible securities through both periodic and ad hoc reviews, ensuring that the adjusted list remains within the exchange's prescribed boundaries. During margin trading, we monitor the concentration of positions in clients' credit accounts and the market risks associated with the underlying securities, we continuously assess the counterparty's ability to fulfill their obligations. Lastly, we have designated personnel to conduct daily mark-to-market assessments for margin trading operations. Should a client fail to meet agreed-upon requirements for increasing the maintenance margin ratio, extending contract terms, or repaying liabilities, we will execute forced liquidation of the client's credit account. If necessary, we will recover debts from client by legal means.

For stock-backed lending, we conduct a case-by-case client eligibility review on the client's qualification, pledge ratio, and financing scale before conducting business. We have assigned dedicated personnel to conduct daily mark-to-market assessments of all outstanding pledged contracts, should a client fail to meet obligations such as maintaining the required maintenance margin ratio, extending contract terms, or repaying liabilities, we will initiate forced liquidation of the client's margin account. If necessary, we will recover debts from client by legal means.

Additionally, we have strengthened our business segregation measures to ensure that margin financing and securities lending, and stock-backed lending transactions are physically and operationally separated from our asset management, proprietary securities trading, investment banking, and other business activities in terms of organizational structure, personnel, information, and accounts.

Furthermore, to prevent corruption, kickback and bribery, our discipline inspection office sets out guidelines on disciplinary issues. It is against our guidelines to: (a) increase credit limits or decide on the allocation of the funds and securities without authority; (b) provide financing at interest rates below our funding cost or prevailing market rates or adopt lenient default conditions; (c) aid customers in circumventing disclosure obligations or reduction in holding; (d) provide clients with funds, securities, or other undue benefits; (e) fabricate information during evaluation of collateral; or (f) conduct other improper behaviors. We constantly monitor the implementation of the guidelines; we also carry out annual and irregular disciplinary reviews and conduct rectification on any issues that may arise.

Liquidity Risk Management

Our liquidity risk primarily refers to the risk of insufficient liquidity arising during operations due to mismatches in our asset-liability structure or factors such as macroeconomic policies, market changes, operational conditions, and creditworthiness.

Our liquidity risk management focuses on our overall financial condition, balance of own funds, long-term capital occupation, and liquidity.

In particular: (a) we attach great importance to the construction of a financing system and have continuously enriched our financing channels and methods, and strengthened cooperation with major commercial banks, (b) we improve the management of our liability maturities and investment position concentrations, so as to effectively prevent liquidity risks caused by excessive concentration of counterparties, financing instruments, liability maturities, or investment positions, (c) we have established a liquidity risk monitoring indicator system based on liquidity coverage ratio and net stable funding ratio. We set risk limits and implement daily monitoring to maintain adequate liquidity asset reserves, (d) we conduct regular and irregular special liquidity risk stress testing, with established high-quality liquidity asset reserves, so as to ensure that liquidity needs can be met in a timely manner under stress scenarios, (e) we

have formulated liquidity risk management emergency response plans to ensure that liquidity risk events can be swiftly and effectively addressed to maximize the prevention and reduction of harm and losses caused by liquidity risk events, and to ensure our steady development.

Operational Risk Management

Operational risk refers to the possibility of direct or indirect losses incurred by us due to factors such as personnel, systems, processes, or external events. Operational risk events may occur in every aspect of our operations, including but not limited to negligence, misrepresentation or concealment of necessary information, improper use or disclosure of confidential information, or unauthorized or insufficiently authorized transactions.

In terms of operational risk management, we strictly adhere to regulatory requirements, following the principles of full participation, collaborative management, prudent response, and proactive prevention. We have established a well-structured operational risk management framework with clear responsibilities, developed operational risk management methods, with regulations and operational procedures covering all aspects of management and operations. We continuously improve our operational risk management system, which is centered on three core management tools: (a) loss data collection (LDC), (b) risk control and self-assessment (RCSA), and (c) key risk indicators (KRI). We assess, monitor, and report operational risks through our operational risk management system.

For new and key business initiatives, we require the completion of process mapping and establishment of KRI. We conduct risk identification and root cause analysis, proactively detect operational risks embedded in business activities, processes, and systems, and formulate risk prevention and mitigation measures accordingly.

Compliance Risk Management

Compliance risk refers to the risk that we or our staff may be held legally liable, subject to regulatory measures, disciplinary actions, property losses, or damage to commercial reputation due to violations of laws, regulations, or professional standards in their business operations or professional conduct.

We continuously optimize our clear and effective compliance management mechanism, clarify the compliance management responsibilities of each department, and incorporate compliance management into all aspects of our business management. We carry out pre-event, in-process and post-event controls to ensure that compliance management is participated by all employees, covering all aspects, and is implemented throughout the entire process.

We are accelerating the assembly of a compliance team with strong professional capabilities and comprehensive qualities. Our compliance team will continue to deepen their understanding of frontline operations, conduct regular meetings to study regulatory documents and publish on a weekly basis briefs on new regulatory developments and new rules and case studies for the securities industry. We require our compliance management personnel to deepen their understanding of regulatory requirements, strengthen their research on business models, and continue to improve their capabilities. We fully utilize performance appraisal for compliance management personnel and regularly optimize the evaluation system for them in a dynamic manner. We recognize and commend personnel who have performed well in their duties through formal evaluations, provide one-on-one feedback based on assessment results, and offer performance improvement suggestions by guiding relevant staff to refine and strengthen compliance management efforts.

We continuously improve the institutional compliance assessment mechanism, dynamically optimize compliance evaluation metrics for the headquarter, branches, and subsidiaries, reinforce the compliance management responsibilities of branch offices within their respective jurisdictions, strengthen oversight of subsidiaries, and progressively advance the front line of compliance control.

We have efficiently promoted the upgrade of our internal system, effectively institutionalized and standardized compliance management requirements, embedded them into our business processes and operating procedures, and continuously improved our internal system.

We implement compliance control requirements, including (a) compliance reviews, (b) promotion and training, (c) consultation, (d) monitoring, (e) inspection, and (f) risk handling (including warnings and accountability, supervision, and rectification), to enhance the effectiveness of compliance management across the entire chain.

We have strengthened the informatization of the compliance management system, leveraged technology to enable efficient compliance, and established a new compliance work model that supports business operations which improved our management efficiency.

Reputation Risk Management

Reputation risk refers to the risk that our shareholders, employees, customers, other third parties in cooperation with us, regulatory authorities, media, and the public, among other stakeholders, will form a negative opinion of us due to our operations, management, or other behaviors, or external events, or due to the violation of integrity regulations, professional ethics, business norms, industry rules and regulations, etc., by our staff, thereby damaging our brand value, adversely affecting our normal operations, and even affecting market stability and social stability.

We have incorporated reputation risk management into our corporate governance and comprehensive risk management system, established sound reputation risk management systems and mechanisms, and clarified the reputation risk management framework, responsibilities, and management requirements. We adhere to the management principle of prioritizing prevention, strengthened daily monitoring and early warnings and have established a relatively complete mechanism for public opinion reporting and response. We require all departments, branches, and subsidiaries to accurately identify, prudently assess, dynamically monitor, promptly respond to, and comprehensively manage reputation risks arising from business operations and development, with a view to minimizing losses and negative impacts on our reputation.

Customer Risk Management

To effectively prevent and mitigate reputational, compliance, and financial risks potentially arising from major customer complaints, we have established a unified customer complaint handling mechanism and implemented escalated internal control management for significant customer complaints.

Upon occurrence of a major complaint, a two-tiered special task force is promptly activated. Our complaint leadership team comprises our executive leadership, the customer service center, the compliance department, the legal department, and heads of relevant departments will oversees the entire complaint resolution process, providing timely analysis and supervision at critical junctures.

The complaint handling team comprises personnel from the customer service center's complaint management unit, the compliance department, the legal department, relevant branch general managers, compliance officers, and complaint handling staff. This team will conduct comprehensive and prudent investigations and verification of the complaints.

By retrieving business records, communicating with all parties involved, and mapping process milestones, our complaint handling team can accurately identify the root causes of issues. Based on this, a resolution plan is formulated to ensure the handling process is compliant and risks are controllable. The complaint handling team must continuously monitor progress and promptly report updates to the complaint leadership team, to maintain comprehensive oversight of the dynamics and resolution status. We also implement closed-loop management across the entire process for major complaints, driving continuous improvements in internal control systems.

Dynamic Risk Control Indicator Monitoring and Supplement Mechanism

According to regulatory requirements including the "Measures for the Administration of Risk Control Indicators of Securities Companies" (《證券公司風險控制指標管理辦法》) and the "Guidelines for the Dynamic Monitoring System of Risk Control Indicators of Securities Companies" (《證券公司風險控制指標動態監控系統指引》), we have established a dynamic monitoring mechanism and management mechanism to institutionalize the management of risk control indicators. We have established dedicated roles for daily monitoring and risk warning, and ensure timely reporting and handling of abnormal situations. We have established a dynamic monitoring system for risk control indicators, achieving T+1 day dynamic monitoring of all core risk control indicators to ensure that the risk control indicators meet the standards on an on-going basis.

We have strengthened the matching management of assets and liabilities to ensure our liquidity safety, strived to improve our asset and liability management level, and established a Net Capital replenishment mechanism to ensure that Net Capital and other risk control indicators continue to meet the requirements of the securities regulatory

authorities. Based on changes in risk control indicators, external market dynamics, and regulatory requirements, we dynamically adjusted the scale and structure of our various businesses. In accordance with our business development needs, combining forward-looking risk control tools such as stress testing, we raise short-term funds through the issuance of beneficiary certificates, short-term commercial papers etc. to improve liquidity coverage; supplement long-term stable funds through the issuance of long-term corporate bonds, subordinated capital, etc. to enhance the net stable funding ratio. Within authorization scope, we issue subordinated debt to supplement or increase Net Capital, ensuring that risk control indicators such as Net Capital meet the regulatory requirements and to maintain a dynamic balance between business development and risk management capabilities. Our Directors confirm that our regulatory risk control indicators did not breach their respective warning indices during the Track Record Period and up to the Latest Practicable Date. For further details on our relevant risk indicators, see "Financial Information—Net Capital and Other Regulatory Requirements."

Hedging

Hedging philosophy

Our equity and fixed income securities are subject to market volatility and the results of our trading activities may correlate to the performance of the PRC securities market. Therefore, to reduce the impact of market volatility, we have adopted hedging strategies to manage the risk in our portfolios. We closely monitor the market risks, the market value and financial performance of our trading portfolios and adjust our hedging strategies based on the market conditions and risk guidelines.

Hedging strategies

Our hedging strategies are primarily used for addressing and mitigating market risks such as geopolitical risks and overseas market risks, as well as to execute arbitrage transactions. In our securities investment operations, our key hedging instruments include stock index futures and stock index options. The primary approach involves establishing short positions such as stock index futures and options against existing long positions in stocks, thereby offsetting systemic market downturn risks. In our fixed income and trading operations we routinely employ derivative financial instruments such as Treasury futures and interest rate swaps to hedge against bond spot positions, thereby mitigating our overall portfolio's interest rate risk. For example, we maintain a certain scale of short positions in treasury futures and interest rate swaps during market rate fluctuations. These positions are used to hedge against long positions in interest rate bonds. The positions are adjusted, either increased or decreased, based on market conditions to ensure stable overall portfolio returns.

We employ derivative financial instruments to hedge against our positions of bonds and other securities. In this connection, the derivative financial instruments are classified as derivative financial assets or liabilities on our consolidated statements of financial position and our relevant holdings of bonds and other securities are classified as financial assets or liabilities at FVTPL. The gains or losses arising from the holding and upon disposal of these financial assets are recorded as investment income and gains on our consolidated statements of profit or loss.

RISK MANAGEMENT AND INTERNAL CONTROL MEASURES OF OUR MAJOR BUSINESS LINES

Asset Management Related Businesses

Asset Management Business

We have established an asset management division for conducting our asset management business. We have established an operations management center, to support some of the asset management business products' business operations. We continuously establish and improve our asset management business system to standardize operating procedures and strengthen risk control in asset management operations. We have formulated a number of asset management business systems covering all aspects of business operations, including decision-making and authorization systems, work post set-up, investment management, operations management, business processes, due diligence, risk control, and information isolation.

- Decision-making and authorization: Our asset management business implements a tiered decision-making and authorization system consisting of the Board of Directors, the general manager's executive committee, asset management decision-making committee, and the asset management division. Investment decisions are made based on the scale of product management, risk-return characteristics, and contractual requirements.

- Product establishment and issuance: Before launching new products or businesses, our asset management business conducts comprehensive assessments of risk control measures, money laundering risks, system requirements and configuration. We also conduct review and approval prior to granting new distributors access to our products, we follow strict access standards and procedures through conducting due diligence and review of the qualifications, professional service capabilities, and risk management systems of our product distributors. Before the formal issuance of asset management schemes, all legal documents must undergo internal approvals.

- Transactions execution: Our asset management division manages the entrusted assets in accordance with internal and external regulatory requirements and contractual agreements for strict control of investment risks, and employs multiple measures such as transaction systems and manual reviews to control order placement and position overdraft risks for asset management products.

- Client funds and account management: We strictly segregate and independently manage client funds from our own funds in asset management business, ensuring the safety and integrity of entrusted assets. All of our asset management schemes currently use financial institutions with custody qualifications as custodians for entrusted assets, ensuring the safety of such assets.

- Product operations: Our operations management center is responsible for supporting the operational processes for certain products of our asset management business, covering product operations, product filing, share registration, valuation and accounting, product accounts, information disclosure, clearing and settlement and regulatory reporting. We have continued to strengthen the centralized management of our asset management business, ensuring accurate recording of income distribution information. We have established clear and detailed information disclosure systems for asset management business operations to ensure clients' right to know.

- Information isolation: We have formulated information isolation wall management policies measures covering physical isolation, personnel isolation, capital isolation, and business isolation. We have adopted measures such as system isolation to standardize information flow during business operations and prevent the transmission of business risks. Our asset management division is physically isolated from other business departments with potential conflicting interests, such as wealth management, investment banking, and investment businesses, and is located in different floors or areas of the same building. Management personnel in charge of asset management business do not simultaneously oversee other business departments with conflicting interests, and the personnel allocation of the department is independent from other business departments. Employees of the asset management division do not simultaneously belong to other departments that should be isolated, nor do they hold concurrent positions in subsidiaries with conflicting interests. Funds generated by the asset management division in the course of its business operations are independent from and separated from other business-related funds such as client funds, with separate accounting, management, and independent operations. The asset management business is strictly separated from other business units with potential conflicting interests. It has independent decision-making and independent operations through information isolation system, transactions between asset management products themselves and between asset management products and our proprietary business units are strictly prohibited. Moreover, IT systems related to asset management business are independent from or effectively isolated from IT systems related to other businesses with potentially conflicting interests. The asset management division complies with our insider information management system requirements and adopts measures to prevent the improper flow and use of sensitive information.

- Risk management and monitoring: Our asset management division has set up dedicated compliance positions and risk control positions responsible for pre-transaction, in-transaction, and post-transaction compliance management and risk control. We employ a comprehensive approach encompassing compliance reviews, consultations, awareness campaigns and training, monitoring, inspections, and risk mitigation measures to enhance the precision of compliance management in asset management operations, to optimize the joint inspection mechanism between the asset management division, the compliance department and the audit department, by enhancing their inter department coordination during the annual inspection and audit schedules. For example, by reducing overlapping information requests, by increasing the information and report sharing between the departments and by implementing a standardize tracking and supervision of inspection and rectification progress. We have also strengthened and rectified closed-loop management, and conducted regular risk assessments of key regulatory points and penalty cases. We have prudently managed the scale of growth of our asset management business, ensuring that it matches our management capabilities and risk control levels. The asset management business has established strict review, risk control, and supervision mechanisms for contracts, funds, accounts, and major investment projects to ensure that the interests of customers are effectively protected. Additionally, we have

established a standardized risk warning mechanism, with departments such as the risk management department, compliance department, and audit department conducting regular or irregular supervision, inspections, and evaluations of the operational status of asset management business.

Private Equity Investment Fund Business

Shouzheng Desheng, our wholly-owned subsidiary engaged in private equity investment business, together with Wangjing PE (in which Shouzheng Desheng holds a controlling interest), specializes in the full range of private equity investment fund operations, including fundraising, investment, management and withdrawal. Shouzheng Desheng focuses on the standardized operation of the entire business chain, continuously establishes and improves the institutional system for private equity investment fund business, standardizes the operational procedures of each link, and effectively strengthens business risk control. It has established a number of systems covering the entire business chain, including the decision-making and authorization system for fund establishment, project investment management, business processes for each link of fundraising, investment, management, and exit, due diligence of target projects, risk control throughout the entire process, information isolation, and investor suitability management.

- Decision-making and authorization: Shouzheng Desheng's private equity investment fund business implements a decision-making and authorization system comprising its shareholders' meeting, board of directors, investment decision-making committee and its business departments. It conducts project investment management activities in accordance with the investment direction and strategies stipulated in the fund agreement.

- Fund establishment and capital raising: Prior to initiating the establishment of new funds and conducting fundraising activities, Shouzheng Desheng conducts a comprehensive and in-depth assessment of the fund's compliance, qualified investors' risk tolerance, money laundering risk levels, system supporting capabilities. Before the formal fundraising, all legal documents such as the fund contract must undergo a tiered review and with the corresponding approval procedures duly completed.

- Project investment execution: Shouzheng Desheng conducts investment in target projects solely within the requirements of internal and external system, and the scope and authority specified in the fund contract, strictly adheres to the investment decision-making process to control investment risks, and employs multiple measures such as project due diligence review, investment decision-making committee approval, and post-investment management tracking to ensure the quality of project investments and control potential risks.

- Fund capital and account management: Shouzheng Desheng strictly implements separated management and independent operation of the raised capital of each private equity investment fund and its own capital to ensure the safety and integrity of fund assets. All private equity investment funds select commercial banks or securities companies with custody qualifications as fund asset custodians, who supervise the transfer and use of fund capital to further ensure the safety of fund assets.

- Fund operations and management: Shouzheng Desheng continuously strengthens the centralized management of contracts, project documentation, transaction records, and other archival materials related to private equity investment funds to ensure accurate recording of fund income calculations and distribution information. It also discloses fund net asset values, project progress, and other information to investors in a timely manner in accordance with the terms of the fund contract. Shouzheng Desheng has established clear and detailed fund information disclosure systems to safeguard investors' rights to information and participation.

- Risk management and monitoring: Shouzheng Desheng has established dedicated compliance and risk control positions responsible for conducting pre-transaction, in-transaction, and post-transaction risk control and compliance management for private equity investment fund operations. Based on its own corporate governance system, risk control level, and resource allocation it has established strict review, risk control, and supervision mechanisms in key areas such as fund contract signing, fund raising, project investment, post-investment management, and exit, to ensure that investor interests are effectively protected. Additionally, Shouzheng Desheng has established a standardized risk warning mechanism, with compliance and risk control personnel conducting regular inspections of business operations. Our Company's risk management, compliance, and other relevant departments also conduct supervision, inspections, and evaluations of Shouzheng Desheng's business operations.

Investment Related Business

Fixed Income Investment and Trading Business

We have established a fixed income business division responsible for fixed income investment and trading. Adhering to risk management as our guiding principle, we have gradually built a comprehensive internal control loop for our fixed income investment and trading business by focusing on key business links and adopting IT system approval and verification as an effective means. We have established a sound internal control system for fixed income investment and trading, which clearly defines the responsibilities of investment decision-making and authorization, risk limits, work post set-up, transaction execution, bond pool management, counterparty management, compliance and risk control management. We have standardized the operational processes for fixed income investment and trading business and strengthened control over key business norms, internal control procedures, and emergency response mechanisms.

- Investment decision-making: Our fixed income investment and trading business implements an authorization system consisting of our Board of Directors, the general manager's executive committee and the specialized committee thereunder, the fixed income investment decision-making committee, and the fixed income business division. Our Board of Directors is responsible for establishing our risk appetite policy and setting the scale of our proprietary investment business. In accordance with the Board's authorization, the general manager's executive committee and the specialized committee thereunder will determine the investment scale and risk limits for the fixed income investment business based on market conditions. Subsequently, the fixed income investment decision-making committee and the fixed income business department will execute operational decisions within these established limits.

- Investment and trading management: We have formulated relevant business management policies and measures to ensure that the positions of investment decision-making, trading execution, compliance and risk control, and clearing and settlement are separated, and their responsibilities are clearly defined, and to prohibit the combination of positions or mixed operations. Our compliance department and risk management department adopt IT measures to monitor various fixed income investment and trading activities, strengthen supervision and inspection of fixed income business.

- Account and fund operations management: Our fund operations management department is responsible for the unified management of proprietary accounts and fund usage for fixed income investment and trading operations. The opening, change, and cancellation of proprietary accounts are carried out by the fund operations management department, and the fund operations management department is responsible for the overall allocation of funds for fixed income operations and implements strict approval procedures.

- Risk management and monitoring: Our fixed income division is staffed with compliance management personnel who meet the requirements for academic qualifications, job titles or ranks, securities industry skills and qualities, and they perform the corresponding compliance management duties of the department as required. We continuously refine internal systems for fixed income investment and trading business operations to ensure strict compliance with regulatory requirements across relevant departments. By comprehensively utilizing compliance reviews, consultations, awareness campaigns and training, monitoring, inspections, and risk mitigation measures, we enhance the precision of compliance management for fixed income investment and trading business. Key initiatives include refining the core training content database, optimizing the joint inspection between the fixed income business division, the compliance department and the audit department, by enhancing their inter department coordination during the annual inspection and audit schedules. Such joint inspection is meant to reduce overlapping information requests, enhance the information and report sharing between the departments and to implement standardized tracking and supervision of inspection and rectification progress. We have also strengthened and rectified closed-loop management, and conducted regular risk assessments of key regulatory points and penalty cases. We use information technology to prudently set risk thresholds for scale, leverage, concentration, price deviation, etc. in our internal management system. Further, to strengthen risk management of bond pools and counterparty pools, our compliance department and risk management department conduct ongoing supervision and inspections on our fixed income investment and trading business.

Equity Securities Investment Business

Equity securities investment business is conducted by the equity investment department under our securities investment division. We have established a comprehensive system of rules and regulations for equity securities

investment business, which standardizes investment decision-making, funding, accounts, trading, settlement, filing and risk control for equity securities investment business. Equity securities investment business is strictly separated from securities brokerage business, asset management related business, investment banking related business, and research business. Our equity investment department is also separated from the fund operations management department and financial accounting department. When using its own funds, it must go through strict fund transfer approval procedures. The conduct of business is subject to supervision by our compliance and risk control and audit departments.

- Investment decision-making: Equity securities investment business follows an investment decision-making system comprising the Board of Directors, the general manager's executive committee and the specialized committee thereunder, the equity securities investment decision-making committee, and the securities investment division. Our Board of Directors establishes our risk appetite policy and sets the scale for our proprietary investment business. Authorized by the Board, the general manager's executive committee and the specialized committee thereunder will determine the investment scale and risk limits for equity securities investments based on market conditions. The equity securities investment decision-making committee and the securities investment division are then responsible for making specific business decisions within these defined limits. We have also established securities pool management measures to ensure that investment targets are strictly controlled within the securities pool.

- Transaction management: We have formulated detailed rules for the management of securities investment transactions, to refine the responsibilities of each position in the securities investment division, so as to ensure that functions such as analysis and research, investment decision-making, transaction execution, transaction recording, fund settlement and risk monitoring are relatively separated. We have a defined and tiered approval process and have set investment limits. Our securities investment division continues headquarters continue to revise and strengthen our investment strategy; and also improve our stock monitoring and early warning mechanism, stop-loss and stop-profit mechanism, and investment manager position management mechanism.

- Accounts and funds: We have formulated securities investment accounts and fund management measures to strictly control shareholder accounts and dedicated seats for equity securities investment business. The funds operations management department uniformly manages proprietary shareholder accounts to effectively prevent risks such as disguised proprietary trading, off-book proprietary trading, and account lending. The securities investment division strictly uses our own funds to conduct such business. It follows our operational fund transfer process for fund transfers, establishes ledgers to manage investment accounts, and regularly reconciles with the fund operations management department.

- Compliance management：The securities investment division employs compliance management personnel who meet qualification requirements in terms of academic background, position or rank, and securities industry expertise, and who perform the corresponding compliance management duties of the department as required. We continuously refine internal systems for equity securities investment operations to ensure strict adherence to regulatory requirements by relevant departments. By comprehensively utilizing compliance reviews, consultations, awareness campaigns and training, monitoring, inspections, and risk mitigation measures, we enhance the precision of compliance management for equity securities investment operations. Key initiatives include refining the core training content database, optimizing the joint inspection of our internal departments with respect to internal controls, strengthening and rectifying closed-loop management, and conducting regular risk assessments of key regulatory points and penalty cases.

- Risk management and monitoring: We have formulated securities investment business risk management guidelines to standardize the relevant processes for risk management and monitoring of equity securities investment business. We use a proprietary business investment management system to solidify business operation processes in the trading system, achieving risk control across multiple stages such as decision-making, execution, and supervision, effectively preventing situations such as scale loss of control and unauthorized operations, and ensuring that equity securities investment business operates within a controllable risk range. Our risk management department conducts real-time monitoring of equity securities investment operations, regularly conducts risk assessments, and issues business risk assessment reports. The compliance department and audit department conduct regular and irregular compliance inspections and internal audits of our equity securities investment operations and monitor and assess the risks of equity securities investment operations before, during and after the risk event.

NEEQ Market Making Business

Our NEEQ market making business is conducted by the market making business department under the securities investment division. We have established a comprehensive internal control process for market making business, which isolates the securities investment division from other departments with conflicts of interest, as well as the equity securities investment business and NEEQ market making business conducted within the securities investment division, in terms of physical facilities, personnel, information, accounts, funds, and securities.

- Decision-making and authorization: Our NEEQ market making business implements a decision-making system consisting of the Board of Directors, the general manager's executive committee, and the securities investment division. Our Board of Directors establishes our risk appetite policy and the scale of our proprietary investment business. As authorized by the Board, the general manager's executive committee and the specialized committee thereunder set the scale and risk limits for market-making activities based on market conditions. The securities investment division then conducts specific business operations within these delegated limits.

- Market making project admission: We have formulated internal guidelines for conducting our NEEQ market making business and to standardize the screening of market making projects. Our business personnel conduct due diligence on the target companies, issue reports and carry out the tiered decision-making review process based on the investment amount in the market making project.

- Market-making trading: We have established operational procedures for conducting market making business to guide traders in system operations and handling of emergencies. We have also established internal policies and measures for the management of our NEEQ market making business with respect to stocks management, quotation management and risk management. We can mitigate various risks in the market making trading phase through real-time monitoring, setting transaction system risk control thresholds and blacklist or whitelist management.

- Market-making project exit: When exiting a project, the NEEQ market-making business team must propose a plan for disposal of treasury stock explaining the reasons for disposal of market-making treasury shares, the disposal plan, disposal of remaining shares method and information on the gains or losses analysis. Decision-making is conducted through a tiered review process based on the market value of the market-making stocks held. After exiting market-making, business personnel will follow up on the subsequent handling of the remaining shares.

- If the NEEQ market making business involve block trades or settlement of shares conducted outside of exchanges and the NEEQ, we will strictly fulfill our anti-money laundering obligations in accordance with relevant requirements.

Investment Banking Related Business

We have established an investment banking division and a debt financing division to conduct our investment banking related business within an authorized scope. We have also established a quality control division independent of the investment banking related business departments to oversee the quality control for investment banking related operations. Additionally, our compliance department, risk management department, and investment banking internal review committee fulfill internal control responsibilities such as compliance management, risk management, and internal review for investment banking related businesses.

Business isolation: Our senior management does not simultaneously manage departments or institutions that have or may have conflicts of interest with investment banking related business. The operations in primary and secondary markets for stocks, bonds, and other securities have been strictly separated in terms of departmental structure and personnel.

Quality control for investment banking business: We have formulated investment banking business quality control management measures and related quality control guidelines, which specify the quality control methods and content, institutional setup and responsibilities, and standards and procedures for quality control at all levels for investment banking related business.

Accountability and internal review management: We have established internal review systems and management measures for our investment banking related business. We have set up an investment banking business internal review

committee to be responsible for the internal review of all types of investment banking related business, with an internal review office serving as the administrative body of the internal review committee. We have established the position of internal review manager, who is fully responsible for the internal review management and control of our investment banking related business. The internal review manager does not hold any position that would conflict with their responsibilities and does not oversee any department that would conflict with the internal review manager's responsibilities.

Compliance management: Our investment banking related business departments have compliance management personnel possessing the required educational background, position or rank, securities industry professional skills, and other qualifications, they fulfill their respective compliance management responsibilities within their departments as required. We continuously refine internal systems for investment banking related business operations to ensure relevant departments strictly adhere to regulatory requirements. We comprehensively utilize compliance reviews, consultations, awareness campaigns and training, monitoring, inspections, and risk mitigation measures to enhance the precision of compliance management for investment banking related business. Key initiatives include refining the core training content database, optimizing the joint inspection of our internal departments with respect to internal controls, strengthening and rectifying closed-loop management, and conducting regular risk assessments of key regulatory points and penalty cases. Achieving full-chain management covering pre-event regulation, in-process control, and post-event accountability.

Business conduct standards: We explicitly prohibit our branches from engaging in investment banking related business other than auxiliary activities such as project solicitation. We require business departments to quote reasonable prices for projects and ensure that project implementation costs are covered. In terms of project and personnel management, we have established management systems and measures with respect to investment banking personnel assignment, management of sponsor representatives and continuous tracking and reporting of investment banking major matters. These require business personnels to hold relevant qualifications to conduct business and to report project progress regularly to project teams and business departments for statistics, so as to keep abreast of project status and the professional activities of business personnel.

Wealth Management Related Business

Securities Brokerage

We continuously optimize the organizational structure of our securities brokerage business to enhance business development capabilities and internal control management standards. Our front-end securities brokerage business is mainly carried out by our institution business center, the wealth management center, and our securities branches. Relevant mid- and back-office operational management responsibilities are undertaken by the operations management center, department of digital development and the credit business department, while the customer service management functions are coordinated by the customer service center. The internal control and business performance evaluation of branches are vertically managed by our human resource department.

We have unified planning and management of branch office positions, hardware and software facilities and business operations. We have established comprehensive standardized service procedures, operational norms, and other systems, including the unified management of counter systems, and adoption of strict authorization, recording, approval, and other security management measures to prevent illegal and irregular operations.

To enhance and refine our trading terminal infrastructure, we have systematically planned upgrades for all business processing and trading terminals. Strictly adhering to regulatory requirements, we have collaborated with the Shanghai, Shenzhen, and Beijing stock exchanges, as well as the CSDC, to complete the launch and optimization of various trading functions. Concurrently, by continuously improving our mobile internet platform, we have advanced the digitization of services such as account opening, trading, and business processing, effectively reducing operational risks associated with counter services.

To safeguard the security of client trading and settlement funds, we implement a third-party custody system. Through internal and external controls, we ensure the independent and segregated operation of client trading and settlement funds. We conduct centralized clearing and settlement for all client funds, covering brokerage clients, credit operations, wealth management services, OTC counters, and other business lines.

In terms of compliance management, we implement a three-tier management system comprising the head office, branches, and business departments. We also have compliance management for departments and branches involved in

wealth management operations. Our relevant departments and branches are staffed with compliance management personnel who meet qualification requirements regarding academic background, position or rank, and securities industry expertise. These management personnel fulfill their respective compliance management responsibilities as required. We continuously enhance our local branches' understanding of regional regulatory documents to ensure strict compliance with all regulatory requirements within their respective jurisdictions. By comprehensively employing compliance reviews, consultations, awareness campaigns and training, monitoring, inspections, and risk mitigation measures, we elevate the precision of compliance management for wealth management operations.

In terms of investor suitability management, investor education, and customer service, we have established a customer service center for unified planning and management, and has formulated standardized management measures, work processes, and service standards. In terms of investor suitability management, we are well acquainted with our customers' information, to assess customers' risk tolerance, and provide products or services that match their risk tolerance based on the assessment results. We regularly conduct self-inspections on suitability and promptly rectify any issues identified. In terms of investors education, the headquarters and branches utilize diversified means to educate investors on laws and regulations, business knowledge, and risks, which help customers to enhance their risk awareness, establish rational investment concepts, and protect their legitimate rights and interests. In terms of customer service, we provide timely and accurate business consultation, information inquiry, and video witness services to customers through diversified channels, to promptly handle customer complaints and effectively resolve customer disputes.

Sales of Financial Products

We have established a dedicated accessing team to conduct thorough due diligence and risk assessments of fund managers and mutual fund products. This ensures a comprehensive understanding of each product's investment scope, strategy, and risk-return characteristics, enabling centralized management of fund products. For the distribution of private asset management plans (mutual fund specialized accounts) issued by mutual fund managers, we also conduct thorough investigations into the fund companies' overall capabilities, actively perform due diligence to enhance the quality of specialized account product introduced, and require the compliance department and risk management department to issue specialized compliance and risk assessment reports for distribution access to the mutual fund specialized account products. We establish and maintain a "whitelist" for mutual fund managers, mutual funds, and mutual fund specialized account products, and continuously update the due diligence and evaluations for the whitelist.

In the distribution of non-public offering financial products, we have established multiple systems to regulate the distribution activities of such products, including internal management measures and disclosure systems related to the sales of non-public offering financial products and financial product access management. We have set up a dedicated access team responsible for conducting due diligence and risk assessments on financial product managers and financial products, preparing due diligence reports, performing risk ratings for access products, and carrying out regular or ad hoc follow-up and evaluation work to improve and maintain a "whitelist" of financial product managers and a "whitelist" of financial products. The compliance department and risk management department are responsible for issuing specialized compliance and risk assessment reports for the access of non-public offering financial products. Prior to the completion of distribution, we will continuously monitor the relevant circumstances of the managers. If significant changes occur in the financial product managers or financial products, we must promptly conduct ongoing follow-up and evaluation work and update the "whitelist."

Securities Investment Advisory Business

For investment advisory business, we have established internal measures for the management of securities investment advisory services, risk management guidelines for brokerage business investment advisory services, among others, to clearly define the qualification requirements, hiring procedures, job responsibilities, exit procedures, business management and service standards, prohibited behaviors and penalties, and risk management for investment advisors.

Credit-based Business

For our credit-based business, we have established the rules of procedure for the credit financing business decision-making committee, defined the responsibilities of departments related to credit-based business, and established a comprehensive credit business system and internal control mechanisms covering due diligence, asset management, credit assessment, treasury management, margin and collateral management, daily monitoring and forced liquidation, post-loan management, and reporting systems.

We implement centralized management of our credit-based business, establishing an organizational structure based on a decision-making and authorization system that spans from the Board of Directors to the general manager's executive committee, then to the credit financing business decision-making committee, followed by middle-office approval departments, and finally front-end business departments and branches. This structure is centered around the credit financing business decision-making committee and involves various front, middle, and back-office departments that are separated, mutually overseeing, each performing its own duties, and coordinating with each other.

In this connection, our Risk Control Committee focuses primarily on ex-ante review and deliberates on our annual risk appetite. In formulating our annual expected credit risk losses, it takes into account, among others, our credit-based business. It also reviews the corresponding annual risk tolerance for such business. On the other hand, the risk management committee under the general manager's executive committee focuses on both ex-ante review and ex-post risk reporting. It deliberates on risk limits for creditbased business, including limits on business scale, initial financing amount for a single project, and concentration, among others. Furthermore, it reviews and makes decisions on risk control standards and risk management reports for credit-based business, and disposal plans for major risk projects, with the aim of controlling the credit risk associated with such business.

We employ various measures to control the various risks associated with our credit business. For credit risk, we primarily manage it through customer qualification reviews, credit limit approvals, daily mark to market monitoring, and default handling; for market risk, we mainly control it by adjusting the scope of securities involved in margin financing and securities lending, modifying collateral conversion ratios, and imposing position limits on securities.

In addition, the risk management department conducts risk assessments of credit-based business on an irregular basis and prepares risk assessment reports. The compliance department and internal audit department conduct regular or irregular inspections and internal audits of credit-based business to ensure effective prevention and resolution of business risks during the conduct of such business and to protect investor interests. If any issues are identified, they promptly require relevant departments to rectify and take emergency measures for special circumstances and sudden market changes.

OTHER RISK MANAGEMENT AND INTERNAL CONTROL MEASURES

Information Barrier and Conflicts of Interests Management

During the course of our business operations, we continually encounter conflicts of interest. We take measures to address any potential conflicts of interest that may arise in our business operations. Conflicts of interest may exist between: (i) our different businesses; (ii) our clients and us; (iii) our clients; (iv) our employees and us; or (v) our clients and our employees. We have the following preventive measures to address potential conflicts of interest:

We have established and strengthened information barrier and conflict of interest management mechanisms. Through measures such as managing cross wall personnel and wall crossing personnel lists, and conducting risk assessments on sensitive information and conflicts of interest, we enhance the regulation of professional conduct among cross wall personnel. By implementing physical, personnel, capital, and business segregation, we prevent the improper flow of sensitive information. The implementation of information barrier and conflict of interest management is incorporated into compliance inspections and performance evaluations to reinforce the management responsibilities of all relevant entities.

Through the information barrier system, we have built a unified foundational database for information barriers, compiled watch lists and restricted lists, and improved the efficiency of information barrier management. The conflict of interest management system categorizes different types of investment banking projects and examines key conflict of interest aspects, enhancing the accuracy and comprehensiveness of conflict of interest reviews in investment banking related business. We have further standardized the reporting requirements for the information barrier system in investment banking related businesses, clearly defining submission timelines for projects such as initial public offerings and listed company refinancing. Key control points, including the signing of confidentiality agreements, insider information reporting, project initiation, and project termination filing, are used to strengthen oversight of project teams at critical reporting stages.

We have systematically reviewed the company wide information barrier and conflict of interest policies, optimized the conflict of interest assessment and cross wall procedures, effectively monitored the conduct of cross wall personnel, improved the working documentation for information barrier management in investment banking related businesses, and enhanced the precision of information barrier and conflict of interest management.

Anti-Money Laundering Management

The risks of money laundering, terrorist financing, and circumvention of targeted financial sanctions for proliferation (collectively referred to as money laundering risks) refer to the potential that a company's provision of financial products or services, as well as its business operations and management activities, may be exploited by illegal or criminal activities, thereby exposing the company to money laundering risks. The occurrence of any money laundering risk incident or case may lead to severe reputational and legal risks, resulting in customer attrition, business losses, and financial losses.

We continuously improve our money laundering risk management systems and operational mechanisms based on the principles of comprehensiveness, independence, proportionality, and effectiveness. A risk based approach is adopted to develop scientific, clear, and feasible money laundering risk management strategies, which are promptly adjusted in response to changes in risk conditions and market dynamics, and are regularly refined in line with the company's operational development.

We have established a scientifically sound, tightly controlled, and operationally efficient money laundering risk management framework. This includes continuously optimizing the internal control governance and organizational structure with clear divisions of responsibility, well-defined duties, and transparent reporting lines. The respective responsibilities of the Board of Directors, senior management, the anti-money laundering lead department, business units, and functional departments are clearly delineated. An anti-money laundering leadership group has been established, and coordination mechanisms for anti-money laundering efforts have been enhanced. Guided by the principle of "horizontal coverage and vertical penetration" (橫向到邊、縱向到點) a head office-branch office collaborative anti-money laundering mechanism has been implemented based on business scope, asset size, and regional risk exposure. This strengthens the three lines of defense of business units, internal control/compliance departments, and internal audit functions ensuring they perform their respective duties efficiently and collaboratively to guarantee effective anti-money laundering operations.

We allocate human resources for anti-money laundering appropriately, ensuring that staff dedicated to money laundering risk management are commensurate with actual operational needs. By clarifying job responsibilities, enhancing qualification requirements, and optimizing performance evaluation mechanisms, we continuously improve the professional competence of anti-money laundering personnel.

We coordinate the allocation of anti-money laundering resources, including funding and systems, and ensure the independence of all entities and anti-money laundering personnel in performing their duties through organizational structure and management processes, thereby effectively fulfilling money laundering risk management responsibilities.

We regularly evaluate the effectiveness of our money laundering risk management strategies, continuously identify and assess money laundering risks, and implement targeted control measures to ensure anti-money laundering requirements are embedded across all business activities and management processes.

For risks associated with anti-money laundering activities, see "Risk Factors—Risks Relating to Our Business and Industry—We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in various jurisdictions."

OVERVIEW

Immediately upon **[REDACTED]**, our Board will consist of 13 Directors, including 4 executive Directors, 4 non-executive Directors and 5 independent non-executive Directors. Our Directors serve for a term of three years and shall be subject to re-election upon retirement. Our Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. Our Board also assumes the responsibilities for developing and reviewing the policies and practices of our Company on corporate governance, risk management, internal control and compliance with legal and regulatory requirements.

Our senior management currently consists of eight members who are responsible for our day-to-day management and operation.

DIRECTORS

The following table sets forth the key information about our Directors as at the Latest Practicable Date.

Name	Age	Position	Responsibilities	Date of the first appointment as a Director	Time of joining our Group	Relationship with other Directors and senior management
Dr. Zhang Tao (張濤)	53	Secretary of the Party committee, Chairman and executive Director	Responsible for the overall work of the Party committee of the Company, affairs of the Board and the audit department	May 2024	April 2024	None
Mr. Jiang Qingfeng (蔣青峰)	40	Deputy secretary of the Party committee, general manager and executive Director	Responsible for the overall operation and management of our Group	August 2025	March 2016	None
Mr. Cheng Jialin (程家林)	44	Member of the Party committee, vice general manager and executive Director	Responsible for public relations affairs, liaison work with government authorities in Beijing and state-owned enterprises and other related matters	August 2020	December 2019	None
Ms. Liu Meijun (劉美君)	38	Executive Director, employee representative Director and general manager of the human resources department	Responsible for overseeing the human resources department of the Company	December 2025	July 2011	None
Mr. Liu Huibin (劉惠斌)	51	Deputy secretary of the Party committee, vice Chairman and non-executive Director	Responsible for assisting the secretary of the Party committee in comprehensively carrying out the Party-building work of our Group	September 2023	September 2023	None

Name	Age	Position	Responsibilities	Date of the first appointment as a Director	Time of joining our Group	Relationship with other Directors and senior management
Ms. Qin Yi (秦怡)	47	Non-executive Director	Providing advice on the operation and management of our Group	September 2023	September 2023	None
Ms. Li Yang (李洋)	44	Non-executive Director	Providing advice on the operation and management of our Group	December 2024	December 2024	None
Mr. Tian Ye (田野)	53	Non-executive Director	Providing advice on the operation and management of our Group	August 2013	August 2013	None
Prof. Ye Lin (葉林)	62	Independent non-executive Director	Providing independent advice on the operations and management of our Group	August 2020	August 2020	None
Prof. Wang Xixin (王錫鋅)	57	Independent non-executive Director	Providing independent advice on the operations and management of our Group	August 2020	August 2020	None
Prof. Zhang Jianhua (張健華)	61	Independent non-executive Director	Providing independent advice on the operations and management of our Group	September 2023	September 2023	None
Ms. Rong Jian (榮健)	56	Independent non-executive Director	Providing independent advice on the operations and management of our Group	September 2023	September 2023	None
Prof. Yang Haibin (楊海濱)	54	Independent non-executive Director	Providing independent advice on the operations and management of our Group	August 2025	**[REDACTED]**	None

Executive Directors

Dr. Zhang Tao (張濤), aged 53, is our secretary of the Party committee, Chairman and executive Director. Dr. Zhang joined our Company as general manager in April 2024 and served in that position until November 2025. He was appointed as our Director in May 2024, and was redesignated as an executive Director on August 28, 2025, effective on the **[REDACTED]**. He was appointed as the Chairman in November 2025. He is primarily responsible for the overall work of the Party committee of the Company, affairs of the Board and the audit department.

From August 1994 to December 2016, Dr. Zhang held various positions at Huatai Securities Co., Ltd. (華泰證券股份有限公司) (HKEx: 6886; SSE: 601688) and its branches, ultimately serving as member of the Party committee and vice president. Concurrently, from November 2013 to January 2017, he held the position of chairman of the board at Huatai Futures Co., Ltd. (華泰期貨有限公司). Between January 2017 and September 2018, he was a director, deputy

general manager and member of the Party committee of Zhongshan Co., Ltd. (鐘山有限公司) and from March 2017 to May 2018, chairman of the board of Zhongshan Financial Holdings Co., Ltd. (鐘山金融控股有限公司). From September 2018 to February 2024, he served as director, chief financial officer, deputy secretary of the Party committee and general manager of Dongxing Securities Co., Ltd. (東興證券股份有限公司) (SSE: 601198). Since December 2025, he has been serving as director and legal representative of China Post Capital Fund.

Dr. Zhang obtained a doctoral degree in management from the Hehai University in the PRC in December 2002, a master's degree in management from the Hehai University in the PRC in August 1999, and a bachelor's degree in economics from the Nanjing University in the PRC in August 1994. He is a senior economist (professor level).

Mr. Jiang Qingfeng (蔣青峰), aged 40, is our deputy secretary of the Party committee, general manager and executive Director. He joined our Company in March 2016, and was appointed as president of the asset management division and assistant to the general manager in December 2021, as vice general manager in October 2023. He served as our employee representative director and executive Director from August 2025 to December 2025. He was then appointed as our general manager in November 2025. He was further appointed as our Director in January 2026, and was redesignated as our executive Director on [●], 2026, effective on the **[REDACTED]**. He is primarily responsible for the overall operation and management of our Group.

Mr. Jiang worked at Anbang Insurance Group Co., Ltd. (安邦保險集團股份有限公司) from July 2010 to March 2012 and at Anbang Asset Management Co., Ltd. (安邦資產管理有限責任公司) from March 2012 to April 2013. He returned to Anbang Insurance Group Co., Ltd. (安邦保險集團股份有限公司) from April 2013 to July 2013, and subsequently rejoined Anbang Asset Management Co., Ltd. (安邦資產管理有限責任公司) from July 2013 to January 2014. From January 2014 to March 2016, he served at Century Securities Co., Ltd. (世紀證券有限責任公司) with his last position as assistant general manager of the asset management department.

Mr. Jiang obtained a master's degree in finance from the Renmin University of China in June 2010, and a bachelor's degree in insurance from the Renmin University of China in June 2008.

Mr. Cheng Jialin (程家林), aged 44, is our member of the Party committee, vice general manager and executive Director. Mr. Cheng joined our Company in December 2019 and served as secretary of the disciplinary inspection committee from December 2019 to January 2026. He was appointed as our Director in August 2020, and was redesignated as our executive Director on August 28, 2025, effective on the **[REDACTED]**. He has served as our vice general manager since February 2026. He is primarily responsible for public relations affairs, liaison work with government authorities in Beijing and state-owned enterprises and other related matters. Mr. Cheng has been a director of China Post Capital Fund since April 2022.

From July 2006 to November 2006, he served as assistant to the secretary of the Party branch secretary in Chaichangtun Village, Yongledian Town, Tongzhou District, Beijing (北京市通州區永樂店鎮柴廠屯村). He was assistant to the Party branch secretary of Banjiehe Village, Yongledian Town, Tongzhou District, Beijing (北京市通州區永樂店鎮半截河村) between November 2006 and August 2009. From August 2009 to November 2016, he worked at the cadres deployment office of Beijing Municipal Party Committee Organization Department (北京市委組織部幹部調配處) (civil servant management office (公務員管理處)), ultimately serving as officer. He then successively served, from November 2016 to May 2017, as assistant to the general manager of the human resources department and an assistant to the director of the Department of Party-masses Affairs (黨群工作部) of the Capital Group. Subsequently, from May 2017 to December 2019, he successively served as deputy secretary of the Party committee, director and secretary of the discipline committee of Beijing Capital Environment Holdings Co., Ltd. (首創環境控股有限公司) (HKEx: 3989), a company engaged in integrated waste treatment and environmental protection infrastructure services.

Mr. Cheng obtained a master's degree in public administration from the China University of Political Science and Law in July 2015 and a bachelor's degree in law from the same university in July 2006.

Ms. Liu Meijun (劉美君), aged 38, is our executive Director, employee representative Director and general manager of the human resources department. She joined our Company in July 2011, and was appointed as general manager of the human resources department in March 2018, and further appointed as our executive Director on December 17, 2025, effective on the **[REDACTED]**. She was also elected as employee representative Director at the election of employee representatives by the employee representative assembly of our Company on December 17, 2025. She is primarily responsible for overseeing the human resources department of the Company.

Ms. Liu served as a staff member of the human resources department of the Company from July 2011 to January 2015. She was assistant to the general manager of the human resources department of the Company from January 2015 to February 2016, then deputy general manager (acting head) from February 2016 to March 2018. From August 2020 to August 2025, she concurrently served as an employee representative supervisor of the Company.

Ms. Liu obtained a master's degree in management from Renmin University of China (中國人民大學) in July 2011, and a bachelor's degree in management from Renmin University of China (中國人民大學) in June 2009.

Non-executive Directors

Mr. Liu Huibin (劉惠斌), aged 51, is our deputy secretary of the Party committee, vice Chairman and non-executive Director. He joined our Company in September 2023 as Director, and was redesignated as a non-executive Director on August 28, 2025, effective on the **[REDACTED]**. He was also appointed as vice Chairman in November 2025. He is primarily responsible for assisting the secretary of the Party committee in comprehensively carrying out the Party-building work of our Group.

Mr. Liu served at the Economic Tribunal No. 1 of the Beijing Second Intermediate People's Court (北京市第二中級人民法院經一庭) successively as a clerk at the deputy section level from July 1999 to July 2002. He was a lawyer at Beijing Wuhuan Law Firm (北京市五環律師事務所) from July 2002 to March 2007, and at Beijing Zhongqi Guosheng Law Firm (北京市中企國盛律師事務所) from March 2007 to August 2013. From August 2013 to May 2019, he served at the legal department of the Capital Group successively as vice general manager and general manager. From April 2022 to June 2025, he served as the chairman of the supervisory board at Beijing Media Corporation Limited (北青傳媒股份有限公司) (HKEx: 1000). Concurrently, from January 2024 to August 2025, he served as the chairman of the supervisory board at Beijing Capital Eco-Environmental Protection Group Co., Ltd. (北京首創生態環保集團股份有限公司) (SSE: 600008). He served as general counsel of the Capital Group from May 2019 to October 2025, and as chief compliance officer of the Capital Group from January 2023 to October 2025.

Mr. Liu obtained a master's degree in international law from the Renmin University of China in the PRC in July 1999, and a bachelor's of law degree in ideological and political education from Gannan Normal University in the PRC in July 1996. He obtained a lawyer qualification certificate issued by the lawyer qualification examination committee of the Ministry of Justice of the PRC in June 1998.

Ms. Qin Yi (秦怡), aged 47, has been our Director since September 2023, and was redesignated as a non-executive Director on August 28, 2025, effective on the **[REDACTED]**. She is primarily responsible for providing advice on the operation and management of our Group.

Ms. Qin worked at Beijing Saike Pharmaceutical Co., Ltd. (北京賽科藥業有限責任公司), a company engaged in the manufacturing and distribution of pharmaceutical products, from July 2000 to September 2001. She then worked at Beijing Properties Ltd. (首創置業有限公司), a company engaged in real estate development and investment, from July 2004 to May 2023, ultimately serving as secretary of the board of directors, general manager of capital management center and general manager of the Hong Kong office. Concurrently from December 2018 to January 2025, she was a non-executive director at Beijing Capital Grand Limited (首創鉅大有限公司) (delisted, previously HKEx: 1329), a company engaged in the development, operation and management of outlet mall development and retail property operations in the PRC. From November 2021 to May 2023, she served as board secretary and general manager of the capital operations department at Beijing Capital Urban Development Group Co., Ltd. (北京首創城市發展集團有限公司), a company engaged in urban development and real estate investment. From May 2023 to July 2025, she served as deputy general manager of the capital management department of Capital Group, presiding over departmental work; and from July 2025 to October 2025, she has worked as deputy general manager of the capital operations department (financial supervision department) of Capital Group, presiding over departmental work. Since October 2025, she has served as general manager of the capital operations department (financial supervision department) of Capital Group. Concurrently, since December 2023, she has served as director of Beijing Capital Eco-Environmental Protection Group Co., Ltd. (北京首創生態環保集團股份有限公司) (SSE:600008).

Ms. Qin obtained a master's degree in economics from the Peking University in the PRC in June 2004, and a bachelor's degree in economics from the Chinese Financial Institute in the PRC in July 2000.

Ms. Li Yang (李洋), aged 44, is our non-executive Director. Ms. Li joined our Company in December 2024 as a Director, and was redesignated as a non-executive Director on August 28, 2025, effective on the **[REDACTED]**. She is primarily responsible for providing advice on the operation and management of our Group.

Ms. Li served as a clerk and assistant judicial officer at the People's Court of Chaoyang District, Beijing from July 2006 to August 2010, and subsequently as an assistant judicial officer at the Beijing High People's Court from August 2010 to February 2016. From February 2016 to August 2022, she worked at BII. Since August 2022, she has served as general manager of the legal and compliance department, and since September 2024, as general counsel and chief compliance officer of the same company. From October 2020 to October 2025, she served as a supervisor of Beijing Xietong Chuangxin Rail Transit Research Institute Co., Ltd. (北京協同創新軌道交通研究院有限公司), a company engaged in rail transit technology research and consulting. Since May 2024, she has been serving as a director of Metro Land Corporation (京投發展股份有限公司) (SSE: 600683), a company engaged in real estate development and transit-oriented property projects.

Ms. Li obtained a doctoral degree in law from the Central South University in the PRC in December 2022, a master's degree in law from the Peking University in the PRC in July 2006, and a bachelor's degree in law from the Beijing Technology and Business University in the PRC in July 2004. She obtained the legal professional qualification issued by the Ministry of Justice of the PRC in February 2005.

Mr. Tian Ye (田野), aged 53, has been our Director since August 2013, and was redesignated as a non-executive Director on August 28, 2025, effective on the **[REDACTED]**. He is primarily responsible for providing advice on the operation and management of our Group.

Mr. Tian was an assistant engineer at Shougang Group Co., Ltd. (首鋼集團有限公司), a company engaged in steel production and industrial investment, from July 1993 to August 1997. He then joined Beijing International Power Development & Investment Co., Ltd. (北京國際電力開發投資公司), a company engaged in power-related and investment-related businesses, where he successively served as project manager in the industrial investment department and deputy manager (acting head) in the venture capital management department from August 2000 to December 2004. Since December 2004, he has worked at Beijing Energy Holding, a company engaged in energy investment and power generation, and he has served as director of the strategic development department since December 2022.

Mr. Tian obtained a master's degree in business management from the Northern Jiaotong University in the PRC in May 2000. He graduated from the Department of Mechanical Engineering (Division II), Southwest Jiaotong University in the PRC, majoring in heating, ventilation and air conditioning engineering, in July 1993.

Independent Non-executive Directors

Prof. Ye Lin (葉林), aged 62, has been our independent Director since August 2020, and was redesignated as an independent non-executive Director on August 28, 2025, effective on the **[REDACTED]**. He is primarily responsible for providing independent advice on the operations and management of our Group.

Prof. Ye currently serves as a professor at the Law School of Renmin University of China (中國人民大學法學院) and a researcher at the research department of civil and commercial law at the same university.

Prof. Ye holds or held independent directorships in several listed companies, including:

- Beijing YJK Building Software Co., Ltd. (北京盈建科軟件股份有限公司) (SZSE: 300935), a company engaged in the development and sale of structure design software and building information modelling products, since September 2023;

- JD Logistics, Inc. (京東物流股份有限公司) (HKEx: 2618), a company providing integrated supply chain and logistics services, since June 2024; and

- Beijing Shougang Company Limited (北京首鋼股份有限公司) (SZSE: 000959), a company engaged in steel manufacturing and related industrial operations, from December 2017 to December 2023.

Prof. Ye obtained a doctoral degree in law in June 1993, a master's degree in law in October 1989, and a bachelor's degree in law in July 1985, from the Renmin University of China. Prof. Ye is a qualified lawyer in the PRC.

Prof. Wang Xixin (王錫鋅), aged 57, has been our independent Director since August 2020, and was redesignated as an independent non-executive Director on August 28, 2025, effective on the **[REDACTED]**. He is primarily responsible for providing independent advice on the operations and management of our Group.

Prof. Wang served as a staff member at the Legal Affairs Office of the Wuhan Municipal People's Government, Hubei Province (湖北省武漢市人民政府法制辦). From September 1991 to July 1999, he was a teaching assistant and lecturer at the Department of Law of Central South Institute of Law (中南政法學院法律系). From April 1998 to April 1999, he was a senior research fellow at the Center for Chinese Legal Studies of Columbia Law School (哥倫比亞大學法學院中國法律研究中心). Subsequently, from July 1999 to September 2007, he held multiple academic roles at Peking University, including lecturer, associate professor and assistant to the dean at the Peking University Law School (北京大學法學院), and research fellow at the Center for American Studies (美國研究中心). From August 2003 to December 2018, he was a visiting research fellow at the China Law Center of Yale Law School (美國耶魯大學法學院中國法律中心). From February 2012 to May 2012, he was a visiting professor at the University of Pennsylvania Law School (賓夕法尼亞大學法學院). From September 2013 to December 2013, he was a visiting professor at Columbia Law School (哥倫比亞大學法學院). Since May 2007, he has been serving as professor and doctoral supervisor at Peking University Law School (北京大學法學院).

Prof. Wang obtained a doctoral degree in constitutional and administration law from the Peking University in China in July 1999, and a bachelor's degree in law from the Central South Institute of Law in the PRC in July 1990.

Prof. Zhang Jianhua (張健華), aged 61, has been our independent Director since September 2023, and was redesignated as an independent non-executive Director on August 28, 2025, effective on the **[REDACTED]**. He is primarily responsible for providing independent advice on the operations and management of our Group.

Prof. Zhang worked at the People's Bank of China (中國人民銀行) from 1989 to 2015, ultimately serving as director of the research bureau, head of the postdoctoral mobile station, and secretary of the Party committee and president of the Hangzhou Central Branch. He also concurrently served as director of the Zhejiang branch of the State Administration of Foreign Exchange (國家外匯管理局浙江省分局) from 2012 to 2015. From March 2015 to January 2017, he was the deputy secretary of the Party committee, director and president of Beijing Rural Commercial Bank Co., Ltd. (北京農村商業銀行股份有限公司). From January 2017 to February 2022, he served as deputy secretary of the Party committee, executive director and president of Huaxia Bank Co. (華夏銀行股份有限公司). Since March 2022, he has been serving as a professor, research fellow and doctoral supervisor, director of the Financial Development and Regulatory Technology Research Center, the Institute of Financial Technology, and editor-in-chief of Tsinghua Financial Review, at Wudaokou School of Finance, Tsinghua University (清華大學五道口金融學院). He also concurrently served as independent non-executive director at CITIC Securities Company Limited (中信證券股份有限公司) (HKEx: 6030; SSE: 600030) since December 2022.

Prof. Zhang obtained a doctoral degree in management from Tsinghua University in the PRC in July 2003, graduated from the graduate program in monetary and banking studies at the Financial Research Institute of the People's Bank of China in January 1989, and obtained a bachelor's degree in engineering from Tsinghua University in the PRC in July 1987.

Ms. Rong Jian (榮健), aged 56, has been our independent Director since September 2023, and was redesignated as an independent non-executive Director on August 28, 2025, effective on the **[REDACTED]**. She is primarily responsible for providing independent advice on the operations and management of our Group.

From 2006 to 2019, Ms. Rong served at Yuehua Certified Public Accountants (岳華會計師事務所) (subsequently renamed as Zhongrui Yuehua Certified Public Accountants (中瑞岳華會計師事務所) and Ruihua Certified Public Accountants (瑞華會計師事務所)), where she successively held positions of deputy chief accountant and senior partner. Since January 2020, she has been a certified public accountant at BDO China SHU LUN PAN Certified Public Accountants LLP (立信會計師事務所（特殊普通合夥）). She was an independent director of AVIC Helicopter Co., Ltd. (中航直升機股份有限公司) (SSE: 600038) from June 2020 to July 2024. Since February 2024, she has served as an independent director of Vantone Neo Development Group Co., Ltd. (北京萬通新發展集團股份有限公司) (SSE: 600246).

Ms. Rong obtained a master's degree in business administration from the Cheung Kong Graduate School of Business in the PRC in September 2007, and a bachelor's degree in public finance from the Renmin University of China in June 1992. She has been a member of the Chinese Institute of Certified Public Accountants since September 1995.

Prof. Yang Haibin (楊海濱), aged 54, was appointed as our independent non-executive Director on August 28, 2025, effective on the **[REDACTED]**. He is primarily responsible for providing independent advice on the operations and management of our Group.

Prior to joining our Company, Prof. Yang worked at the Department of Management, College of Business, City University of Hong Kong (香港城市大學商學院), ultimately serving as professor. He has currently been serving as professor at the Department of Management, Business School, The Chinese University of Hong Kong (香港中文大學商學院管理系).

Prof. Yang obtained a master's degree in business administration from the Peking University in the PRC in June 2001, and a bachelor's degree in law from the Renmin University of China in 1995 as well as a bachelor's degree in arts from the Renmin University of China in July 1993.

SENIOR MANAGEMENT

The following table sets forth the key information about the senior management of the Company.

Name	Age	Position	Responsibilities	Date of appointment as senior management	Time of joining our Group	Relationship with other Directors and senior management
Mr. Jiang Qingfeng (蔣青峰)	40	Deputy secretary of the Party committee and general manager	Responsible for the overall operation and management of our Group	October 2023	March 2016	None
Mr. He Feng (何峰)	56	Executive vice general manager, secretary of the Board and joint company secretary	Responsible for the fixed income department, securities investment division, investment and product research centre, general manager's office (Board office), human resources department, legal affairs office, administration department and supervision office	April 2008	January 2003	None
Mr. Cheng Jialin (程家林)	44	Member of the Party committee and vice general manager	Responsible for public relations affairs, liaison work with government authorities in Beijing and state-owned enterprises and other related matters	February 2026	December 2019	None
Mr. Tang Hongguang (唐洪廣)	56	Chief accountant (Chief financial officer) and member of the discipline committee	Responsible for the research and development department, planning and finance department, fund operations management department and quality control division	August 2020	July 2011	None

Name	Age	Position	Responsibilities	Date of appointment as senior management	Time of joining our Group	Relationship with other Directors and senior management
Mr. Fang Jie (方杰)	45	Vice general manager	Responsible for the investment banking division and debt financing division	March 2022	February 2022	None
Mr. Fu Jiawei (付家偉)	47	Vice general manager	Responsible for the wealth management center, institutional business center, digital development department, credit business department, customer service center and operations management center	December 2022	August 2007	None
Mr. Shi Bin (史彬)	53	Chief risk officer and Chief compliance director	Responsible for the compliance department and risk management department, and anti-money laundering efforts	April 2019	March 2019	None
Mr. Wang Yufeng (王育峰)	50	Chief information officer	Responsible for the information technology department	August 2025	July 2025	None

For the biographical details of Mr. Jiang Qingfeng and Mr. Cheng Jialin, see "—Directors" in this section.

Mr. He Feng (何峰), aged 56, is our executive vice general manager, secretary of our Board and one of our joint company secretaries. He joined our Company in January 2003, and he has served as secretary to our Board since October 2003. He was appointed as vice general manager in May 2018, and was further appointed as executive vice general manager in February 2026. In September 2020, he was appointed as a member of the Party committee and Chief safety officer. He is primarily responsible for the fixed income department, securities investment division, investment and product research centre, general manager's office (Board office), human resources department, legal affairs office, administration department and supervision office.

Mr. He served as a staff member in the personnel department of China Classification Society (National Bureau of Ship Inspection) (中國船級社（國家船舶檢驗局）), primarily engaged in the inspection and classification of ships and offshore installations, from August 1992 to April 1997. From April 1997 to January 2003, he worked at China New Technology Venture Capital Company (中國新技術創業投資公司), a firm engaged in venture capital investment in high-tech industries, with his last position as a project assistant in the securities management department.

Mr. He obtained a bachelor's degree in philosophy from the Renmin University of China in August 1992.

Mr. Tang Hongguang (唐洪廣), aged 56, is our Chief accountant (Chief financial officer) and member of the discipline committee. He joined our Company in July 2011, and was appointed as member of the discipline committee in July 2017 and Chief accountant (Chief financial officer) in November 2021. He is primarily responsible for the research and development department planning and finance department, fund operations management department and quality control division.

From June 1995 to January 1999, Mr. Tang served as a lecturer in the Finance Department of Gansu Economic Management Cadre College (甘肅省經濟管理幹部學院). From January 1999 to September 2000, Mr. Tang served as project manager of Gansu Wulian Accounting Firm Co., Ltd. (甘肅五聯會計師事務所有限責任公司). From September 2000 to January 2006, he worked at Wulian United Accounting Firm Co., Ltd. (五聯聯合會計師事務所有限公司), where he ultimately served as deputy chief accountant. From January 1999 to March 2003, he was a lecturer in the Accounting Department of the School of Economics and Management of Northwest Normal University (西北師範大學經濟管理學院). From January 2006 to September 2009, Mr. Tang was successively deputy chief accountant and Director of Tianjin Branch of Beijing Wulian Fangyuan Accounting Firm Co., Ltd. (北京五聯方圓會計師事務所有限公司). From September 2009 to January 2011, Mr. Tang served as vice president of Guofu Haohua Accounting Firm Co., Ltd. (國富浩華會計師事務所有限公司). From January 2011 to July 2011, Mr. Tang served as partner and director of the technical department of Guofu Haohua Accounting Firm (Special General Partnership) (國富浩華會計師事務所（特殊普通合夥）).

Mr. Tang obtained a master's degree in economics from the Lanzhou University in the PRC in June 1995, and a bachelor's degree in science from the Hunan Normal University in the PRC in July 1992. He has been a non-practising member of the Chinese Institute of Certified Public Accountants since July 2013.

Mr. Fang Jie (方杰), aged 45, is our vice general manager. He joined our Company in February 2022, and was appointed our vice general manager since March 2022. He is primarily responsible for the investment banking division and debt financing division.

Mr. Fang was a lawyer at Beijing Forever Law Firm (北京市昌久律師事務所) from July 2008 to February 2011. From February 2011 to February 2013, he served as a lawyer at Beijing Zhonglun W&D Law Firm (北京市中倫文德律師事務所). From February 2013 to June 2017, Mr. Fang served as executive manager and senior manager of the listing business department of the National Equities Exchange and Quotations Co., Ltd. (全國中小企業股份轉讓系統有限責任公司). From June 2017 to February 2022, he worked at Minsheng Securities Co., Ltd. (民生證券股份有限公司), ultimately serving as vice president and managing director of the investment banking business department, member of the investment banking professional committee, head of the general management department as well as head of the project support center.

Mr. Fang obtained a master's degree in law from the Southwest University of Political Science and Law in the PRC in July 2008, and a bachelor's degree in law at Anhui University in the PRC in January 2008. He graduated from the Anhui University of Chinese Medicine in the PRC, majoring in Chinese medicine, in July 2004.

Mr. Fu Jiawei (付家偉), aged 47, is our vice general manager. He joined our Company in August 2007, and he has previously served as the general manager at the Sichuan branch of our Company and assistant to the general manager. He was appointed as our vice general manager since December 2022. Mr. Fu is primarily responsible for the wealth management center, institutional business center, digital development department, credit business department, customer service center and operations management center.

Prior to joining our Company, Mr. Fu was an employee at the Chengdu Majia Garden business department of Huaxia Securities Co., Ltd. (華夏證券有限公司成都馬家花園營業部) from July 2003 to March 2006.

Mr. Fu obtained a master's degree in executive business administration from the Southwestern University of Finance and Economics in the PRC in December 2012, and graduated in July 2003 from the School of Computer and Communication Engineering, at Southwest Jiaotong University, majoring in communication engineering.

Mr. Shi Bin (史彬), aged 53, is our Chief risk officer and Chief compliance director. He joined our Company in March 2019, and was appointed as Chief risk officer and Chief compliance director in May 2019. He also concurrently served as general counsel from May 2019 to March 2022. He is primarily responsible for the compliance department and risk management department, and anti-money laundering efforts.

Mr. Shi served as an officer in the Department of Foreign Investment of the People's Bank of China (中國人民銀行) from July 1995 to June 1998. Between June 1998 and November 2015, he worked at the CSRC, ultimately serving as deputy director-general of the Futures Supervision Department. From November 2015 to March 2017, he was secretary of the Party committee of Tongchuang Jiuding Investment Holding Co., Ltd. (同創九鼎投資控股有限公司), a company engaged in private equity investment and financial services. From March 2017 to March 2019, he served as executive committee member of China Securities Interbank Quotation System Co., Ltd. (中證機構間報價系統股份有限公司), and concurrently as Director, chairman of the board and general manager of China Securities Cloud Co., Ltd. (中證雲股份有限公司), a company engaged in financial technology and data services.

Mr. Shi obtained a bachelor's degree in economics from the Dongbei University of Finance and Economics in July 1995

Mr. Wang Yufeng (王育峰), aged 50, is our Chief information officer. Mr. Wang joined our Company in July 2025. He was appointed as Chief information officer in August 2025. He is primarily responsible for the information technology department.

Prior to joining our Company, Mr. Wang has held various positions in other companies. From June 2003 to August 2019, he worked at the Shenzhen Stock Exchange, ultimately serving as an execution manager of the technology planning department. From August 2019 to March 2020, he was the assistant to the general manager of Century Securities Co., Ltd. (世紀證券有限責任公司), and from March 2020 to July 2025, he served as a member of the Party committee and the chief information officer of the same company.

Mr. Wang graduated from a part-time master of business administration programme at the Business School of the Chinese University of Hong Kong in Hong Kong in June 2016. Mr. Wang obtained a master's degree in engineering from the University of Science and Technology of China in July 2003, and a bachelor's degree in engineering from the University of Science and Technology of China in June 2000.

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries,

(i) save as disclosed above, none of our Directors or senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this document;

(ii) none of our Directors or members of the senior management of our Company was related to any other Directors and members of the senior management;

(iii) none of our Directors or general manager of our Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and

(iv) there was no additional matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders, and there was no additional information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors (save for our independent non-executive Directors) and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirmed that he or she (i) had obtained the legal advice referred to under Rule 3.09D of the Listing Rules on September 18, 2025 (and in the case of Ms. Liu Meijun, on January 8, 2026), and (ii) understood his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he/she had no past or present financial or other interest in the business of our Company or its subsidiary or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his/her independence at the time of his/her appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his/her independence.

JOINT COMPANY SECRETARIES

The Company has appointed Mr. He Feng (何峰) and Ms. Sham Ying Man (岑影文) as our joint company secretaries.

For the biographical details of Mr. He Feng, see "—Senior Management" in this section.

Ms. Sham Ying Man (岑影文) is one of our joint company secretaries and was appointed on July 25, 2025. Ms. Sham is a senior manager of Company Secretarial Services of Tricor Services Limited, a member of Vistra Group. She has over 25 years of experience in the corporate secretarial field.

Ms. Sham currently holds several company secretary or joint company secretary positions in companies listed on the Stock Exchange, including Hilong Holding Limited (海隆控股有限公司) (HKEx: 1623), Honma Golf Limited (本間高爾夫有限公司) (HKEx: 6858), WuXi Biologics (Cayman) Inc. (藥明生物技術有限公司) (HKEx: 2269), BrainAurora Medical Technology Limited (腦動極光醫療科技有限公司) (HKEx: 6681), Guming Holdings Limited (古茗控股有限公司) (HKEx: 1364) and MetaLight Inc (HKEx: 2605).

Ms. Sham received a bachelor's degree in business administration from Lingnan College (currently known as Lingnan University) in 1997. She is a Chartered Secretary, a Chartered Governance Professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, respectively.

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Remuneration and Nomination Committee, the Risk Control Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Ms. Rong Jian, Prof. Wang Xixin and Mr. Tian Ye, with Ms. Rong Jian currently serving as the chairperson. Ms. Rong Jian has the appropriate professional qualification and experience as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

(i) proposing the appointment, reappointment or change of external auditors to our Board, approving the external auditors' remuneration and terms of engagement, monitoring the independence of external auditors and evaluating their performance;

(ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;

(iii) examining the financial reporting system, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and

(iv) performing other responsibilities as authorized by the Board and in accordance with applicable laws and regulations .

Remuneration and Nomination Committee

We have established a Remuneration and Nomination Committee with written terms of reference in compliance with Rule 3.25 and 3.27A of the Listing Rules and paragraph E.1 and B.3 of the Corporate Governance Code. The Remuneration and Nomination Committee consists of three Directors, namely Prof. Zhang Jianhua, Dr. Zhang Tao and Prof. Ye Lin, with Prof. Zhang Jianhua currently serving as the chairperson. The primary duties of the Remuneration and Nomination Committee include, but are not limited to, the following:

Remuneration Duties

(i) reviewing remuneration proposals for directors and senior management, and making recommendations on establishing formal and transparent procedures for developing the Company's remuneration policy;

(ii) reviewing performance assessment criteria and related policies; and

(iii) performing other responsibilities as authorized by the Board and in accordance with applicable laws and regulations.

Nomination Duties

(i) reviewing the procedures and criteria for selecting and appointing directors and senior management, and making relevant recommendations to the board of directors;

(ii) nominating candidates for directors and senior management, conducting preliminary assessments of their qualifications, and making recommendations to the board of directors;

(iii) reviewing evaluation standards and reports for directors and senior management, including mutual evaluations of independent directors; and

(iv) performing other responsibilities as authorized by the Board and in accordance with applicable laws and regulations.

Risk Control Committee

The Risk Control Committee consists of three Directors, namely Prof. Ye Lin, Mr. Liu Huibin and Mr. Jiang Qingfeng, with Prof. Ye Lin currently serving as the chairperson. The primary duties of the Risk Control Committee include, but are not limited to, the following:

(i) reviewing and providing opinions on the overall objectives and fundamental policies of compliance and risk management, and the goals for cultivating an anti-money laundering risk management culture;

(ii) reviewing and providing opinions on the organizational structure and responsibilities related to compliance and risk management;

(iii) assessing and providing opinions on the risks associated with major decisions requiring Board approval, and on proposed solutions for significant risks;

(iv) reviewing and providing opinions on our Company's anti-money laundering risk management strategies, policies and procedures that require Board approval;

(v) reviewing and providing opinions on compliance reports, risk assessment reports and anti-money laundering work reports that require Board approval;

(vi) promoting the Company's legal governance; and

(vii) performing other responsibilities as authorized by the Board and in accordance with applicable laws and regulations.

Strategy Committee

The Strategy Committee consists of five Directors, namely Dr. Zhang Tao, Mr. Jiang Qingfeng, Ms. Li Yang, Mr. Tian Ye and Prof. Zhang Jianhua, with Dr. Zhang Tao currently serving as the chairperson. The primary duties of the Strategy Committee include, but are not limited to, the following:

(i) reviewing and advising on the Company's long-term strategic development plans;

(ii) reviewing and advising on major investment, financing, capital and asset operations proposals subject to Board or shareholder approval;

(iii) reviewing and advising on other material matters affecting the Company's development;

(iv) overseeing the implementation of strategic matters and providing advice on ESG governance and corporate culture alignment; and

(v) performing other responsibilities as authorized by the Board and in accordance with applicable laws and regulations.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the **[REDACTED]**.

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, our Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to our Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in areas such as investment and business management. They obtained degrees in various areas including economics, management and law. Furthermore, our Board has a diverse age and gender representation. Our Board currently comprises 4 female Directors and 9 male Directors, ranging from 39 years old to 61 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to our Board. Our Group will also identify and select female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be reviewed by our Remuneration and Nomination Committee periodically to maintain gender diversity of our Board. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Upon the **[REDACTED]**, the Remuneration and Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. Our Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

DIRECTORS' REMUNERATION

Our Directors and senior management members who receive remuneration from the Company are paid in the forms of salaries and allowances, discretionary bonuses and social welfare and defined contribution plans. The remuneration of our Directors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of our Company.

The aggregate amount of remuneration (including fees, salaries and allowances, discretionary bonuses and social welfare and defined contribution plans) paid to our Directors for the years ended December 31, 2023, 2024 and 2025 amounted to approximately RMB5.7 million, RMB3.9 million and RMB4.2 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation, to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB6.3 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, the five highest paid individuals of our Company as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any subsidiary of our Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or our subsidiary to our Directors during the Track Record Period.

REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The aggregate amount of remuneration (including salaries and allowances, discretionary bonuses and social welfare and defined contribution plans) incurred by the five highest-paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025 amounted to approximately RMB17.1 million, RMB19.2 million and RMB16.2 million, respectively, of which none were Directors. Excluding the aforementioned Directors, the aggregate amount of remuneration (including salaries and allowances, discretionary bonuses and social welfare and defined contribution plans) for the remaining individuals among the five highest paid individuals amounted to RMB17.1 million, RMB19.2 million and RMB16.2 million, for the years ended December 31, 2023 and 2024 and 2025, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any subsidiary of the Company.

Save as disclosed above, no other payments have been paid, or are payable, by our Company or our subsidiary to the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISOR

Our Company has appointed Innovax Capital Limited (創陞融資有限公司) as the Compliance Advisor in compliance with Rules 3A.19 of the Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(iii) where we propose to use the **[REDACTED]** from the **[REDACTED]** in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and

(iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Advisor will also inform the Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the **[REDACTED]** and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

OVERVIEW

As at the Latest Practicable Date, Capital Group directly holds approximately 53.20% of our total issued share capital. Immediately upon **[REDACTED]**, Capital Group will directly hold approximately **[REDACTED]**% of our total issued share capital (assuming the **[REDACTED]** is not exercised). Therefore, Capital Group is and will continue to be our Controlling Shareholder immediately upon **[REDACTED]**.

CLEAR DELINEATION OF BUSINESS BETWEEN US AND CAPITAL GROUP

Principal Business of Our Group

On December 22, 2022, our Company was listed on the Shanghai Stock Exchange through an initial public offering (stock code: 601136). We operate as an independent listed entity and provide a diverse range of financial products and services to institutional, individual, and corporate clients in China. 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 have established a comprehensive license system 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. For further details, see "Business — Our Business Model".

Principal Business of Capital Group

Capital Group is a state-owned enterprise wholly-owned by the Beijing SASAC which is consistently ranking among China's Top 500 Enterprises and recognized as a well-known brand in the PRC for capital investment. Capital Group is active in four primary business sectors: ecological and environmental protection, urban development, financial services and sports and culture. In the ecological and environmental protection sector, Capital Group has developed a comprehensive industry chain covering water, solid waste, air and energy, with operations spanning over 100 cities in China. The urban development segment focuses on market-oriented and policy-driven real estate development, infrastructure construction, rail transit, and expressways, while centering on urban development, operation, and renewal to generate value for cities. In financial services, Capital Group provides a range of services including securities (through its shareholding in our Group), guarantees and rural finance. Its culture and sports sector supports Beijing's role as a national cultural hub, with business activities ranging from cultural park operations and content incubation to sports and cultural industry development

Certain subsidiaries of Capital Group are involved in investment and private equity fund management. These investment and private equity fund management activities are generally conducted as part of the principal business lines of Capital Group and its subsidiaries and are distinct from the regulated investment and asset management activities undertaken by our Group.

The investment activities of Capital Group and its subsidiaries are typically general investment that can be done by any corporation which do not require any specific regulatory approval or licensing from the CSRC or other securities industry authorities or subject to the comprehensive risk management and compliance requirements applicable to securities companies. In contrast, our Group are subject to stringent regulatory oversight by the CSRC and the China Securities Investment Fund Association, and must obtain the requisite licenses to conduct securities and asset management business.

In terms of the nature, the investment activities of Capital Group and its subsidiaries are generally aligned with the their core business focus, targeting sectors such as environmental protection, urban infrastructure and cultural industries. These activities are typically strategic or supportive in nature, serving the broader development objectives of Capital Group and its subsidiaries. Conversely, our Group's investment activities are market-oriented, with no specific industry or regional restrictions, and are conducted in accordance with applicable securities laws and regulations.

Regarding private equity fund management, certain subsidiaries of Capital Group are registered as private fund managers with the AMAC. These entities are only required to complete registration procedures with AMAC but are not subject to the same comprehensive risk management and regulatory framework as regulated securities company. Our Group's private equity fund management business, conducted through our subsidiaries, is governed by the Securities Investment Fund Law of the PRC, the Guiding Opinions on Regulating the Asset Management Business of Financial Institutions and other relevant regulations. These businesses conducted by our Group are subject to unified management, compliance, and risk control systems established by our Company, and are overseen by both the CSRC and industry self-regulatory organizations.

In terms of business positioning, the private equity fund management activities conducted by Capital Group and its subsidiaries primarily focus on investments that support their group strategic sectors. The Company's private equity fund management business, on the other hand, is conducted on a market-oriented basis, with no specific industry or regional restrictions, and is fully integrated into the Company's overall risk management and compliance framework.

Given the difference in the nature of the investment and private equity fund management activities between Capital Group and its subsidiaries on one hand and our Group on the other hand, our Group has, in our ordinary course of business as a securities company, gas provided various asset management services to Capital Group and its subsidiaries during the Track Record Period, details of which are set out in "Connected Transactions".

During the Track Record Period, Capital Group did not refer any businesses or clients to our Group.

Based on the foregoing and having reviewed the business scope, operational licences, revenue contribution and strategic focus of Capital Group and its subsidiaries, our Directors are of the view that there is a clear business delineation between the Company and Capital Group , and that we do not face any actual or potential competition from Capital Group.

Capital Group confirms that as of the Latest Practicable Date, they did not have any interests in any businesses, apart from the business of our Group, which directly or indirectly competes or is likely to compete with the principal business of our Group which are required to be disclosed under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CAPITAL GROUP

Having considered the factors set out below, our Directors believe that we are capable of conducting our business independently of Capital Group and its close associates after the **[REDACTED]**:

Operational independence

Integrity of assets

We have an independent and complete set of assets relating to the operation of our securities business, including ownerships or use rights of land, buildings and intellectual properties (except certain logos bearing the name of Capital Group) and domain names. The ownership of our assets is completely separated from the assets of Capital Group and its close associates and there is no occupation of the Company's funds, assets and other resources by Capital Group.

Business independence

We hold all licences and permits for the conduct of our business. We have independent customer bases and an independent senior management team to engage in our respective business sectors, and do not rely on any referral of customers or businesses from Capital Group and its close associates. We own or have the right to use all the operational facilities relating to our business and we have sufficient capital, facilities and employees to operate our business independently.

We have from time to time provided asset management services, investment banking services and research and consulting services to Capital Group and its associates. We have also from time to time purchased financial products issued by Capital Group and its associates. Historically, the revenue generated from transactions between us and Capital Group and its associates accounted for approximately 0.79%, 0.40% and 0.29% of our total revenue for the three years ended December 31, 2023, 2024 and 2025, respectively, while the expenses incurred from the transactions between us and Capital Group and its associates accounted for approximately 0.31%, 0.27% and 0.03% of our total expenses for the three years ended December 31, 2023, 2024 and 2025, respectively. We expect certain connected transactions of our Group with Capital Group and/or its associates will continue after the **[REDACTED]**, details of which are set out in "Connected Transactions". All such transactions will be conducted on arm's length and on normal commercial terms in the ordinary and usual course of business of our Group in accordance with the requirements under Chapter 14A of the Listing Rules, and the pricing policy of our Group and our connected persons and not be prejudicial to the interests of any of the parties. Our Directors are of the view that such continuing connected transactions will not affect our operational independence as a whole. Notwithstanding the aforesaid transactions, our business operations are independent from that of Capital Group and its associates.

Operational structure independence

Pursuant to the Company Law and our Articles of Association, we have established a general meeting of shareholders, a board of directors, and other decision-making and supervisory bodies. We have appointed our own senior management personnel, including general manager, vice general managers, chief accountant (chief financial advisor), secretary to the Board, chief compliance officer, chief risk officer and chief information officer. We have also established sound internal operation and management structures as per our own needs and exercise our operation and management powers independently through our own functional departments which do not have affiliated relationships with the functional departments of Capital Group and its close associates and overlapping organizational structures with Capital Group and its close associates. We can formulate and execute operational decisions independently from Capital Group and its close associates.

For the reasons set out above, we believe that our operations are independent from Capital Group.

Financial independence

We operate in an independent manner financially and maintain a dedicated finance department. We have established an independent financial accounting system in accordance with applicable laws and regulations, make financial decisions autonomously, and our subsidiaries have also put in place independent financial accounting systems as well as financial management systems. There is no sharing of common financial personnel between us and Capital Group or its close associates. We maintain our own bank accounts, independently file and pay taxes in accordance with the law, and do not share bank accounts with Capital Group or its close associates. Guided by our development strategy, we make our own investment plans and fund allocations, free from any shareholder interference in our financial decisions or use of funds.

As at the Latest Practicable Date, there were no outstanding guarantees and loans provided by Capital Group and its close associates to us. We believe that we are capable of obtaining financing from external sources without reliance on Capital Group.

For the reasons set out above, we believe that we are financially independent from Capital Group and its close associates.

Management independence

Immediately upon **[REDACTED]**, our Board will consist of 13 Directors, including four executive Directors, four non-executive Directors and five independent non-executive Directors.

The following table sets out the positions held by one of our Directors in Capital Group or its close associates as at the Latest Practicable Date:

Name	Position in Company	Position held in Capital Group	Positions held in the subsidiaries of Capital Group
Ms. Qin Yi	Non-executive Director	General manager of the capital operations department (financial supervision department)	Director of Beijing Capital Eco-Environmental Protection Group Co., Ltd. (北京首創生態環保集團股份有限公司) (SSE: 600008); and Director of Beijing Capital Urban Development Group Co., Ltd.(北京首創城市發展集團有限公司)

Except for the individuals listed above, none of our Directors and senior management of our Company hold any position in Capital Group or its close associates, and they are independent from Capital Group.

Despite the overlapping positions as mentioned above, our Directors believe that our management can remain independent from Capital Group due to the following reasons:

(i) The directors above are not involved in our or any of our subsidiaries' daily operations;

(ii) we have five independent non-executive Directors (which meets the requirements of the Listing Rules) to protect the interests of our Company and our shareholders as a whole;

(iii) the rules of procedures of our Board have provisions for the avoidance of conflicts of interest in the decision-making process, which include but are not limited to Directors are required to abstain from voting on matters in which he or she has a material interest (including Directors who hold an office in the counterparty of a transaction);

(iv) our Directors are well aware of their fiduciary duties which, among other things, require them to act in the best interests of our Company and our shareholders as a whole; and

(v) save for the overlapping management personnel set out above, senior management personnel of the Company do not hold any positions or receive remuneration from Capital Group and its subsidiaries. The financial personnel of the Company do not hold concurrent positions in Capital Group and its subsidiaries (except the Company).

For the reasons set out above, we believe that our management team is independent from Capital Group.

NON-COMPETITION UNDERTAKING

On August 1, 2021, in connection with our A-share listing, Capital Group executed a non-competition undertaking in favour of us (the "**Non-competition Undertaking**"). Pursuant to the Non-competition Undertaking, Capital Group had undertaken, among others, that:

(i) as of the date of the Non-competition Undertaking, except for controlling the Company, Capital Group and the enterprises under its control did not control any other securities or futures companies that engage in the same or similar principal business as the Company;

(ii) as of the date of the Non-competition Undertaking, Capital Group and the enterprises under its control were not engaged in any business or operations that constitute competition with the Company;

(iii) from the date of signing the Non-competition Undertaking, neither it nor the enterprises under its control would, through establishment, acquisition, or other means, control any operating entity engaged in business that constitutes competition with us;

(iv) Capital Group will not use its status as our controlling shareholder or any other relationship to engage in any business activities that may harm the legitimate rights and interests of ours or our other shareholders; and

(v) if we further expand our business scope, Capital Group undertook that neither Capital Group nor the enterprises under its control would compete with our expanded business. If any situation arises that may lead to competition with our expanded business, Capital Group would take measures such as ceasing the competitive business, transferring the competitive business to us through lawful means, or transferring the competitive business to an unrelated third party, to safeguard our interests and eliminate potential competition.

The Non-competition Undertaking shall remain effective during the period in which Capital Group remains as our controlling shareholder under the PRC Company Law.

CORPORATE GOVERNANCE MEASURES

We will implement the following measures to manage any actual or potential conflicts of interest between the Company and Capital Group and to safeguard the interests of our Shareholders:

(i) our amended Articles provide that, where a Shareholders' meeting is convened to consider a matter in which a shareholder has a material interest, the relevant shareholder will abstain from voting on the relevant resolution(s) and will not be counted in the quorum. For details, see "Summary of Articles of Association" in Appendix III to this document;

(ii) our rules of procedures of our Board state if a Director is materially interested in a transaction, the Director must abstain from voting at the relevant Board meeting and will not be counted toward the quorum;

(iii) we have adopted a robust connected-transaction management policy and internal control procedures. All existing and future connected transactions with Capital Group and its associates will be conducted on normal commercial terms, in the ordinary and usual course of business, and subject to the reporting, announcement, annual review and, where applicable, independent shareholders' approval requirements under Chapter 14A—Connected Transactions of the Listing Rules;

(iv) our independent non-executive Directors will conduct an annual review of the Company's continuing connected transactions and confirm that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole;

(v) The independent non-executive Directors will also review information from Capital Group on its and its associates' compliance with the Non-competition Undertaking. Their conclusion will be disclosed in our interim and annual report;

(vi) Capital Group will undertake to provide all information requested by us which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Non-Competition Undertaking; and

(vii) We have appointed Innovax Capital Limited as our compliance advisor for the period commencing on the **[REDACTED]** and ending on the date of publication of our results for the first full financial year after **[REDACTED]**. The compliance advisor will provide advice on compliance with the Listing Rules, including those relating to corporate governance and connected transactions.

Our Company has entered into certain transactions with parties who will, upon completion of the **[REDACTED]**, become our connected persons, and certain transactions will continue following the **[REDACTED]**, thereby constituting continuing connected transactions under Chapter 14A of the Listing Rules.

On [●] and [●], we entered into master continuing connected transaction agreements with each of Capital Group and BII (for and on behalf of their respective associates) (together, the "**Master CCT Agreements**") to govern the following partially-exempt continuing connected transactions and non-exempt continuing connected transactions between our Group on one hand and Capital Group and BII (and their respective associates) on the other, respectively. The Master CCT Agreements have an initial term commencing from the **[REDACTED]** to 31 December 2028. Subject to the compliance with requirements under the Listing Rules, we are entitled to renew the Master CCT Agreements for further terms, each for a period not exceeding three years.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Provision of services by us to our connected persons

(a) Asset Management Services

Background

In the ordinary and usual course of our business, we regularly provide asset management services to Capital Group and its associates. Additionally, we anticipate offering asset management services to BII and its associates in the future.

Pursuant to the Master CCT Agreements, we will provide asset management services (the "**Asset Management Services**") comprising portfolio management, fund management, investment advisory and other related financial services, as part of our Group's asset management business offerings, to Capital Group and BII (and their respective associates) with effect from the **[REDACTED]** up to December 31, 2028. For further details of such services, see "Business – Our Business Model – Asset management related business".

Pricing basis

The fees for Asset Management Services shall be determined based on arm's length negotiations with reference to prevailing market rates taking into account the complexity of the portfolios and the scope of services. The pricing mechanism typically involves a management fee calculated daily as a fixed percentage of assets under management and may include a performance fee based on agreed performance benchmarks. For asset-backed securities, the management fee rate is determined with reference to factors such as the project size, asset type and complexity, and the complexity of ongoing work arrangements during the project term. The management fee is calculated by multiplying the issue size by the fee rate. The pricing basis for the fees charged by us to our connected persons are in-line with our internal pricing policies for other independent customers.

Historical transaction amounts

Capital Group

For the years ended December 31, 2023, 2024 and 2025, the revenue generated from the provision of Asset Management Services to Capital Group and its associates amounted to approximately RMB1.7 million, RMB3.8 million and RMB2.5 million, respectively.

BII

There were no previous transactions relating to the provision of Asset Management Services to BII and its associates and therefore there was no historical transaction amount incurred.

Proposed annual caps

Our Directors estimate that the annual caps for the revenue to be generated from the Asset Management Services in respect of the three years ending December 31, 2028 are as follows:

	Annual caps (in RMB millions) for the year ending December 31,		
	2026	**2027**	**2028**
Capital Group and its associates	10.3	14.3	21.3
BII and its associates	10.0	14.0	21.0

In determining the above proposed annual caps, our Directors have taken into account the following factors:

- (in respect of the annual caps for transactions with Capital Group and its associates) the maximum amount of assets entrusted to us for management by Capital Group and its associates during the Track Record Period, the service fee rates and fees we charged for the provision of the Asset Management Services;
- (in respect of the annual caps for transactions with BII and its associates) the estimated potential amount of assets that could be entrusted to us for management by BII and its associates and the service fee rates and fees we typically charge for the provision of similar asset management services;
- our business plan to grow our Asset Management Services offerings to Capital Group and BII (and their respective associates) in the three years ending December 31, 2028.

Listing Rules implications

Capital Group is our Controlling Shareholder and BII is our substantial shareholder and are therefore connected persons of our Company under Chapter 14A of the Listing Rules. Accordingly, the Asset Management Services will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon **[REDACTED]**.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for each of the three years ending December 31, 2028 exceeds 0.1% but are all below 5% on an annual basis, the Asset Management Services will, upon **[REDACTED]**, constitute continuing connected transactions of our Company subject to reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(b) Investment Banking Services

Background

In the ordinary and usual course of our business, we regularly provide investment banking services to Capital Group and BII (and their respective associates).

Pursuant to the Master CCT Agreements, we will provide investment banking services including but not limited to bond and equities underwriting and sponsor services and financial advisory services (the "**Investment Banking Services**"), as part of our Group's investment banking business offerings, to Capital Group and BII (and their respective associates) with effect from the **[REDACTED]** up to December 31, 2028. For further details of such services, see "Business – Our Business Model – Investment banking related business".

Pricing basis

The fees for Investment Banking Services shall be determined based on arm's length negotiations with reference to prevailing market rates taking into account the complexity of the mandates, size of the offer, market conditions, the prevailing market price for similar services, and, for underwriting services, the same underwriting fees charged by other joint underwriters in the same project. The pricing basis for the fees rate charged by us to our connected persons are in-line with our internal pricing policies for other independent customers.

Historical transaction amounts

Capital Group

For the years ended December 31, 2023, 2024 and 2025, the revenue generated from the provision of Investment Banking Services Capital Group and its associates amounted to approximately RMB19.6 million, RMB4.7 million and RMB7.2 million, respectively.

BII

For the years ended December 31, 2023, 2024 and 2025, the revenue generated from the provision of Investment Banking Services to BII and its associates amounted to approximately nil, RMB5.9 million and RMB2.8 million, respectively.

Proposed annual caps

Our Directors estimate that the annual caps for the fees to be generated from the provision of the Investment Banking Services in respect of the three years ending December 31, 2028 are as follows:

	Annual caps (in RMB millions) for the year ending December 31,		
	2026	**2027**	**2028**
Capital Group and its associates	25.6	28.0	30.4
BII and its associates	6.4	7.0	7.6

In determining the above proposed annual caps, our Directors have taken into account the following factors:

- the maximum historical amount of revenue generated from the provision of Investment Banking Services to Capital Group and BII (and their respective associates) during the Track Record Period and an adequate buffer to cover any regulatory changes and market volatility such as change in interest rates and market activities that may have a direct impact on the transaction volume and fees; and

- the potential growth in the Investment Banking Services associated with the increasing cooperation between us and Capital Group and BII (and their respective associates) in the three years ending December 31, 2028 based on considerations such as underwriting project pipelines and ongoing business discussions.

Listing Rules implications

Capital Group is our Controlling Shareholder and BII is our substantial shareholder and are therefore connected persons of our Company under Chapter 14A of the Listing Rules. Accordingly, the Investment Banking Services will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon **[REDACTED]**.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for each of the three years ending December 31, 2028 exceeds 0.1% but are all below 5% on an annual basis, the Investment Banking Services will, upon **[REDACTED]**, constitute continuing connected transactions of our Company subject to reporting, annual review, and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(c) Research and Consulting Services

Background

Pursuant to the Master CCT Agreements, we will provide research and consulting services (the "**Research and Consulting Services**") including but not limited to macroeconomic research, industry research, development planning research, market value management research and other commissioned projects to Capital Group and BII (and their respective associates) with effect from the **[REDACTED]** up to December 31, 2028.

Pricing basis

The consultation fees shall be determined based on arm's length negotiations with reference to prevailing market rates or similar research and taking into account costs associated with the service based on factors such as complexity of the commissioned project, the need for on-site research, number of analysts required, length of the project, and costs of acquiring analytical data. The pricing basis for the fees charged by us to our connected persons are in-line with our internal pricing policies for other independent customers.

Historical transaction amounts

There were no previous transactions relating to the provision of Research and Consulting Services to Capital Group and BII (and their respective associates) and therefore there was no historical transaction amount incurred.

Proposed annual caps

Our Directors estimate that the annual caps for the revenue to be generated from the Research and Consulting Services in respect of the three years ending December 31, 2028 are as follows:

	Annual caps (in RMB millions) for the year ending December 31,		
	2026	**2027**	**2028**
Capital Group and its associates	11	11	11
BII and its associates	3	3	3

In determining the above proposed annual caps, our Directors have taken into account the following factors:

- the anticipated demand for Research and Consulting Services from Capital Group and BII (and their respective associates) taking into account the growing importance of research and consulting services in the industry in light of the growing activity in the capital markets;
- the estimated service fee rates and fees we charge for the provision of the Research and Consulting Services; and
- the planned expansion of research and consultation capabilities of the Group;

Listing Rules implications

Capital Group is our Controlling Shareholder and BII is our substantial shareholder and thus a connected person of our Company under Chapter 14A of the Listing Rules. Accordingly, the Research and Consulting Services will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon **[REDACTED]**.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for each of the three years ending December 31, 2028 exceeds 0.1% but are all below 5% on an annual basis, the Research and Consultation Services will, upon **[REDACTED]**, constitute continuing connected transaction of our Company subject to reporting, annual review, and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. Provision of services by our connected persons to us

(a) Brand Promotion Services

Background

Historically, Capital Group had provided brand promotion services to us from time to time, including our previous business partnership with Beijing China Open Promotion Co., Ltd., an associate of Capital Group.

Pursuant to the Master CCT Agreement with Capital Group, we will procure brand promotion services (the "**Brand Promotion Services**") with effect from the **[REDACTED]** up to December 31, 2028. These services include various forms of brand promotion services, such as brand image design, promotional material production, advertising and media placement and brand promotion activities in sporting and cultural events such as the China Open, aimed at enhancing the Group's brand visibility and market reach through Capital Group's capabilities in brand design and promotional marketing, as well as its influence in the sports and cultural industries.

Pricing basis

The brand promotion fees shall be determined based on arm's length negotiations mainly based on standard rates offered to Independent Third Parties taking into account the nature of the services, costs of the services provided, service standards and the commercial potential of such services and shall be no less favorable to our Group than terms of services offered by Capital Group and its associates to Independent Third Parties.

Historical transaction amounts

For the years ended December 31, 2023, 2024 and 2025, the brand promotion expenses paid by us to Capital Group and its associates amounted to approximately nil, RMB4.9 million and RMB0.1 million, respectively.

Proposed annual caps

Our Directors estimate that the annual caps for the brand promotion expenses to be accumulated for the Brand Promotion Services in respect of the three years ending December 31, 2026, 2027 and 2028 will be RMB6 million, RMB6 million and RMB6 million, respectively.

In determining the above proposed annual caps, our Directors have taken into account the following factors:

- the maximum annual historical amount of brand promotion expenses paid by us to Capital Group and its associates during the Track Record Period; and
- our business plan to further enhance brand promotion efforts and strengthen brand influence, which is expected to increase the need for brand promotion services, and accordingly, brand promotion expenses in the three years ending December 31, 2028.

Listing Rules implications

Capital Group is our Controlling Shareholder and thus a connected person of our Company under Chapter 14A of the Listing Rules. Accordingly, the Brand Promotion Services will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon **[REDACTED]**.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for each of the three years ending December 31, 2028 exceeds 0.1% but are all below 5% on an annual basis, the Brand Promotion Services will, upon **[REDACTED]**, constitute continuing connected transaction of our Company subject to reporting, annual review, and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Trading of financial products

Background

In the ordinary and usual course of our business, we would trade in financial products such as bonds, fixed income products or fund products with various counterparties in the market, such financial products may include those that are issued by Capital Group, BII (and their respective associates). We do not directly trade in financial products with Capital Group and BII (and their respective associates) as trade counter parties.

Pursuant to the Master CCT Agreements, will, from time to time, trade in financial products (the "**Financial Products Trading**") such as bonds, fixed income products, fund products or equity products issued by Capital Group and BII and (their respective associates) with effect from the **[REDACTED]** up to December 31, 2028.

Pricing basis

The market rates and market price in respect of each of the financial products under the Financial Products Trading are generally transparent and standardized across the market. The commission rates, coupon rates, fees charged and market price for these products shall be determined based on the prevailing market prices or based on arm's length negotiations with reference to the prevailing market rates normally applicable to independent counterparties for similar types of transactions at the time.

Historical transaction size

The historical transaction size for the Financial Products Trading issued by Capital Group, BII (and their respective associates) were as follows for the three years ended December 31, 2025 were as follows:

		Historical transaction size (in RMB billions)		
		for the year ending December 31,		
		2023	2024	2025
Capital Group and its associates	*In*[1]	0.8	2.1	3.3
	Out[2]	0.9	1.8	3.3
BII and its associates	*In*[1]	1.0	0.9	0.9
	Out[2]	1.0	0.9	0.9

Notes:

(1) "In" means the total cash inflow to our Group arising from the sale of financial products, interests received from financial products and proceeds from the redemption of financial products.

(2) "Out" means the total cash outflow from our Group arising from the purchase of financial products.

(3) The numbers shown in the above table refer to the total accumulative cash inflow or outflow (as the case may be) in the relevant year and are not meant to represent or indicate the amount of holdings by our Group of the financial products issued by Capital Group, BII or their respective associates at any point of the time in the relevant year.

Proposed annual caps

Our Directors estimate that the annual caps for cash inflow and outflow arising from the trading of financial products issued by Capital Group and BII (and their respective associates) for the three years ending December 31, 2028 will be as follows:

		Annual caps (in RMB billions)		
		for the year ending December 31,		
		2026	2027	2028
Capital Group and its associates	*In*[1]	10.0	15.0	22.5
	Out[2]	10.0	15.0	22.5
BII and its associates	*In*[1]	3.0	4.5	6.75
	Out[2]	3.0	4.5	6.75

Notes:

(1) "In" means the total cash inflow to our Group arising from the sale of financial products, interests and profits distribution received from financial products and proceeds from the redemption of financial products.

(2) "Out" means the total cash outflow from our Group arising from the purchase of financial products.

(3) The numbers shown in the above table refer to the total accumulative cash inflow or outflow (as the case may be) in the relevant year and are not meant to represent or indicate the amount of holdings by our Group of the financial products issued by Capital Group, BII or their respective associates at any point of the time in the relevant year.

In determining the above proposed annual caps, our Directors have taken into account the following factors:

- the highest annual amount of total cash inflow or outflow during the Track Record Period and an adequate buffer to cover any regulatory changes and market volatility such as change in interest rates, valuation and market activities that may have a direct impact on the transaction price, volume and frequency; and
- our Group's plan to invest more capital to grow the investment trading business and expand our market-making qualifications and capabilities. Therefore, trading volume and trading frequency are expected to increase resulting in the increase of total cash inflow and outflow in the three years ending December 31, 2028.

Listing Rules implications

Capital Group is our Controlling Shareholder and BII is our substantial shareholder and therefore are connected persons of our Company under Chapter 14A of the Listing Rules. Accordingly, the Financial Products Trading will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon **[REDACTED]**.

As one or more of the applicable percentage ratios under the Listing Rules in respect of the annual caps for each of the three years ending December 31, 2028 exceeds 5% on an annual basis, the Financial Products Trading will, upon **[REDACTED]**, constitute continuing connected transaction of our Company subject to reporting, annual review, announcement, circular and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

APPLICATION FOR WAIVER

Pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirement under Rule 14A.35 (in respect of the partially exempt and non-exempt continuing connected transactions) and the independent shareholders' approval requirements under Rule 14A.36 of the Listing Rules (in respect of the non-exempt continuing connected transactions). Apart from the above waivers sought on the strict compliance of the announcement and independent Shareholders' approval requirements, we will comply with the relevant requirements under Chapter 14A of the Listing Rules upon **[REDACTED]**.

If any terms of the transactions contemplated under the agreements mentioned above are altered or if our Company enters into any new agreements with any connected person in the future, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

DIRECTORS' VIEWS

The Directors (including the independent non-executive Directors) consider that the partially exempt and non-exempt continuing connected transactions disclosed above (i) have been and will be carried out in the ordinary and usual course of our Company's business; (ii) are on normal commercial terms or better which are fair and reasonable and in the interests of our Company and its Shareholders as a whole; and (iii) the respective proposed annual caps are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

JOINT SPONSORS' VIEWS

Based on the above, and the documentation and data provided by our Company and the participation in due diligence and discussion with our Company, the Joint Sponsors are of the view that the partially exempt and non-exempt continuing connected transactions disclosed above (i) have been and will be carried out in the ordinary and usual course of our Company's business; (ii) are on normal commercial terms or better which are fair and reasonable and in the interests of our Company and its shareholders as a whole; and (iii) the respective proposed annual caps are fair and reasonable and in the interests of our Company and its Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and assuming no other changes in our shareholding structure since the Latest Practicable Date up to the **[REDACTED]**), the following persons will have interest and/or short position (as applicable) in the Shares or the underlying Shares of our Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting rights of our Company:

			Shares held as of the Latest Practicable Date		**Shares held immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and assuming no other changes in our shareholding structure since the Latest Practicable Date up to the [REDACTED])**		
Name of Shareholder	**Nature of interest**	**Description of Shares**	**Number of Shares[1]**	**Approximate percentage of shareholding in our total share capital**	**Number of Shares[1]**	**Approximate percentage of shareholding in our A Shares**	**Approximately percentage of shareholding in our total share capital[2]**
Capital Group	Beneficial owner	A Shares	1,454,266,843	53.20%	1,454,266,843	53.20%	**[REDACTED]**%
BII	Beneficial owner	A Shares	570,503,157	20.87%	570,503,157	20.87%	**[REDACTED]**%
BSCOMC	Interest in a controlled corporation[3]	A Shares	227,080,000	8.31%	227,080,000	8.31%	**[REDACTED]**%
Beijing Energy Holding	Beneficial owner	A Shares	227,080,000	8.31%	227,080,000	8.31%	**[REDACTED]**%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

(3) Beijing Energy Holding is directly wholly-owned by BSCOMC. BSCOMC is deemed to be, or taken to be, interested in all the Shares held by Beijing Energy Holding for the purpose of the SFO.

Save as disclosed above and in ''Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—3. Disclosure of interests'' in Appendix VI (and taking no account of any Shares which may be issued pursuant to the exercise of the **[REDACTED]**), our Directors are not aware of any person who will, immediately following the completion of the **[REDACTED]** has an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

BEFORE COMPLETION OF THE [REDACTED]

As of the Latest Practicable Date, the issued share capital of our Company consisted of 2,733,333,800 A Shares with a nominal value of RMB1.00 each, all of which are listed on the Main Board of the Shanghai Stock Exchange.

UPON COMPLETION OF THE [REDACTED]

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares in issue	2,733,333,800	**[REDACTED]**%
H Shares **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100.00%**

Immediately following the completion of the **[REDACTED]** (assuming the **[REDACTED]** is exercised in full), the issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital
A Shares in issue	2,733,333,800	**[REDACTED]**%
H Shares **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**100.00%**

The above table assumes that the **[REDACTED]** has become unconditional and the H Shares are **[REDACTED]** pursuant to the **[REDACTED]**.

OUR SHARES

Upon the completion of the **[REDACTED]**, our Shares will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional investors in Chinese mainland, the qualified investors in Chinese mainland under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if our H Shares are eligible securities for that purpose) and other persons who are entitled to hold our H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be **[REDACTED]** for by or **[REDACTED]** between legal or natural persons in Chinese mainland.

Shanghai-Hong Kong Stock Connect, activated on November 17, 2014, has established a stock connect mechanism between Chinese mainland and Hong Kong. Our A Shares can be traded by investors in Chinese mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be **[REDACTED]** by investors in Chinese mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the **[REDACTED]**. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (H股公司境內未上市股份申請「全流通」業務指引) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for **[REDACTED]** and **[REDACTED]** on the Stock Exchange.

RANKING

Our A Shares and our H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends could also be distributed in the form of Shares. Holders of our H Shares will receive scrip dividends in the form of H Shares, and holders of our A Shares will receive scrip dividends in the form of A Shares.

APPROVAL FROM A SHAREHOLDERS REGARDING THE [REDACTED]

We obtained our A Shareholders' approval to **[REDACTED]** H Shares and seek the **[REDACTED]** of H Shares on the Stock Exchange at the general meeting of our Company held on August 28, 2025. Such approval is subject to the following conditions:

(i) **Size of the [REDACTED].** The proposed number of H Shares **[REDACTED]** shall not exceed **[REDACTED]** of the total issued share capital enlarged by the H Shares **[REDACTED]** pursuant to the **[REDACTED]** (before the exercise of the **[REDACTED]**). The number of H Shares **[REDACTED]** pursuant to the exercise of the **[REDACTED]** shall not exceed **[REDACTED]**% of the total number of H Shares **[REDACTED]** initially under the **[REDACTED]**.

(ii) **Method of [REDACTED].** The method of **[REDACTED]** shall be by way of an **[REDACTED]** to eligible institutional **[REDACTED]** and a **[REDACTED]** for **[REDACTED]** in Hong Kong.

(iii) **Target [REDACTED].** The H Shares shall be **[REDACTED]** to public **[REDACTED]** in Hong Kong under the **[REDACTED]** and international **[REDACTED]**, qualified domestic **[REDACTED]** eligible to **[REDACTED]** in overseas securities according to the PRC law and other **[REDACTED]** who comply with the relevant regulatory requirements.

(iv) **[REDACTED] basis.** The **[REDACTED]** of the H Shares will be determined on the basis of not less than the net asset value per share attributable to ordinary shareholders of the parent company as shown in the most recent audited financial statements prior to the issuance. It will also take into account, among other factors, the interests of existing Shareholders, acceptance of **[REDACTED]**, conditions of domestic and overseas capital markets, and risks related to the **[REDACTED]**. In accordance with international practice, and based on **[REDACTED]**, the **[REDACTED]** price will be determined through a market-oriented **[REDACTED]** mechanism, following consultation between the Board and/or its authorized persons and the **[REDACTED]** the **[REDACTED]**, as authorized by the shareholders' meeting.

(v) **Validity period.** The **[REDACTED]** of H Shares and **[REDACTED]** of H Shares on the Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on August 28, 2025. If our Company is unable to complete the **[REDACTED]** of H Shares and **[REDACTED]** of H Shares on the Stock Exchange within such period, we may convene a shareholders' meeting to extend the validity period. Furthermore, pursuant to the Shareholders' resolution, if our Company obtains the relevant regulatory approval or filing documents for the issuance and **[REDACTED]** within the said validity period, the resolution shall be automatically extended until the completion of the **[REDACTED]** of H Shares and **[REDACTED]** H Shares on the Stock Exchange (including the exercise of any **[REDACTED]**, if applicable).

There is no other approved **[REDACTED]** plan for the H Shares except the **[REDACTED]**.

GENERAL MEETINGS

For details of circumstance under which our general meetings are required, see "Summary of the Articles of Association—Shareholders and Shareholders' Meeting" in Appendix III to this document.

You should read the following section in conjunction with our consolidated financial information, including the accompanying notes thereto, as set out in the Accountants' Report included in Appendix I to this document. Our consolidated financial information for the Track Record Period has been prepared in accordance with IFRS Accounting Standards, which may differ in material respects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Our future results could differ materially from those anticipated in these forward-looking statements. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business."

OVERVIEW

We are a financial services provider in China with notable value creation capabilities, substantial asset management expertise and commitment to pursuing distinctive and differentiated development. Based in Beijing with nationwide services, we have built a one-stop financial service platform and cultivated a steadily growing and diversified client base. During the Track Record Period, we maintained a strong financial performance. According to Frost & Sullivan, our revenue and net profit under the PRC GAAP increased from 2022 to 2024 at a CAGR which ranked us 5th and 10th, respectively, among the 42 A-share listed securities companies in the PRC. In 2024, our return on average total assets and weighted return on average equity (after deducting non-recurring profits or losses) under the PRC GAAP ranked 1st and 7th, respectively, among the abovementioned A-share listed securities companies in the PRC.

We have four major business segments, namely, (a) asset management related business, (b) investment related business, (c) investment banking related business and (d) wealth management related business. During the Track Record Period, we achieved consistent growth in our operating results and demonstrated strong profitability with our total revenue, gains and other income increased from RMB2,979.3 million in 2023 to RMB3,646.4 million in 2025, at a CAGR of 10.6%, and our profit for the year attributable to owners of the Company increased from RMB701.0 million in 2023 to RMB1,056.4 million in 2025, at a CAGR of 22.8%.

BASIS OF PREPARATION

Our consolidated financial information for the Track Record Period has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the IASB.

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the consolidated financial information throughout the Track Record Period.

Our Group has not applied a number of new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in our consolidated financial statements for the Track Record Period. For details, see Note 2.2 to the Accountants' Report. Our Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, we consider that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on our financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of our Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial information. We will continue to assess the impact of IFRS 18 on our financial information.

Our consolidated financial information for the Track Record Period has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and financial assets or liabilities at fair value through profit or loss which have been measured at fair value at the end of each of the Track Record Period. For further information on our basis of consolidation, see Note 2.1 to the Accountants' Report.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following are the principal factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects.

Economic and Market Conditions

As a securities company operating in the PRC, our financial performance is mainly affected by the overall economic and market conditions. Economic and market conditions that have been and may continue to affect our businesses and profitability include the macro economy, trading volumes in the capital markets, inflation rate, unemployment rate, interest rates and exchange rates, levels of business activity and investor confidence. Economic and market conditions may affect: (i) clients' financing needs, thereby affecting our businesses such as investment banking, margin financing and securities lending as well as stock-backed lending; (ii) clients' trading activities, thereby affecting our businesses such as securities brokerage, asset management and fund management; and (iii) the performance of our investment portfolios, thereby affecting our businesses such as fixed income investment and trading and equity securities investment.

Regulatory Environment

Our results of operations, financial condition and prospects are subject to regulatory developments in the PRC and economic measures undertaken by the PRC government. In particular, we believe that our ability to expand our business and broaden the scope of our product and service offerings has been, and will continue to be, materially affected by changes in the policies, laws and regulations governing the PRC securities industry.

The regulatory regime of the PRC securities industry has been evolving and the CSRC and other regulatory authorities are committed to developing the PRC securities industry with an objective of improving capital market activities and efficiency, and broadening the scope of new products and services that securities firms can offer. The PRC government has also taken various measures to improve the capital efficiency and diversify the funding sources of PRC securities firms by means of encouraging PRC securities firms to, among others, issue commercial paper, corporate bonds and perpetual bonds, as well as through encouraging strategic private investments from long-term institutional investors. We expect these regulatory reforms and governmental measures to continue to affect the PRC securities industry and our business, financial condition and results of operations.

Competition

The PRC securities industry is highly competitive, and we face intense competition in all aspects of our business. We compete primarily with other securities firms in China with similar service scope and business scale, some of whom may offer a broader range of services, have greater financial resources or have larger customer bases. We also compete in different levels of cross-industry and cross-business with other financial service providers, such as fund management companies, commercial banks, insurance companies and trust companies.

We believe that the principal factors affecting competition include price, types of products and services offered, transaction execution, experience and knowledge of staff and geographic coverage. Increased competition or an adverse change in our competitive position could lead to a reduction of market share and therefore a reduction of revenue and profit, in particular, causing the commission and fee income of our asset management and brokerage businesses, which accounted for a considerable portion of our revenue, to decrease.

Business Lines and Product Mix

Our business lines and products and services have different profit margins and future growth prospects and, as a result, any material changes in our product mix, whether due to changes in our growth strategies, market conditions, customer demand and/or other reasons, may affect our financial condition and results of operations. Our historical financial results were largely affected by the revenue contributions and profit margins of our asset management related business and investment related business. In the future, we plan to proactively implement our strategy enhancing synergy amongst our various businesses and seek to diversify our sources of income. Our future results of operations and financial condition could be significantly affected by our abilities to design, develop and launch new products, to transact with new clients and counterparties, to manage new asset types and to enter new markets.

Interest Rates

Our business and results of operations are also affected by changes in interest rates in China. Changes in interest rates affect the value of our financial assets and liabilities. An increase in interest rates would result in an increase in our interest income from interest-earning assets. Our interest-earning assets consist primarily of debt instruments at FVTOCI, deposits with exchanges and financial institutions, and advances to customers and securities lending, among other things. Meanwhile, an increase in interest rates could cause a decline in the fair value of the fixed income securities we invest in and adversely affect our average investment yield, while lowering the ability or willingness of our clients to raise funds from the debt markets, leading to a reduction of income generated from our various businesses related to investment in fixed income securities. An increase in interest rates would also increase the amount of interest expenses we need to pay on interest-bearing liabilities and our financing costs. We make interest payments on long-term and short-term bonds issued, short-term financing payables, financial assets sold under repurchase agreements and accounts payable to brokerage clients, among other things.

When interest rates decrease, our financing costs would decrease accordingly, and the fair value of the fixed income securities would increase, leading to a positive impact on our average investment yield. However, the decrease of interest rate would result in a decrease in the interest income from our floating rate interest-earning assets. For a sensitivity analysis on the impacts of interest rates on our financial position, see Note 58.2 to the Accountants Report.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management to make subjective and complex judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our material accounting policies, (ii) the accounting judgments and estimates and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions, where applicable.

We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our material accounting policies, which are important for an understanding of our financial condition and results of operations, are set out in further details in Note 3 to the Accountants' Report. For more details of our material accounting judgments and estimates in applying our accounting policies, see Note 4 of the Accountants' Report.

Revenue Recognition

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Asset management and fund management fee income: Asset and fund management fees include periodic management fees calculated based on assets under management and performance-based fees. The fees are recognized progressively over time using a method that depicts our performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Commission income and fees from brokerage business: Commission income includes commission income on securities dealing and commission income on futures and option contracts dealing, which is recognized on the trade date when the relevant transactions are executed. Handling and settlement fee income arising from brokerage business including handling fees for selling financial products and fees from account opening and transfer service, which is recognized when the related services are rendered.

Underwriting and sponsors' fee income: Income from the underwriting business is recognized when the obligations under the contracts are fulfilled. Depending on the contract terms, income from the sponsorship business is recognized upon the completion of the obligations.

Consultancy and financial advisory fee income: Depending on the nature of the services and the contract terms, consultancy and financial advisory fees are recognized in profit or loss over time using a method that depicts our performance, or at a point in time when the service is completed.

Interest income: Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset. For financial assets at FVTOCI that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income: Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to us and the amount of the dividend can be measured reliably.

Other business: Income from other business shall be recognized when our responsibilities and obligations under the contracts have been fulfilled and the amounts collected can be reasonably estimated.

Financial Assets

Initial recognition and measurement; Determination on classification of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at (a) amortized cost, (b) fair value through other comprehensive income ("**FVTOCI**"), and (c) fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

Our business model for managing financial assets refers to how we manage our financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

- Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- Financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

- Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that we commit to purchase or sell the asset.

Classification and measurement of financial assets depends on the results of whether the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the business model test. We determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments):

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVTOCI (debt instruments):

For debt investments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at FVTOCI (equity investments):

Upon initial recognition, we can elect to classify irrevocably its equity investments as equity investments designated at FVTOCI when they meet the definition of equity under *IAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when we benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at FVTPL:

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes derivative instruments and equity investments which we had not irrevocably elected to classify at FVTOCI. Dividends on the equity investments are also recognized as investment income and gains in the statement of profit or loss when the right of payment has been established.

Financial assets sold under repurchase agreements and financial assets held under resale agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognized in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase is recognized as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

Impairment of financial assets

We recognize an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that we expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach:

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible

within the next 12 months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a Lifetime ECLs).

At each reporting date, we assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, we compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, we consider a financial asset to be in default when internal or external information indicates that we are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by us.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at FVTOCI and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivables which apply the simplified approach as detailed below:

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to Lifetime ECLs

- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to Lifetime ECLs

Simplified approach:

For account receivables that do not contain a significant financing component or when we apply the practical expedient of not adjusting the effect of a significant financing component, we apply the simplified approach in calculating ECLs. Under the simplified approach, we do not track changes in credit risk, but instead recognizes a loss allowance based on Lifetime ECLs at each reporting date. We have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Measurement and recognition of ECLs

The following significant judgments are required in applying the accounting requirements for measuring the ECLs:

- Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECLs for Stage 1 assets, or Lifetime ECLs for Stage 2 or Stage 3 assets. An asset classified as Stage 2 when its credit risk has increased significantly since initial recognition, and it comes to Stage 3 when it is credit impaired (but it is not purchased original credit impaired). In assessing whether the credit risk of an asset has significantly increased, we take into account qualitative and quantitative reasonable and supportable forward-looking information.

- Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. We monitor the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is

appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets transfer from 12-month to Lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or Lifetime ECLs but the amount of ECLs changes because the credit risk of the portfolios differ.

- Models and assumptions used

We use various models and assumptions in estimating ECLs. We use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring ECLs. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, borrowings, or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Our financial liabilities mainly include financial assets sold under repurchase agreements, bonds payable, accounts payable to brokerage clients, and financial liabilities at FVTPL, accounts and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at FVTPL:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from our own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (accounts and other payables, and borrowings)

After initial recognition, accounts and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Fair Value of Financial Instruments

We measure our derivative financial instruments and financial investments at fair value at the end of each of reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

We use valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and option pricing models. To the extent practical market observable inputs and data, such as interest rate yield curves, foreign currency rates and implied option volatilities, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of our Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derivative Financial Instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Fair values are obtained from quoted market prices in active markets or are determined using valuation techniques, including discounted cash flow model and option pricing model as appropriate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND RESULTS OF OPERATIONS

The following table sets forth our results of operations for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Commission and fee income	1,233,776	1,838,885	1,415,520
Interest income	576,991	609,565	553,341
Investment income and gains	1,159,626	1,139,333	1,667,724
Total revenue	**2,970,393**	**3,587,783**	**3,636,585**
Other income and gains	8,908	13,994	9,779
Total revenue, gains and other income	**2,979,301**	**3,601,777**	**3,646,364**
Depreciation and amortization	(101,868)	(115,637)	(117,631)
Staff costs	(734,563)	(893,261)	(879,017)
Commission and fee expenses	(356,284)	(480,109)	(444,660)
Interest expenses	(729,111)	(704,452)	(696,503)
Other operating expenses	(256,342)	(248,635)	(292,640)
Credit loss expense, net of reversal	(41,904)	(24,160)	32,751
Impairment losses	—	—	(5,916)
Total expenses	**(2,220,072)**	**(2,466,254)**	**(2,403,616)**
Share of profits and losses of an associate and a joint venture	**33,338**	**2,764**	**23,866**
Profit before income tax	792,567	1,138,287	1,266,614
Income tax expense	(91,468)	(153,140)	(210,397)
Profit for the year	**701,099**	**985,147**	**1,056,217**
Attributable to:			
Owners of the Company	701,039	984,888	1,056,403
Non-controlling interests	60	259	(186)

REVENUE, GAINS AND OTHER INCOME

Our revenue, gains and other income consists mainly of (a) commission and fee income, (b) interest income, and (c) investment income and gains. The following table sets forth our revenue, gains and other income for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Commission and fee income	1,233,776	1,838,885	1,415,520
Interest income	576,991	609,565	553,341
Investment income and gains	1,159,626	1,139,333	1,667,724
Total revenue	**2,970,393**	**3,587,783**	**3,636,585**
Other income and gains	8,908	13,994	9,779
Total revenue, gains and other income	**2,979,301**	**3,601,777**	**3,646,364**

Comparisons between 2025 and 2024

Our total revenue, gains and other income remained relatively stable which amounted to RMB3,601.8 million in 2024 and RMB3,646.4 million in 2025.

Comparisons between 2024 and 2023

Our total revenue, gains and other income increased by 20.9% to RMB3,601.8 million in 2024 from RMB2,979.3 million in 2023, primarily due to an increase in our commission and fee income.

Commission and Fee Income

Our commission and fee income consists of the following: (i) Asset management and fund management fee income representing the management fees and performance fees from our asset management business and private equity investment fund business; (ii) Commission on securities dealing, broking and seats renting and handling fee income from our securities brokerage business; (iii) Underwriting and sponsors' fee income from our bonds underwriting and ABS business and equity sponsoring and underwriting business; (iv) Commission on futures and option contracts dealing and broking and handling fee income from our futures brokerage business; (v) Consultancy and financial advisory fee income from our investment advisory services and financial advisory services; and (vi) Others referring to other comprehensive financial services mainly including capital introduction services.

The following table sets forth our commission and fee income for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Asset management and fund management fee income	775,526	1,268,624	712,770
Commission on securities dealing, broking and seats renting and handling fee income	268,346	269,808	350,488
Underwriting and sponsors' fee income	76,734	164,094	170,927
Commission on futures and option contracts dealing and broking and handling fee income	42,488	45,370	49,427
Consultancy and financial advisory fee income	42,434	73,990	123,305
Others	28,248	16,999	8,603
	1,233,776	**1,838,885**	**1,415,520**

The increase in commission and fee income from 2023 to 2024 was mainly attributable to (i) the increase in asset management and fund management fee income, and (ii) an increase in underwriting and sponsors' fee income. The decrease in commission and fee income from 2024 to 2025 was mainly attributable to the decrease in asset management and fund management fee income over the same years.

Comparisons between 2025 and 2024

Our commission and fee income decreased by 23.0% to RMB1,415.5 million in 2025 from RMB1,838.9 million in 2024. This was primarily due to a decrease in asset management and fund management fee income which was mainly attributable to the decrease in performance fees of asset management products as impacted mainly by fluctuations in the bond market.

Comparisons between 2024 and 2023

Our commission and fee income increased by 49.0% to RMB1,838.9 million in 2024 from RMB1,233.8 million in 2023. This was primarily due to (i) an increase in asset management and fund management fee income mainly attributable to (a) the steady growth in AUM (from RMB130.3 billion as of December 31, 2023 to RMB143.9 billion as of December 31, 2024) through the development of diversified distribution channels and deepened collaborations with third-party distributors, leading to a correspondingly stable increase in management fee income calculated based on AUM, and (b) the improvement in our fixed income and equity related research capabilities for our asset management business which helped effectively capitalize on the bull market in both stocks and bonds, resulting in outstanding asset management product performance and a substantial increase in performance fees. The A-share market experienced a bottoming-out and rebound in 2024 with the Shanghai Composite Index rose from below 3,000 points at the beginning of the year to around 3,500 points. Our asset management research team anticipated early on that the stock market had entered a bottoming-out phase. Adopting a contrarian investment strategy from the start of 2024, we progressively increased the issuance and allocation of equity-focused asset management products. This forward-looking positioning enabled us to effectively capture the rapid rebound at the end of September, as market sentiment improved and stock valuations recovered. Separately with the bond market, the yield on 10-year government bonds fell significantly from 2.56% at the beginning of 2024 to around 1.7% by year-end. Our asset management research team closely monitored multidimensional macroeconomic data, including economic growth, inflation levels, and employment conditions and anticipated early on in the year the decreasing trend of interest rates under the loose monetary policy. As bond prices move inversely to yields, we positioned our bond investment strategies for asset management early on in 2024 and expanded the scale of fixed-income assets for our asset management products, which successfully helped us capitalize on this round of the bond bull market for our asset management business, and (ii) an increase in underwriting and sponsors' fee income which was primarily in relation to the increase in underwriting fees for our bond underwriting transactions mainly in line with the increase in our bond underwriting scale from RMB18.8 billion in 2023 to RMB24.8 billion in 2024.

Interest Income

Our interest income is mainly generated from the following: (i) Debt instruments at FVTOCI in relation to certain debt securities held by us for our fixed income investment and trading business; (ii) Deposits with exchanges and financial institutions mainly representing interest income we receive from exchanges and financial institutions for cash balance held on behalf of our clients for our brokerage business, as well as our own cash balance; (iii) Advances to customers and securities lending mainly in relation to our margin financing and securities lending business; and (iv) Financial assets held under resale agreements and others mainly in connection with (a) our stock-backed lending business and (b) reverse repurchase transactions.

The following table sets forth our interest income for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Debt instruments at FVTOCI	281,021	305,200	239,968
Deposits with exchanges and financial institutions	126,739	148,969	132,572
Advances to customers and securities lending	140,491	135,611	170,577
Financial assets held under resale agreements and others	28,740	19,785	10,224
	576,991	**609,565**	**553,341**

During the Track Record Period, the changes in our interest income was mainly attributable to (i) the changes in interest income from debt instruments at FVTOCI and (ii) the decreasing trend of our financial assets held under resale agreements and others mainly resulting from our contracted stock-backed lending business.

Comparisons between 2025 and 2024

Our interest income decreased by 9.2% to RMB553.3 million in 2025 from RMB609.6 million in 2024. This was primarily due to a decrease in interest income from debt instruments at FVTOCI mainly in line with low interest rate level in the bond market in 2025, partially offset by an increase in interest income from advances to customers and securities lending in relation to our margin financing and securities lending business.

Comparisons between 2024 and 2023

Our interest income increased by 5.7% to RMB609.6 million in 2024 from RMB577.0 million in 2023. This was primarily as a result of (i) an increase in interest income from debt instruments at FVTOCI mainly due to the increase in investment position of such debt securities as we adjusted our portfolio structure with more investment in 2024 in interest rates bonds such as government bonds and local government bonds, and (ii) an increase in interest income from deposits with exchanges and financial institutions mainly in relation to our brokerage business.

Investment Income and Gains

Our investment income and gains consist of the following: (i) realized and unrealized gains or losses from: (a) financial assets at FVTPL primarily including debt securities, asset management schemes, funds and equity securities we held for proprietary investment and trading; (b) financial liabilities at FVTPL arising from debt securities lending arrangements with counterparties for fixed income investment and trading business; (c) derivatives such as treasury futures and total return swaps; (d) debt instruments at FVTOCI, in relation to certain debt securities held by us for our fixed income investment and trading business; and (ii) dividend income from equity instruments designated at FVTOCI mainly representing high dividend yield equity securities we invest in for our equity securities investment business.

The following table sets forth our investment income and gains for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Realized and unrealized gains/(losses) from			
- financial assets at FVTPL	1,172,980	1,127,257	1,169,077
- financial liabilities at FVTPL	(28,097)	(86,016)	11,155
- derivatives	(81,262)	(193,411)	(1,425)
- debt instruments at FVTOCI	96,005	170,725	161,961
Dividend income from			
- equity instruments designated at FVTOCI	—	120,778	326,956
	1,159,626	**1,139,333**	**1,667,724**

Comparisons between 2025 and 2024

Our investment income and gains increased by 46.4% to RMB1,667.7 million in 2025 from RMB1,139.3 million in 2024. This was primarily due to (i) an increase in dividend income from equity instruments designated at FVTOCI as we made more investment in high dividend yield equity securities, (ii) a decrease in realized and unrealized losses from derivatives mainly in relation to our investment in treasury bond futures and commerce futures for our fixed income investment and trading business, and (iii) a turnaround of realized and unrealized losses to gains from financial liabilities at FVTPL in relation to debt securities lending arrangements with counterparties for fixed income proprietary trading.

Comparisons between 2024 and 2023

Our investment income and gains remained relatively stable which amounted to RMB1,159.6 million and RMB1,139.3 million in 2023 and 2024, respectively. Realized and unrealized gains from financial assets at FVTPL remained relatively stable whereas an increase in dividend income from equity instruments designated at FVTOCI (mainly in relation to high dividend yield equity securities) was offset by (i) an increase in realized and unrealized loss from derivatives and (ii) an increase in realized and unrealized loss from financial liabilities at FVTPL in relation to debt securities lending arrangements with counterparties for fixed income proprietary trading.

Other Income and Gains

Our other income, gains and losses include: (i) government grants received by us from the local governments mainly to provide industrial support to financial sector participants, (ii) gains or loss on disposal of non-financial assets, (iii) foreign exchange gains or losses, and (iv) other non-operating income such as individual income tax refund. The following table sets forth our other income and gains for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	4,830	8,548	5,717
Gains on disposals of non-financial assets	68	146	826
Foreign exchange gains or losses	381	399	(1,474)
Others	3,629	4,901	4,710
	8,908	**13,994**	**9,779**

During the Track Record Period, the changes in our other income and gains were generally in line with the changes in government grants.

Comparisons between 2025 and 2024

Our other income and gains decreased by 30.1% to RMB9.8 million in 2025 from RMB14.0 million in 2024. This was primarily due to (i) a decrease in government grants, and (ii) foreign exchange losses incurred in 2025 mainly in connection with the offshore assets (such as USD or EUR-denominated bonds) of asset management products in relation to consolidated structured entities.

Comparisons between 2024 and 2023

Our other income and gains increased significantly by 57.1% to RMB14.0 million in 2024 from RMB8.9 million in 2023. This was primarily due to an increase in government grant mainly in relation to financial industry policy project subsidies from local government.

TOTAL EXPENSES

Our total expenses consist of (a) depreciation and amortization, (b) staff costs, (c) commission and fee expenses, (d) interest expenses, (e) other operating expenses, and (f) credit loss expense and impairment losses. The following table sets forth our total expenses for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation and amortization	101,868	115,637	117,631
Staff costs	734,563	893,261	879,017
Commission and fee expenses	356,284	480,109	444,660
Interest expenses	729,111	704,452	696,503
Other operating expenses	256,342	248,635	292,640
Credit loss expense, net of reversal	41,904	24,160	(32,751)
Impairment losses	—	—	5,916
Total expenses	**2,220,072**	**2,466,254**	**2,403,616**

Comparisons between 2025 and 2024

Our total expenses remained relatively stable which amounted to RMB2,466.3 million in 2024 and RMB2,403.6 million in 2025.

Comparisons between 2024 and 2023

Our total expenses increased by 11.1% to RMB2,466.3 million in 2024 from RMB2,220.1 million in 2023. This was primarily due to an increase in staff costs, commission and fee expenses and depreciation and amortization, respectively.

Depreciation and Amortization

Our depreciation and amortization include: (i) depreciation for right-of-use assets, (ii) depreciation for property, plant and equipment, (iii) depreciation for investment properties, and (iv) amortization of other intangible assets mainly in relation to computer software. The following table sets forth our depreciation and amortization for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation for right-of-use assets	60,351	65,846	64,282
Depreciation for property, plant and equipment	22,774	25,209	24,270
Depreciation for investment properties	420	841	1,297
Amortization of other intangible assets	18,323	23,741	27,782
	101,868	**115,637**	**117,631**

Comparisons between 2025 and 2024

Our depreciation and amortization remained relatively stable which amounted to RMB115.6 million in 2024 and RMB117.6 million in 2025.

Comparisons between 2024 and 2023

Our depreciation and amortization increased by 13.5% to RMB115.6 million in 2024 from RMB101.9 million in 2023. This was primarily due to (i) an increase in amortization of other intangible assets mainly in relation to computer software for our IT infrastructure, and (ii) an increase in depreciation for right-of-use assets attributable to our leased properties in the PRC.

Staff Costs

Our staff costs mainly include (i) salaries, bonus and allowances, (ii) social welfare, (iii) defined contribution plans, and (iv) others mainly including employee benefits, union fund allocations and employee training expenditures. The following table sets forth our staff costs for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonus and allowances	540,219	674,863	660,837
Social welfare	79,869	87,705	94,656
Defined contribution plans	86,493	97,384	87,883
Others	27,982	33,309	35,641
	734,563	**893,261**	**879,017**

Comparisons between 2025 and 2024

Our staff costs decreased slightly to RMB879.0 million in 2025 from RMB893.3 million in 2024. This was primarily due to a decrease in salaries, bonus and allowances, as well as staff costs for defined contribution plans, which were primarily due to the decrease in the number of employees.

Comparisons between 2024 and 2023

Our staff costs increased by 21.6% to RMB893.3 million in 2024 from RMB734.6 million in 2023. This was primarily due to an increase in salaries, bonus and allowances, which was mainly attributable to an increase in performance-based bonuses for employees corresponding to our business growth.

Commission and Fee Expenses

Our commission and fee expenses mainly consist of the following: (i) Asset management and fund management fee expenses mainly representing third-party distribution expenses for our asset management business; (ii) Commission on securities and futures dealing and broking fee expenses for our securities or futures brokerage business; and (iii) Underwriting and sponsors' fee expenses for our bonds underwriting and ABS business and equity sponsoring and underwriting business.

The following table sets forth our commission and fee expenses for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Asset management and fund management fee expenses	265,375	374,530	302,959
Commission on securities and futures dealing and broking fee expenses	88,106	95,611	128,632
Underwriting and sponsors' fee expenses	2,633	7,832	13,021
Other service expenses	170	2,136	48
	356,284	**480,109**	**444,660**

Comparisons between 2025 and 2024

Our commission and fee expenses decreased by 7.4% to RMB444.7 million in 2025 from RMB480.1 million in 2024. This was primarily due to a decrease in asset management and fund management fee expenses mainly resulting from a decrease in third-party distribution commission expenses that was generally in line with the decrease in our asset management and fund management fee income (especially those in relation to performance fee income). The decrease in our commission and fee expenses was partially offset by an increase in commission on securities and futures dealing and broking fee expenses which was generally in line with the increase in revenue from our securities brokerage business over the same period.

Comparisons between 2024 and 2023

Our commission and fee expenses increased by 34.8% to RMB480.1 million in 2024 from RMB356.3 million in 2023. This was primarily due to (i) an increase in asset management and fund management fee expenses mainly in relation to third-party distribution commission as we actively expanded our distribution channels for asset management products, and the growth in AUM had also led to a corresponding increase in related third-party distribution commissions, and (ii) an increase in commission on securities and futures dealing and broking fee expenses which was mainly attributable to the favorable market conditions in the second half of 2024, which stimulated clients' willingness to trade and correspondingly contributed to the increase in expenses related to brokerage services.

Interest Expenses

Our interest expenses primarily include: (i) Interest expenses for bonds payable and short-term financing payables; (ii) Interest expenses for financial assets sold under repurchase agreements mainly in connection with our repurchase transactions; (iii) Interest expenses due to banks and other financial institutions in relation to placements from China Securities Finance and interbank lending; (iv) Interest expenses for accounts payable to brokerage clients in relation to money held by us on behalf of clients at banks and clearing houses mainly in connection with our brokerage business; (v) Interest expense incurred by us as a lessee on our lease liabilities during the lease term; and (vi) Others mainly representing interest expense from securities lent to us.

The following table sets forth our interest expenses for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Presented below are interest expenses on the following liabilities:			
- Bonds payable and short-term financing payables	333,062	373,641	382,438
- Financial assets sold under repurchase agreements	292,779	259,145	220,280
- Due to banks and other financial institutions	42,546	38,185	63,563
- Accounts payable to brokerage clients	14,568	13,617	9,136
- Lease liabilities	17,531	16,653	14,854
- Others	28,625	3,211	6,232
	729,111	**704,452**	**696,503**

Comparisons between 2025 and 2024

Our interest expenses decreased slightly to RMB696.5 million in 2025 from RMB704.5 million in 2024. This was primarily due to a decrease in interest expenses in respect of financial assets sold under repurchase agreements mainly in connection with our repurchase transactions, partially offset by an increase in interest expenses due to banks and other financial institutions which was mainly attributable to an increase in amounts due to China Securities Finance.

Comparisons between 2024 and 2023

Our interest expenses decreased by 3.4% to RMB704.5 million in 2024 from RMB729.1 million in 2023. This was primarily due to a decrease in interest expenses for financial assets sold under repurchase agreements mainly in relation to our repurchase transactions, partially offset by an increase in bonds payable and short-term financing payables as we issued more bonds and short-term commercial papers in 2024.

Other Operating Expenses

During the Track Record Period, our other operating expenses mainly included general and administrative expenses, electronic equipment operating expenses, business promotion expenses, consulting and professional services fees, and taxes and surcharges. See also Note 14 to the Accountants' Report. The following table sets forth our other operating expenses for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
General and administrative expenses	69,351	50,902	78,234
Electronic equipment operating expenses	29,219	43,169	51,336
Business promotion expenses	16,401	26,622	31,810
Consulting and professional services	30,053	22,302	15,929
Taxes and surcharges	10,581	15,420	14,009
Property management expenses	10,459	11,037	11,695
Business travel expenses	11,090	12,927	13,018
Fees for securities and futures exchanges administer	11,846	12,691	14,282
Business entertainment expenses	20,140	11,983	10,051
Securities and futures investor protection funds	8,743	11,474	11,548
Data transmission expenses	13,832	9,706	10,512
Leasing fee	5,734	1,389	971
Auditors' remuneration	2,195	1,168	1,143
Others	16,698	17,845	28,102
	256,342	**248,635**	**292,640**

Comparisons between 2025 and 2024

Our other operating expenses increased by 17.7% to RMB292.6 million in 2025 from RMB248.6 million in 2024, which was mainly due to an increase in general and administrative expenses.

Comparisons between 2024 and 2023

Our other operating expenses decreased by 3.0% to RMB248.6 million in 2024 from RMB256.3 million in 2023. This was primarily due to (i) a decrease in general and administrative expenses which was mainly attributable to the decrease in office miscellaneous expenses, and (ii) a decrease in business entertainment expenses, partially offset by an increase in electronic equipment operating expenses.

Credit Loss Expense and Impairment Losses

The following table sets forth our credit loss expense and impairment losses for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Credit loss expense:			
- Financial assets held under resale agreements	37,724	(3,256)	(52,701)
- Advances to customers	137	2,176	(412)
- Accounts receivables	451	4,721	592
- Other receivables	812	16,750	13,225
- Debt instruments at FVTOCI	2,780	3,769	6,545
Subtotal	**41,904**	**24,160**	**(32,751)**
Impairment losses:			
- investment properties	—	—	5,916
Total	**41,904**	**24,160**	**(26,835)**

During the Track Record Period, the changes in our credit loss expense were largely attributable to changes in credit loss expense in respect of financial assets held under resale agreements. For further details of impairment assessment of financial assets for the Track Record Period, see Note 58 to the Accountants' Report.

Comparisons between 2025 and 2024

We had reversal of credit loss expense of RMB32.8 million in 2025 as compared to credit loss expense of RMB24.2 million in 2024. In particular, we had reversal of credit loss expenses of RMB52.7 million in 2025 in respect of financial assets held under resale agreements which was mainly because (i) we did not have any new stock-backed lending transactions in 2025 and no further credit loss expense was incurred with respect to our existing stock-backed lending business, and (ii) we made reversals of credit loss expense for certain recovered funds of a stock-backed lending transaction.

We had impairment losses on investment properties of RMB5.9 million in 2025 which was due to the decrease in value of our investment properties in Qinhuangdao.

Comparisons between 2024 and 2023

Our credit loss expense decreased by 42.3% to RMB24.2 million in 2024 from RMB41.9 million in 2023. This was primarily due to a decrease in credit loss expense for financial assets held under resale agreements, due to reversals made on credit loss expense in light of certain recovered funds by us for some of our stock-backed lending transactions.

SHARE OF PROFITS AND LOSSES OF ASSOCIATE AND JOINT VENTURE

In 2023, 2024 and 2025, we had share of profits and losses of an associate and a joint venture of RMB33.3 million, RMB2.8 million, and RMB23.9 million, respectively, which were in relation to (a) equity investment in our associate, China Post Capital Fund, in which we held 46.37% of equity interest as of December 31, 2025, and (b) equity investment through Shouzheng Desheng in our joint venture, Zhuhai Shouzheng Dejin Equity Investment Fund (Limited Partnership), in which we held 20.0% of ownership interest as of December 31, 2025.

During the Track Record Period, the changes in our share of profits and losses of an associate and a joint venture were generally in line with the changes in profit or loss for the year or period of China Post Capital Fund. For further details, see Note 25 to the Accountants' Report. In particular, we had a decrease in share of profits and losses of an associate and a joint venture to RMB2.8 million in 2024 from RMB33.3 million in 2023 which was primarily attributable to the decrease in net profit of China Post Capital Fund in 2024 as compared to 2023. This was mainly because of (i) heightened pricing pressure in PRC's mutual fund industry at the time which led to a decrease in

management fees for its mutual fund products, and (ii) an increase in negative fair value changes in financial assets measured at FVTPL held by China Post Capital Fund. Such negative changes in fair value was mainly in relation to a real estate fund invested by a subsidiary of China Post Capital which experienced negative fair value changes due to the impairment of the underlying real estates. Our profits and losses of an associate and a joint venture increased from RMB2.8 million in 2024 to RMB23.9 million in 2025, which was primarily attributable to the increase in net profit of China Post Capital Fund in 2025 as compared to 2024.

As of December 31, 2023, 2024 and 2025, our interests in associate and joint venture were RMB894.7 million, RMB898.3 million and RMB922.1 million, respectively. For further details, see "Business – Our Business Model – Asset Management Related Business – Mutual Fund Business" and Note 25 to the Accountants' Report.

INCOME TAX EXPENSE

Under the EIT Law, the statutory tax rate of our Company and its subsidiaries in the PRC is 25%, except for Wangjing PE which has a statutory tax rate of 20%.

According to the applicable EIT related laws, rules and regulations in the PRC, from January 1, 2022 to December 31, 2027, for the portion of the annual taxable income of small and micro profit enterprises that exceeds RMB1.0 million but does not exceed RMB3.0 million, the taxable income is calculated at a reduced rate of 25%, and EIT is paid at the rate of 20%. The above-mentioned tax reduction and exemption policies for small and micro profit enterprises are applicable to one of our subsidiaries, Wangjing PE, for the years ended December 31, 2023, 2024 and 2025.

For the years ended December 31, 2023, 2024 and 2025, our effective income tax rates were 11.5%, 13.5% and 16.6%, respectively. For further information on our income tax expense, see Note 18 to the Accountants' Report.

PROFIT AND PROFIT MARGINS

The following table sets forth certain key indicators of our profitability for the periods indicated:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Operating profit[(1)]	759,229	1,135,523	1,242,748
Operating margin[(2)]	25.5%	31.5%	34.1%
Profit for the year	701,099	985,147	1,056,217
Net margin[(3)]	23.5%	27.4%	29.0%

(1) Operating profit = total revenue, gains and other income minus total expenses.
(2) Operating margin = operating profit divided by total revenue, gains and other income.
(3) Net margin = profit for the year or period divided by total revenue, gains and other income.

FY25 vs. FY24: Our operating margin increased to 34.1% in 2025 from 31.5% in 2024 which was mainly due to the increase in our operating profit in 2025 as compared to 2024 as our total revenue, gains and other income remained relatively stable. Our net margin increased to 29.0% in 2025 from 27.4% in 2024 which was mainly due to the increase in our profit for the year in 2025 as compared to 2024 as our total revenue, gains and other income remained relatively stable.

FY24 vs. FY23: Our operating margin increased to 31.5% in 2024 from 25.5% in 2023 as the increase in our operating profit in 2024 as compared to 2023 outpaced the increase in our total revenue, gains and other income. Our net margin increased to 27.4% in 2024 from 23.5% in 2023 as the increase in our profit for the year in 2024 as compared to 2023 outpaced the increase in our total revenue, gains and other income.

SUMMARY SEGMENT RESULTS

We have four principal business segments: (a) asset management related business, (b) investment related business, (c) investment banking related business and (d) wealth management related business. The following table sets forth our segment result information in further details for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Asset management related business			
segment revenue, gains and other income			
- revenue and net investment gains	792,498	1,282,407	757,384
- other income and gains	15	19	12
Total	792,513	1,282,426	757,396
segment expenses	398,613	556,671	475,188
segment profit before income tax	427,238	728,519	306,074
segment margin	53.9%	56.8%	40.4%
Investment related business			
segment revenue, gains and other income			
- revenue and net investment gains	1,241,905	1,343,509	1,802,557
- other income and gains	272	40	54
Total	1,242,177	1,343,549	1,802,611
segment expenses	461,554	438,627	432,149
segment profit before income tax	780,623	904,922	1,370,462
segment margin	62.8%	67.4%	76.0%
Investment banking related business			
segment revenue, gains and other income			
- revenue and net investment gains	123,688	208,164	203,809
- other income and gains	37	36	3
Total	123,725	208,200	203,812
segment expenses	124,152	152,602	134,204
segment profit/(loss) before income tax	(427)	55,598	69,608
segment margin	(0.3%)	26.7%	34.2%
Wealth management related business			
segment revenue, gains and other income			
- revenue and net investment gains	608,430	612,108	747,487
- other income and gains	2,331	6,553	2,772
Total	610,761	618,661	750,259
segment expenses	704,463	714,582	736,329
segment profit/(loss) before income tax	(93,702)	(95,921)	13,930
segment margin	(15.3%)	(15.5%)	1.9%

ASSET MANAGEMENT RELATED BUSINESS

Our revenue, gains and other income of asset management related business is generated from (a) asset management business, and (b) private equity investment fund business. Segment revenue, gains and other income from our asset management related business mainly consists of asset management and fund management fee income. Business-specific segment expenses of the asset management related business mainly consist of asset management and fund management fee expenses of third-party distribution commission.

FY25 vs. FY24: Segment profit before income tax of asset management related business decreased by 58.0% to RMB306.1 million in 2025 from RMB728.5 million in 2024. This was primarily due to a decrease in segment revenue, gains and other income by 40.9% which is attributable mainly to the decrease in revenue, gains and other income from asset management business, despite of a decrease in segment expenses by 14.6%. The decrease in revenue, gains and

other income of asset management business was mainly due to the decrease in asset management and fund management fee income as discussed in " — Principal Components of Consolidated Statements of Profit or Loss and Results of Operations — Revenue, Gains and Other Income — Commission and Fee Income — Comparisons between 2025 and 2024". Segment margin of our asset management related business decreased to 40.4% in 2025 from 56.8% in 2024.

FY24 vs. FY23: Segment profit before income tax of the asset management related business increased by 70.5% to RMB728.5 million in 2024 from RMB427.2 million in 2023. This was primarily due to an increase in segment revenue, gains and other income by 61.8% which is attributable to the increase in revenue, gains and other income from asset management business, despite an increase in segment expenses by 39.7%. The increase in revenue, gains and other income of asset management business was mainly due to the increase in asset management and fund management fee income as discussed in " — Principal Components of Consolidated Statements of Profit or Loss and Results of Operations — Revenue, Gains and Other Income — Commission and Fee Income — Comparisons between 2024 and 2023". Segment margin of our asset management related business increased to 56.8% 2024 from 53.9% in 2023.

INVESTMENT RELATED BUSINESS

Our investment related business segment consists of (a) fixed income investment and trading business, (b) equity securities investment business, (c) NEEQ market making business and (d) alternative investment business. Segment revenue, gains and other income from our investment related business mainly include (a) investment income from financial assets at FVTPL, (b) investment income and interest income from debt instruments at FVTOCI, (c) interest income from financial assets held under resale agreements in relation to reverse repurchase transactions, and (d) dividend income from equity instruments designated at FVTOCI. Business specific segment expenses of the investment related business mainly consist of interest expenses for financial assets sold under repurchase agreements.

FY25 vs. FY24: Segment profit before income tax of investment related business increased by 51.4% to RMB1,370.5 million in 2025 from RMB904.9 million in 2024. This was primarily due to an increase in segment revenue, gains and other income by 34.2% which is mainly attributable to the increase in revenue, gains and other income from equity securities investment business. The increase in revenue, gains and other income of equity securities investment business was mainly due to an increase in dividend income from equity instruments designated at FVTOCI as we made more investment in high dividend yield equity securities in 2025. Segment margin of our investment related business increased to 76.0% in 2025 from 67.4% in 2024.

FY24 vs. FY23: Segment profit before income tax of the investment related business increased by 15.9% to RMB904.9 million in 2024 from RMB780.6 million in 2023. This was primarily due to: (i) an increase in segment revenue, gains and other income by 8.2% which is attributable to the increase in revenue, gains and other income from fixed income investment and trading business, and (ii) a decrease in segment expenses by 5.0%. The increase in revenue, gains and other income from fixed income investment and trading business was mainly due to the increase in investment income and gains from our proprietary investment in debt securities benefiting from favorable bond market condition in 2024. Segment margin of our investment related business increased to 67.4% in 2024 from 62.8% in 2023.

INVESTMENT BANKING RELATED BUSINESS

Our investment banking related business segment consists of (a) bond underwriting and ABS, (b) equity sponsoring and underwriting and (c) financial advisory services. Segment revenue, gains and other income from our investment banking related business mainly include underwriting and sponsors' fee income and consultancy and financial advisory fee income. Business-specific segment expenses of the investment banking related business mainly consist of underwriting and sponsors' fee expenses.

FY25 vs. FY24: Segment profit before income tax of the investment banking related business increased by 25.2% to RMB69.6 million in 2025 from RMB55.6 million in 2024. This was primarily due to a decrease in segment expenses by 12.1% with the segment revenue, gains and other income remained relatively stable. Segment margin of our investment banking related business increased to 34.2% in 2025 from 26.7% in 2024.

FY24 vs. FY23: We had segment profit before income tax of investment banking related business of RMB55.6 million in 2024 as compared to segment loss before income tax of RMB0.4 million in 2023. The turn-around from loss to profit was mainly attributable to an increase in segment revenue, gains and other income by 68.3% which primarily resulted from an increase in revenue, gains and other income from bond underwriting and ABS business due to the increase in scale of projects underwritten by us in 2024, despite an increase in segment expenses of 22.9%. Segment margin of our investment banking related business increased to 26.7% in 2024 from negative 0.3% in 2023.

WEALTH MANAGEMENT RELATED BUSINESS

Our wealth management related business segment mainly consists of (a) wealth management business, which includes (i) securities brokerage, (ii) securities investment advisory services, (iii) sales of financial products, (iv) credit-based business, (v) research business, and (b) futures business. Segment revenue, gains and other income from our wealth management related business mainly consist of (a) commission on securities dealing, broking and seats renting and handling fee income, (b) commission on futures and option contracts dealing and broking and handling fee income, (c) interest income from deposits with exchanges and financial institutions, and (d) interest income from advances to customers and securities lending. Business-specific segment expenses of the wealth management related business mainly consist of commission on securities and futures dealing and broking fee expenses, as well as interest expenses relating to margin financing and securities lending business.

FY25 vs. FY24: We had segment loss before income tax of the wealth management related business of RMB95.9 million in 2024 and segment profit before income tax of RMB13.9 million in 2025. The turnaround from loss to profit was primarily due to: an increase in segment revenue, gains and other income by 21.3% which is attributable to an increase in revenue, gains and other income from wealth management business largely driven by the increase in revenue from our securities brokerage and securities investment advisory services. Segment margin of our wealth management related business was 1.9% in 2025 as compared to negative 15.5% in 2024.

FY24 vs. FY23: Segment loss before income tax of the wealth management related business increased by 2.4% to RMB95.9 million in 2024 from RMB93.7 million in 2023. This was primarily due to a slight increase in segment expenses by 1.4%, despite a slight increase in segment revenue, gains and other income by 1.3%. Segment margin of our wealth management related business was negative 15.3% and negative 15.5% in 2023 and 2024, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We have funded our working capital and other capital requirements primarily from cash generated from our business operations and have also relied on a diverse range of money-market and capital-market financing, including primarily the following:

Long-term bonds: We finance our long-term business expansion by issuing corporate bonds, subordinated bonds and beneficiary certificates with a term exceeding one year. As of February 28, 2026, the aggregate balance of our long-term bonds was RMB10,731.2 million;

Short-term bonds and financing payables: We manage our short-term liquidity by issuing (a) short-term corporate bonds, subordinated bonds and beneficiary certificates, and (b) short-term commercial papers and beneficiary certificates with a term not exceeding one year. As of February 28, 2026, the aggregate balance of our short-term bonds and financing payables was RMB5,739.2 million; and

Placements from China Securities Finance and interbank lending: We have access to financing from China Securities Finance for margin refinancing. We also obtain short-term liquidity from the PRC interbank market. As of February 28, 2026, the aggregate balance of such borrowings due to banks and other financial institutions was RMB2,943.4 million.

As of December 31, 2025, we had aggregate cash and cash equivalents of RMB2,212.5 million.

When determining the amount of capital and other resources to be allocated to each business line, we mainly take into account our growth strategy and business focus, the capital requirements and estimated return for each business and applicable regulatory requirements, such as those in relation to capital adequacy, liquidity and risk management.

After the **[REDACTED]**, we intend to finance our future capital requirements through the same sources of funding as discussed above, together with the **[REDACTED]** we expect to receive from the **[REDACTED]** and any follow-on securities **[REDACTED]** we may conduct. We do not anticipate any changes to the availability of financing to fund our operations in the future, although there is no assurance that we will be able to access any financing on favorable terms or at all.

Taking into account the **[REDACTED]** from the **[REDACTED]** and the financial resources available to us, including cash and bank balances, proceeds from short-term bonds and financing payables, long-term bonds and amounts due to banks and other financial institutions, our Directors believe that we have sufficient working capital for our present requirements, that is for at least 12 months from the date of this document.

CASH FLOWS

The following table sets forth selected cash flow statement information for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Operating cash flows before movements in working capital	1,059,019	1,363,505	1,483,309
Changes in working capital	(893,110)	(2,904,443)	(1,037,369)
Income tax paid	(106,127)	(110,911)	(191,700)
Interest paid	(372,468)	(319,247)	(296,924)
Net cash flows used in operating activities	(312,686)	(1,971,096)	(42,684)
Net cash flows (used in)/ from investing activities	(1,271,018)	796,207	(3,065,203)
Net cash flows from financing activities	1,901,009	791,516	2,669,802
Net increase/(decrease) in cash and cash equivalents	317,305	(383,373)	(438,085)
Cash and cash equivalents at the beginning of the year	2,717,341	3,035,027	2,652,053
Effect of foreign exchange rate changes, net	381	399	(1,474)
Cash and cash equivalents at the end of the year	**3,035,027**	**2,652,053**	**2,212,494**

Operating Activities

Cash flow from operating activities reflects: (i) profit before income tax adjusted for non-cash and non-operating items (such as interest expenses, interest income from debt instruments at FVTOCI, and unrealized fair value gains or losses on financial instruments at FVTPL); (ii) the effects of movements in working capital (such as increases in financial assets at FVTPL, increase or decrease in financial assets sold under repurchase agreements); and (iii) other cash items (such as income tax paid and interest paid).

In 2025, we had net cash used in operating activities of RMB42.7 million, resulting from profit before income tax of RMB1,266.6 million, adjustments for non-cash items and negative movements in working capital. Our negative movements in working capital were primarily due to: (i) an increase in deposits with exchanges and non-bank financial institutions of RMB994.4 million mainly in relation to our brokerage business, (ii) an increase in advances to customers of RMB894.3 million in relation to our margin financing business, and (iii) an increase in cash held on behalf of customers of RMB836.0 million mainly in connection with our brokerage business. These negative movements were partially offset by an increase in amounts due to banks and other financial institutions of RMB1,400.0 million mainly in relation to amounts due to China Securities Finance.

In 2024, we had net cash used in operating activities of RMB1,971.1 million, resulting from profit before income tax of RMB1,138.3 million, adjustments for non-cash items and negative movements in working capital. Our negative movements in working capital were primarily due to: (i) a decrease in financial assets sold under repurchase agreements of RMB2,693.6 million, mainly as a result of a decrease in the scale of our repurchase transactions; and (ii) an increase in cash held on behalf of customers of RMB1,713.0 million, mainly in connection with our brokerage business. These negative movements were partially offset by an increase in accounts payable to brokerage clients of RMB2,146.7 million.

In 2023, we had net cash used in operating activities of RMB312.7 million, resulting from profit before income tax of RMB792.6 million, adjustments for non-cash items and negative movements in working capital. Our negative movements in working capital were primarily due to an increase in financial assets at FVTPL of RMB1,748.2 million, which mainly reflects an increase in the scale of our proprietary investment in asset management schemes and funds.

We expect to improve our cash flow position with respect to operating activities by proactively adjusting the size and composition of our proprietary investments, balancing holdings measured at fair value through profit or loss with other liquid assets to mitigate large, recurring cash outflows from portfolio expansion. We also intend to diversify and

stabilize funding sources. This includes actively managing the maturity profile of sell-side repurchase transactions to ensure a more consistent and reliable funding base, reducing volatility in operating cash flows from these activities.

- **Enhance Capital and Liquidity Planning:** We will integrate cash flow forecasting more deeply into business and capital planning. This will allow for more strategic timing of investments and liability issuance, ensuring sufficient liquidity is maintained to support core business operations without constraining growth.

- **Drive Earnings Growth Across Businesses:** We will focus on expanding revenue-generating activities with stable cash flow profiles, such as asset management related business, to generate stronger operational cash inflows that can support the strategic investment activities of our Group.

Investing Activities

Our cash outflows from investing activities consist primarily of (a) purchases of debt instruments at FVTOCI, (b) purchases of equity instruments designated at FVTOCI, and (c) purchases of property and equipment, investment properties and other intangible assets. Our cash inflows from investing activities consist primarily of (a) proceeds from disposal of debt instruments at FVTOCI, (b) dividends and interest received from investments, and (c) proceeds from disposal of equity instruments designated at FVTOCI.

In 2025, we had net cash used in investing activities of RMB3,065.2 million, primarily due to: (i) purchases of debt instruments at FVTOCI of RMB13,068.8 million mainly in relation to our fixed income investment and trading business, and (ii) purchases of equity instruments designated at FVTOCI of RMB4,096.5 million, which mainly reflects an increase in the scale of our investments in high dividend yield equity securities. These cashflows were partially offset by proceeds from disposal of debt instruments at FVTOCI of RMB13,106.2 million.

In 2024, we had net cash from investing activities of RMB796.2 million, primarily due to proceeds from disposal of debt instruments at FVTOCI of RMB11,559.8 million. These cashflows were partially offset by (i) purchases of debt instruments at FVTOCI of RMB9,285.2 million of mainly in relation to our fixed income investment and trading business, and (ii) purchases of equity instruments designated at FVTOCI of RMB2,120.8 million in relation to high dividend yield equity securities.

In 2023, we had net cash used in investing activities of RMB1,271.0 million, primarily due to purchases of debt instruments at FVTOCI of RMB10,884.8 million. These cashflows were partially offset by proceeds from disposal of debt instruments at FVTOCI of RMB9,107.9 million.

Financing Activities

Financing activities primarily include issuance of, and proceeds from, bonds and short-term financing payables, dividends paid and proceeds from shareholders.

In 2025, we had net cash from financing activities of RMB2,669.8 million, primarily due to proceeds from bonds issued of RMB8,650.0 million and partially offset by (i) repayment of bonds issued of RMB4,282.5 million and (ii) repayment of short-term financing payables issued of RMB3,982.9 million.

In 2024, we had net cash from financing activities of RMB791.5 million, primarily due to (i) proceeds from bonds issued of RMB4,755.9 million, and (ii) proceeds from short-term financing payables issued of RMB2,609.1 million. These cashflows were partially offset by (i) repayment of bonds issued of RMB3,366.5 million, and (ii) repayment of short-term financing payables issued of RMB2,343.3 million.

In 2023, we had net cash from financing activities of RMB1,901.0 million, primarily due to (i) proceeds from bonds issued of RMB2,794.8 million, and (ii) proceeds from short-term financing payables issued of RMB2,146.5 million. These cashflows were partially offset mainly by repayment of short-term financing payables issued of RMB1,616.5 million.

ASSETS AND LIABILITIES

To ensure appropriate cash liquidity management and capital allocation, we monitor the scale and composition of our balance sheet and seek to maintain our balance sheet with sufficient liquidity. Given the highly liquid nature of our business, a substantial portion of our balance sheet consists of current assets and liabilities.

Current Assets and Liabilities

The following table sets forth the components of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets				
Advances to customers	2,263,839	3,040,258	3,941,496	4,095,022
Accounts receivable	744,552	597,284	596,274	1,979,186
Tax recoverable	42,296	592	5,100	7,724
Other assets	158,580	128,090	179,528	206,754
Debt instruments at FVTOCI	11,264,617	9,191,245	8,750,103	8,989,060
Financial assets held under resale agreements	353,931	93,364	66,319	109,068
Financial assets at FVTPL	13,781,788	17,237,200	17,659,845	19,636,779
Derivative financial assets	11,287	7,945	60,152	65,904
Clearing settlement funds	1,388,102	2,511,384	1,871,633	2,431,732
Bank balances	6,538,719	7,425,351	8,496,876	8,913,322
Total current assets	36,547,711	40,232,713	41,627,326	46,434,551
Current liabilities				
Bonds payable	3,433,922	4,386,564	3,297,110	4,115,981
Short-term financing payables	1,733,119	1,990,809	1,340,266	1,623,203
Due to banks and other financial institutions	914,706	1,536,753	2,940,154	2,943,379
Accounts payable to brokerage clients	5,531,837	7,678,582	8,393,388	11,319,406
Accrued staff costs	98,938	93,753	127,671	68,606
Other payables and accruals	378,022	737,959	829,603	458,315
Lease liabilities	52,650	75,413	68,311	67,303
Current tax liabilities	2,379	17,112	30,649	—
Financial liabilities at FVTPL	684,990	1,253,099	822,580	855,002
Derivative financial liabilities	—	7,796	4,172	3,040
Financial assets sold under repurchase agreements	11,988,563	9,287,839	8,804,968	10,808,012
Contract liabilities	16,223	16,499	21,247	24,711
Total current liabilities	24,835,349	27,082,178	26,680,119	32,286,958
Net current assets	**11,712,362**	**13,150,535**	**14,947,207**	**14,147,593**

During the Track Record Period, our current assets mainly consisted of:

(i) **financial assets at FVTPL**, primarily including current assets of debt securities, asset management schemes, funds and equity securities at FVTPL that we held for proprietary investment and trading. During the Track Record Period, we had a general increase in the balances of the current portion of our financial assets at FVTPL which was mainly driven by the changes in the scale of our proprietary investment in debt securities. For further details, see Note 29 to the Accountants' Report;

(ii) **debt instruments at FVTOCI**, representing certain debt securities we held for our fixed income investment and trading business. The relatively higher balance of debt instruments at FVTOCI of RMB11,264.6 million as of December 31, 2023 was mainly attributable to our increased investment in such debt securities listed outside Hong Kong based on the assessment of our asset-liability ratio and operating cash flows in connection with our fixed income investment and trading business. For further details, see Note 26 to the Accountants' Report;

(iii) **bank balances** including both our house accounts and cash held on behalf of customers. For further details, see Note 37 to the Accountants' Report;

(iv) **advances to customers** in relation to our margin financing and securities lending business. For further details, see Note 33 to the Accountants' Report;

(v) **clearing settlement funds** on our own account and for our clients. For further details, see Note 36 to the Accountants' Report; and

(vi) **accounts receivable** which primarily consisted of accounts receivables from clearing houses or for asset management fees during the Track Record Period. For further information of our accounts receivable (including an ageing analysis thereof), see Note 34 to the Accountants' Report. As of February 28, 2026, approximately 91.5%, or RMB537.7 million, of our gross accounts receivable as of December 31, 2025, had been subsequently settled.

During the Track Record Period, our current liabilities mainly consisted of:

(i) **financial assets sold under repurchase agreements** mainly in relation to our repurchase transactions for proprietary investment and trading. We enter into repurchase agreements with certain counterparties to sell debt securities at FVTPL and we are subject to the simultaneous agreements to repurchase these securities at the agreed dates and prices. For further details, see Note 46 to the Accountants' Report;

(ii) **accounts payable to brokerage clients** mainly in relation to money held by us on behalf of clients at banks and clearing houses in connection with our brokerage business. For further details, see Note 42 to the Accountants' Report;

(iii) **short-term indebtedness** including bonds payable, short-term financing payables and amounts due to banks and other financial institutions. For further details, see "—Indebtedness;" and

(iv) **financial liabilities at FVTPL** mainly in relation to financial liabilities arising from (a) debt securities lending arrangements with counterparties for fixed income proprietary trading, and (b) payables to third-party interests in the consolidated structured entities. For further details, see Note 45 and Note 51 to the Accountants' Report.

Net Current Assets

Our net current assets, the difference between total current assets and total current liabilities, remained positive during the Track Record Period.

Our net current assets decreased to RMB14,147.6 million as of February 28, 2026 from RMB14,947.2 million as of December 31, 2025. This was due to an increase of RMB5,606.8 million in our current liabilities mainly reflecting: (i) an increase of RMB2,926.0 million in accounts payable to brokerage clients; (ii) an increase of RMB2,003.4 million in financial assets sold under repurchase agreements; and (iii) an increase of RMB818.9 million in bonds payables. The decrease in net current assets was partially offset by an increase of RMB4,807.2 million in our current assets.

Our net current assets increased to RMB14,947.2 million as of December 31, 2025 from RMB13,150.5 million as of December 31, 2024. This was due to an increase of RMB1,394.6 million in our current assets mainly reflecting: (i) an increase of RMB1,071.5 million in bank balances; (ii) an increase of RMB901.2 million in advances to customers in relation to our margin financing business; and (iii) an increase of RMB422.6 million in financial assets at FVTPL. The increase in net current assets was also attributable to the decrease of RMB402.1 million in our current liabilities, which were mainly driven by the decreases in bonds payables, financial assets sold under repurchase agreements, and short-term financing payables.

Our net current assets increased to RMB13,150.5 million as of December 31, 2024 from RMB11,712.4 million as of December 31, 2023. This was due to an increase of RMB3,685.0 million in current assets mainly reflecting an increase of RMB3,455.4 million in financial assets at FVTPL primarily in relation to debt securities, asset management schemes and funds at FVTPL. The increase in net current assets was partially offset by an increase of RMB2,246.8 million in current liabilities mainly reflecting an increase of RMB2,146.7 million in accounts payable to brokerage clients as driven by an increase in trading activities of our brokerage clients.

Non-current Assets and Liabilities

The following table sets forth the components of non-current assets and liabilities as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	77,120	67,327	176,576
Investment properties	17,280	36,982	9,837
Right-of-use assets	329,583	317,281	261,503
Other intangible assets	153,036	191,729	213,289
Goodwill	125,838	125,838	125,838
Interests in an associate and a joint venture	894,706	898,282	922,055
Equity instruments designated at FVTOCI	1,400	2,334,308	6,193,615
Financial assets at FVTPL	4,228,960	1,812,578	1,008,616
Other assets	62,105	44,447	44,961
Deposits with exchanges and non-bank financial institutions	699,348	776,422	1,770,836
Deferred tax assets	64,368	17,872	24,273
Total non-current assets	**6,653,744**	**6,623,066**	**10,751,399**
Non-current liabilities			
Bonds payable	5,613,986	6,072,551	11,523,672
Accrued staff costs	52,916	91,842	79,896
Lease liabilities	324,046	305,321	247,848
Deferred tax liabilities	12,702	58,783	75,881
Total non-current liabilities	**6,003,650**	**6,528,497**	**11,927,297**

Non-current Assets

During the Track Record Period, our non-current assets mainly consisted of:

(i) **financial assets at FVTPL** including the non-current assets of debt securities, funds and private equity at FVTPL that we held for proprietary investment and trading. During the Track Record Period, we had a relatively higher balance of the non-current portion of our financial assets at FVTPL of RMB4,229.0 million as of December 31, 2023. The changes in the balances of the non-current portion of our financial assets at FVTPL was mainly driven by the changes in the scale of our proprietary investment in debt securities. For further details, see Note 29 to the Accountants' Report;

(ii) **equity instruments designated at FVTOCI** mainly including non-currents assets of equity securities and real estate investment trusts ("REITs") held by us mainly for our equity securities investment business with high dividend yield and can be held for a long time to obtain higher cash returns. Our equity instruments designated at FVTOCI increased significantly from RMB1.4 million as of December 2023 to RMB2,334.3 million as of December 31, 2024 as we adjusted our equity securities investment strategies and commenced to invest in high dividend yield equity securities in 2024. Our equity instruments designated at FVTOCI further increased to RMB6,193.6 million as of December 31, 2025 as we further increased such investment especially with respect to such equity securities listed in Hong Kong. For further details, see Note 27 to the Accountants' Report; and

(iii) **deposits with exchanges and non-bank financial institutions** representing trading deposits, credit deposits and performance deposits, in each case with a term of one year or more, placed with exchanges and non-bank

financial institutions mainly in connection with our brokerage business. Our deposits with exchanges and non-bank financial institutions increased from RMB776.4 million as of December 31, 2024 to RMB1,770.8 million as of December 31, 2025 which was mainly due to the increase in performance deposits in relation to consolidated structured entities. For further details, see Note 31 to the Accountants' Report.

Our non-current assets increased to RMB10,751.4 million as of December 31, 2025 from RMB6,623.1 million as of December 31, 2024, mainly reflecting: (i) an increase of RMB3,859.3 million in equity instruments designated at FVTOCI as we increased investment in high dividend yield equity securities, and (ii) an increase of RMB994.4 million in deposits with exchanges and non-bank financial institution mainly due to an increase in performance deposits, and partially offset by a decrease of RMB804.0 million in non-current financial assets at FVTPL mainly in relation debt securities.

Our non-current assets remained relatively stable at RMB6,653.7 million and RMB6,623.1 million as of December 31, 2023 and 2024, respectively. This mainly reflected a decrease of RMB2,416.4 million in financial assets at FVTPL mainly in relation to debt securities, as partially offset by an increase of RMB2,332.9 million in equity instruments designated at FVTOCI as we adjusted our equity securities investment strategies to high dividend yield equity securities.

Non-current Liabilities

During the Track Record Period, our non-current liabilities mainly consisted of bonds payables mainly in relation to long-term subordinated bonds and corporate bonds issued by us. The changes in balances of our non-current liabilities as of December 31, 2023, 2024 and 2025 were generally in line with the movements in balances of our non-current bonds payables as of such dates.

INDEBTEDNESS

During the Track Record Period, our indebtedness mainly included: (a) bonds payable relating to corporate bonds, subordinated bonds and beneficiary certificates issued by us, (b) short-term financing payables of short-term commercial papers and beneficiary certificates, (c) amounts due to banks and other financial institutions, (d) financial liabilities at FVTPL, and (e) lease liabilities.

The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of February 28,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current:				
Bonds payable	3,433,922	4,386,564	3,297,110	4,115,981
Short-term financing payables	1,733,119	1,990,809	1,340,266	1,623,203
Due to banks and other financial institutions	914,706	1,536,753	2,940,154	2,943,379
Financial liabilities at FVTPL	684,990	1,253,099	822,580	855,002
Lease liabilities	52,650	75,413	68,311	67,303
Sub-total	6,819,387	9,242,638	8,468,421	6,661,489
Non-current:				
Bonds payable	5,613,986	6,072,551	11,523,672	10,731,232
Lease liabilities	324,046	305,321	247,848	243,217
Sub-total	5,938,032	6,377,872	11,771,520	10,974,449
Total	**12,757,419**	**15,620,510**	**20,239,941**	**17,635,938**

As of February 28, 2026, we had total credit facilities of RMB76,269.0 million from major lending banks, of which RMB16,033.8 million had been utilized and RMB60,235.2 million remained unutilized.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date we did not have any material default in payment of our trade and non-trade payables and borrowings, and/or breaches of covenants. Except as otherwise disclosed herein, we did not have outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant in connection therewith as of February 28, 2026, being the latest practicable date for the purpose of the indebtedness statement.

Bonds Payable

During the Track Record Period, our bonds payables included subordinated bonds, corporate bonds and beneficiary certificates, all of which were denominated in RMB. The following table sets forth our bonds payable as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Subordinated bonds	4,084,858	3,040,147	2,524,179
Corporate bonds	1,015,878	2,043,096	6,571,856
Beneficiary certificates	513,250	989,308	2,427,637
	5,613,986	6,072,551	11,523,672
Current			
Subordinated bonds	2,044,546	2,052,880	2,031,978
Corporate bonds	1,012,874	1,015,878	—
Beneficiary certificates	376,502	1,317,806	1,265,132
	3,433,922	4,386,564	3,297,110

The bonds are issued at par value. The types of bondholders are professional institutional investors, including banks, insurance companies, securities firms, fund management companies, as well as wealth management products issued by the aforementioned financial institutions. We did not have any default of bond payments during the Track Record Period and up to the Latest Practicable Date. For further details of the bonds issued by us during the Track Record Period, including issuance dates, maturity dates, coupon rates and relevant carrying amounts of bonds payable, see Note 39 to the Accountants' Report.

Based on our best estimate available as of the Latest Practicable Date, we expect to increase our bond issuance and the scale thereof in the foreseeable future.

Beneficiary certificates issued by us are debt financing instruments privately offered to qualified investors over the counter or through the Inter-agency Quotation and Service System for Private Placement Products, and which repay principal and interest as agreed. Such beneficiary certificates do not entitle the holders to any particular asset. Beneficiary certificates categorized as bonds payables have tenors of more than one year. For information of beneficiary certificates issued by us with tenors of no more than one year, see "– Indebtedness – Short-term Financing Payables."

Short-term Financing Payables

During the Track Record Period, our short-term financing payables included short-term commercial papers and beneficiary certificates. For further details, including the issue amounts, maturity dates and coupon rates of short-term financing payables, see Note 40 to the Accountants' Report. The following table sets forth our debt instruments as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term commercial papers	—	500,890	1,312,548
Short-term beneficiary certificates	1,733,119	1,489,919	27,718
	1,733,119	**1,990,809**	**1,340,266**

During the Track Record Period, the interest rates for short-term commercial papers generally ranged from 1.70% to 1.91% per annum, and the interest rates for short-term beneficiary certificates generally ranged from 2.00% to 3.40% per annum.

The increase in short-term financing payables from RMB1,733.1 million as of December 31, 2023 to RMB1,990.8 million as of December 31, 2024 was due to the issuance of short-term commercial papers by us starting from 2024. as we obtained the issuance quota thereof. Since 2024 we have been increasingly issuing commercial papers for our short-term financing purposes as opposed to beneficiary certificates. Our short-term financing payables decreased to RMB1,340.3 million as of December 31, 2025 from RMB1,990.8 million as of December 31, 2024 which was due to the decrease in short-term beneficiary certificates despite an increase in short-term commercial papers.

Due to Banks and Other Financial Institutions

The following table sets forth amounts due to banks and other financial institutions as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Due to banks	100,000	200,000	800,000
Due to China Securities Finance	810,000	1,330,000	2,130,000
Add: Interest payable	4,706	6,753	10,154
	914,706	**1,536,753**	**2,940,154**

Amounts due to banks represented the short-term liquidity we obtained from the PRC interbank market, and those outstanding at the end of the reporting period were generally repayable within two to six days from that date. During the Track Record Period, the effective interest rates on the amounts due to banks generally ranged from 1.50% to 2.60% per annum. Amounts due to China Securities Finance represented the financing we received from China Securities Finance for margin refinancing to support our margin financing and securities lending business. The amounts due to China Securities Finance that were outstanding at the end of the relevant reporting period were generally repayable within six months from that date. During the Track Record Period, the effective interest rates on the amounts due to China Securities Finance generally ranged from 1.63% to 3.50% per annum. For more information, including effective interest rates on such amounts due to banks and other financial institutions, see Note 41 to the Accountants' Report.

Financial Liabilities at FVTPL

During the Track Record Period, we had financial liabilities at FVTPL arising from (a) debt securities lending arrangements with counterparties for fixed income proprietary trading, and (b) payables to third-party interests in the consolidated structured entities. For further details, see Note 45 and Note 50 to the Accountants' Report.

Lease Liabilities

We recognize lease liabilities to make lease payments for the properties we lease in the PRC mainly as offices and business venue for our branches. As of December 31, 2023 and 2024 and 2025, lease liabilities were RMB376.7 million, RMB380.7 million and RMB316.2 million, respectively. For further details, see Note 22(b) to the Accountants' Report.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily comprised expenditures for purchases of property and equipment, investment properties and other intangible assets, which were mainly for system development, purchases for the infrastructure for our operations and purchases for properties and funded by our own cash. In 2023, 2024 and 2025, our purchases of property and equipment, investment properties and other intangible assets amounted to RMB82.3 million, RMB100.4 million and RMB179.0 million, respectively.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Underwriting Commitments

As of December 31, 2023 and 2024 and 2025, and February 28, 2026, our outstanding securities underwriting commitments were nil, nil, RMB1,824.8 million and RMB142.9 million, respectively.

Capital Commitments

As of December 31, 2023, 2024 and 2025 and February 28, 2026, we had capital commitments contracted but not provide for of RMB3.0 million, RMB7.2 million, RMB22.8 million and RMB2.4 million, respectively, which were mainly in relation to capital contributions subscribed to funds, construction of properties and purchase of equipment. The relatively high balance in such capital commitments as of December 31, 2025 was mainly in relation to certain software purchase agreements entered into by us with contract prices yet to be paid.

Lease Commitments as Lessee

We lease properties in the PRC from third parties. The following table sets forth our lease commitments as lessee as of the dates indicated:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year (inclusive)	3,269	—	837
1 to 2 years (inclusive)	3,269	—	864
2 to 3 years (inclusive)	3,127	—	692
After 3 years	—	—	1,234
Total	**9,665**	**—**	**3,627**

As of February 28, 2026, we did not have lease commitments as lessee.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we were not involved in any material legal, arbitration or administrative proceedings that if adversely determined, we expect would materially adversely affect our financial position or results of operations, although there can be no assurance that this will be the case in the future. Our Directors confirm that there has been no material change in our contingent liabilities since December 31, 2025 to the date of this document.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 56 to the Accountants' Report were conducted in the ordinary course of

business on an arm's length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period and up to the Latest Practicable Date would not distort our track record results or make our historical results not reflective of our future performance.

CONSOLIDATED STRUCTURED ENTITIES

We had consolidated certain structured entities, mainly asset management products. These special vehicles issue units to investors, including to our Group, to finance their operations, which are primarily investments in various debts. For those structured entities where our Group is involved as manager or as investor, we assess the controlling power according to accounting policies stated in Note 3 to the Accountants' Report.

The following table sets forth interests in structured entities consolidated by us as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets of the consolidated structured entities	545,593	918,606	5,383,937
Total net assets of the consolidated structured entities	471,636	786,704	5,295,511
The carrying amount of third-party interests in the consolidated structured entities	321,061	608,490	232,991

Interests held by other investors in these consolidated structured entities were classified as investment income and gains in the consolidated statements of profit or loss, and financial liabilities at FVTPL in the consolidated statements of financial position. At the end of each reporting period, we reassess the control of structured entities and decide whether our Group is still a principal.

We also hold interests in structured entities of which we do not consolidate. For further information, see Note 51 to the Accountants' Report.

OFF-BALANCE SHEET ARRANGEMENTS

As of February 28, 2026, we did not have any off-balance sheet commitments or arrangements save as disclosed in " - Contractual Obligations and Commitments."

NET CAPITAL AND OTHER REGULATORY REQUIREMENTS

According to regulatory requirements including the "Measures for the Administration of Risk Control Indicators of Securities Companies" (《證券公司風險控制指標管理辦法》) and the "Guidelines for the Dynamic Monitoring System of Risk Control Indicators of Securities Companies" (《證券公司風險控制指標動態監控系統指引》), we have established a dynamic risk indicator monitoring mechanism to comply with statutory Net Capital requirements and other regulatory standards to maintain capital adequacy. In addition, we also need to maintain a minimum amount of Net Capital necessary to conduct our various businesses.

The following table sets forth the Net Capital and key regulatory risk control indicators of our Company that we prepared in accordance with PRC GAAP and relevant PRC regulatory requirements as of the dates indicated:

	As of December 31,			Warning Index[1]	Regulatory Index
	2023	2024	2025		
***Capital adequacy*:**					
- Net Capital *(RMB in billions)*	11.6	12.0	12.1	N/A	≥ 0.2
- Risk coverage ratio[2]	265.5%	281.7%	221.1%	120%	≥ 100%
- Capital leverage ratio[3]	24.5%	26.3%	23.5%	9.6%	≥ 8%
- Net Capital / net assets	95.0%	90.6%	88.1%	24%	≥ 20%
- Net Capital / total liabilities	46.8%	47.6%	40.6%	9.6%	≥ 8%
- Net assets / total liabilities	49.2%	52.5%	46.1%	12%	≥ 10%
***Liquidity risk indicators*:**					
- Liquidity coverage ratio[4]	857.3%	858.2%	688.6%	120%	≥ 100%
- Net stable funding ratio[5]	163.8%	175.2%	174.8%	120%	≥ 100%
***Concentration risk indicators*:**					
- Value of proprietary equity securities and derivatives held / Net Capital	6.4%	21.6%	55.4%	80%	≤ 100%
- Value of proprietary non-equity securities and derivatives held / Net Capital	219.3%	199.4%	227.1%	400%	≤ 500%

Notes:

(1) Warning index are set by the CSRC that if the risk control indicator is required to stay above a certain level, then the warning index is 120% of the stipulated minimum requirement, and if the risk control indicator is required to stay below a certain level, then the warning index is 80% of the stipulated maximum requirement.

(2) Risk coverage ratio = Net Capital / Total risk capital reserves X 100%

(3) Capital leverage ratio = Core net capital / Total on-and-off-balance-sheet assets X 100%

(4) Liquidity coverage ratio = quality liquid assets / total cash outflow in the subsequent 30 days X 100%.

(5) Net stable funding ratio = available stable funding / stable funding required X 100%.

(6) The risk control indicators are calculated under the PRC GAAP pursuant to, and reflect our Company's compliance with, applicable PRC regulatory standards and requirements. Prospective **[REDACTED]** should be aware that non-IFRS measures presented in this document may not be comparable with other similarly titled measures reported by other companies due to different calculation methods or assumptions.

We strictly comply with the requirements of the applicable regulatory requirements and have set up an independent risk management system to dynamically monitor risk control indicators with a focus on Net Capital and liquidity. Meanwhile, we have established a Net Capital replenishment mechanism. When our risk control indicators such as Net Capital reach the warning levels, we would replenish capital by reducing the variety and scale of the proprietary investments with relatively high risks, adjusting business operational plans, issuing subordinated bonds and raising capital, among other things. In addition, we have established a stress test mechanism for risk control indicators. We carry out annual comprehensive stress tests in light of changes in the market environment and our business development. For further details, see Note 60 to the Accountants' Report and "Business – Risk Management and Internal Control – Our Major Risk Management Measures—Dynamic Risk Control Indicator Monitoring and Supplement Mechanism."

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

We have designed a risk management and control system to measure, monitor and manage risks arising in the ordinary course of business. See "Business—Risk Management and Internal Control" and Note 58 – "Financial Risk Management" of the Accountants' Report for an overview of our financial risk management processes.

The financial risks faced by us in our daily operation and management mainly include credit risk, market risk and liquidity risk. We aim to strike an appropriate balance between the risks and benefits of our financial instruments and to mitigate the adverse effects that the risks of financial instruments have on our financial performance. Based on such objectives, our risk management policies are established to identify and assess the risks faced by us, to set appropriate risk limits and controls, and to monitor risks and compliance with limits. Risk management policies and internal control systems are reviewed regularly to reflect changes in market conditions and our activities.

The following discussion of our main financial risks and the estimated amounts of our risk exposure generated by our risk measurement models contained in the Accountants' Report are forward-looking statements. These analyzes and the results of our risk measurement models are not, however, predictions of future events, and the actual results may be significantly different from the analyzes and results of our risk measurement models due to events in the global economy or the markets where we operate, as well as other factors described below.

Credit Risk

Credit risk is the risk of loss due to failures or inability to fulfill obligations by counterparties, or the downgrade of credit rating of them.

During the Track Record Period, the credit risks faced by our Group were mainly concentrated in (a) margin financing and securities lending, (b) financial assets held under resale agreements in connection with stock-backed lending, and (c) fixed income investment and trading. For further details of our risk management of credit risks arising from these businesses, see Note 58.1 to the Accountants' Report, "Business – Risk Management and Internal Control – Our Major Risk Management Measures – Credit Risk Management," and "Business – Risk Management and Internal Control – Risk Management and Internal Control Measures of our Major Business Lines."

Taking no account of collateral or other credit enhancements, the maximum credit exposure of financial assets to the extent exposed to credit risk approximated to their carrying amount at the end of the reporting period. The concentration of credit risk is limited due to the counterparty and customer base being large and diversified. See Note 58.1 to the Accountants' Report for maximum credit risk exposure analysis, impairment under the ECLs model and movement in impairment loss allowances with respect to our credit risks.

During the Track Record Period, the changes in our credit loss expense were largely attributable to changes in credit loss expense in respect of financial assets held under resale agreements. For further details, see " – Principal Components of Consolidated Statements of Profit or Loss and Results of Operations – Total Expenses – Credit loss expense and impairment losses."

Market Risk

Market risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices. The market risks faced by us generally include price risk of equity securities and interest rate risk.

Price risk of equity securities

We have appropriately controlled the market risk mainly by implementing diversified investment strategy, appropriately controlling the position of equity securities, achieving a balance between returns and risks, hedging systemic risks by using stock index futures. We have established a complete market risk management system, a market risk management information system, a full-process risk management and control process covering pre-investment, during investment and post-investment stages, fully implemented risk limit management, including scale limits, concentration limits, stop-loss limits and sensitivity limits, and set differentiated risk limits for different business types and investment strategies to achieve refined management and accurately empower business, and regularly carrying out risk limit back testing and effectiveness assessment, and established a dynamic risk limit adjustment mechanism.

To monitor the impact of market risk on the value of equity securities, we use Value at Risk, or VaR, as a tool to measure the market risk of our securities and derivative investment portfolios. The analysis of our proprietary equity investment portfolio (confidence level of 95% and a holding period of one trading day) is as follows:

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
VaR of equity price	3,435	4,664	14,005

The fluctuation in VaR during the Track Record Period is primarily attributable to two factors. Firstly, active position adjustments at the business level contribute to these changes, as different stocks exhibit varying volatilities, and the overall risk exposure of the portfolio shifts with market movements. Secondly, during periods of heightened market volatility, VaR of the securities portfolio held by us generally increases accordingly.

During the Track Record Period, VaR for our equity securities investment business has consistently remained within the established risk limit thresholds, indicating that overall risk is well-controlled. In response to significant market fluctuations, we employ a multi-dimensional approach to assess market risk, complementing VaR monitoring with stress testing and scenario analysis. Based on these assessments, appropriate risk mitigation measures, such as hedging, position reduction, and stop-loss strategies, are implemented.

For further information on our risk management measures with respect to price risks, see Note 58.2 to the Accountants' Report and "Business – Risk Management and Internal Control – Our Major Risk Management Measures – Market Risk Management – Equity Securities Price Risk."

Interest Rate Risk

Interest rate risk refers to the risk caused by changes in market interest rates, and the portion of our assets related to interest rate risk mainly includes monetary deposits, bond investments, advance to customers and financial assets held under resale agreements. We control interest rate risk by closely monitoring a series of macroeconomic data such as PPI, PMI, CPI, and industrial value added, in order to predict monetary policy and interest rate trends in advance. In terms of investment strategy, we mainly adopt methods such as scale control and investment portfolio, allocate assets reasonably, and measure interest rate risk by framing various business scales, and regularly measuring investment portfolio duration, VaR value and other indicators.

See Note 58.2 to the Accountants' Report for (a) our interest-bearing financial assets and liabilities by their remaining date to repricing or contractual maturity date, whichever is earlier, and (b) sensitivity analysis on interest rate risk measuring its impact on our total profit and other comprehensive income without considering the impact of enterprise income tax, and when the interest rate changes reasonably and possibly under the assumption that other variables remain unchanged.

For further information on our risk management measures with respect to interest rate risks, see "Business – Risk Management and Internal Control – Our Major Risk Management Measures – Market Risk Management – Interest Rate Risk."

Liquidity Risk

Our liquidity risk mainly refers to the risk of insufficient liquidity caused by the mismatch of our asset liability structure or the influence of macro policies, market changes, operating conditions, credit levels, and other factors during the operation process.

Our liquidity risk management focuses on the overall financial condition, self-owned fund balance, long-term fund occupation and liquidity situation. We attach great importance to the construction of financing system, continuously enrich our financing channels and methods, and strengthen cooperation with major commercial banks. We endeavor to improve the management of debt maturity and investment transaction concentration, so as to effectively prevent liquidity risks caused by excessive concentration of counterparties, financing varieties, debt maturity, or investment positions. We have established a liquidity risk monitoring index system with liquidity coverage ratio and net stable capital ratio as the core indicators, set risk limits, implement daily monitoring, maintain sufficient liquidity asset reserves, and implement special monitoring for businesses that have a significant impact on liquidity indicators. We regularly and irregularly conduct special liquidity risk stress tests, establish high-quality liquidity asset reserves, and ensure timely satisfaction of liquidity needs under stress scenarios. We also stress for the importance of emergency management of liquidity risk and have formulated an emergency plan for liquidity risk management to ensure the rapid and effective handling of liquidity risk events, prevent and reduce the harm and losses caused by liquidity risk events to us to the greatest extent possible.

For further information on our risk management measures with respect to liquidity risks, see Note 58.3 to the Accountants' Report and "Business – Risk Management and Internal Control – Our Major Risk Management Measures – Liquidity Risk Management."

DIVIDENDS

After the completion of the **[REDACTED]**, we may distribute dividends in the form of cash or by other means that we consider appropriate. Any proposed distribution of dividends shall be formulated by our Board and will be

subject to our shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including our results of operations, cash flows, financial condition, capital adequacy ratio, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends and other factors that our Board may consider important.

According to the relevant PRC laws and regulations governing A-share listed companies and our Articles of Association, our annual profit distributed in cash shall not be less than 10% of our distributable profit realized in that year. In addition, the cumulative profits distributed in cash over any three consecutive years shall not be less than 30% of the average annual distributable profit realized in that three-year period. In 2023 and 2024 and 2025, we declared dividends of RMB505.7 million, RMB423.7 million and RMB533.0 million to our shareholders, respectively. Subsequent to the Track Record Period, we declared a dividend of RMB185.9 million (tax inclusive) in March 2026. Dividends declared and/or paid in prior periods shall not be indicative of future dividend payment.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our Company had RMB1,635.6 million in retained profits, as determined by IFRS Accounting Standards, available for distribution to our shareholders.

[REDACTED]

[REDACTED]

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, since December 31, 2025 and up to the date of this document, (i) there has been no material adverse change in our operational, financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our consolidated financial statements set out in the Accountants' Report included in Appendix I to this document; and (ii) there has been no material adverse change in our business, the industries in which we operate and/or market or regulatory environment to which we are subject. For further details on recent developments, see "Summary – Recent Developments and No Material Adverse Change" for further details.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had the H Shares been **[REDACTED]** on the Stock Exchange on that date.

FUTURE PLANS

See "Business—Strategies" for more information of our future plans.

USE OF [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, after deducting the **[REDACTED]** and other estimated **[REDACTED]** payable by us in connection with the **[REDACTED]**, and assuming that the **[REDACTED]** is not exercised, we estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** from the **[REDACTED]**. According to our business strategies, we intend to use the **[REDACTED]** from the **[REDACTED]** in the amount and purposes as specified below in the next three years:

1. Approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to strengthen our asset management related business as an instrumental driving force for our Company's development of which:

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to establish an asset management subsidiary for the continued optimization of the asset management business layout, being the implementation of the multi-asset and multi-strategy approach with an emphasize on the expansion and enhancement of strategies targeting FI+, interest rate bond and equity products layout. For further information on our asset management business layout (including the strengthening of our multi-asset and multi-strategy approach), see "Business — Strategies — Business Development — Asset Management Related Business: Building the multi-asset strategies and synergies by distribution channels as the core growth drivers - (1) Optimization of business layout with refinement of product strategy system.";

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to promote the product offerings within existing distribution channels and continue to enhance cooperation with existing distribution channel partners, drive the implementation of newer business models by strengthening the multi-asset and multi-strategy approach with enlarged client coverage and increased AUM. For further information on our building of distribution channels for asset management business, see "Business — Strategies — Business Development — Asset Management Related Business: Building the multi-asset strategies and synergies by distribution channels as the core growth drivers - (3) Full leverage of distribution channel clients to deepen business synergy and expansion.";

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to strengthen the professional capabilities of our private fund subsidiary, thereby enhancing its capital strength and competitiveness. In particular, we will focus on (i) scaling up the AUM of our private fund management business and optimization of capital structure through, among others, collaboration with local government guidance funds to boost our competitiveness in the capital market. In this connection, such government funds may, along with non-government investors, invest in the funds we manage and they may also provide guidance as to the investment scope and objectives of the funds we manage, and (ii) strengthening the talent team development, including team building and professional skills training with improved talent cultivation mechanism and efficient operation of the entire business chain.

2. Approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to our investment related business to enhance buy-side capabilities and build a globally oriented investment system with integrated multi-asset strategies of which:

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to increase securities investments to support and contribute to the development of society and real economy;

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to strengthen investments in high dividend yield equity securities and derivatives, and diversify across multiple asset classes, increase the allocation of international asset investments to enhance overall investment returns while ensuring risks remain manageable. In this connection, high dividend yield equity securities and derivatives may include stocks of companies that have a history of distributing a significant portion of their earnings to shareholders (i.e., a high dividend yield). For more information on our diversification across multiple asset classes, see "Business – Strategies – Business Development – Investment Related Business:

Building a globally oriented investment system with integrated multi-asset strategies – (2) All- weather FI+ ecosystem: Structural optimization driving growth of absolute return." For more information on allocation of international asset investments, see "Business – Strategies – Business Development – Investment Related Business: Building a globally oriented investment system with integrated multi-asset strategies – (1) Global capital allocation capabilities: Building a multi-dimensional and return-generating engine through a global asset matrix.";

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to strengthen the capital base of our alternative investment subsidiary, explore distressed asset disposal related businesses, and pursue investment opportunities in the Beijing Stock Exchange and NEEQ market by way of targeting high-quality NEEQ Innovation Tier issuers with clear transfer potential to the Beijing Stock Exchange and pursuing growth in hard technology sectors such as advanced manufacturing, bio-pharmacy, new energy and new materials, as well as targeting specialized, refined, unique and innovative enterprises with high R&D intensity, core patents capabilities, stable downstream customers to capture scale-up inflection.

3. Approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to investment banking related business to achieve diversified development of which:

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to enhance the capability to serve science and technology enterprises so as to support the science and technology innovation and making contributions to the development of the real economy and industrial upgrading of Beijing. We intend to enhance our capabilities to serve science and technology companies through (a) the establishment of in-depth and systematic industry research frameworks covering industry policies, technology roadmaps, industrial chain structures, business models, and valuation methodologies, with a focus on key technology sectors such as semiconductors, artificial intelligence, advanced manufacturing and biotechnology, and (b) utilization of an "Investment Banking+" collaboration mechanism to provide closed-loop services for technology enterprises, including equity financing, M&A restructuring, and strategic investments;

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to consolidate strengths and explore growth opportunities in asset securitization, industrial bonds, cross-border financing, M&A and restructuring, and investment banking services specializing in distressed asset disposal and alternative asset investment. We intend to prioritize scale expansion and brand elevation for our ABS business. We aim to selectively capture high-quality projects from central and state-owned enterprises, and we also plan to implement enhanced performance incentives and scale-based targets for our ABS team. For distressed asset disposal business, we intend to capture opportunities from supply-side reform, real estate risk resolution and optimisation of local government legacy assets through debt restructuring, asset revitalisation, nonperforming loan or portfolio disposals and bankruptcy reorganisation. We will focus execution on urban investment platforms, manufacturing and technology enterprises to strengthen financial remediation and asset restructuring capabilities. China's non-performing asset disposal market has numerous participants and a rich ecosystem, thus it has low market concentration. The market for such business is fragmented in the PRC and professional depth and regional coverage are key differentiators. For M&A and restructuring business, we intend to prioritise SOE mixed-ownership reform, technology industry-chain consolidation and regional industrial M&A led by urban development platforms. China's M&A and restructuring market exhibits a significant head effect, with the market primarily dominated by leading securities firms. Small and medium-sized securities firms are opting for differentiated competitive strategies, concentrating resources on emerging industries. We endeavour to provide valuation, structuring, financial advisory and integration planning, anchored by deep industry research. While top securities firms dominate mega deals in this respect in the PRC, meaningful headroom exists in regional, industry-driven and mid-market technology transactions where sector expertise and industrial resources prevail. For further information on how we plan to secure clients and projects for the aforementioned investment banking related business, see "Business – Strategies – Business Development - Investment Banking Related Business: Focusing on business in respect of Beijing Stock Exchange with continuous cultivation of the Beijing market."

4. Approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to wealth management related business to refine wealth management service and product systems, and to:

- drive breakthroughs in institutional business, strengthen margin financing and securities lending business and investment advisory services, and enhance comprehensive wealth management capabilities. With respect to margin financing and securities lending business, we expect to broaden our business foundation through increasing the number of new clients and growing the scale of margin financing and securities lending balances throughout the year. On the other hand, we intend to elevate credit utilization rate to promote simultaneous growth in both business scale and revenue generation. We will facilitate the expansion of our business scale by gradually optimizing the margin trading functionality on client platforms, elevating value-added services for existing clients, and strengthening service process management for our current client base. For further information on our development of investment advisory services, see "Business—Strategies—Business Development—Wealth Management Related Business: Driving wealth management transformation through product and service innovation - (3) Deepening the transition to buy-side investment advisory services to drive asset allocation transformation."

5. Approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to IT and technology investments to advance digital and intelligent transformation for empowering business lines of which:

- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to promote equipment update and system upgrades, strengthen information system security construction, and ensure the security and stability of information systems and customer services. Equipment update includes hardware equipment such as network devices and servers for our data storage facilities, as well as servers, operating systems, databases and middleware for our IT infrastructure in general. System upgrades include our new-generation core trading system adopting a distributed architecture and AI-driven operations management platform unifying multi-line business data and processes to automate real-time monitoring, analysis, and rapid issue resolution;
- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to focus on digitalized and smart operations and services to enhance our FinTech ecosystem, to strengthen digitalized and smart operations management, customer marketing and service system for elevating operational and service efficiency;
- approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be allocated to drive technological innovation through deep integration with business requirements, and to continually broaden the application landscapes for big data, cloud computing, and AI technologies. For further information on intended application scenarios of big data, cloud computing and AI technologies, see "Business—Strategies—Collaborative Support—Information technology development for intelligent infrastructure."

6. Approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]**, to be used for supplementing our working capital and for other general corporate purposes.

In the event that the **[REDACTED]** is set at the maximum **[REDACTED]** or the minimum **[REDACTED]** of the indicative **[REDACTED]** range, the **[REDACTED]** of the **[REDACTED]** will increase by approximately HK$**[REDACTED]** or decrease by approximately HK$**[REDACTED]**. The **[REDACTED]** that we would receive if the **[REDACTED]** was to be exercised in full would be: (i) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the maximum **[REDACTED]** of the indicative **[REDACTED]** range); (ii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range); and (iii) HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the minimum **[REDACTED]** of the indicative **[REDACTED]** range).

To the extent that the **[REDACTED]** from the **[REDACTED]** are either more or less than expected, we will adjust our allocation of the **[REDACTED]** for the above purposes on a pro rata basis.

To the extent that the **[REDACTED]** of the **[REDACTED]** are not immediately used for the aforementioned purposes, we will deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance, or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Hong Kong Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CAPITAL SECURITIES CORPORATION LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED / [REDACTED], CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) CO., LIMITED, CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED AND BOCI ASIA LIMITED.

Introduction

We report on the historical financial information of Capital Securities Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages [ ] to [ ],which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [ ] to [ ] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [ ] have been made.

Dividends

We refer to note 49 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[ ]

Certified Public Accountants
Hong Kong

[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue				
Commission and fee income	*6*	1,233,776	1,838,885	1,415,520
Interest income	*7*	576,991	609,565	553,341
Investment income and gains	*8*	1,159,626	1,139,333	1,667,724
Total revenue		2,970,393	3,587,783	3,636,585
Other income and gains	*9*	8,908	13,994	9,779
Total revenue, gains and other income		2,979,301	3,601,777	3,646,364
Depreciation and amortization	*10*	(101,868)	(115,637)	(117,631)
Staff costs	*11*	(734,563)	(893,261)	(879,017)
Commission and fee expenses	*12*	(356,284)	(480,109)	(444,660)
Interest expenses	*13*	(729,111)	(704,452)	(696,503)
Other operating expenses	*14*	(256,342)	(248,635)	(292,640)
Credit loss expense, net of reversal	*15*	(41,904)	(24,160)	32,751
Impairment losses	*15*	—	—	(5,916)
Total expenses		(2,220,072)	(2,466,254)	(2,403,616)
Share of profits and losses of an associate and a joint venture		33,338	2,764	23,866
Profit before income tax		792,567	1,138,287	1,266,614
Income tax expense	*18*	(91,468)	(153,140)	(210,397)
Profit for the year		701,099	985,147	1,056,217
Attributable to:				
Owners of the Company		701,039	984,888	1,056,403
Non-controlling interests		60	259	(186)
Earnings per share (Expressed in RMB per share)				
- Basic	19	0.26	0.36	0.39
- Diluted	19	0.26	0.36	0.39

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	701,099	985,147	1,056,217
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Fair value gains on investments in equity instruments designated at fair value through other comprehensive income	—	212,126	148,632
Income tax effect	—	(53,032)	(48,364)
Subtotal	—	159,094	100,268
Items that may be reclassified subsequently to profit or loss:			
Debt instruments at fair value through other comprehensive income:			
- Fair value changes arising during the year	76,134	216,144	(130,384)
- Reclassification adjustment to profit or loss on disposal	(4,077)	(4,897)	(5,744)
- Reclassification adjustment to profit or loss on impairment	2,780	3,769	6,545
- Income tax effect	(18,709)	(53,754)	32,396
Share of other comprehensive income of an associate and a joint venture	78	447	(93)
Subtotal	56,206	161,709	(97,280)
Other comprehensive income for the year (net of tax)	56,206	320,803	2,988
Total comprehensive income for the year (net of tax)	757,305	1,305,950	1,059,205
Total comprehensive income for the year attributable to:			
Owners of the Company	757,245	1,305,691	1,059,391
Non-controlling interests	60	259	(186)
	757,305	1,305,950	1,059,205

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*20*	77,120	67,327	176,576
Investment properties	*21*	17,280	36,982	9,837
Right-of-use assets	*22*	329,583	317,281	261,503
Other intangible assets	*23*	153,036	191,729	213,289
Goodwill	*24*	125,838	125,838	125,838
Interests in an associate and a joint venture	*25*	894,706	898,282	922,055
Equity instruments designated at fair value through other comprehensive income	*27*	1,400	2,334,308	6,193,615
Financial assets at fair value through profit or loss	*29*	4,228,960	1,812,578	1,008,616
Other assets	*30*	62,105	44,447	44,961
Deposits with exchanges and non-bank financial institutions	*31*	699,348	776,422	1,770,836
Deferred tax assets	*32*	64,368	17,872	24,273
Total non-current assets		6,653,744	6,623,066	10,751,399
Current assets				
Advances to customers	*33*	2,263,839	3,040,258	3,941,496
Accounts receivable	*34*	744,552	597,284	596,274
Tax recoverable		42,296	592	5,100
Other assets	*30*	158,580	128,090	179,528
Debt instruments at fair value through other comprehensive income	*26*	11,264,617	9,191,245	8,750,103
Financial assets held under resale agreements	*28*	353,931	93,364	66,319
Financial assets at fair value through profit or loss	*29*	13,781,788	17,237,200	17,659,845
Derivative financial assets	*35*	11,287	7,945	60,152
Clearing settlement funds	*36*	1,388,102	2,511,384	1,871,633
Bank balances	*37*	6,538,719	7,425,351	8,496,876
Total current assets		36,547,711	40,232,713	41,627,326
Total assets		43,201,455	46,855,779	52,378,725

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Current liabilities				
Bonds payable	*39*	3,433,922	4,386,564	3,297,110
Short-term financing payables	*40*	1,733,119	1,990,809	1,340,266
Due to banks and other financial institutions	*41*	914,706	1,536,753	2,940,154
Accounts payable to brokerage clients	*42*	5,531,837	7,678,582	8,393,388
Accrued staff costs	*43*	98,938	93,753	127,671
Other payables and accruals	*44*	378,022	737,959	829,603
Lease liabilities	*22*	52,650	75,413	68,311
Current tax liabilities		2,379	17,112	30,649
Financial liabilities at fair value through profit or loss	*45*	684,990	1,253,099	822,580
Derivative financial liabilities	*35*	—	7,796	4,172
Financial assets sold under repurchase agreements	*46*	11,988,563	9,287,839	8,804,968
Contract liabilities	*47*	16,223	16,499	21,247
Total current liabilities		24,835,349	27,082,178	26,680,119
Net current assets		11,712,362	13,150,535	14,947,207
Total assets less current liabilities		18,366,106	19,773,601	25,698,606
Non-current liabilities				
Bonds payable	*39*	5,613,986	6,072,551	11,523,672
Accrued staff costs	*43*	52,916	91,842	79,896
Lease liabilities	*22*	324,046	305,321	247,848
Deferred tax liabilities	*32*	12,702	58,783	75,881
Total non-current liabilities		6,003,650	6,528,497	11,927,297
Net assets		12,362,456	13,245,104	13,771,309
Equity				
Share capital	*48*	2,733,334	2,733,334	2,733,334
Reserves	*49*	8,379,668	9,019,373	9,394,299
Retained profits	*49*	1,233,810	1,476,494	1,627,959
Equity attributable to owners of the Company		12,346,812	13,229,201	13,755,592
Non-controlling interests		15,644	15,903	15,717
Total equity		12,362,456	13,245,104	13,771,309

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2023

	Equity attributable to owners of the Company							
		Reserves						
	Share capital	Capital reserve	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Subtotal	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	2,733,334	6,787,164	(32,751)	1,352,755	365	1,254,367	12,095,234	15,584	12,110,818
Profit for the year	—	—	—	—	—	701,039	701,039	60	701,099
Other comprehensive income for the year	—	—	56,128	—	78	—	56,206	—	56,206
Total comprehensive income for the year	—	—	56,128	—	78	701,039	757,245	60	757,305
Appropriation to general reserves	—	—	—	215,929	—	(215,929)	—	—	—
Dividend declared	—	—	—	—	—	(505,667)	(505,667)	—	(505,667)
At December 31, 2023	2,733,334	6,787,164	23,377	1,568,684	443	1,233,810	12,346,812	15,644	12,362,456

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Year ended December 31, 2024

	Equity attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Subtotal	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	2,733,334	6,787,164	23,377	1,568,684	443	1,233,810	12,346,812	15,644	12,362,456
Profit for the year	—	—	—	—	—	984,888	984,888	259	985,147
Other comprehensive income for the year	—	—	320,356	—	447	—	320,803	—	320,803
Total comprehensive income for the year	—	—	320,356	—	447	984,888	1,305,691	259	1,305,950
Appropriation to general reserves	—	—	—	318,537	—	(318,537)	—	—	—
Dividend declared	—	—	—	—	—	(423,667)	(423,667)	—	(423,667)
Other*	—	365	—	—	—	—	365	—	365
At December 31, 2024	2,733,334	6,787,529	343,733	1,887,221	890	1,476,494	13,229,201	15,903	13,245,104

* The change in capital reserve of the Group's associate.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2025

	Equity attributable to owners of the Company								
		Reserves							
	Share capital	Capital reserve	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Subtotal	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	2,733,334	6,787,529	343,733	1,887,221	890	1,476,494	13,229,201	15,903	13,245,104
Profit for the year	—	—	—	—	—	1,056,403	1,056,403	(186)	1,056,217
Other comprehensive income for the year	—	—	3,081	—	(93)	—	2,988	—	2,988
Total comprehensive income for the year	—	—	3,081	—	(93)	1,056,403	1,059,391	(186)	1,059,205
Appropriation to general reserves	—	—	—	327,115	—	(327,115)	—	—	—
Dividend declared	—	—	—	—	—	(533,000)	(533,000)	—	(533,000)
Other comprehensive income that has been reclassified to retained profits	—	—	44,823	—	—	(44,823)	—	—	—
At 31 December 2025	2,733,334	6,787,529	391,637	2,214,336	797	1,627,959	13,755,592	15,717	13,771,309

The reserve accounts comprise the consolidated reserves of RMB9,613 million, RMB10,496 million and RMB11,022 million in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	792,567	1,138,287	1,266,614
Adjustments for:			
Interest expenses	729,111	704,452	696,503
Share of profits and losses of an associate and a joint venture	(33,338)	(2,764)	(23,866)
Depreciation and amortization	101,868	115,637	117,631
Credit loss expense, net of reversal	41,904	24,160	(32,751)
Impairment losses	—	—	5,916
Losses/(gains) on disposal of property and equipment and other intangible assets	20	(39)	(770)
Foreign exchange (gains)/losses	(381)	(399)	1,474
Net realized gains from disposal of debt instruments at fair value through other comprehensive income	(96,005)	(170,725)	(161,961)
Interest income from debt instruments at fair value through other comprehensive income	(281,021)	(305,200)	(239,968)
Dividend income from equity instruments designated at fair value through other comprehensive income	—	(120,778)	(326,956)
Unrealized fair value (gains)/losses and losses on financial instruments at fair value through profit or loss	(195,706)	(19,126)	181,443
Operating cash flows before movements in working capital	1,059,019	1,363,505	1,483,309
Increase in advances to customers	(153,803)	(793,830)	(894,346)
(Increase)/decrease in accounts receivable and other assets	(523,778)	138,777	(1,268)
Decrease in financial assets held under resale agreements	74,251	263,358	73,559
Increase in financial assets at fair value through profit or loss	(1,748,172)	(440,658)	(286,478)
Decrease/(increase) in deposits with exchanges and non-bank financial institutions	362,774	(77,071)	(994,417)
(Increase)/decrease in clearing settlement funds for clients	365,822	(671,856)	55,207
Increase in cash held on behalf of customers	(13,310)	(1,712,975)	(835,992)
(Decrease)/increase in accounts payable to brokerage clients	(10,543)	2,146,745	714,806

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Increase/(decrease) in financial assets sold under repurchase agreements	733,775	(2,693,588)	(481,756)
Increase in amounts due to banks and other financial institutions	110,000	620,000	1,400,000
Increase in restricted bank deposits		(6,447)	(90,000)
(Decrease)/increase in other payables	(90,126)	323,102	303,316
Cash from operations	165,909	(1,540,938)	445,940
Income taxes paid	(106,127)	(110,911)	(191,700)
Interest paid	(372,468)	(319,247)	(296,924)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(312,686)	(1,971,096)	(42,684)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends and interest received from investments	587,826	742,752	802,010
Purchases of property and equipment, investment properties and other intangible assets	(82,339)	(100,355)	(179,000)
Proceeds from disposal of property and equipment and other intangible assets	349	37	35
Purchases of debt instruments at fair value through other comprehensive income	(10,884,751)	(9,285,217)	(13,068,839)
Proceeds from disposal of debt instruments at fair value through other comprehensive income	9,107,897	11,559,772	13,106,206
Purchases of equity instruments designated at fair value through other comprehensive income	—	(2,120,782)	(4,096,514)
Proceeds from disposal of equity instruments at fair value through other comprehensive income	—	—	370,899
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	(1,271,018)	796,207	(3,065,203)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

		Year ended December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Transaction costs paid on issuance of bonds and short-term financing payables		(10,367)	(8,509)	(6,517)
Proceeds from bonds issued		2,794,780	4,755,850	8,650,000
Repayment of bonds issued		(500,000)	(3,366,500)	(4,282,550)
Proceeds from short-term financing payables issued		2,146,460	2,609,100	3,327,220
Repayment of short-term financing payables issued		(1,616,530)	(2,343,280)	(3,982,880)
Interest paid in respect of bonds and short-term financing payables		(317,852)	(359,914)	(383,105)
Dividends paid		(505,667)	(423,667)	(533,000)
Payment of lease liabilities		(89,815)	(71,564)	(93,233)
Payment of **[REDACTED]** expenses		—	—	(26,133)
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,901,009	791,516	2,669,802
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		317,305	(383,373)	(438,085)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,717,341	3,035,027	2,652,053
Effect of foreign exchange rate changes, net		381	399	(1,474)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*38*	3,035,027	2,652,053	2,212,494
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		2,245,603	1,411,203	1,556,188
Clearing settlement funds		789,424	1,240,850	656,306
Cash and cash equivalents as stated in the statement of cash flows		3,035,027	2,652,053	2,212,494

STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*20*	73,582	61,027	171,513
Investment properties	*21*	—	20,543	—
Right-of-use assets	*22*	325,716	299,443	247,566
Other intangible assets	*23*	146,810	186,310	208,163
Goodwill	*24*	105,520	105,520	105,520
Interests in an associate and a joint venture	*25*	888,494	892,082	915,824
Interests in subsidiaries	*25*	1,530,445	1,530,445	1,590,445
Equity instruments designated at fair value through other comprehensive income	*27*	—	2,332,908	6,192,215
Financial assets at fair value through profit or loss	*29*	3,754,772	1,327,594	614,691
Other assets	*30*	60,851	42,845	43,340
Deposits with exchanges and non-bank financial institutions	*31*	247,829	325,160	326,556
Deferred tax assets	*32*	59,611	—	—
Total non-current assets		7,193,630	7,123,877	10,415,833
Current assets				
Advances to customers	*33*	2,263,839	3,040,258	3,941,496
Accounts receivable	*34*	741,949	593,066	578,378
Tax recoverable		41,209	—	—
Other assets	*30*	105,332	93,810	159,215
Amounts due from subsidiaries	*30/34*	1,987	2,607	1,225
Debt instruments at fair value through other comprehensive income	*26*	11,264,617	9,191,245	8,750,103
Financial assets held under resale agreements	*28*	349,929	64,349	—
Financial assets at fair value through profit or loss	*29*	12,945,435	16,097,856	18,064,464
Derivative financial assets	*35*	10,926	4,570	5,517
Clearing settlement funds	*36*	1,435,083	2,396,318	1,772,058
Bank balances	*37*	5,416,303	6,382,975	6,761,143
Total current assets		34,576,609	37,867,054	40,033,599
Total assets		41,770,239	44,990,931	50,449,432
Current liabilities				
Bonds payable	*39*	3,433,922	4,386,564	3,297,110
Short-term financing payables	*40*	1,733,119	1,990,809	1,340,266
Due to banks and other financial institutions	*41*	914,706	1,536,753	2,940,154

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Accounts payable to brokerage clients	*42*	4,664,771	6,641,375	6,842,625
Accrued staff costs	*43*	94,745	91,685	123,413
Other payables and accruals	*44*	365,720	728,322	796,215
Lease liabilities	*22*	49,331	71,238	64,204
Current tax liabilities		—	17,069	30,649
Financial liabilities at fair value through profit or loss	*45*	363,929	644,609	589,589
Derivative financial liabilities	*35*	—	7,796	—
Financial assets sold under repurchase agreements	*46*	11,916,293	9,157,933	8,740,683
Contract liabilities	*47*	13,589	14,941	19,665
Total current liabilities		23,550,125	25,289,094	24,784,573
Net current assets		11,026,484	12,577,960	15,249,026
Total assets less current liabilities		18,220,114	19,701,837	25,664,589
Non-current liabilities				
Bonds payable	*39*	5,613,986	6,072,551	11,523,672
Accrued staff costs	*43*	40,020	80,274	74,783
Lease liabilities	*22*	323,148	290,786	237,120
Deferred tax liabilities	*32*	—	58,753	71,571
Total non-current liabilities		5,977,154	6,502,364	11,907,146
Net assets		12,242,960	13,199,473	13,757,713
Equity				
Share capital	*48*	2,733,334	2,733,334	2,733,334
Reserves	*49*	8,375,590	9,014,462	9,388,748
Retained profits	*49*	1,134,036	1,451,677	1,635,631
Total equity		12,242,960	13,199,473	13,757,713

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in People's Republic of China ("PRC") on February 3, 2000. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Main Board of the Shanghai Stock Exchange (stock code: 601136) on December 22, 2022. The registered office of the Company is located at No. 5 An Ding Road, Building 13, Block A, Floors 11-21, Chaoyang District, Beijing. The Company is ultimately controlled by Beijing State-owned Assets Supervision and Administration Commission of the Beijing Municipal People's Government ("Beijing SASAC").

The Company is principally engaged in securities brokerage, securities investment consulting, financial advisory related to securities trading and securities investment activities, securities underwriting and sponsorship, securities proprietary trading, sale of securities investment funds, securities asset management, margin trading and securities lending, sale of financial products on a commission basis and provision of intermediary referral services to futures companies.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
		RMB'000	Direct	Indirect	
Capital Jingdu Futures Co., Ltd. ("Jingdu Futures")	6 March 1993 PRC/Chinese mainland	600,000	100%	—	Commodity futures brokerage, financial futures brokerage, asset management
Shouzheng Desheng Capital Management Co., Ltd.	July 23, 2014 PRC/Chinese mainland	500,000	100%	—	Investment management and financial advisory
Beijing Wangjing Private Equity Management Co., Ltd. ("Wangjing Private Equity")	October 25, 2017 PRC/Chinese mainland	30,000	—	51%	Investment management and advisory of non-securities business; Equity investment management
Shouzheng Zefu Innovation Investment (Beijing) Co., Ltd.	March 10, 2015 PRC/Chinese mainland	800,000	100%	—	Project Investment

Notes:

(a) The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

(b) The statutory financial statements of these entities for the year ended December 31, 2023 prepared in accordance with generally accepted accounting principles and financial regulations in the PRC were audited by Tian Zhi CPAs LLP, a certified public accounting firm registered in the PRC.

(c) The statutory financial statements of these entities for the year ended December 31, 2024 and 2025 prepared in accordance with generally accepted accounting principles and financial regulations in the PRC were audited by Da Hua CPAs LLP, a certified public accounting firm registered in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB").

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, debt investments at fair value through other comprehensive income and financial assets/ liabilities at fair value through profit or loss which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities and any non-controlling interest; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS Accounting Standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[3]
Annual Improvements to IFRS Accounting Standards—Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or after January 1, 2026

3 Effective for annual periods beginning on or after January 1, 2027

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group's financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statements of profit or loss and consolidated statements of comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31,. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and financial investments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a

replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Classes	Estimated residual value rates	Useful lives
Buildings	5%	20 years
Electronic and communication equipment	5%	3 to 5 years
Motor vehicles	5%	4 years
Office equipment	5%	5 years
Leasehold improvements	—	Shorter of estimated useful lives or remaining lease terms

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment loss. Depreciation is recognized so as to write off the cost of investment properties over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Intangible assets with finite lives are subsequently amortized on the straight-line basis over 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as investment income and gains in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Financial assets sold under repurchase agreements and financial assets held under resale agreements

Financial assets held under resale agreements and financial assets sold under repurchase agreements are recorded at the amount actually paid or received when the transactions occur, and are recognized in the statement of financial position. The assets held under the agreements to resell are registered as off-balance-sheet items, while the assets sold under the agreements to repurchase are recorded in the statement of financial position.

The bid-ask spread of the financial assets under agreements to resell and financial assets sold under agreements to repurchase is recognized as interest income or interest expense using the effective interest rate method in the reselling or repurchasing period.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a Lifetime ECLs).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for accounts receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to Lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to Lifetime ECLs

Simplified approach

For account receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on Lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, or payables.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include financial assets sold under repurchase agreements, bonds payable, accounts payable to brokerage clients, financial liabilities at fair value through profit or loss, accounts and other payables, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (accounts and other payables, and borrowings)

After initial recognition, accounts and other payables, and interest-bearing borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments

Initial recognition and subsequent measurement

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Fair values are obtained from quoted market prices in active markets or are determined using valuation techniques, including discounted cash flow model and option pricing model as appropriate. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Dividends appropriated to investors

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorized and declared after the end of each of the Relevant Periods are not recognized as a liability at the end of each of the Relevant Periods and disclosed separately in the notes to the Historical Financial Information.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Further details of the Group's revenue and other income recognition policies are as follows:

(a) Asset management and fund management fee income

Asset and fund management fees include periodic management fees calculated based on assets under management and performance-based fees. The fees are recognized progressively over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

(b) Commission income and fees from brokerage business

Commission income includes commission income on securities dealing and commission income on futures and option contracts dealing, which is recognized on the trade date when the relevant transactions are executed. Handling and settlement fee income arising from brokerage business including handling fees for selling financial products and fees from account opening and transfer service, which is recognized when the related services are rendered.

(c) Underwriting and sponsors' fee income

Income from the underwriting business is recognized when the obligations under the contracts are fulfilled. Depending on the contract terms, income from the sponsorship business is recognized upon the completion of the obligations.

(d) Consultancy and financial advisory fee income

Depending on the nature of the services and the contract terms, consultancy and financial advisory fees are recognized in profit or loss over time using a method that depicts the Group's performance, or at a point in time when the service is completed.

(e) Interest income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset. For financial assets at FVTOCl that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortized cost (i.e. gross carrying amount net of loss allowance) of the asset.

(f) Dividend income

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(g) Other business

Income from other business shall be recognized when the Group's responsibilities and obligations under the contracts have been fulfilled and the amounts collected can be reasonably estimated.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans are accrued in the period in which the associated services are rendered by employees.

Short-term social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on a certain percentage of the employees' salaries and the contributions are recognized in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds were limited to the contribution payable in the Relevant Periods.

Pursuant to the relevant laws and regulations in the PRC, the Group participates in the social pension schemes for employees arranged by local government labor and security authorities. The Group makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the government. The contributions are charged to profit or loss on an accrual basis. When employees retire, the local labor and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Securities lending

The Group lends securities to clients and the cash collateral required under securities lending agreements and interest arising from these agreements are included in "accounts payable to brokerage clients". Securities lent to clients are not derecognized and are continued to be recorded as "Financial assets at fair value through profit or loss".

Events after the Relevant Periods

If the Group receives information after the Relevant Periods, but prior to the date of authorization for issue, about conditions that existed at the end of each the Relevant Periods , it will assess whether the information affects the amounts that it recognizes in its financial statements. The Group will adjust the amounts recognized in its financial statements to reflect any adjusting events after the Relevant Periods and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the Relevant Periods, the Group will not change the amounts recognized in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 49 to the Historical Financial Information. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in Renminbi, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in the consolidated statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. If sufficient profits or taxable temporary differences are not expected to be generated, deferred tax assets would be reversed in profit or loss in that period. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Details of the tax losses and deductible temporary differences are disclosed in the note 32 to the Historical Financial Information.

Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For collective asset management schemes and investment funds where the Group involves as manager and also as investor, the Group considers the scope of its decision-making authority and assesses whether the combination of interests it holds together with its remuneration and credit enhancements creates exposure to variability of returns from the activities of the collective asset management schemes and investment funds that is of such significance that it indicates that the Group is a principal. The collective asset management schemes and investment funds are consolidated if the Group acts in the role of principal.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 24 to the Historical Financial Information.

Fair value of financial instrument

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and option pricing models. To the extent practical market observable inputs and data, such as interest rate yield curves, foreign currency rates and implied option volatilities, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

Determination on classification of financial assets

Classification and measurement of financial assets depends on the results of whether the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

Measurement and recognition of ECLs

The following significant judgments are required in applying the accounting requirements for measuring the ECLs:

– Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECLs for stage 1 assets, or Lifetime ECLs for stage 2 or stage 3 assets. An asset classified as stage 2 when its credit risk has increased significantly since initial recognition, and it comes to stage 3 when it is credit impaired (but it is not purchased original credit impaired). In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 58 to the Historical Financial Information for more details.

– Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets transfer from 12-month to Lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or Lifetime ECLs but the amount of ECLs changes because the credit risk of the portfolios differ.

– Models and assumptions used

The Group uses various models and assumptions in estimating ECLs. The Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default ("PD") constitutes a key input in measuring ECLs. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Loss given default ("LGD") is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 58 to the Historical Financial Information for more details on ECLs.

5. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group's basis of organization, whereby the businesses are organized and managed separately as individual strategic business units that offer different products and serve different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors, which are consistent with the accounting and measurement criteria in the preparation of the Historical Financial Information.

Specifically, the Group's operating segments are as follows:

(a) Wealth Management: It primarily engages in agency trading securities, securities investment advisory services, sales of financial products, margin financing and securities lending, research services and futures business.

(b) Asset Management: It is principally engaged in the provision of asset management services through the Company, private equity fund services through the Group's wholly-owned subsidiary, Shouzheng Desheng Capital Management Co., Ltd., as well as mutual fund services through the Group's associate, China Post & Capital Fund Management Co., Ltd.

(c) Investment: It is engaged in fixed income investment and trading business, equity securities investment business, market making in the New Over the Counter Board and alternative investment business.

(d) Investment Banking: It mainly includes stock underwriting and sponsorship business, bond issuance and underwriting, and financial advisory.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the Relevant Periods. Segment profit or loss represents the profit earned or loss incurred by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

The operating and reportable segment information provided to the CODM during the Relevant Periods:

	Wealth Management	Asset Management	Investment	Investment Banking	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2023						
Segment revenue and results						
Revenue and net investment gains	608,430	792,498	1,241,905	123,688	203,872	2,970,393
Other income	2,331	15	272	37	6,253	8,908
Segment revenue and other income	610,761	792,513	1,242,177	123,725	210,125	2,979,301
Segment expenses	704,463	398,613	461,554	124,152	531,290	2,220,072
Segment result	(93,702)	393,900	780,623	(427)	(321,165)	759,229
Share of profits and losses of an associate and a joint venture	—	33,338	—	—	—	33,338
Profit/(loss) before income tax	(93,702)	427,238	780,623	(427)	(321,165)	792,567
Other segment information						
Depreciation and amortization	52,508	7,556	5,839	7,141	28,824	101,868
Impairment losses	12	672	2,780	—	38,440	41,904
Interest income from operations	254,066	2,135	7,665	—	32,104	295,970
Interest income from investments	—	—	281,021	—	—	281,021
Interest expenses	139,706	1,531	341,513	2,818	243,543	729,111

5. SEGMENT INFORMATION (continued)

The operating and reportable segment information provided to the CODM during the Relevant Periods: (continued)

	Wealth Management	Asset Management	Investment	Investment Banking	Others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended December 31, 2024						
Segment revenue and results						
Revenue and net investment gains	612,108	1,282,407	1,343,509	208,164	141,595	3,587,783
Other income	6,553	19	40	36	7,346	13,994
Segment revenue and other income	618,661	1,282,426	1,343,549	208,200	148,941	3,601,777
Segment expenses	714,582	556,671	438,627	152,602	603,772	2,466,254
Segment result	(95,921)	725,755	904,922	55,598	(454,831)	1,135,523
Share of profits and losses of an associate and a joint venture	—	2,764	—	—	—	2,764
Profit/(loss) before income tax	(95,921)	728,519	904,922	55,598	(454,831)	1,138,287
Other segment information						
Depreciation and amortization	53,018	9,263	8,583	9,303	35,470	115,637
Impairment losses	(522)	18,205	3,449	—	3,028	24,160
Interest income from operations	248,588	562	6,761	—	48,454	304,365
Interest income from investments	—	—	305,200	—	—	305,200
Interest expenses	115,391	1,446	277,652	2,664	307,299	704,452
For the year ended December 31, 2025						
Segment revenue and results						
Revenue and net investment gains	747,487	757,384	1,802,557	203,809	125,348	3,636,585
Other income	2,772	12	54	3	6,938	9,779
Segment revenue and other income	750,259	757,396	1,802,611	203,812	132,286	3,646,364
Segment expenses	736,329	475,188	432,149	134,204	625,746	2,403,616
Segment result	13,930	282,208	1,370,462	69,608	(493,460)	1,242,748
Share of profits and losses of an associate and a joint venture	—	23,866	—	—	—	23,866
Profit/(loss) before income tax	13,930	306,074	1,370,462	69,608	(493,460)	1,266,614
Other segment information						
Depreciation and amortisation	47,986	10,816	8,706	7,163	42,960	117,631
Impairment losses	20	19,000	6,545	—	(52,400)	(26,835)
Interest income from operations	276,857	124	5,345	—	31,047	313,373
Interest income from investments	—	—	239,968	—	—	239,968
Interest expenses	125,004	1,434	248,170	2,091	319,804	696,503

6. COMMISSION AND FEE INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Asset management and fund management fee income	775,526	1,268,624	712,770
Commission on securities dealing, broking and seats renting and handling fee income	268,346	269,808	350,488
Underwriting and sponsors' fee income	76,734	164,094	170,927
Commission on futures and option contracts dealing and broking and handling fee income	42,488	45,370	49,427
Consultancy and financial advisory fee income	42,434	73,990	123,305
Others	28,248	16,999	8,603
	1,233,776	1,838,885	1,415,520

	Year ended December 31,					
	2023		2024		2025	
	At a point in time	Over time	At a point in time	Over time	At a point in time	Over time
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Asset management and fund management fee income	—	775,526	—	1,268,624	—	712,770
Commission on securities dealing, broking and seats renting and handling fee income	268,346	—	269,808	—	350,488	—
Underwriting and sponsors' fees	76,734	—	164,094	—	170,927	—
Commission on futures and option contracts dealing and broking and handling fee income	42,488	—	45,370	—	49,427	—
Consultancy and financial advisory fee income	28,782	13,652	60,810	13,180	111,572	11,733
Others	28,248	—	16,999	—	8,603	—
Total	444,598	789,178	557,081	1,281,804	691,017	724,503

7. INTEREST INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Debt instruments at fair value through other comprehensive income	281,021	305,200	239,968
Deposits with exchanges and financial institutions	126,739	148,969	132,572
Advances to customers and securities lending	140,491	135,611	170,577
Financial assets held under resale agreements and others	28,740	19,785	10,224
	576,991	609,565	553,341

8. INVESTMENT INCOME AND GAINS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Realized and unrealized gains/(losses) from:			
- Financial assets at FVTPL	1,172,980	1,127,257	1,169,077
- Financial liabilities at FVTPL	(28,097)	(86,016)	11,155
- Derivatives	(81,262)	(193,411)	(1,425)
- Debt instruments at FVTOCI	96,005	170,725	161,961
Dividend income from:			
- Equity instruments designated at FVTOCI	—	120,778	326,956
	1,159,626	1,139,333	1,667,724

9. OTHER INCOME AND GAINS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	4,830	8,548	5,717
Gains on disposals of non-financial assets	68	146	826
Foreign exchange gains/(losses)	381	399	(1,474)
Others	3,629	4,901	4,710
	8,908	13,994	9,779

These government grants were received by the Group from the local governments to support financial institutions to operate in designated locations.

10. DEPRECIATION AND AMORTIZATION

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation for right-of-use assets	60,351	65,846	64,282
Depreciation for property, plant and equipment	22,774	25,209	24,270
Depreciation for investment properties	420	841	1,297
Amortization of other intangible assets	18,323	23,741	27,782
	101,868	115,637	117,631

11. STAFF COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonus and allowances	540,219	674,863	660,837
Social welfare	79,869	87,705	94,656
Defined contribution plans	86,493	97,384	87,883
Others	27,982	33,309	35,641
	734,563	893,261	879,017

12. COMMISSION AND FEE EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Asset management and fund management fee expenses	265,375	374,530	302,959
Commission on securities and futures dealing and broking fee expenses	88,106	95,611	128,632
Underwriting and sponsors' fee expenses	2,633	7,832	13,021
Other service expenses	170	2,136	48
	356,284	480,109	444,660

13. INTEREST EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Presented below are interest expenses on the following liabilities:			
- Bonds payable and short-term financing payables	333,062	373,641	382,438
- Financial assets sold under repurchase agreements	292,779	259,145	220,280
- Due to banks and other financial institutions	42,546	38,185	63,563
- Accounts payable to brokerage clients	14,568	13,617	9,136
- Lease liabilities	17,531	16,653	14,854
- Others	28,625	3,211	6,232
	729,111	704,452	696,503

14. OTHER OPERATING EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
General and administrative expenses	69,351	50,902	78,234
Electronic equipment operating expenses	29,219	43,169	51,336
Business promotion expenses	16,401	26,622	31,810
Consulting and professional services	30,053	22,302	15,929
Taxes and surcharges	10,581	15,420	14,009
Property management expenses	10,459	11,037	11,695
Business travel expenses	11,090	12,927	13,018
Fees for securities and futures exchanges administer	11,846	12,691	14,282
Business entertainment expenses	20,140	11,983	10,051
Securities and futures investor protection funds	8,743	11,474	11,548
Data transmission expenses	13,832	9,706	10,512
Leasing fee	5,734	1,389	971
Auditors' remuneration	2,195	1,168	1,143
Others	16,698	17,845	28,102
	256,342	248,635	292,640

15. CREDIT LOSS EXPENSE AND IMPAIRMENT LOSSES, NET OF REVERSAL

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Credit loss expense:			
- Financial assets held under resale agreements	37,724	(3,256)	(52,701)
- Advances to customers	137	2,176	(412)
- Accounts receivables	451	4,721	592
- Other receivables	812	16,750	13,225
- Debt instruments at FVTOCI	2,780	3,769	6,545
Subtotal	41,904	24,160	(32,751)
Impairment losses:			
- Investment properties	—	—	5,916
Total	41,904	24,160	(26,835)

Details of financial assets' impairment assessment for the Relevant Periods are set out in note 58 to the Historical Financial Information.

16. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of directors and supervisors of the Company recorded during the Relevant Periods is set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	800	800	800
Other emoluments:			
Salaries and allowances	5,238	4,457	4,167
Bonuses	2,933	—	—
Social welfare and defined contribution plans	919	1,220	971
Total	9,890	6,477	5,938

For the year ended December 31, 2023

Name	Fees	Salaries and allowances	Social welfare and defined contribution plans	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Bi Jinsong (1)	—	1,603	205	818	2,626
Cheng Jialin (1)	—	1,295	205	821	2,321
Su ZhaoHui	—	—	—	—	—
Liu Huibin (4)	—	—	—	—	—
Qin Yi (4)	—	—	—	—	—
Ma Jiaqi (2)	—	—	—	—	—
Yang Weibin (3)	—	—	—	—	—
Ren Yuhang	—	—	—	—	—
Tian Ye	—	—	—	—	—
Independent directors:					
Ye Lin	200	—	—	—	200
Wang Xixin	200	—	—	—	200
Zhang Jianhua (5)	67	—	—	—	67
Rong Jian (5)	67	—	—	—	67
Ye Jinfu (8)	133	—	—	—	133
Feng Bo (8)	133	—	—	—	133
Supervisors:					
Li Zhang (6)	—	—	—	—	—
Han Xuesong	—	—	—	—	—
Yang Ling	—	702	205	417	1,324
Liu Meijun	—	724	205	400	1,329
Zhang Jiantong (1)(9)	—	914	99	477	1,490
Zhu Lijin	—	—	—	—	—
Total	800	5,238	919	2,933	9,890

For the year ended December 31, 2024

Name	Fees	Salaries and allowances	Social welfare and defined contribution plans	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Bi Jinsong (1)	—	963	215	—	1,178
Zhang Tao (1)(11)	—	698	162	—	860
Cheng Jialin (1)	—	807	215	—	1,022
Liu Huibin	—	—	—	—	—
Qin Yi	—	—	—	—	—
Li Yang (12)	—	—	—	—	—
Tian Ye	—	—	—	—	—
Su Zhaohui (13)	—	—	—	—	—
Ren Yuhang (14)	—	—	—	—	—
Independent directors:					
Ye Lin	200	—	—	—	200
Wang Xixin	200	—	—	—	200
Zhang Jianhua	200	—	—	—	200
Rong Jian	200	—	—	—	200
Supervisors:					
Li Zhang	—	—	—	—	—
Han Xuesong	—	—	—	—	—
Yang Ling	—	698	215	—	913
Liu Meijun	—	756	215	—	971
Gao Wenbin (1)(7)	—	535	198	—	733
Zhu Lijin (10)	—	—	—	—	—
Total	800	4,457	1,220	—	6,477

The remuneration of 2024 is the total amount of compensation attributable and received during the year.

For the year ended December 31, 2025

Name	Fees	Salaries and allowances	Social welfare and defined contribution plans	Bonuses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Bi Jinsong (1)(17)	—	882	176	—	1,058
Zhang Tao (1)	—	963	196	—	1,159
Cheng Jialin (1)	—	807	193	—	1,000
Liu Huibin (1)	—	80	17	—	97
Liu Meijun (16)	—	65	17	—	82
Qin Yi	—	—	—	—	—
Li Yang	—	—	—	—	—
Tian Ye	—	—	—	—	—
Independent directors:					
Ye Lin	200	—	—	—	200
Wang Xixin	200	—	—	—	200
Zhang Jianhua	200	—	—	—	200
Rong Jian	200	—	—	—	200
Supervisors:					
Li Zhang (15)	—	—	—	—	—
Han Xuesong (15)	—	—	—	—	—
Yang Ling (15)	—	468	124	—	592
Liu Meijun (15)	—	511	124	—	635
Gao Wenbin (1)(15)	—	391	124	—	515
Total	800	4,167	971	—	5,938

The remuneration of 2025 is the total amount of compensation attributable and received during the year. Part of the remuneration is still under verification, and the unverified portion has not been disclosed temporarily. It will be disclosed in subsequent periodic reports.

(1) Pursuant to the PRC relevant regulations, a portion of the performance-based bonus for certain directors and supervisors are deferred for a maximum of 3 years contingent upon the future performance.
(2) Resigned as a director in February 2023.
(3) Resigned as a director in April 2023.
(4) Appointed as a director in September 2023.
(5) Appointed as an independent director in September 2023.
(6) Appointed as a supervisor in September 2023.
(7) Appointed as a supervisor in February 2024.
(8) Resigned as an independent director in September 2023.
(9) Resigned as a supervisor in July 2023.
(10) Resigned as a supervisor in January 2024.
(11) Appointed as a director in May 2024.
(12) Appointed as a director in December 2024.
(13) Resigned as a director in April 2024.
(14) Resigned as a director in December 2024.
(15) Resigned as a supervisor in August 2025.
(16) Appointed as a director in December 2025.
(17) Resigned as a director in November 2025.
(18) There were no amounts paid during the Relevant Periods to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Group, or inducement to join. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

17. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the years ended December 31, 2023, 2024 and 2025 included zero, zero and zero director, respectively, details of whose remuneration are set out in note 16 above. Details of the remuneration for the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and allowances	2,729	2,986	2,730
Bonuses	13,366	15,268	12,531
	16,095	18,254	15,261

The numbers of the highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees		
	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Emolument bands			
- RMB1,000,001 to RMB2,000,000	—	—	—
- RMB2,000,001 to RMB3,000,000	3	2	3
- RMB3,000,001 to RMB4,000,000	1	2	2
- RMB4,000,001 to RMB5,000,000	—	1	—
- RMB5,000,001 to RMB6,000,000	1	—	—
- RMB6,000,001 to RMB7,000,000	—	—	—
	5	5	5

18. INCOME TAX EXPENSE

Under the Corporate Income Tax Law of the PRC (the "CIT"), the statutory tax rate of the Company and its subsidiaries in Chinese mainland is 25%, except for Wangjing Private Equity, whose statutory tax rate is 20%.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax			
PRC Enterprise Income Tax	22,897	167,569	215,668
Underprovision/(overprovision) in prior years:			
PRC Enterprise Income Tax	—	(220)	—
Subtotal	22,897	167,349	215,668
Deferred income tax	68,571	(14,209)	(5,271)
	91,468	153,140	210,397

According to the Law of the People's Republic of China on Enterprise Income Tax and its implementing regulations,

the Announcement on Further Implementing the Preferential Income Tax Policy for Small and Micro Enterprises (Caishui [2022] No. 13), and Announcement on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individually-Owned Businesses (Caishui [2023] No. 12), from January 1, 2022 to December 31, 2027, the portion of the annual taxable income of small and micro profit enterprises that exceeding RMB1 million but not exceeding RMB3 million shall be included in the taxable income reduced by 25% and paying corporate income tax at a rate of 20%. Wangjing Private Equity, the subsidiary of the Company, complies with the above-mentioned tax reduction and exemption policies for small and micro profit enterprises for the years 2023, 2024 and 2025.

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	792,567	1,138,287	1,266,614
Tax at the statutory tax rate of 25%	198,142	284,572	316,654
Effect of different tax rates of subsidiaries	(39)	(147)	100
Tax effect of share of profits and losses of an associate and a joint venture	(8,263)	(694)	(5,967)
Tax effect of expenses not deductible for tax purposes	6,566	3,214	23,350
Tax effect of income not taxable for tax purposes and other adjustments*	(104,938)	(133,585)	(135,660)
Overprovision in respect of prior years	—	(220)	—
Others	—	—	11,920
Income tax expense for the year	91,468	153,140	210,397
The effective income tax rate	11.54%	13.45%	16.61%

* Mainly including interest income from local government bonds, national debt and perpetual bonds which is not taxable.

19. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company and the number of ordinary shares in issue during the year.

	Year ended December 31,		
	2023	**2024**	**2025**
Profit attributable to owners of the Company	701,039	984,888	1,056,403
Weighted average number of shares in issue (thousand)	2,733,334	2,733,334	2,733,334
Basic earnings per share (in RMB)	0.26	0.36	0.39

There were no potential dilutive ordinary shares in issue for the Relevant Periods.

20. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
As at January 1, 2023	21,704	47,614	9,166	8,655	55,846	943	143,928
Additions	—	3,919	499	931	5,376	3	10,728
Disposals/write-off	—	(2,630)	—	(365)	(1,222)	(141)	(4,358)
As at December 31, 2023	21,704	48,903	9,665	9,221	60,000	805	150,298
Accumulated depreciation							
As at January 1, 2023	1,671	26,498	8,712	3,297	13,649	678	54,505
Charge for the year	993	8,370	—	1,340	11,981	90	22,774
Disposals/write-off	—	(2,395)	—	(348)	(1,222)	(136)	(4,101)
As at December 31, 2023	2,664	32,473	8,712	4,289	24,408	632	73,178
Carrying amounts							
As at December 31, 2022	20,033	21,116	454	5,358	42,197	265	89,423
As at December 31, 2023	19,040	16,430	953	4,932	35,592	173	77,120
Cost							
As at January 1, 2024	21,704	48,903	9,665	9,221	60,000	805	150,298
Additions	—	6,061	—	580	8,954	—	15,595
Disposals/write-off	—	(2,053)	—	(346)	(5,151)	—	(7,550)
As at December 31, 2024	21,704	52,911	9,665	9,455	63,803	805	158,343
Accumulated depreciation							
As at January 1, 2024	2,664	32,473	8,712	4,289	24,408	632	73,178
Charge for the year	993	8,605	119	1,406	14,021	65	25,209
Disposals/write-off	—	(1,906)	—	(314)	(5,151)	—	(7,371)

	Buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024	3,657	39,172	8,831	5,381	33,278	697	91,016
Carrying amounts							
As at December 31, 2023	19,040	16,430	953	4,932	35,592	173	77,120
As at December 31, 2024	18,047	13,739	834	4,074	30,525	108	67,327
Cost							
As at January 1, 2025	21,704	52,911	9,665	9,455	63,803	805	158,343
Additions	98,204	9,160	160	702	5,481	—	113,707
Transfer	20,543	—	—	—	—	—	20,543
Disposals/write-off	—	(1,878)	(179)	(422)	(3,741)	—	(6,220)
As at December 31, 2025	140,451	60,193	9,646	9,735	65,543	805	286,373
Accumulated depreciation							
As at January 1, 2025	3,657	39,172	8,831	5,381	33,278	697	91,016
Charge for the year	2,525	6,523	141	1,442	13,607	32	24,270
Transfer	610	—	—	—	—	—	610
Disposals/write-off	—	(1,785)	(174)	(399)	(3,741)	—	(6,099)
As at December 31, 2025	6,792	43,910	8,798	6,424	43,144	729	109,797
Carrying amounts							
As at December 31, 2024	18,047	13,739	834	4,074	30,525	108	67,327
As at December 31, 2025	133,659	16,283	848	3,311	22,399	76	176,576

The Company

	Buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
As at January 1, 2023	21,704	39,582	9,166	8,267	54,040	854	133,613
Additions	—	3,673	499	759	5,044	2	9,977
Disposals/write-off	—	(2,469)	—	(249)	(1,222)	(141)	(4,081)
As at December 31, 2023	21,704	40,786	9,665	8,777	57,862	715	139,509
Accumulated depreciation							
As at January 1, 2023	1,671	22,640	8,712	3,029	12,710	600	49,362
Charge for the year	993	6,615	—	1,233	11,484	82	20,407
Disposals/write-off	—	(2,249)	—	(235)	(1,222)	(136)	(3,842)
As at December 31, 2023	2,664	27,006	8,712	4,027	22,972	546	65,927
Carrying amounts							
As at December 31, 2022	20,033	16,942	454	5,238	41,330	254	84,251
As at December 31, 2023	19,040	13,780	953	4,750	34,890	169	73,582
Cost							
As at January 1, 2024	21,704	40,786	9,665	8,777	57,862	715	139,509
Additions	—	4,708	—	469	4,948	—	10,125
Disposals/write-off	—	(1,416)	—	(291)	(3,839)	—	(5,546)
As at December 31, 2024	21,704	44,078	9,665	8,955	58,971	715	144,088
Accumulated depreciation							
As at January 1, 2024	2,664	27,006	8,712	4,027	22,972	546	65,927
Charge for the year	993	6,813	119	1,300	13,270	65	22,560
Disposals/write-off	—	(1,320)	—	(267)	(3,839)	—	(5,426)
As at December 31, 2024	3,657	32,499	8,831	5,060	32,403	611	83,061
Carrying amounts							
As at December 31, 2023	19,040	13,780	953	4,750	34,890	169	73,582
As at December 31, 2024	18,047	11,579	834	3,895	26,568	104	61,027

	Buildings	Electronic and communication equipment	Motor vehicles	Office equipment	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
As at January 1, 2025	21,704	44,078	9,665	8,955	58,971	715	144,088
Additions	98,204	8,487	160	566	5,190	—	112,607
Transfer	20,543	—	—	—	—	—	20,543
Disposals/write-off	—	(766)	(179)	(422)	(3,247)	—	(4,614)
As at December 31, 2025	140,451	51,799	9,646	9,099	60,914	715	272,624
Accumulated depreciation							
As at January 1, 2025	3,657	32,499	8,831	5,060	32,403	611	83,061
Charge for the year	2,525	5,542	141	1,328	12,400	32	21,968
Transfer	610	—	—	—	—	—	610
Disposals/write-off	—	(708)	(174)	(399)	(3,247)	—	(4,528)
As at December 31, 2025	6,792	37,333	8,798	5,989	41,556	643	101,111
Carrying amounts							
As at December 31, 2024	18,047	11,579	834	3,895	26,568	104	61,027
As at December 31, 2025	133,659	14,466	848	3,110	19,358	72	171,513

21. INVESTMENT PROPERTIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At the beginning of the year	—	17,700	38,243
Additions	17,700	20,543	—
Transfers during the year	—	—	(20,543)
At the end of the year	17,700	38,243	17,700
Accumulated depreciation			
At the beginning of the year	—	420	1,261
Charge for the year	420	841	1,297
Transfers during the year	—	—	(610)
At the end of the year	420	1,261	1,948
Accumulated impairment			
At the beginning of the year	—	—	—
Charge for the year	—	—	5,915
At the end of the year	—	—	5,915
Carrying amount			
Beginning of the year	—	17,280	36,982
End of the year	17,280	36,982	9,837

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At the beginning of the year	—	—	20,543
Additions	—	20,543	—
Transfers during the year	—	—	(20,543)
At the end of the year	—	20,543	—
Accumulated depreciation			
At the beginning of the year	—	—	—
Charge for the year	—	—	610
Transfers during the year	—	—	(610)
At the end of the year	—	—	—
Accumulated impairment			
At the beginning of the year	—	—	—
Charge for the year	—	—	—
At the end of the year	—	—	—
Carrying amount			
Beginning of the year	—	—	20,543
End of the year	—	20,543	—

The Group's investment properties are located in Beijing and Qinhuangdao. The investment properties are leased to third parties under operating leases. The properties are measured initially and subsequently at cost. Depreciation of the Group is calculated on the straight-line basis of 20 years. At the end of each of the Relevant Periods, the fair values of the Group's investment properties were within level 3 hierarchy and approximated to the carrying amounts.

22. LEASES

Group as a lessee

The Group has lease contracts for buildings between 1 and 10 years.

(a) RIGHT-OF-USE ASSETS

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At the beginning of the year	452,817	459,458	483,232
Additions	33,638	58,406	10,892
Deductions	(26,997)	(34,632)	(24,880)
At the end of the year	459,458	483,232	469,244
Accumulated depreciation			
At the beginning of the year	91,138	129,875	165,951
Charge for the year	60,351	65,846	64,282
Deductions	(21,614)	(29,770)	(22,492)
At the end of the year	129,875	165,951	207,741
Carrying amount			
Beginning of the year	361,679	329,583	317,281
End of the year	329,583	317,281	261,503

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At the beginning of the year	438,895	444,171	461,441
Additions	32,273	38,295	10,322
Deductions	(26,997)	(21,025)	(24,565)
At the end of the year	444,171	461,441	447,198
Accumulated depreciation			
At the beginning of the year	83,870	118,455	161,998
Charge for the year	56,199	60,056	59,810
Deductions	(21,614)	(16,513)	(22,176)
At the end of the year	118,455	161,998	199,632
Carrying amount			
Beginning of the year	355,025	325,716	299,443
End of the year	325,716	299,443	247,566

(b) LEASE LIABILITIES

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	407,640	376,696	380,734
New leases	33,638	58,406	10,892
Accretion of interest recognized during the year	17,531	16,653	14,854
Payments	(82,113)	(71,021)	(90,321)
At the end of the year	376,696	380,734	316,159

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Properties and buildings			
Current	52,650	75,413	68,311
Non-current	324,046	305,321	247,848
Total	376,696	380,734	316,159

The maturity analysis of lease liabilities is as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	68,762	95,690	73,693
More than 1 but less than 5 years	217,754	231,195	253,782
More than 5 years	158,726	109,785	18,947
Undiscounted lease liabilities	445,242	436,670	346,422

The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	17,531	16,653	14,854
Depreciation charge of right-of-use assets	60,351	65,846	64,282
Expense relating to short-term leases and leases of low-value assets	5,734	1,389	971
Total amount recognized in profit or loss	83,616	83,888	80,107

The Company

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	400,475	372,479	362,024
New leases	32,273	38,295	10,322
Accretion of interest recognized during the year	17,264	16,325	14,185
Payments	(77,533)	(65,075)	(85,207)
At the end of the year	372,479	362,024	301,324

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Properties and buildings			
Current	49,331	71,238	64,204
Non-current	323,148	290,786	237,120
Total	372,479	362,024	301,324

Group as a lessor

The Group leases its properties in Beijing under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognized by the Group in the years ended December 31, 2023, 2024 and 2025 was nil, RMB5,429 and RMB1,285,058 respectively.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group and the Company in future periods under non-cancellable operating leases with its tenants are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	—	2,260	—
After one year but within two years	—	2,373	—
After two years but within three years	—	600	—
After three years	—	—	—
Total	—	5,233	—

23. OTHER INTANGIBLE ASSETS

The Group

	Computer software	Trading rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As at January 1, 2023	190,788	26,798	217,586
Additions	58,838	—	58,838
Transfer out	—	(1,400)	(1,400)
As at December 31, 2023	249,626	25,398	275,024
Accumulated amortization			
As at January 1, 2023	78,334	25,331	103,665
Charge for the year	18,273	50	18,323
As at December 31, 2023	96,607	25,381	121,988
Carrying amounts			
As at December 31, 2022	112,454	1,467	113,921
As at December 31, 2023	153,019	17	153,036
Cost			
As at January 1, 2024	249,626	25,398	275,024
Additions	62,434	—	62,434
Disposals/write-off	(318)	—	(318)
As at December 31, 2024	311,742	25,398	337,140
Accumulated amortization			
As at January 1, 2024	96,607	25,381	121,988
Charge for the year	23,724	17	23,741
Disposals/write-off	(318)	—	(318)
As at December 31, 2024	120,013	25,398	145,411
Carrying amounts			
As at December 31, 2023	153,019	17	153,036
As at December 31, 2024	191,729	—	191,729

	Computer software	Trading rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As at January 1, 2025	311,742	25,398	337,140
Additions	49,342	—	49,342
Disposals/write-off	(82)	—	(82)
As at December 31, 2025	361,002	25,398	386,400
Accumulated amortization			
As at January 1, 2025	120,013	25,398	145,411
Charge for the year	27,782	—	27,782
Disposals/write-off	(82)	—	(82)
As at December 31, 2025	147,713	25,398	173,111
Carrying amounts			
As at December 31, 2024	191,729	—	191,729
As at December 31, 2025	213,289	—	213,289

The Company

	Computer software	Trading rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As at January 1, 2023	181,869	25,398	207,267
Additions	58,089	—	58,089
Transfer out	—	—	—
As at December 31, 2023	239,958	25,398	265,356
Accumulated amortization			
As at January 1, 2023	75,775	25,331	101,106
Charge for the year	17,390	50	17,440
As at December 31, 2023	93,165	25,381	118,546
Carrying amounts			
As at December 31, 2022	106,094	67	106,161
As at December 31, 2023	146,793	17	146,810

	Computer software	Trading rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As at January 1, 2024	239,958	25,398	265,356
Additions	62,345	—	62,345
Disposals/write-off	(100)	—	(100)
As at December 31, 2024	302,203	25,398	327,601
Accumulated amortization			
As at January 1, 2024	93,165	25,381	118,546
Charge for the year	22,828	17	22,845
Disposals/write-off	(100)	—	(100)
As at December 31, 2024	115,893	25,398	141,291
Carrying amounts			
As at December 31, 2023	146,793	17	146,810
As at December 31, 2024	186,310	—	186,310

	Computer software	Trading rights	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As at January 1, 2025	302,203	25,398	327,601
Additions	48,733	—	48,733
Disposals/write-off	(82)	—	(82)
As at December 31, 2025	350,854	25,398	376,252
Accumulated amortization			
As at January 1, 2025	115,893	25,398	141,291
Charge for the year	26,880	—	26,880
Disposals/write-off	(82)	—	(82)
As at December 31, 2025	142,691	25,398	168,089
Carrying amounts			
As at December 31, 2024	186,310	—	186,310
As at December 31, 2025	208,163	—	208,163

Trading rights mainly comprise the trading rights on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Beijing Stock Exchange. These rights allow the Group to trade securities and futures contracts on or through these exchanges.

24. GOODWILL

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost			
Securities brokerage business cash-generating unit	105,520	105,520	105,520
Jingdu Futures cash-generating unit	20,318	20,318	20,318
	125,838	125,838	125,838
Accumulated impairment			
Securities brokerage business cash-generating unit	—	—	—
Jingdu Futures cash-generating unit	—	—	—
	—	—	—
Carrying amount			
Securities brokerage business cash-generating unit	105,520	105,520	105,520
Jingdu Futures cash-generating unit	20,318	20,318	20,318
	125,838	125,838	125,838

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Securities brokerage business cash-generating unit			
Cost	105,520	105,520	105,520
Accumulated impairment	—	—	—
Carrying amount	105,520	105,520	105,520

Securities brokerage business cash-generating unit ("Securities Brokerage CGU")

On April 1, 2008, the Company incorporated 6 securities branches including Beijing Yonghegong Securities Business Department into the scope of consolidation through absorption and merger not under the same control. The fair value of the identifiable net assets of the 6 business departments on the acquisition date is calculated and determined according to the evaluation report Zhong Lian Ping Bao Zi [2007] No.436 issued by Zhongshui Zhiyuan Asset Evaluation Co., Ltd. The difference between the purchase consideration and the fair value of the identifiable net assets acquired in the acquisition is recognized as the goodwill. The Securities Brokerage CGU is mainly composed of securities brokerage business, which belongs to the Wealth Management segment.

Jingdu Futures cash-generating unit ("Jingdu Futures CGU")

In January 2010, the Group acquired 100% equity interest in Jingdu Futures CGU. The difference between the consideration and the fair value of the identifiable net assets of Jingdu Futures on the acquisition date is regarded as goodwill. The Jingdu Futures CGU is mainly composed of futures brokerage business and belongs to the Wealth Management segment.

Impairment testing on goodwill

Securities Brokerage CGU

The recoverable amount of the Securities Brokerage CGU is determined according to the present value of the expected future cash flows of the asset group of securities brokerage business. The present value of the expected cash flows is calculated and determined based on the relevant management's financial budget of the current year according to the predictable business development plan, cash flow forecast of the asset group of securities brokerage business in the next five years and the discount rate adjusted to reflect the specific risks of the Securities Brokerage CGU. Determination basis of key parameters in the forecast period is judging from historical operating data and future development trend. Determination bases of key parameters during the stabilization period are the growth rates, being the economic growth rates of developed countries, and the discount rate, which is calculated using the Capital Asset Pricing Model (CAPM).

Securities Brokerage CGU	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount	112,582	111,584	112,066
Recoverable amount	127,083	225,442	295,253
Headroom*	14,501	113,858	183,187
Pre-tax discount rate	13.13%	12.15%	11.97%
Perpetual growth rate	2%	2%	2%

* The excess of the recoverable amount over the carrying amount of the CGU.

For the goodwill allocated to the CGU, management has assessed that the most sensitive key assumptions are pre-tax discount rate and perpetual growth rate. As at December 31, 2023, 2024 and 2025, if discount rate had increased by 1% from management's estimates, while other variables were held constant with the expectations, the Group would have to recognize impairment losses against goodwill by approximately nil, nil and nil, respectively; if perpetual growth rate had decreased by 1% from management's estimates, while other variables were held constant with the expectations, the Group would have to recognize impairment losses against goodwill by approximately nil, nil and nil, respectively.

Jingdu Futures CGU

The recoverable amount of the Jingdu Futures CGU are determined according to the net amount of the fair value of assessed assets group minus the disposal expenses. The fair value of the asset group is calculated under the comparative company method, which is determined based on the adjusted multiplier of comparable company values, taking into account the lack of market liquidity discounts. The key parameter is price-to-book value ratio (PB).

Jingdu Futures CGU	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount	208,480	283,996	458,782
Recoverable amount	687,692	449,457	744,914
Headroom	479,212	165,461	286,132
PB	2.17	1.53	1.96

For the goodwill allocated to the Jingdu Futures CGU, management has assessed that the most sensitive key assumption is PB. As at December 31, 2023, 2024 and 2025, if PB had decreased by 1% from management's estimates, while other variables were held constant with the expectations, the Group would have to recognize impairment losses against goodwill by approximately nil, nil and nil, respectively.

As at the end of each of the Relevant Periods, the Group performed goodwill impairment tests. There was no impairment recognized for the goodwill related to the aforesaid CGU since the recoverable amounts were greater than their carrying amounts individually.

25. INVESTMENTS IN ASSOCIATE, JOINT VENTURE AND SUBSIDIARIES

(1) Share of net assets

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
As at beginning of the year	912,050	894,706	898,282
Share of post-acquisition profits and other comprehensive income, net of dividends received	(17,344)	3,211	23,773
Other	—	365	—
As at end of the year	894,706	898,282	922,055

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
As at beginning of the year	906,123	888,494	892,082
Share of post-acquisition profits and other comprehensive income, net of dividends received	(17,629)	3,223	23,742
Other	—	365	—
As at end of the year	888,494	892,082	915,824

(2) Particulars of the Group's associate and joint venture

China Post & Capital Fund Management Co., Ltd. is an associate of the Group, whose principal activity is fund management. It is established on May 8, 2006 and registered and commenced its business in Chinese mainland. At the end of each of Relevant Periods, the proportion of ownership interest and the proportion of voting rights held by the Group were both 46.37%. China Post & Capital Fund Management Co., Ltd. is directly held by the Company.

Zhuhai Shouzheng Dejin Equity Investment Fund (Limited Partnership) is a joint venture of the Group, whose principal activity is investment management. It is established on July 5, 2019 and registered and commenced its business in Chinese mainland. At the end of each of Relevant Periods, the proportion of ownership interest and the proportion of voting rights held by the Group were both 20.00%. Zhuhai Shouzheng Dejin Equity Investment Fund (Limited Partnership) is directly held by the Company's subsidiary.

The summarized financial information of China Post & Capital Fund Management Co., Ltd., which is an individually significant associate to the Group that are accounted for using equity method, prepared in accordance with IFRS Accounting Standards, is set out below:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	2,523,825	2,432,610	2,737,174
Total liabilities	228,301	289,654	540,558
Net assets	2,295,524	2,142,956	2,196,616

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total revenue	499,024	370,394	390,045
Profit/(loss) for the year	84,725	(19,254)	53,861
Other comprehensive income	423	912	(200)
Total comprehensive income	85,148	(18,342)	53,661
Dividend received from the associate during the year	50,760	—	—

The reconciliation of the above summarized financial information to the carrying amounts of the interest in China Post & Capital Fund Management Co., Ltd. recognized in the Historical Financial Information:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net assets attributable to equity holders of the associate	1,682,079	1,689,817	1,741,019
Proportion of equity interest held by the Group	46.37%	46.37%	46.37%
Other adjustments	108,506	108,506	108,506
Carrying value	888,494	892,082	915,824

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of the joint venture's profit for the year	285	(12)	31
Share of the joint venture's total comprehensive income	285	(12)	31
Carrying amount of the Group's investment in the joint venture	6,212	6,200	6,231

(3) Investment in subsidiaries

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	1,530,445	1,530,445	1,590,445
Less: Impairment	—	—	—
Net carrying amount	1,530,445	1,530,445	1,590,445

Particulars of the subsidiaries, which are directly owned by the Company, are included in note 1 to the Historical Financial Information.

26. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Debt securities	11,074,885	9,064,980	8,659,705
Add: Accrued interest	189,732	126,265	90,398
	11,264,617	9,191,245	8,750,103
Analyzed as:			
Listed outside Hong Kong	4,015,942	2,931,391	3,284,048
Unlisted	7,248,675	6,259,854	5,466,055
Total	11,264,617	9,191,245	8,750,103

Details of impairment assessment are set out in note 58 to the Historical Financial Information.

27. EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Equity securities	—	2,198,146	5,850,174
Real estate investment trusts ("REITs")	—	134,762	342,041
Other investments	1,400	1,400	1,400
Total	1,400	2,334,308	6,193,615
Analyzed as:			
Listed in Hong Kong	—	356,337	3,870,201
Listed outside Hong Kong	—	1,976,571	2,322,014
Unlisted	1,400	1,400	1,400
Total	1,400	2,334,308	6,193,615

During the Relevant Period, the Group received the following dividends from equity instruments designated at fair value through other comprehensive income:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Dividends recognized during the year related to investments — held at the end of the year	—	120,778	326,956

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments have a high dividend yield and can be held for a long time to obtain higher cash returns.

For the years ended 31 December 2023 and 2024, there were no disposals of other equity instruments.

During the year ended December 31, 2025, the Group disposed of the investments of CICC Yinli Consume REITs (180602.SZ) and three additional REITs, 5 listed stocks such as Lu'an Huanneng (601699.SH) as these investments were no longer consistent with the Group's investment strategy. The total fair value on the disposal date was RMB371 million and the total accumulated loss recognized in other comprehensive income of RMB45 million was transferred to retained profits.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Equity securities	—	2,198,146	5,850,174
Real estate investment trusts ("REITs")	—	134,762	342,041
Total	—	2,332,908	6,192,215
Analysed as:			
Listed in Hong Kong	—	356,337	3,870,201
Listed outside Hong Kong	—	1,976,571	2,322,014
Total	—	2,332,908	6,192,215

28. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Analyzed by collateral type:			
Equity securities	298,990	107,032	11,157
Debt securities	115,400	44,000	66,316
Add: Accrued interest	15,683	15,218	9,031
Less: Impairment	(76,142)	(72,886)	(20,185)
	353,931	93,364	66,319
Analyzed by market of collateral:			
Stock exchanges	274,439	78,364	66,319
Interbank bond market	79,492	15,000	—

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Analysed by collateral type:			
Equity securities	298,990	107,032	11,157
Debt securities	111,400	15,000	—
Add: Accrued interest	15,681	15,203	9,028
Less: Impairment	(76,142)	(72,886)	(20,185)
	349,929	64,349	—
Analysed by market of collateral:			
Stock exchanges	270,437	49,349	—
Interbank bond market	79,492	15,000	—

Details of impairment assessment are set out in note 58 to the Historical Financial Information.

The fair values of collateral received by the Group were approximately RMB1,104 million, RMB187 million and RMB69 million as at December 31, 2023, 2024 and 2025.

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Debt securities	3,694,772	1,267,594	544,837
Funds	260,309	268,363	233,230
Private equity	273,879	276,621	230,549
	4,228,960	1,812,578	1,008,616
Analyzed as:			
Listed outside Hong Kong	1,464,927	285,030	420,967
Unlisted	2,764,033	1,527,548	587,649
	4,228,960	1,812,578	1,008,616
Current			
Debt securities	7,821,126	10,967,717	11,617,930
Asset management plan	3,773,237	3,890,787	2,034,254
Funds	1,431,639	1,517,349	2,530,150
Equity securities	686,438	483,265	1,120,758
Trust schemes	69,348	165,122	51,937
Structured deposits and wealth management products	—	212,960	304,816
	13,781,788	17,237,200	17,659,845
Analyzed as:			
Listed in Hong Kong	—	76	365,141
Listed outside Hong Kong	4,238,293	5,343,805	6,477,010
Unlisted	9,543,495	11,893,319	10,817,694
	13,781,788	17,237,200	17,659,845

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Debt securities	3,694,772	1,267,594	544,837
Private equity	60,000	60,000	69,854
	3,754,772	1,327,594	614,691
Analyzed as:			
Listed outside Hong Kong	1,464,927	285,030	420,967
Unlisted	2,289,845	1,042,564	193,724
	3,754,772	1,327,594	614,691

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Debt securities	7,298,968	10,149,590	8,510,552
Asset management plan	3,782,439	3,929,651	6,921,521
Funds	1,394,354	1,464,709	2,075,672
Equity securities	400,326	228,209	356,485
Trust schemes	69,348	112,737	234
Structured deposits and wealth management products	—	212,960	200,000
	12,945,435	16,097,856	18,064,464
Analyzed as:			
Listed in Hong Kong	—	76	94,310
Listed outside Hong Kong	3,732,678	4,648,250	4,140,287
Unlisted	9,212,757	11,449,530	13,829,867
	12,945,435	16,097,856	18,064,464

30. OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Lease and property deposits receivable	28,595	22,335	22,191
Prepayments	34,255	22,527	23,184
Less: Impairment	(745)	(415)	(414)
Subtotal	62,105	44,447	44,961
Current			
Receivables from repossessed assets	52,050	51,956	49,346
Prepayments	82,915	35,225	62,094
Estimated VAT input tax	12,586	13,927	16,353
Deferred VAT input tax	3,559	4,390	5,410
Dividends receivable	—	35,861	72,050
Accrued interest	11,440	8,299	—
Others	2,611	2,945	9,821
Less: Impairment	(6,581)	(24,513)	(35,546)
Subtotal	158,580	128,090	179,528
Total	220,685	172,537	224,489

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Lease and property deposits receivable	27,354	20,732	20,538
Prepayments	33,923	22,527	23,184
Less: Impairment	(426)	(414)	(382)
Subtotal	60,851	42,845	43,340
Current			
Prepayments	80,089	32,610	59,274
Estimated VAT input tax	12,132	13,339	15,873
Deferred VAT input tax	3,421	3,861	4,664
Dividends receivable	—	35,861	71,532
Accrued interest	11,440	8,299	—
Others	1,309	2,302	8,514
Less: Impairment	(3,059)	(2,462)	(642)
Subtotal	105,332	93,810	159,215
Total	166,183	136,655	202,555

Details of the impairment assessment are set out in note 58 to the Historical Financial Information.

As at December 31, 2023, 2024 and 2025, included in the Company's other assets were amounts due from the Company's subsidiaries of RMB1 million, RMB1 million and RMB1 million, respectively, which were repayable on credit terms similar to those offered to the major customers of the Group.

31. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Trading deposits	660,123	750,875	925,926
Credit deposits	4,550	5,300	7,539
Performance deposits	34,675	20,244	837,371
Add: Accrued interest	—	3	—
Total	699,348	776,422	1,770,836

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Trading deposits	243,279	240,608	220,692
Credit deposits	4,550	5,300	7,539
Performance deposits	—	79,252	98,325
Total	247,829	325,160	326,556

Deposits with exchanges and non-bank financial institutions are mainly placed at China Securities Depository and Clearing Corporation Limited, China Securities Finance Corporation Limited, China Financial Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange, Shanghai Futures Exchange, CITIC Securities Co., Ltd. and other institutions.

32. DEFERRED TAXATION

For presentation purpose, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	64,368	17,872	24,273
Deferred tax liabilities	12,702	58,783	75,881
	51,666	(40,911)	(51,608)

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	59,611	—	—
Deferred tax liabilities	—	58,753	71,571
	59,611	(58,753)	(71,571)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes, if any, and the taxes are to be levied by the same tax authority and of the same taxable entity.

The movements of deferred tax assets and liabilities are set out below:

The Group

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial liabilities at fair value through profit or loss	Changes in fair value of financial assets at FVTOCI	Accrued staff costs	Allowance for impairment losses	Changes in fair value of derivative instruments	Lease liabilities	Unrecovered losses	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1 2023	34,807	73	12,828	67,674	13,279	(1,294)	101,910	82	(90,420)	—	138,939
(Charge)/credit to profit or loss	(50,383)	(4,086)	—	(32,358)	9,208	7,270	(7,736)	1,497	8,024	—	(68,564)
Credit/(charge) to other comprehensive income	—	—	(19,034)	—	325	—	—	—	—	—	(18,709)
As at December 31 2023	(15,576)	(4,013)	(6,206)	35,316	22,812	5,976	94,174	1,579	(82,396)	—	51,666
(Charge)/credit to profit or loss	(31,721)	13,431	—	9,311	4,279	11,282	1,009	3,543	3,075	—	14,209
Credit/(charge) to other comprehensive income	—	—	(107,068)	—	282	—	—	—	—	—	(106,786)
As at December 31 2024	(47,297)	9,418	(113,274)	44,627	27,373	17,258	95,183	5,122	(79,321)	—	(40,911)
(Charge)/credit to profit or loss	37,194	(11,776)	—	5,475	(9,319)	(20,655)	(16,144)	2,824	13,945	3,727	5,271
Credit/(charge) to other comprehensive income	—	—	(15,768)	—	(200)	—	—	—	—	—	(15,968)
As at December 31 2025	(10,103)	(2,358)	(129,042)	50,102	17,854	(3,397)	79,039	7,946	(65,376)	3,727	(51,608)

The Company

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial liabilities at fair value through profit or loss	Changes in fair value of financial assets at FVTOCI	Accrued staff costs	Allowance for impairment losses	Changes in fair value of derivative instruments	Lease liabilities	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	45,359	73	12,828	61,124	12,240	(1,294)	100,118	(88,757)	—	141,691
(Charge)/credit to profit or loss	(46,282)	(4,086)	—	(29,887)	9,286	7,270	(6,999)	7,327	—	(63,371)
Credit/(charge) to other comprehensive income	—	—	(19,034)	—	325	—	—	—	—	(18,709)
As at December 31, 2023	(923)	(4,013)	(6,206)	31,237	21,851	5,976	93,119	(81,430)	—	59,611
(Charge)/credit to profit or loss	(50,132)	13,431	—	10,159	(274)	11,282	(2,613)	6,569	—	(11,578)
Credit/(charge) to other comprehensive income	—	—	(107,068)	—	282	—	—	—	—	(106,786)
As at December 31, 2024	(51,055)	9,418	(113,274)	41,396	21,859	17,258	90,506	(74,861)	—	(58,753)
(Charge)/credit to profit or loss	41,566	(11,776)	—	6,565	(14,069)	(20,655)	(15,176)	12,968	3,727	3,150
Credit/(charge) to other comprehensive income	—	—	(15,768)	—	(200)	—	—	—	—	(15,968)
As at December 31, 2025	(9,489)	(2,358)	(129,042)	47,961	7,590	(3,397)	75,330	(61,893)	3,727	(71,571)

33. ADVANCES TO CUSTOMERS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Individuals	1,938,635	2,649,543	3,453,596
Institutions	153,673	236,595	326,888
Add: Accrued interest	172,311	157,076	163,556
Less: Impairment	(780)	(2,956)	(2,544)
	2,263,839	3,040,258	3,941,496

The credit facility limits for margin clients are determined by the market value of the collateral securities accepted by the Group and the Company. The analysis of by fair value of collateral of margin financing and securities lending business is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Stocks	6,352,989	8,794,133	12,037,433
Funds	267,689	373,723	418,372
Cash	324,713	487,224	535,713
Debt securities	867	327	612
	6,946,258	9,655,407	12,992,130

The Group and the Company determines the allowance for advances to customers based on the evaluation of collectability and on management's judgment including the assessment of change in credit quality and collateral.

Details of impairment assessment are set out in note 58 to the Historical Financial Information.

The concentration of credit risk is limited due to the customer base being large and diversified.

34. ACCOUNTS RECEIVABLE

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accounts receivable from/related to:			
Clearing house	420,817	392,331	414,690
Asset management fees	202,579	183,354	165,581
Commission and fee	27,160	22,756	21,051
Receivables of investments redemption	95,436	5,000	1,706
Others	5,560	2,565	60
Subtotal	751,552	606,006	603,088
Less: Impairment	(7,000)	(8,722)	(6,814)
Total	744,552	597,284	596,274

An aging analysis of accounts receivable is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	720,417	596,337	590,890
Between 1 and 2 years	19,447	1,875	5,428
Between 2 and 3 years	6,189	480	1,475
Over 3 years	5,499	7,314	5,295
	751,552	606,006	603,088

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accounts receivable from/related to:			
Clearing house	420,819	389,644	398,535
Asset management fees	199,972	181,821	163,635
Commission and fee	27,160	22,756	21,051
Receivables of investments redemption	95,436	5,000	1,706
Others	5,559	2,565	60
Subtotal	748,946	601,786	584,987
Less: Impairment	(6,997)	(8,720)	(6,609)
Total	741,949	593,066	578,378

Details of impairment assessment are set out in note 58 to the Historical Financial Information.

As at December 31, 2023, 2024 and 2025, included in the Company's account receivables were amounts due from the Company's consolidated structured entities of RMB1 million, RMB2 million and RMB1 million, respectively, which were repayable on credit terms similar to those offered to the major customers of the Group.

35. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at December 31, 2023		
	Notional amounts	Assets	Liabilities
	RMB'000	*RMB'000*	*RMB'000*
Non-hedging contracts:			
Interest rate contracts			
—Interest rate swaps	1,350,000	—	—
—Treasury bond futures	1,791,881	—	—
Equity contracts			
—Stock index futures	41,953	—	—
—Exchange-traded options	137,420	1,619	—
—Over-the-counter equity derivatives	29,846	361	—
Other contracts			
—Total return swaps	247,000	9,307	—
Total	3,598,100	11,287	—

	As at December 31, 2024		
	Notional amounts	**Assets**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Non-hedging contracts:			
Interest rate contracts			
—Interest rate swaps	1,630,000	—	—
—Treasury bond futures	1,920,809	—	—
Equity contracts			
—Stock index futures	260,405	—	—
—Exchange-traded options	155,410	4,855	—
—Over-the-counter equity derivatives	74,162	3,088	—
Other contracts			
—Total return swaps	70,195	2	7,796
Total	4,110,981	7,945	7,796

	As at December 31, 2025		
	Notional amounts	**Assets**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Non-hedging contracts:			
Interest rate contracts			
—Interest rate swaps	3,980,000	—	—
—Treasury bond futures	3,093,426	—	—
—Bond forward	708,000	730	—
Equity contracts			
—Stock index futures	305,807	—	—
—Exchange-traded options	592,000	4,787	678
Other contracts			
—Total return swaps	833,600	53,798	3,494
—Commodity futures	84,608	—	—
—Foreign Exchange Forward Derivative	49,413	837	—
Total	9,646,854	60,152	4,172

The Company

	As at December 31, 2023		
	Notional amounts	**Assets**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Non-hedging contracts:			
Interest rate contracts			
—Interest rate swaps	1,350,000	—	—
—Treasury bond futures	1,791,881	—	—
Equity contracts			
—Stock index futures	41,953	—	—
—Exchange-traded options	137,420	1,619	—
Other contracts			
—Total return swaps	247,000	9,307	—
Total	3,568,254	10,926	—

	As at December 31, 2024		
	Notional amounts	**Assets**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Non-hedging contracts:			
Interest rate contracts			
—Interest rate swaps	1,630,000	—	—
—Treasury bond futures	1,920,809	—	—
Equity contracts			
—Stock index futures	260,405	—	—
—Exchange-traded options	151,000	4,570	—
Other contracts			
—Total return swaps	60,000	—	7,796
Total	4,022,214	4,570	7,796

	As at December 31, 2025		
	Notional amounts	**Assets**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*
Non-hedging contracts:			
Interest rate contracts			
—Interest rate swaps	3,980,000	—	—
—Treasury bond futures	3,091,168	—	—
—Bond forward	708,000	730	—
Equity contracts			
—Stock index futures	242,205	—	—
—Exchange-traded options	545,500	4,787	—
Other contracts			
—Commodity futures	84,608	—	—
Total	8,651,481	5,517	—

Under the daily mark-to-market and settlement arrangements, stock index futures, interest rate swaps, treasury bond futures and commodity futures were settled daily and the corresponding receipts and payments were included in clearing settlement funds.

36. CLEARING SETTLEMENT FUNDS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Clearing settlement funds held with clearing houses for:			
— House accounts	789,423	1,240,849	656,305
— Client accounts	598,678	1,270,534	1,215,327
Add: Accrued interest	1	1	1
Total	1,388,102	2,511,384	1,871,633

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Clearing settlement funds held with clearing houses for:			
— House accounts	836,405	1,291,133	763,065
— Client accounts	598,678	1,105,185	1,008,993
Total	1,435,083	2,396,318	1,772,058

These clearing settlement funds are held by the clearing houses for the Group and the Company and these balances carry interest at prevailing market interest rates.

37. BANK BALANCES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
House accounts	2,252,957	1,425,004	1,659,989
Cash held on behalf of customers	4,285,760	5,998,735	6,834,727
Add: Accrued interest	2	1,612	2,160
	6,538,719	7,425,351	8,496,876

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
House accounts	1,610,288	887,568	836,409
Cash held on behalf of customers	3,806,015	5,495,407	5,924,734
	5,416,303	6,382,975	6,761,143

Bank balances comprise time and demand deposits at banks which bear interest at the prevailing market rates.

As at 31 December 2023, the Company's basic deposit account with China Construction Bank Beijing Anhui sub-branch had been frozen due to the judicial proceedings and the funds of RMB8 million had been frozen. As at December 31, 2024 and 2025, the Company's basic deposit account with China Construction Bank Beijing Anhui sub-branch had been frozen due to the investigation of the Company's customers' cases, with the frozen funds of RMB14 million. There were no restrictions else on the use of the account and other funds in the account.

As at 31 December 2025, the Company had restriction on the use of funds and bonds subscription of RMB90.00 million.

The Group maintains accounts with banks to hold customers' deposits arising from normal business transactions. The corresponding liabilities are recorded as accounts payable to brokerage clients (note 42 to the Historical Financial Information).

38. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank balances - house accounts	2,252,959	1,426,616	1,662,149
Clearing settlement funds - house accounts	789,424	1,240,850	656,306
Less: Restricted funds	7,353	13,800	103,800
Interest receivable	3	1,613	2,161
Cash and cash equivalents	3,035,027	2,652,053	2,212,494

39. BONDS PAYABLE

At the end of each of the Relevant Periods, bonds payable comprised subordinated bonds, corporate bonds and beneficiary certificates.

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Subordinated bonds (1)	4,084,858	3,040,147	2,524,179
Corporate bonds (1)	1,015,878	2,043,096	6,571,856
Beneficiary certificates (2)	513,250	989,308	2,427,637
	5,613,986	6,072,551	11,523,672
Current			
Subordinated bonds (1)	2,044,546	2,052,880	2,031,978
Corporate bonds (1)	1,012,874	1,015,878	—
Beneficiary certificates (2)	376,502	1,317,806	1,265,132
	3,433,922	4,386,564	3,297,110

(1) Details of the bonds issued by the Group are as follows:

Non-current

				As at December 31,		
				2023	2024	2025
Name	Issurance date	Maturity date	Coupon rate	Carrying amount	Carrying amount	Carrying amount
				RMB'000	*RMB'000*	*RMB'000*
22 CSC C1	March 29, 2022	March 29, 2025	4.40%	1,550,269	—	—
22 CSC C2	November 8, 2022	November 8, 2025	3.53%	502,611	—	—
23 CSC C1	April 25, 2023	April 25, 2026	4.19%	1,028,813	1,028,813	—
23 CSC C2	November 29, 2023	November 29, 2026	3.50%	1,003,165	1,003,165	—
24 CSC C1	August 12, 2024	August 12, 2027	2.10%	—	1,008,169	1,008,169
25 CSC C1	February 24, 2025	February 24, 2028	2.27%	—	—	509,672
22 CSC 01	July 12, 2022	July 12, 2025	3.35%	1,015,878	—	—
24 CSC 01	March 21, 2024	March 21, 2027	2.75%	—	2,043,096	2,043,096
25 CSC 01	July 7, 2025	July 7, 2028	2.00%	—	—	1,009,753
25 CSC 02	August 11, 2025	August 11, 2028	2.04%	—	—	1,007,992
25 CSC 01	September 16, 2025	September 16, 2028	2.10%	—	—	1,006,156
25 CSC 02	October 23, 2025	October 23, 2027	2.00%	—	—	1,003,836
25 CSC K1	November 21, 2025	May 21, 2027	1.82%	—	—	501,022
25 CSC C3	August 8, 2025	August 8, 2028	2.08%	—	—	504,160
25 CSC C1	October 22, 2025	April 22, 2028	2.24%	—	—	502,179
				5,100,736	5,083,243	9,096,035

Current

				As at December 31,		
				2023	2024	2025
Name	Issurance date	Maturity date	Coupon rate	Carrying amount	Carrying amount	Carrying amount
				RMB'000	*RMB'000*	*RMB'000*
21 CSC C1	April 12, 2021	April 12, 2024	4.41%	1,031,897	—	—
21 CSC C2	September 28, 2021	March 28, 2024	4.86%	1,012,649	—	—
22 CSC C1	March 29, 2022	March 29, 2025	4.40%	—	1,550,269	—
22 CSC C2	November 8, 2022	November 8, 2025	3.53%	—	502,611	—
23 CSC C1	April 25, 2023	April 25, 2026	4.19%	—	—	1,028,813
21 CSC 01	August 27, 2021	August 27, 2024	3.70%	1,012,874	—	—
22 CSC 01	July 12, 2022	July 12, 2025	3.35%	—	1,015,878	—
23 CSC C2	November 29, 2023	November 29, 2026	3.50%	—	—	1,003,165
				3,057,420	3,068,758	2,031,978

(2) Beneficiary certificates

As at December 31, 2023, for beneficiary certificates issued by the Company, their coupon rates were from 3.10% to 4.50%.

As at December 31, 2024, for beneficiary certificates issued by the Company, their coupon rates were from 2.30% to 3.70%.

As at December 31, 2025, for beneficiary certificates issued by the Company, their coupon rates were from 2.03% to 3.30%.

All of these bonds and beneficiary certificates are denominated in RMB.

40. SHORT-TERM FINANCING PAYABLES

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term commercial papers (1)	—	500,890	1,312,548
Short-term beneficiary certificates (2)	1,733,119	1,489,919	27,718
	1,733,119	1,990,809	1,340,266

(1) Short-term commercial papers

The details of short-term commercial papers as at December 31, 2024 are as follows:

Name	Issue amount	Issurance date	Maturity date	Coupon rate
	RMB'000			
24 CSC CP001	500,000	November 28, 2024	August 28, 2025	1.91%

The details of short-term commercial papers as at December 31, 2025 are as follows:

Name	Issue amount	Issurance date	Maturity date	Coupon rate
	RMB'000			
25 CSC CP003	800,000	May 16, 2025	May 16, 2026	1.70%
25 CSC CP004	500,000	July 9, 2025	July 8, 2026	1.65%

(2) Short-term beneficiary certificates

As at December 31, 2023, for short-term beneficiary certificates issued by the Company, their coupon rates were from 2.20% to 3.40%.

As at December 31, 2024, for short-term beneficiary certificates issued by the Company, their coupon rates were from 2.00% to 2.50%.

As at December 31, 2025, for short-term beneficiary certificates issued by the Company, their coupon rates were from 2.10% to 2.30%.

41. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Due to banks	100,000	200,000	800,000
Due to China Securities Finance	810,000	1,330,000	2,130,000
Add: Interest payable	4,706	6,753	10,154
	914,706	1,536,753	2,940,154

As at December 31, 2023, the effective interest rate on the amounts due to banks was 2.60% per annum. The amounts due to banks were repayable within two days from December 31, 2023. The range of effective interest rate on the amounts due to other financial institutions was 2.31% to 3.50% per annum. The amounts due to other financial institutions were repayable within five months from December 31, 2023.

As at December 31, 2024, the range of effective interest rate on the amounts due to banks was 1.72% to 1.80% per annum. The amounts due to banks were repayable within six days from December 31, 2024. The range of effective interest rate on the amounts due to other financial institutions was 1.99% to 2.56% per annum. The amounts due to other financial institutions were repayable within five months from December 31, 2024.

As at December 31, 2025, the range of effective interest rate on the amounts due to banks was 1.50% to 2.15% per annum. The amounts due to banks were repayable within three days from December 31, 2025. The range of effective interest rate on the amounts due to other financial institutions was 1.63% to 2.42% per annum. The amounts due to other financial institutions were repayable within six months from December 31, 2025.

42. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Client deposits for brokerage trading	5,207,123	7,191,357	7,857,675
Client deposits for margin financing	324,714	487,225	535,713
	5,531,837	7,678,582	8,393,388

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Client deposits for brokerage trading	4,340,057	6,154,150	6,306,912
Client deposits for margin financing	324,714	487,225	535,713
	4,664,771	6,641,375	6,842,625

Accounts payable to brokerage clients mainly include money held on behalf of clients at banks and at clearing houses by the Group and are interest-bearing at the prevailing market interest rates.

The majority of the accounts payable are repayable on demand except where certain payables represent margin deposits and cash collateral received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value to the readers of the Historical Financial Information in view of the nature of these businesses.

43. ACCRUED STAFF COSTS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Salaries, bonus and allowances	52,916	91,842	79,896
Current			
Salaries, bonus and allowances	90,580	86,794	120,809
Social welfare	2,604	2,694	2,736
Annuity schemes	67	—	—
Others	5,687	4,265	4,126
Subtotal	98,938	93,753	127,671
Total	151,854	185,595	207,567

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Salaries, bonus and allowances	40,020	80,274	74,783
Current			
Salaries, bonus and allowances	87,157	85,435	117,353
Social welfare	2,104	2,135	2,161
Annuity schemes	32	—	—
Others	5,452	4,115	3,899
Subtotal	94,745	91,685	123,413
Total	134,765	171,959	198,196

44. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Accounts payable to asset management clients	84,959	361,086	491,917
Custody fees and commissions payable	117,180	119,665	116,137
Accounts payable for settlement	64,685	143,481	95,709
Procurement and suppliers payable	36,334	27,281	45,949
Value-added tax and other taxes	35,865	40,034	41,163
Withholding and payables on behalf of others	11,378	20,894	10,979
Risk reserve and broker commissions payable	10,760	11,490	12,542
Futures risk reserve payable	7,098	8,042	9,118
Payable to securities and futures investor protection fund	5,233	5,812	6,059
Guarantee fees payable	4,500	—	—
Others	30	174	30
	378,022	737,959	829,603

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Accounts payable to asset management clients	84,959	361,086	491,917
Custody fees and commissions payable	116,255	119,664	116,137
Accounts payable for settlement	64,685	143,481	95,005
Procurement and suppliers payable	32,811	25,515	26,640
Value-added tax and other taxes	33,371	39,368	37,215
Withholding and payables on behalf of others	13,151	23,272	11,930
Risk reserve and broker commissions payable	10,761	9,989	11,344
Payable to securities and futures investor protection fund	5,197	5,773	5,997
Guarantee fees payable	4,500	—	—
Others	30	174	30
	365,720	728,322	796,215

45. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Financial liabilities designated at fair value through profit or loss:			
— Payables to third-party interests in the consolidated structured entities	321,061	608,490	232,991
Financial liabilities at fair value through profit or loss:			
— Debt securities	363,929	644,609	589,589
	684,990	1,253,099	822,580

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Financial liabilities at fair value through profit or loss:			
— Debt securities	363,929	644,609	589,589
	363,929	644,609	589,589

The Group entered into securities lending arrangements with counterparties, resulting in the group pledging securities as collateral to counterparties. The fair values of the pledged securities as at December 31, 2023, 2024 and 2025 were RMB407 million, RMB668 million and RMB785 million respectively. These securities continued to be recognized as financial assets of the Group.

46. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Analyzed by collateral type:			
Debt securities	11,978,763	9,285,175	8,803,419
Add: Interest payable	9,800	2,664	1,549
	11,988,563	9,287,839	8,804,968
Analyzed by market of collateral:			
Stock exchange	4,522,466	4,038,684	2,675,805
Interbank bond market	7,466,097	5,249,155	6,129,163
	11,988,563	9,287,839	8,804,968

The Group entered into repurchase agreements with certain counterparties to sell debt securities recognized as financial assets at fair value through profit or loss with carrying amount of RMB13 billion, RMB10 billion and RMB11 billion as at December 31, 2023, 2024 and 2025 respectively. The Group are subject to the simultaneous agreements to repurchase these securities at the agreed dates and prices.

Financial assets sold under repurchase agreements bear effective interest rates at 1.00%-5.80%, 1.56%-2.30% and 1.63%-2.40% as at December 31, 2023, 2024 and 2025.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Analysed by collateral type:			
Debt securities	11,906,563	9,155,318	8,739,169
Add: Interest payable	9,730	2,615	1,514
	11,916,293	9,157,933	8,740,683
Analysed by market of collateral:			
Stock exchange	4,450,196	3,919,023	2,611,520
Interbank bond market	7,466,097	5,238,910	6,129,163
	11,916,293	9,157,933	8,740,683

47. CONTRACT LIABILITIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment banking services	11,083	9,157	6,759
Asset management services	1,627	2,943	4,729
Brokerage services	880	2,794	7,879
Others	2,633	1,605	1,880
Total	16,223	16,499	21,247

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment banking services	11,082	9,157	6,759
Asset management services	1,627	2,943	4,729
Brokerage services	880	2,794	7,879
Others	—	47	298
Total	13,589	14,941	19,665

48. SHARE CAPITAL

The Company's numbers of shares and their nominal values are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid ordinary shares of RMB1 each			
Domestic shares	2,733,334	2,733,334	2,733,334
Share capital			
Domestic shares	2,733,334	2,733,334	2,733,334

49. RESERVES AND RETAINED PROFITS

The amounts of the Group's reserves and retained profits and the movements therein for the Relevant Periods are presented in the statements of changes in equity of the Group.

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value.

(b) Investment revaluation reserve

The investment revaluation reserve comprises:

The cumulative net changes in the fair value of equity instruments designated at FVOCI, net of amounts reclassified to retained profits when those equity instruments at FVTOCI are disposed of; and

The cumulative net changes in the fair value of debt instruments at FVOCI, net of amounts reclassified to profit or loss when those debt instruments at FVTOCI are disposed of or are determined to be impaired.

(c) General reserves

General reserves comprise of the statutory surplus reserve, discretionary surplus reserve, reserve for general risk and transaction risk reserve.

Pursuant to the Company Law of the PRC, in accordance with the Company's articles of association, 10% of the net profit of the Company, determined in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP"), is required to be transferred to the statutory surplus reserve until such time when this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for expansion of business scale and capitalization. If the statutory surplus reserve is capitalized into share capital, the remaining reserve is required to be no less than 25% of the Company's registered capital before capitalization. The Company may also make appropriations from its net profit to the discretionary surplus reserve provided that the appropriation is approved by a resolution of the shareholders.

In accordance with the Financial Rules for Financial Enterprises (Order of the MOF No. 42) and the application guidance (Caijin [2007] No. 23) issued by the MOF, and the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi[2007 No. 320) issued on December 18, 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Group appropriates an amount equivalent to 10% of the net profit to the trading risk reserve.

(d) Reserve movements of the Company

Year ended December 31, 2023	Capital reserve	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	6,787,164	(32,751)	1,350,107	365	1,139,205	9,244,090
Profit and total comprehensive income for the year	—	56,128	—	78	714,997	771,203
Transfer from retained profits	—	—	214,499	—	(214,499)	—
Dividends recognized as distribution	—	—	—	—	(505,667)	(505,667)
At December 31, 2023	6,787,164	23,377	1,564,606	443	1,134,036	9,509,626

Year ended December 31, 2024	Capital reserve	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	6,787,164	23,377	1,564,606	443	1,134,036	9,509,626
Profit and total comprehensive income for the year	—	320,356	—	447	1,059,012	1,379,815
Transfer from retained profits	—	—	317,704	—	(317,704)	—
Dividends recognized as distribution	—	—	—	—	(423,667)	(423,667)
Other	365	—	—	—	—	365
At December 31, 2024	6,787,529	343,733	1,882,310	890	1,451,677	10,466,139

Year ended December 31, 2025	Capital reserve	Investment revaluation reserve	General reserves	Other reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	6,787,529	343,733	1,882,310	890	1,451,677	10,466,139
Profit and total comprehensive income for the year	—	3,081	—	(93)	1,088,252	1,091,240
Transfer from retained profits	—	—	326,475	—	(326,475)	—
Dividends recognized as distribution	—	—	—	—	(533,000)	(533,000)
Other comprehensive income that has been reclassified to retained profits	—	44,823	—	—	(44,823)	—
At December 31, 2025	6,787,529	391,637	2,208,785	797	1,635,631	11,024,379

(e) Dividends

Dividends for ordinary shareholders of the Company declared during the Relevant Periods:

	Year ended December 31,		
	2023	2024	2025
Dividends declared (RMB1 cent per ordinary share)	0.185	0.155	0.195

50. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

For the years ended December 31, 2023, 2024 and 2025, the Group had non-cash additions to the right-of-use assets and lease liabilities of RMB34 million, RMB58 million and RMB11 million, in respect of lease arrangements.

The Group had non-cash additions to the investment properties of RMB18 million for the year ended December 31, 2023 in respect of repossessed assets.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bonds payable	Short-term financing payables	Lease liabilities	Dividends payable
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	7,347,553	593,554	407,640	—
Financing cash flows	1,413,897	1,092,961	(82,113)	(505,667)
Non-cash changes:				
Interest expenses	286,458	46,604	17,531	—
New leases	—	—	33,638	—
Dividends declared	—	—	—	505,667
At December 31, 2023	9,047,908	1,733,119	376,696	—

	Bonds payable	Short-term financing payables	Lease liabilities	Dividends payable
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	9,047,908	1,733,119	376,696	—
Financing cash flows	1,117,912	177,344	(71,021)	(423,667)
Non-cash changes:				
Interest expenses	293,295	80,346	16,653	—
New leases	—	—	58,406	—
Dividends declared	—	—	—	423,667
At December 31, 2024	10,459,115	1,990,809	380,734	—

	Bonds payable	Short-term financing payables	Lease liabilities	Dividends payable
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	10,459,115	1,990,809	380,734	—
Financing cash flows	4,115,605	(786,920)	(90,321)	(533,000)
Non-cash changes:				
Interest expenses	246,061	136,377	14,854	—
New leases	—	—	10,892	—
Dividends declared	—	—	—	533,000
At December 31, 2025	14,820,781	1,340,266	316,159	—

(c) Total cash outflows for leases

The total cash outflows for leases included in the statements of cash flows are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	(6,199)	(1,469)	(971)
Within financing activities	(89,815)	(71,564)	(93,233)
Total	(96,014)	(73,033)	(94,204)

51. INTERESTS IN STRUCTURED ENTITIES

(a) Interests in structured entities consolidated by the Group

The Group had consolidated certain structured entities, mainly asset management schemes. These special vehicles issue units to investors, including the Group, to finance their operations, which are primarily investments in various debts. For those structured entities where the Group is involved as manager or as investor, the Group assesses the controlling power according to accounting policies stated in note 3.

Interests in structured entities consolidated by the Group at the end of each Relevant Periods are listed below:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets of the consolidated structured entities	545,593	918,606	5,383,937
Total net assets of the consolidated structured entities	471,636	786,704	5,295,511
The carrying amount of third-party interests in the consolidated structured entities (note 45)	321,061	608,490	232,991

Interests held by other investors in these consolidated structured entities were classified as investment income and gains in the consolidated statements of profit or loss, and financial liabilities at fair value through profit or loss in the consolidated statements of financial position.

At the end of the Relevant Periods, the Group reassessed the control of structured entities and decided whether the Group was still a principal.

(b) Structured entities sponsored by third party institutions or the Group which the Group does not consolidate but holds interests in

The types of structured entities that the Group does not consolidate but in which it holds interests include funds, asset management schemes, trust schemes and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The Group also has interests in unconsolidated collective asset management schemes managed by the Group where the remuneration of the Group is commensurate with the services provided and the variable returns the Group exposed to are not considered to be significant. The Group therefore considers it makes decision by acting as an agent for the investors and hence did not consolidate these structured entities.

The amounts of unconsolidated structured entities managed by the Group were RMB124,845 million, RMB137,496 million and RMB164,863 million as at the end of December 31, 2023, 2024 and 2025.

For the years ended December 31, 2023, 2024 and 2025, the management fee income and investment gains from the unconsolidated asset management schemes managed by the Group amounted to RMB813 million, RMB1,346 million and RMB760 million separately.

For the Relevant Periods, the Group did not provide significant financial support to these unconsolidated structured entities.

The carrying amounts of the related accounts in the consolidated statements of financial position, which are equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities as at the end of each of the Relevant Periods are listed below:

	As at December 31		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amounts of interests held by the Group			
Financial assets at fair value through profit or loss			
— Funds	1,691,948	1,785,712	2,763,380
— Trust schemes and wealth management products	69,348	378,082	356,753
— Asset management plan	3,773,237	3,890,787	2,034,254
Subtotal	5,534,533	6,054,581	5,154,387
Equity instruments at fair value through other comprehensive income			
— REITs	—	134,762	342,041
Total	5,534,533	6,189,343	5,496,428

52. CONTINGENT LIABILITIES

As at the end of each Relevant Periods, the Group was not involved in any legal proceedings or arbitrations for which an unfavorable judgment, ruling, or decision, if rendered, would reasonably be expected to result in a material adverse effect on the Group's financial position or operating results.

53. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's repurchase agreements, securities lending arrangements and other arrangements are included in notes 45 and 46 to the Historical Financial Information.

54. TRANSFERS OF FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which they transfer recognized financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognizes all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards on these assets, the Group continues to recognize these assets.

Securities lending arrangements

The Group entered into securities lending agreements with clients to lend out its own securities classified as financial assets at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income, using the client's securities or cash as collateral, and as the Group still retains all the risks of the relevant securities, it has not derecognized such securities in the consolidated statements of financial position.

The following table analyzes the carrying amount of the above-mentioned financial assets transferred to third parties or customers that did not qualify for derecognition:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Securities lending	5,255	3,728	2,166

55. COMMITMENTS

(1) Underwriting commitments

As of December 31, 2023, 2024 and 2025, our outstanding securities underwriting commitments were nil, nil, RMB1,825 million, respectively.

(2) Capital commitments

Capital commitments outstanding at the end of Relevant Periods not provided for in the Historical Information were as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for	2,963	7,218	22,814

The aforementioned capital commitments mainly represent capital contributions subscribed to funds, construction of properties and purchase of equipment of the Group.

(3) Lease commitments as lessee

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year (inclusive)	3,269	—	837
1 to 2 years (inclusive)	3,269	—	864
2 to 3 years (inclusive)	3,127	—	692
After 3 years	—	—	1,234
Total	9,665	—	3,627

56. RELATED PARTY TRANSACTIONS

(a) Transactions and balances with the immediate holding company and fellow subsidiaries

The Company was established with the approval of the China Securities Regulatory Commission on February 3, 2000. The shareholders of the Company are Beijing Capital Group Co., Ltd. with a 56.77% equity interest, BII Co., Ltd. with a 17.31% equity interest and Beijing Energy Holding Co., Ltd. with a 8.31% equity interest.

Beijing Capital Group Co., Ltd. is the Company's parent company, which is ultimately controlled by State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government (Beijing SASAC). Beijing Capital Group Co., Ltd. is registered in Beijing with a registered capital of RMB3 billion. Its main business includes the operation and management of state-owned assets within the authorized scope.

The Group's daily business transactions with immediate holding company and its fellow subsidiaries are conducted on normal commercial terms.

The Group's material transactions with the immediate holding company and fellow subsidiaries

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Commission and fee income	20,747	8,043	9,258
Investment income and gains	2,107	4,775	1,185
Interest expenses	48	39	8
Other operating expenses	6,840	1,943	623
Investment properties (1)	—	19,721	—
Property, plant and equipment (2)	—	—	95,222

(1) As at December 26, 2024, the Company acquired a property owned by Beijing Beiqing Outdoor Advertising Co., Ltd. through bidding at China Beijing Equity Exchange and completed the house ownership transfer registration on December 30, 2024. Beijing Beiqing Outdoor Advertising Co., Ltd. is ultimate controlled by the Company's parent company.

(2) As at April 30, 2025, the Company signed the contract of preselling commercial house with Shanghai Shouyang Investment Co., Ltd, the subsidiary of the immediate holding company. The transaction price of the property was RMB104 million, including VAT of RMB 9 million. As at 12 May 2025, RMB80 million was prepaid for the property. As at 17 September 2025, the title transfer formalities of the project were completed, and the real estate title certificate was obtained. The remaining balance of the period has been paid in full.

The Group's material balances with the immediate holding company and fellow subsidiaries

	As at December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Debt instruments at FVTOCI	168,785	8,179	—
Financial assets at FVTPL	106,935	25,995	24,056
Accounts payable to brokerage clients	16,961	17,160	1
Contract liabilities	217	94	83
Other payables and accruals	4,800	300	300

The balances with the immediate holding company and fellow subsidiaries are trade in nature.

Guarantees provided by the holding company and its subsidiaries to the Group

Guarantor	Guaranteed amount	Guarantee commencement date	Guarantee expiry date	Status of guarantee
	RMB'000			
Beijing Capital Group Co., Ltd.	500,000	2020-5-22	2023-5-22	Fulfilled
Beijing Capital Group Co., Ltd.	1,000,000	2021-4-12	2024-4-12	Fulfilled

The Company's parent company, Beijing Capital Group Co., Ltd. provided guarantees for some of the bonds issued by the Company at a rate of 0.6%.

(b) Transactions and balances with other shareholders holding 5% or above shares of the Company

Other shareholders holding 5% or above shares of the Company who had related party transactions with the Group during the Relevant Periods are as follows:

Name	Relationship
BII Co., Ltd.	17.31% of Capital Securities Corporation Limited
Beijing Energy Holding Co., Ltd.	8.31% of Capital Securities Corporation Limited
Beijing State-owned Capital Operation Management Co., Ltd.	The parent company of Beijing Energy Holding Co., Ltd.
Beijing Jingneng Tongxin Investment Management Co., Ltd.	100% controlled by Beijing Energy Holding Co., Ltd.

BII Co., Ltd. is a wholly state-owned company invested and established by Beijing SASAC.

Beijing Energy Holding Co., Ltd. is a wholly state-owned enterprise by Beijing SASAC.

The Group's material transactions with other shareholders holding 5% or more shares of the Company

	Year ended December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Commission and fee income	—	6,102	2,873
Investment income and gains	3,020	441	202

The Group's material balances with other shareholders holding 5% or more shares of the Company

	As at December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTPL	107,905	106,499	78,854

(c) Transactions and balances with the Group's associate and joint venture

Details of the Group's associate at the end of the year are disclosed in note 25 to the Historical Financial Information.

The Group's material transactions with the associate and joint venture

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Commission and fee income	14,309	2,487	5,163
Investment income and gains	244	1,747	44
Interest expenses	11	2	—

The Group's material balances with the associate and joint venture

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTPL	111,604	49,975	32,289
Accounts receivable	5,459	412	655
Accounts payable to brokerage clients	65	171	41
Contract liabilities	87	—	—

The balances with the associate and joint venture are trade in nature.

(d) Key management personnel compensation

Key management personnel are those persons having authorities and responsibilities for planning, directing and controlling the activities of the Group, directly or indirectly, including directors, supervisors and other members of senior management.

The key management compensation for the Relevant Periods comprises:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances, bonuses, social welfare and annuity scheme contribution	33,919	14,387	12,781

The remuneration of 2024 and 2025 is the total amount of compensation attributable and received during the year.

57. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost			
— Financial assets held under resale agreements	353,931	93,364	66,319
— Deposits with exchanges and non-bank financial institutions	699,348	776,422	1,770,836
— Bank balances	6,538,719	7,425,351	8,496,876
— Advances to customers	2,263,839	3,040,258	3,941,496
— Accounts receivable	744,552	597,284	596,274
— Other financial assets	87,370	60,607	45,398
— Clearing settlement funds	1,388,102	2,511,384	1,871,633
Debt instruments at fair value through other comprehensive income	11,264,617	9,191,245	8,750,103
Equity instruments designated at fair value through other comprehensive income	1,400	2,334,308	6,193,615
Financial assets at fair value through profit or loss	18,010,748	19,049,778	18,668,461
Derivative financial assets	11,287	7,945	60,152
Subtotal	41,363,913	45,087,946	50,461,163
Financial liabilities			
Financial liabilities at amortized cost			
— Bonds payable	9,047,908	10,459,115	14,820,782
— Short-term financing payables	1,733,119	1,990,809	1,340,266
— Other financial liabilities	307,688	651,687	749,742
— Accounts payable to brokerage clients	5,531,837	7,678,582	8,393,388
— Due to banks and other financial institutions	914,706	1,536,753	2,940,154
— Financial assets sold under repurchase agreements	11,988,563	9,287,839	8,804,968
Financial liabilities designated as at fair value through profit or loss	321,061	608,490	232,991
Financial liabilities at fair value through profit or loss	363,929	644,609	589,589
Derivative financial liabilities	—	7,796	4,172
Subtotal	30,208,811	32,865,680	37,876,052

58. FINANCIAL RISK MANAGEMENT

Overview

The Company attaches great importance to risk management work. In order to ensure the continuous and stable operation of the Company, improve risk management capabilities and core competitiveness, the Company has established a comprehensive risk management system that meets regulatory requirements and is multi-level, interconnected and effectively balanced, including a comprehensive and operable management system, a sound and effective organizational structure, a strong and professional risk management talent team, a scientifically reasonable quantitative risk indicator system, a reliable information technology system, and an effective risk response and handling mechanism. During the Relevant Periods, the Company adhered to a prudent and pragmatic risk management philosophy, continuously improved its comprehensive risk management system, and continuously strengthened its risk control capabilities, resulting in overall controllable risks.

The Company has established a risk management system based on the "Comprehensive Risk Management System" supported by various professional risk management methods such as the "Credit Risk Management Measures", "Market Risk Management Measures", "Liquidity Risk Management Measures", "Operational Risk Management Measures". During the reporting period, the Company revised its hierarchical risk management system, including the Comprehensive Risk Management System, Market Risk Management Measures, and Subsidiary Risk Management Implementation Rules, based on changes in regulatory policies and internal management needs. Multiple business level risk management systems were reviewed, further improving the Company's comprehensive risk management system and providing institutional guarantees for various risk management work.

Risk management organizational structure

The Company has currently established a four-level risk management organizational structure consisting of Board of Directors—Management, General Manager's Executive Committee—Risk Management Functional Departments—Various Business Departments, Branches, and Subsidiaries, ensuring coverage of all business operations and fulfilling comprehensive risk management responsibilities.

The Board of Directors is the highest decision-making body for the Company's risk management, and bears ultimate responsibility for the effectiveness of the Company's comprehensive risk management work. It mainly performs important duties such as building the Company's risk culture, reviewing the basic system of comprehensive risk management, reviewing the Company's annual risk appetite and risk tolerance. The Board of Directors may authorize its risk control committee to perform some of its responsibilities for comprehensive risk management.

The management of the Company bears the main responsibility for comprehensive risk management, making decisions on avoidance, control and mitigation risks, or acceptance the risk in business management. The General Manager's Executive Committee has established a Risk Management Committee, responsible for formulating the Company's risk appetite, risk tolerance, major risk limits, and risk control standards, developing risk management systems and a comprehensive performance evaluation system covering the effectiveness of risk management, reviewing information technology systems and data quality control mechanisms, reviewing new business and products, and approving the Company's risk reports.

The Company has a Chief Risk Officer responsible for comprehensive risk management work, organizing the formulation of risk management related systems, improving the Company's comprehensive risk management system, and organizing the identification, assessment, monitoring, reporting, and disposal of various risks.

The risk management functional departments of the Company include the Risk Management Department, Compliance Department, Quality Control Department, Credit Business Department, Fund Operations Management Department, Planning and Finance Department, Operations Management Center, Information Technology Department, Supervision Office, etc.

Under the leadership of the Chief Risk Officer, the Risk Management Department is responsible for promoting the comprehensive risk management work of the Company, monitoring, evaluating, and reporting the overall risk level of the Company, providing risk management recommendations for business decisions, and assisting, guiding, and inspecting the risk management work of various departments, branches and subsidiaries.

The Compliance Department assists the Compliance Director and is responsible for the Company's compliance risk management work, as well as anti-money laundering related matters.

The Quality Control Department and the Credit Business Department respectively implement and enforce the Company's risk management requirements in two specific business segments: investment banking and credit-based business.

The Fund Operations Management Department is mainly responsible for the Company's liquidity risk management work. The Planning and Finance Department is mainly responsible for the daily financial accounting of the Company, and is responsible for preparing the Company's regular financial statements and risk management supervision reports. The Operations Management Center is responsible for the Company's transaction security, product management and comprehensive data services. The Information Technology Department is responsible for the procurement, operation, and maintenance of the Company's information technology systems, ensuring the normal operation of various trading, brokerage, offices, and other systems. The above four departments all undertake risk management responsibilities, focusing on reducing operational and procedural risks within the Company and improving overall operational efficiency.

At the level of business departments, branches, and subsidiaries, they are able to implement the Company's various rules and regulations within their scope of responsibilities, implement risk control measures, and act as the direct party responsible for risk management in their unit, timely identifying, evaluating, responding to, and reporting relevant risks on a timely bases. During the Relevant Periods, business departments of the Company and the back-end departments involved in specific risk types were equipped with at least one risk controller. The risk controller is responsible for assisting the department head in carrying out risk management work and cooperating with the Company's risk management department to promote various risk management work. The assessment of risk control personnel is jointly implemented by their department and the Company's risk management department.

The Company is led by the Risk Management Department to carry out comprehensive risk management work. After years of operation and training, the Company has built a professional team of risk management talents, whose quality and quantity meet the requirements of the "Comprehensive Risk Management Standards for Securities Companies". The high quality of the Company's risk management personnel provides strong support for the comprehensive risk management work of the Company.

As of the end of the Relevant Periods, the Company established multiple risk management information systems for market risk, credit risk, liquidity risk, reputation risk, operational risk, etc., and continuously iterated and optimized each system, comprehensively improving the informationisation, automation, intelligence, and specialization level of risk management work, providing strong support for various risk measurement, risk monitoring, early warning risks and other risk management work.

58.1 Credit risk

Credit risk is the risk of loss due to failures or inabilities to fulfill obligations by counterparties, or the downgrade of credit rating of them. During each of the Relevant Periods, the credit risks faced by the Group were mainly concentrated in margin trading, financial assets held under resale agreements, fixed income investment and trading. Taking no account of collateral or other credit enhancements, the maximum credit exposure of financial assets to the extent exposed to credit risk approximated to their carrying amount at the end of each of the Relevant Periods.

In order to control the credit risk of the fixed income investment and trading business, the company's fixed income investment and trading business mainly invests in treasury bond, policy financial bonds, urban investment bonds, state-owned enterprise industrial bonds, and the Company has developed a complete risk limit management, bond pool, counterparty library and internal credit rating system. During the reporting period, the main investment targets of the Company's fixed income investment and trading business were high credit rating products, and the issuers were mostly central or local key state-owned enterprises. The Company closely tracks the operating conditions and credit rating changes of bond issuers, reduces concentration risk through diversified investment, and controls the credit risk level of bond investment portfolios. The main management methods for counterparty credit risk include but are not limited to: counterparty whitelist, tiered management, limit management, and the encouragement of the use of DVP settlement.

In order to control the credit risk of margin trading, stock pledge style repurchase transactions, and other businesses, the Company has established a business scale monitoring and adjustment mechanism with net capital as the core. It has developed a comprehensive risk prevention, monitoring, and response mechanism, including customer suitability management, credit review, collateral management, target securities management, risk limit management, daily market monitoring, early warning, and closing positions. At the same time, it has improved the business isolation system to ensure that margin trading, stock pledge style repurchase transactions, asset management, securities self operation, investment banking, and other businesses are separated from each other in terms of institutions, personnel, information, and accounts.

Other than those financial assets whose carrying amounts represent maximum exposure to credit risks, the Group is also exposed to credit risks arising from security lending and borrowing activities as clients may default on securities borrowed. Securities lent to clients may include securities collateral received from other clients under similar lending and borrowing arrangements. Therefore, these securities may not be recognized in the consolidated statement of financial position of the Group.

The concentration of credit risk is limited due to the counterparty base and customer base being large and diversified.

The maximum credit risk exposure

Taking no account of collateral or other credit enhancements, the maximum credit exposure is the carrying amount of financial assets, which is net of impairment allowance. The maximum credit risk exposures of the Group are as follows:

	As at December 31,		
The maximum credit risk exposure	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Debt instruments at fair value through other comprehensive income	11,264,617	9,191,245	8,750,103
Financial assets held under resale agreements	353,931	93,364	66,319
Financial assets at fair value through profit or loss	11,515,898	12,235,311	12,162,767
Deposits with exchanges and non-bank financial institutions	699,348	776,422	1,770,836
Advances to customers	2,263,839	3,040,258	3,941,496
Accounts receivable	744,552	597,284	596,274
Derivative financial assets	11,287	7,945	60,152
Bank balances	6,538,719	7,425,351	8,496,876
Clearing settlement funds	1,388,102	2,511,384	1,871,633
Other assets	87,370	60,607	45,398
	34,867,663	35,939,171	37,761,854

Impairment under the ECL model

The Group recognized a loss allowance for ECLs on financial assets which are subject to impairment under IFRS 9 using the ECL models, including debt instruments at FVTOCI, advances to customers, accounts receivable, other receivables, financial assets held under resale agreements, deposits with exchanges and non-bank financial institutions, clearing settlement funds and bank balances. The amount of ECLs was updated at the end of each Relevant Periods to reflect changes in credit risk since initial recognition.

ECLs are measured based on (i) the "probability of default" approach for which the key inputs are PD, LGD and exposure at default ("EAD"); or, (ii) the loss rate approach for which the key input is the loss rate. These inputs are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

Significant increase in credit risk

Except for accounts receivable without significant financing component which are always measured on the Lifetime ECL basis, the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime ECLs rather than 12-month ECLs.

To determine whether the credit risk of a financial instrument has significantly increased, it is necessary to compare the default probability of the instrument during its expected existence period determined at initial recognition with the default probability of the instrument during its expected existence period determined at the end of each Relevant Periods.

When assessing whether credit risk has significantly increased, consider the following factors, including but not limited to:

- Whether reasonable and evidence-based information can be obtained regarding past events, current conditions, and future economic forecasts;
- Information on macroeconomic conditions, debtor operations and financial conditions, internal actual and expected default rates, external and internal credit ratings, overdue situations, external market pricing, etc;
- The relative change in default risk during the expected lifespan of financial instruments, rather than the absolute value of the change in default risk.

Basis for credit impairment that has occurred

Based on the characteristics of financial assets, the Company defines situations where there is evidence of credit impairment for financial assets with similar risk characteristics. Evidence of credit impairment of financial assets includes the following observable situations:

- The issuer or debtor experiences significant financial difficulties;
- The debtor violates the contract, such as defaulting or delaying the payment of interest or principal;
- Creditors, due to economic or contractual considerations related to the debtor's financial difficulties, make concessions that the debtor would not make under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The financial difficulties of the issuer or debtor result in the disappearance of the active market for the financial asset;
- A financial asset purchased or generated at a significant discount that reflects the fact of credit loss; and
- Other situations indicating credit impairment of financial assets.

Credit impairment of financial assets may be caused by the combined effect of multiple events, and may not necessarily be caused by individually identifiable events.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECLs. The Group generates a base case scenario of future forecast of relevant economic variables, along with representative ranges of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

Measurement of ECLs

The measurement of ECLs is a function of the PD, LGD and EAD based on the probability of default approach. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information.

Generally, the ECL estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group measures ECLs considering the risk of default over the maximum contractual period over which the entity is exposed to credit risk.

The measurement of ECLs is based on the probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk, it can be necessary to perform the assessment on a collective basis.

Regarding the loss rate of financing-related financial assets, the Group's relevant business departments classify impairment stages on a contract-by-contract or portfolio basis to effectively monitor credit risk exposure and regularly reassess and adjust these classifications. The classification of credit risk exposure is determined by assessing whether the credit risk has significantly increased since initial recognition or whether credit impairment has already occurred:

Stage One: Contracts where credit risk has not significantly increased since initial recognition. A contract may be classified in Stage One if the counterparty maintains a margin maintenance ratio or transaction performance guarantee ratio above the warning threshold, and there are no material events that could negatively impact its ability to perform.

Stage Two: Contracts where credit risk has significantly increased since initial recognition, but credit impairment has not yet occurred. A contract may be considered to have significantly increased credit risk upon occurrence of any of the following circumstances:

- The counterparty's margin maintenance ratio or transaction performance guarantee ratio falls to or below the warning threshold but remains above the liquidation threshold;
- The counterparty defaults by failing to repay principal or interest within 30 days (inclusive) of the due date, in breach of the contract agreement;
- The counterparty breaches the contract agreement by misusing the funds;
- The counterparty is listed as a dishonest party which listed in the public record of enforcement, has been criminally prosecuted, received administrative penalties, is subject to regulatory measures, or is suspected of illegal or criminal conduct.

Stage Three: Contracts where credit impairment has occurred since initial recognition. A contract shall be deemed to have objective evidence of credit impairment upon occurrence of any of the following circumstances:

- The counterparty's margin maintenance ratio or transaction performance guarantee ratio falls to or below the liquidation threshold;
- The counterparty fails to repay principal or interest within 90 days (inclusive) of the due date, in breach of the contract agreement.

Movement in impairment loss allowance

The following tables show the reconciliation of loss allowances that have been recognized:

(1) Loss allowances for financial assets held under resale agreements

	12-month ECLs	Lifetime ECLs (not credit-impaired)	Lifetime ECLs (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	1,516	—	36,902	38,418
Changes due to financial instruments recognized as at January 1:				
— Impairment losses recognized	465	—	42,336	42,801
— Impairment losses reversed	(654)	—	(5,000)	(5,654)
New financial assets purchased	577	—	—	577
Impairment loss allowance as at 31 December 2023	1,904	—	74,238	76,142
Gross carrying amount as at 31 December 2023	346,981	—	83,092	430,073
ECL rate	0.55%	—	89.34%	17.70%
As at January 1, 2024	1,904	—	74,238	76,142
Changes due to financial instruments recognized as at January 1:				
— Impairment losses recognized	340	—	8,854	9,194
— Impairment losses reversed	(1,492)	—	(10,958)	(12,450)
Impairment loss allowance as at December 31, 2024	752	—	72,134	72,886
Gross carrying amount as at December 31, 2024	94,116	—	72,134	166,250
ECL rate	0.80%	—	100.00%	43.84%
As at January 1, 2025	752	—	72,134	72,886
Changes due to financial instruments recognized as at January 1:				
— Impairment losses recognized	—	—	—	—
— Impairment losses reversed	(752)		(51,949)	(52,701)
Impairment loss allowance as at December 31, 2025	—	—	20,185	20,185
Gross carrying amount as at December 31, 2025	66,319	—	20,185	86,504
ECL rate	0.00%	—	100.00%	23.33%

(2) Loss allowances for debt instruments fair value through other comprehensive income

	12-month ECLs	Lifetime ECLs (not credit-impaired)	Lifetime ECLs (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	5,176	2,465	—	7,641
Changes due to financial instruments recognized as at January 1:				
— Impairment losses reversed	(128)	—	—	(128)
New financial assets purchased	2,908	—	—	2,908
Financial assets derecognized	(1,612)	(2,465)	—	(4,077)
Impairment loss allowance as at December 31, 2023	6,344	—	—	6,344
Gross carrying amount as at December 31, 2023	11,264,617	—	—	11,264,617
As at January 1, 2024	6,344	—	—	6,344
Changes due to financial instruments recognized as at January 1:				
— Impairment losses recognized	1,952	—	—	1,952
New financial assets purchased	1,817	—	—	1,817
Financial assets derecognized	(4,897)	—	—	(4,897)
Impairment loss allowance as at December 31, 2024	5,216	—	—	5,216
Gross carrying amount as at December 31, 2024	9,191,245	—	—	9,191,245
As at January 1, 2025	5,216	—	—	5,216
Changes due to financial instruments recognized as at January 1:	—	—	—	—
— Impairment losses recognized	5,802	—	—	5,802
New financial assets purchased	743	—	—	743
Financial assets derecognized	(5,744)	—	—	(5,744)
Impairment loss allowance as at December 31, 2025	6,017	—	—	6,017
Gross carrying amount as at December 31, 2025	8,750,103	—	—	8,750,103

(3) Loss allowances for advances to customers

	12-month ECLs	Lifetime ECLs (not credit-impaired)	Lifetime ECLs (credit-impaired)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	15	1	627	643
Changes due to financial instruments recognized as at January 1:				
— Impairment losses recognized	—	—	136	136
— Impairment losses reversed	(9)	—	—	(9)
New financial assets purchased	10	—	—	10
Impairment loss allowance as at December 31, 2023	16	1	763	780
Gross carrying amount as at December 31, 2023	2,194,768	69,088	763	2,264,619
ECL rate	—	—	100.00%	0.03%
As at January 1, 2024	16	1	763	780
Changes due to financial instruments recognized as at January 1:				
— Impairment losses recognized	340	3	3	346
— Impairment losses reversed	(11)	—	(46)	(57)
New financial assets purchased	1,390	141	356	1,887
Impairment loss allowance as at December 31, 2024	1,735	145	1,076	2,956
Gross carrying amount as at December 31, 2024	3,023,347	14,794	5,073	3,043,214
ECL rate	0.06%	0.98%	21.21%	0.10%
As at January 1, 2025	1,735	145	1,076	2,956
Changes due to financial instruments recognized as at January 1:				
—Transfer in	39	2	—	41
—Transfer out	(2)	(36)	(3)	(41)
— Impairment losses recognised	1	5	54	60
— Impairment losses reversed	(1,558)	(109)	(355)	(2,022)
New financial assets purchased	1,525	17	8	1,550
Impairment loss allowance as at December 31, 2025	1,740	24	780	2,544
Gross carrying amount as at December 31, 2025	3,934,472	8,297	1,271	3,944,040
ECL rate	0.04%	0.29%	61.37%	0.06%

(4) Loss allowances for other financial assets measured at amortized cost

	12-month ECLs	Lifetime ECLs (not credit-impaired)	Lifetime ECLs (credit-impaired)	Lifetime ECLs (simplified approach)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	1,201	—	6,306	6,549	14,056
Changes due to financial instruments recognized as at January 1:					
— Impairment losses recognized	114	—	697	372	1,183
— Impairment losses reversed	—	—	—	—	—
New financial assets purchased	1	—	—	79	80
Write-off	—	—	(993)	—	(993)
Impairment loss allowance as at December 31, 2023	1,316	—	6,010	7,000	14,326
Gross carrying amount as at December 31, 2023	36,790	—	57,906	751,552	846,248
ECL rate	3.58%	—	10.38%	0.93%	1.69%
As at January 1, 2024	1,316	—	6,010	7,000	14,326
Changes due to financial instruments recognised as at January 1:					
— Impairment losses recognised	143	—	18,204	5,676	24,023
— Impairment losses reversed	(1,607)	—	—	(954)	(2,561)
New financial assets purchased	9	—	—	—	9
Recovery of other financial assets written off in previous years	853	—	—	—	853
Write-off	—	—	—	(3,000)	(3,000)
Impairment loss allowance as at December 31, 2024	714	—	24,214	8,722	33,650
Gross carrying amount as at December 31, 2024	27,723	—	57,812	606,006	691,541
ECL rate	2.58%	—	41.88%	1.44%	4.87%
As at January 1, 2025	714	—	24,214	8,722	33,650
Changes due to financial instruments recognized as at January 1:					
— Impairment losses recognized	344	—	13,755	914	15,013
— Impairment losses reversed	(18)	—	(872)	(638)	(1,528)
New financial assets purchased	17	—	—	315	332
Write-off	—	—	(2,194)	(2,499)	(4,693)
Impairment loss allowance as at December 31, 2025	1,057	—	34,903	6,814	42,774
Gross carrying amount as at December 31, 2025	32,012	—	49,346	603,088	684,446
ECL rate	3.30%	—	70.73%	1.13%	6.25%

The tables below summarize the Group's investments in bonds by external credit rating:

	As at December 31		
External credit rating	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Domestic bonds			
China's Sovereign Credit*	1,730,252	3,132,107	3,844,997
AAA	13,713,594	11,906,135	9,308,699
AA+ to AA	4,787,536	4,321,610	4,756,455
Under AA	164,578	177,848	55,328
Not rated	2,384,555	1,888,856	218,695
Subtotal	22,780,515	21,426,556	18,184,174
Offshore bonds			
A	—	—	—
Not rated**	—	—	2,728,696
Subtotal	—	—	2,728,696
Total	22,780,515	21,426,556	20,912,870

Note:

* China's Sovereign Credit represents the credit rating of Chinese government bonds.

** The credit ratings of offshore bonds use the lowest ratings of the ones given by Moody's, Standard & Poor's and Fitch, if available; or otherwise shown as "not rated".

58.2 Market risk

Market risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices. The market risk faced by the Company includes price risk of equity securities, interest rate risk, and currency risk.

Price risk of equity securities

The Company mainly implements diversified investment strategies, appropriately controls equity securities positions, achieves a balance between returns and risks, uses stock index futures hedging to hedge systemic risks, and appropriately controls market risks. The Company has established a comprehensive market risk management system, built a market risk management information system, and established a full process risk control process covering pre-investment, in-investment, and post-investment. It has fully implemented risk limit management, including scale limits, concentration limits, stop loss limits, and sensitivity limits. Differentiated risk limits will be set for different business types and investment strategies to achieve refined management, accurately empower business development, and regularly carry out risk limit backtesting and effectiveness evaluation related work. A dynamic adjustment mechanism for risk limits is established.

In order to monitor the impact of market risk on the value of equity securities, the Company uses Value at Risk (VaR) as a tool to measure the market risk of its securities and derivative investment portfolio. The Company regularly tracks the changes in VaR of its equity securities holdings and adopts a one-day holding period and a 95% confidence level in specific parameter settings. The VaR model mainly relies on historical data related information and has certain limitations, especially in reflecting tail risks in extreme situations. As a supplement, the Company also implements daily and special stress tests to evaluate the impact of extreme adverse changes in risk factors on risk control indicators such as net capital, self operated portfolio profits and losses, and overall company profits and losses. Based on the evaluation results, relevant suggestions and measures are proposed, and emergency plans are formulated to ensure that the overall risk status of the Company is within a controllable and acceptable range.

The analysis of the Company's proprietary equity investment portfolio (confidence level of 95% and a holding period of one trading day) is as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
VaR of equity price	3,435	4,664	14,005

Interest rate risk

Interest rate risk refers to the risk caused by changes in market interest rates, and the portion of company assets related to interest rate risk mainly include monetary deposits, bond investments, advance to customers and financial assets held under resale agreements. The Company controls interest rate risk by closely monitoring a series of macroeconomic data such as PPI, PMI, CPI, and industrial value added, in order to predict monetary policy and interest rate trends in advance. In terms of investment strategy, the Company mainly adopt methods such as scale control and investment portfolio, allocate assets reasonably, and measure interest rate risk by framing various business scales, and regularly measuring investment portfolio duration, DV01, VaR value and other indicators.

The tables below summarize the Group's financial assets and liabilities by remaining date to repricing or contractual maturity date, whichever is earlier.

As at December 31, 2023

	Less than 3 months	**More than 3 months but less than 1 year**	**More than 1 but less than 5 years**	**More than 5 years**	**Non-interest-bearing**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Advances to customers	794,124	1,297,492	—	—	172,223	2,263,839
Debt instruments at fair value through other comprehensive income	—	146,300	5,895,190	5,033,395	189,732	11,264,617
Financial assets held under resale agreements	202,538	149,758	—	—	1,635	353,931
Financial assets at fair value through profit or loss	744,004	1,830,617	6,188,875	2,523,176	6,724,076	18,010,748
Deposits with exchanges and non-bank financial institutions	699,348	—	—	—	—	699,348
Clearing settlement funds	1,388,101	—	—	—	1	1,388,102
Derivative financial assets	—	—	—	—	11,287	11,287
Bank balances	6,538,717	—	—	—	2	6,538,719
Accounts receivable	—	—	—	—	744,552	744,552
Other financial assets	—	—	—	—	87,370	87,370
Subtotal	10,366,832	3,424,167	12,084,065	7,556,571	7,930,878	41,362,513
Financial liabilities						
Bonds payable	(1,053,930)	(2,312,570)	(5,509,810)	—	(171,598)	(9,047,908)
Due to banks and other financial institutions	(560,000)	(350,000)	—	—	(4,706)	(914,706)
Short-term financing payables	(768,280)	(948,780)	—	—	(16,059)	(1,733,119)
Accounts payable to brokerage clients	(5,531,837)	—	—	—	—	(5,531,837)
Financial assets sold under repurchase agreements	(11,978,763)	—	—	—	(9,800)	(11,988,563)
Financial liabilities at fair value through profit or loss	(363,929)	—	—	—	(321,061)	(684,990)
Other financial liabilities	—	—	—	—	(307,688)	(307,688)
Subtotal	(20,256,739)	(3,611,350)	(5,509,810)	—	(830,912)	(30,208,811)
Net interest-bearing position	(9,889,907)	(187,183)	6,574,255	7,556,571	7,099,966	11,153,702

As at December 31, 2024

	Less than 3 months	More than 3 months but less than 1 year	More than 1 but less than 5 years	More than 5 years	Non-interest-bearing	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Advances to customers	417,959	2,465,310	—	—	156,989	3,040,258
Debt instruments at fair value through other comprehensive income	48,075	146,383	4,458,693	4,411,829	126,265	9,191,245
Financial assets held under resale agreements	93,250	—	—	—	114	93,364
Financial assets at fair value through profit or loss	544,223	1,249,173	5,507,348	4,731,701	7,017,333	19,049,778
Deposits with exchanges and non-bank financial institutions	776,419	—	—	—	3	776,422
Clearing settlement funds	2,511,383	—	—	—	1	2,511,384
Derivative financial assets	—	—	—	—	7,945	7,945
Bank balances	7,423,739	—	—	—	1,612	7,425,351
Accounts receivable	—	—	—	—	597,284	597,284
Other financial assets	—	—	—	—	60,607	60,607
Subtotal	11,815,048	3,860,866	9,966,041	9,143,530	7,968,153	42,753,638
Financial liabilities						
Bonds payable	(1,703,500)	(2,579,050)	(5,983,110)	—	(193,455)	(10,459,115)
Due to banks and other financial institutions	(660,000)	(870,000)	—	—	(6,753)	(1,536,753)
Short-term financing payables	(74,030)	(1,908,850)	—	—	(7,929)	(1,990,809)
Accounts payable to brokerage clients	(7,678,582)	—	—	—	—	(7,678,582)
Financial assets sold under repurchase agreements	(9,285,175)	—	—	—	(2,664)	(9,287,839)
Financial liabilities at fair value through profit or loss	(644,609)	—	—	—	(608,490)	(1,253,099)
Derivative financial liabilities	—	—	—	—	(7,796)	(7,796)
Other financial liabilities	—	—	—	—	(651,687)	(651,687)
Subtotal	(20,045,896)	(5,357,900)	(5,983,110)	—	(1,478,774)	(32,865,680)
Net interest-bearing position	(8,230,848)	(1,497,034)	3,982,931	9,143,530	6,489,379	9,887,958

As at December 31, 2025

	Less than 3 months	More than 3 months but less than 1year	More than 1 but less than 5 years	More than 5 years	Non-interest-bearing	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Advances to customers	985,569	2,792,458	—	—	163,469	3,941,496
Debt instruments at fair value through other comprehensive income	—	113,216	4,306,074	4,240,415	90,398	8,750,103
Financial assets held under resale agreements	66,316	—	—	—	3	66,319
Financial assets at fair value through profit or loss	278,767	1,095,036	6,529,126	4,093,774	6,671,758	18,668,461
Deposits with exchanges and non-bank financial institutions	1,770,836	—	—	—	—	1,770,836
Clearing settlement funds	1,871,632	—	—	—	1	1,871,633
Derivative financial assets	—	—	—	—	60,152	60,152
Bank balances	8,494,716	—	—	—	2,160	8,496,876
Accounts receivable	—	—	—	—	596,274	596,274
Other financial assets	—	—	—	—	45,398	45,398
Subtotal	13,467,836	4,000,710	10,835,200	8,334,189	7,629,613	44,267,548
Financial liabilities						
Bonds payable	(79,060)	(3,149,050)	(11,405,000)	—	(187,672)	(14,820,782)
Due to banks and other financial institutions	(1,760,000)	(1,170,000)	—	—	(10,154)	(2,940,154)
Short-term financing payables	(20,540)	(1,306,680)	—	—	(13,046)	(1,340,266)
Accounts payable to brokerage clients	(8,393,388)	—	—	—	—	(8,393,388)
Financial assets sold under repurchase agreements	(8,803,419)	—	—	—	(1,549)	(8,804,968)
Financial liabilities at fair value through profit or loss	(589,589)	—	—	—	(232,991)	(822,580)
Derivative financial liabilities	—	—	—	—	(4,172)	(4,172)
Other financial liabilities	—	—	—	—	(749,742)	(749,742)
Subtotal	(19,645,996)	(5,625,730)	(11,405,000)	—	(1,199,326)	(37,876,052)
Net interest-bearing position	(6,178,160)	(1,625,020)	(569,800)	8,334,189	6,430,287	6,391,496

Sensitivity analysis

The Group uses the following sensitivity analysis as the main tool to monitor interest rate risk, and measures the impact on the Group's total profit and other comprehensive income without considering the impact of corporate income tax, when the interest rate changes reasonably and possibly under the assumption that other variables remain unchanged:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax for the year			
Increase by 100 basis points	(535,025)	(748,010)	(658,777)
Decrease by 100 basis points	584,643	832,020	731,729

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other comprehensive income before income tax			
Increase by 100 basis points	(818,546)	(984,200)	(907,700)
Decrease by 100 basis points	896,197	1,095,858	1,014,550

The influence on the total profit refers to the influence of certain changes in the interest rate in the middle of the next year on the net interest-generating position interest income and the changes in the fair value after the revaluation of the trading financial assets and trading financial liabilities held at the end of the year.

The influence on other comprehensive income refers to the influence of the changes in the fair value of other debt investments held at the end of the year based on the revaluation when certain interest rate changes.

The above sensitivity analysis assumes that the rates of return on assets and liabilities of each maturity swift in parallel, and it does not reflect the possible impact for the scenario when only interest rate changes while the remaining interest rate remains unchanged. The forecast is also based on other simplified assumptions, including all positions being held to maturity.

This assumption does not represent the Group's policy on the use of funds and the management of interest rate risk, and the effects above may differ from the actual situation.

Moreover, the above analysis of the impact of interest rate changes only show the estimated changes in total profit and other comprehensive income under various projected income scenarios and the current interest rate risk profile of the Group. However, this effect does not take into account the risk management activities that management may take to manage interest rate risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Group's currency risk primarily relates to the Group's operating activities whose settlements and payments are denominated in foreign currencies which are different from the respective Group entities' functional currencies.

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In terms of the Group's revenue structure, the majority of the business transactions are denominated in RMB, and the proportion of foreign currency transactions is not significant to the Group. The Group considers that the currency risk of the Group's operations is immaterial due to the relatively low proportion of the Group's foreign currency denominated assets, liabilities, income and expense, as compared to the Group's total assets, liabilities, income and expenses.

58.3 Liquidity risk

The liquidity risk of the Group mainly refers to the risk of insufficient liquidity caused by the mismatch of the Group's asset liability structure or the influence of macro policies, market changes, operating conditions, credit levels, and other factors during the operation process.

The Group's liquidity risk management focuses on the overall financial condition, self-owned fund balance, long-term fund occupation and liquidity situation. The Group attaches great importance to the construction of financing system, continuously enriches financing channels and methods, strengthens cooperation with major commercial banks, improves the management of debt maturity and investment transaction concentration and effectively prevents liquidity risks caused by excessive concentration of counterparties, financing varieties, debt maturity, or investment positions. The Group has established a liquidity risk monitoring index system with liquidity coverage ratio and net stable capital ratio as the core indicators, set risk limits, implemented daily monitoring, maintained sufficient liquidity asset reserves, and implemented special monitoring for businesses that had a significant impact on liquidity indicators. The Group regularly and irregularly conducts special liquidity risk stress tests, establishes high-quality liquidity asset reserves, and ensures timely satisfaction of liquidity needs under stress scenarios. The Group attaches great importance to emergency management of liquidity risk and has formulated an emergency plan for liquidity risk management to ensure the rapid and effective handling of liquidity risk events, prevent and reduce the harm and losses caused by liquidity risk events to the Group to the greatest extent possible, and ensure the stable development of the Group. During the Relevant Periods, all liquidity indicators of the Group met regulatory standards and no liquidity risk events occurred.

The contractual undiscounted cash flows (including the principal and interests) of the Group's financial liabilities at the end of each of the Relevant Periods are analyzed according to the maturity dates as follows:

As at December 31, 2023

	Undated/ repayable on demand	Less than 1 year	More than 1 but less than 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities					
Bonds payable	—	3,706,065	5,814,123	—	9,520,188
Due to banks and other financial institutions	—	920,258	—	—	920,258
Short-term financing payables	—	1,756,735	—	—	1,756,735
Accounts payable to brokerage clients	5,531,837	—	—	—	5,531,837
Financial assets sold under repurchase agreements	—	11,991,335	—	—	11,991,335
Financial liabilities at fair value through profit or loss	321,061	364,129	—	—	685,190
Other financial liabilities	137,705	169,760	—	223	307,688
Total	5,990,603	18,908,282	5,814,123	223	30,713,231

As at December 31, 2024

	Undated/ repayable on demand	Less than 1 year	More than 1 but less than 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities					
Bonds payable	—	4,610,290	6,259,958	—	10,870,248
Due to banks and other financial institutions	—	1,545,958	—	—	1,545,958
Short-term financing payables	—	2,020,196	—	—	2,020,196
Accounts payable to brokerage clients	7,678,582	—	—	—	7,678,582
Financial assets sold under repurchase agreements	—	9,290,889	—	—	9,290,889
Derivative financial liabilities	—	7,796	—	—	7,796
Financial liabilities at fair value through profit or loss	608,490	644,758	—	—	1,253,248
Other financial liabilities	484,521	166,983	—	183	651,687
Total	8,771,593	18,286,870	6,259,958	183	33,318,604

As at December 31, 2025

	Undated/ repayable on demand	Less than 1 year	More than 1 but less than 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities					
Bonds payable	—	3,559,774	11,786,350	—	15,346,124
Due to banks and other financial institutions	—	2,952,155	—	—	2,952,155
Short-term financing payables	—	1,349,620	—	—	1,349,620
Accounts payable to brokerage clients	8,393,388	—	—	—	8,393,388
Financial assets sold under repurchase agreements	—	8,807,002	—	—	8,807,002
Derivative financial liabilities	—	4,172	—	—	4,172
Financial liabilities at fair value through profit or loss	232,991	590,582	—	—	823,573
Other financial liabilities	569,746	179,805	—	191	749,742
Total	9,196,125	17,443,110	11,786,350	191	38,425,776

59. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

59.1 Fair values of the Group's financial assets and financial liabilities that are not measured at fair value

The carrying amounts of the Group's financial assets and financial liabilities not measured at fair value approximated to their fair values as at the end of each of the Relevant Periods except for the non-current bonds payable, for which their carrying amounts including accrued interest and fair value as disclosed below:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amounts	5,613,986	6,072,551	11,523,672
Fair value	5,670,851	6,167,631	11,554,637

Fair values of these financial instruments are determined by contractual cash flows discounted by observable yield curves with the fair value hierarchy of level 2.

59.2 Fair values of the Group's financial assets and financial liabilities that are measured at fair value

Some of the Group's financial assets and financial liabilities were measured at fair value at the end of each of the Relevant Periods. The Business Department, Risk Management Department and Planning and Finance Department shall negotiate and determine the specific valuation method, valuation model and valuation process according to the preliminary classification of financial instruments. The Planning and Finance Department is responsible for reviewing the valuation results of business departments and disclosing information. The Risk Management Department reviews the consistency of the financial instrument valuation method, valuation model and data selection at least once a year, and regularly tests and evaluates the effectiveness of the financial instrument valuation model. The Audit Department organizes the evaluation of the implementation effect of the Company's valuation policies and procedures, and submits relevant evaluation reports to the Fair Value Valuation Committee. The Company has established a Fair Value Valuation Committee to review and supervise the valuation policies and methods adopted by the Company, and to review and approve valuation adjustment policies adopted due to significant changes in the market environment or other special circumstances.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable and the significance.

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Debt instrument at FVTOCI:				
— Debt securities	4,015,942	7,248,675	—	11,264,617
Equity instruments designated at FVTOCI:				
— Other investments	—	—	1,400	1,400
Financial assets at FVTPL:				
— Debt securities	4,775,424	6,708,197	32,277	11,515,898
— Equity securities	367,273	19,210	299,955	686,438
— Funds	136,581	1,282,987	272,380	1,691,948
— Private equity	—	—	273,879	273,879
— Asset management plan	—	3,773,016	221	3,773,237
— Trust schemes	—	37,530	31,818	69,348
Derivative financial assets	1,619	9,307	361	11,287
Total	9,296,839	19,078,922	912,291	29,288,052
Financial liabilities:				
Financial liabilities held for trading:				
— Debt securities	—	363,929	—	363,929
Financial liabilities designated as at fair value through profit or loss:				
— Third-party interests in the consolidated structured entities	—	321,061	—	321,061
Total	—	684,990	—	684,990

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Debt instrument at FVTOCI:				
— Debt securities	2,931,391	6,259,854	—	9,191,245
Equity instruments designated at FVTOCI:				
— REITs	134,762	—	—	134,762
— Equity securities	2,198,146	—	—	2,198,146
— Other investments	—	—	1,400	1,400
Financial assets at FVTPL:				
— Debt securities	4,577,995	7,625,769	31,547	12,235,311
— Equity securities	244,609	34,599	204,057	483,265
— Funds	201,837	1,297,247	286,628	1,785,712
— Private equity	—	—	276,621	276,621
— Asset management plan	—	3,890,566	221	3,890,787
— Structured deposits and wealth management products	—	200,000	12,960	212,960
— Trust schemes	—	52,385	112,737	165,122
Derivative financial assets	4,855	2	3,088	7,945
Total	10,293,595	19,360,422	929,259	30,583,276
Financial liabilities:				
Financial liabilities held for trading:				
— Debt securities	—	644,609	—	644,609
Financial liabilities designated as at fair value through profit or loss:				
— Third-party interests in the consolidated structured entities	—	608,490	—	608,490
Derivative financial liabilities	—	7,796	—	7,796
Total	—	1,260,895	—	1,260,895

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Debt instrument at FVTOCI:				
— Debt securities	20,107	8,729,996	—	8,750,103
Equity instruments designated at FVTOCI:				
— REITs	342,041	—	—	342,041
— Equity securities	5,850,174	—	—	5,850,174
— Other investments	—	—	1,400	1,400
Financial assets at FVTPL:				
— Debt securities	1,570,638	10,585,974	6,155	12,162,767
— Equity securities	442,318	92,630	585,810	1,120,758
— Funds	774,480	1,699,282	289,618	2,763,380
— Private equity	—	—	230,549	230,549
— Asset management plan	—	2,033,905	349	2,034,254
— Structured deposits and wealth management products	—	250,002	54,814	304,816
— Trust schemes	—	51,703	234	51,937
Derivative financial assets	4,787	54,635	730	60,152
Total	9,004,545	23,498,127	1,169,659	33,672,331

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities:				
Financial liabilities held for trading:				
— Debt securities	—	589,589	—	589,589
Financial liabilities designated as at fair value through profit or loss:				
— Third-party interests in the consolidated structured entities	—	232,991	—	232,991
Derivative financial liabilities	678	3,494	—	4,172
Total	678	826,074	—	826,752

There were no significant transfers between Level 1 and 2 during the Relevant Periods.

59.2.1 Basis for recurring fair value measurement categorized within Level 1

For the measurement for Level 1, the Group adopts the closing price in active markets. Instruments included in Level 1 comprise primary debt securities, equity securities, funds and other investments traded on stock exchanges.

59.2.2 Valuation techniques used and the qualitative information of key parameters for recurring fair value measurement categorized within Level 2

For bonds in the inter-bank market at FVTPL and FVTOCI, as well as bonds lent at FVTPL, the fair value is determined by the quoted prices from valuation systems of the relevant bond registrars and clearing houses. Observable inputs reflecting market conditions are used by the relevant bond registrars and clearing houses in the quote formation process.

For unlisted funds (open-ended mutual funds), structured deposits, wealth management products, asset management plan, trust schemes and other investments at FVTPL, the fair value is calculated based on the fair value of the underlying investments which are money market instruments, debt securities and publicly traded equity investments listed in the PRC in each portfolio.

For equity securities at FVTPL traded on National Equities Exchange and Quotations, recent transaction prices and the latest quoted bid prices are adjusted based on the index of National Equities Exchange and Quotations are used.

For derivative financial instruments, the fair value is determined by different valuation techniques. For interest rate swaps, equity return swaps and currency forward, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments.

During the Relevant Periods, there were no significant changes of valuation techniques for Level 2.

59.2.3 Valuation techniques used and the qualitative and quantitative information of key parameters for recurring fair value measurements categorized within Level 3

The fair value of the unlisted equity, private equity, illiquid equity, and unlisted funds held by the Company is determined by the management through the use of valuation techniques.

Valuation techniques include discounted cash flow method, market multiplier method, etc. The measurement of fair value of Level 3 financial instruments may have adopted unobservable parameters that have a significant impact on the valuation, therefore, the Group classifies these assets and liabilities into the Level 3. The unobservable parameters that may have an impact on valuation mainly include liquidity discounts and market multipliers.

The quantitative information of fair value measurement for Level 3 is as follows:

	As at December 31,			Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	2023	2024	2025			
	RMB'000	*RMB'000*	*RMB'000*			
Financial assets						
Financial assets at FVTPL:						
— Bonds	32,277	31,547	6,155	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of underlying investments	Discount rate determined by reference to the credit risk of underlying investments	The higher the discount rate, the lower the fair value
— Equity securities traded on National Equities Exchange and Quotations	244,105	197,674	318,947	Use of comparable company approach, with an adjustment of discount for lack of marketability	Discount for lack of marketability	The higher the discount rate, the lower the fair value
— Equity securities traded on stock exchanges with lock-up period	55,850	6,383	266,863	Market quotes based on the option pricing model taking into account the liquidity discount adjustment	Discount for lack of marketability	The higher the discount rate, the lower the fair value
— Trust schemes	31,818	112,737	234	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of underlying investments	Discount rate determined by reference to the credit risk of underlying investments	The higher the discount rate, the lower the fair value
— Asset management plan and structured deposits and wealth management products	221	13,181	55,163	Discounted cash flow with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of underlying investments	Discount rate determined by reference to the credit risk of underlying investments	The higher the discount rate, the lower the fair value
— Funds and private equities	546,259	563,249	520,167	Determined by reference to the quoted market prices or using comparable company approach, with an adjustment of discount for lack of marketability	Discount for lack of marketability	The higher the discount rate, the lower the fair value
Derivative financial instruments:						

	As at December 31,			Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	2023	2024	2025			
	RMB'000	*RMB'000*	*RMB'000*			
— Options	361	3,088	—	Calculated based on the option pricing model	Volatility of the underlying investment	The higher the volatility of the underlying investment, the greater impact on the fair value
— Forward contract	—	—	730	Discounted cash flows with future cash flows that are estimated based on contract terms, discounted at a rate that reflects the credit risk of underlying investments.	Discount rate, determined by reference to the credit risk of underlying investments	The higher the discount rate, the lower the fair value
Total	910,891	927,859	1,168,259			

59.2.4 Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorized within Leve3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025 are shown below:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input (RMB'000)
Equity securities traded on National Equities Exchange and Quotation	Use of comparable company approach, with an adjustment of discount for lack of marketability	Discount for lack of marketability	2023：19.56%-87.70% 2024：16.13%-91.12% 2025：27.45%-94.62%	2023：5% increase in the discount for lack of marketability would result in a decrease in fair value by 16,619; 5% decrease in the discount for lack of marketability would result in an increase in fair value by 19,418. 2024：5% increase in the discount for lack of marketability would result in a decrease in fair value by 19,670; 5% decrease in the discount for lack of marketability would result in an increase in fair value by 17,072. 2025：5% increase in the discount for lack of marketability would result in a decrease in fair value by 38,828; 5% decrease in the discount for lack of marketability would result in an increase in fair value by 61,053.
Equity securities traded on stock exchanges with lock-up period	Market quotes based on the option pricing model taking into account the liquidity discount adjustment	Discount for lack of marketability	2023：8.00%-12.00% 2024：46.00%-59.00% 2025：0.40%-15.74%	2023：5% increase in the discount for lack of marketability would result in a decrease in fair value by 317; 5% decrease in the discount for lack of marketability would result in an increase in fair value by 298. 2024：5% increase in the discount for lack of marketability would result in a decrease in fair value by 364; 5% decrease in the discount for lack of marketability would result in an increase in fair value by 363. 2025：5% increase in the discount for lack of marketability would result in a decrease in fair value by 1,050; 5% decrease in the discount for lack of marketability would result in an increase in fair value by 1,050.

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input (RMB'000)
Private equities	Determined by reference to the quoted market prices or using comparable company approach, with an adjustment of discount for lack of marketability	Discount for lack of marketability	2023：20.00%-30.00% 2024：20.00%-30.00% 2025：4.50%-61.20%	2023：5% increase in the discount for lack of marketability would result in an increase in fair value by 11,519; 5% decrease in the discount for lack of marketability would result in a decrease in fair value by 11,519. 2024：5% increase in the discount for lack of marketability would result in an increase in fair value by 11,869; 5% decrease in the discount for lack of marketability would result in a decrease in fair value by 11,869. 2025：5% increase in the discount for lack of marketability would result in an increase in fair value by 15,233; 5% decrease in the discount for lack of marketability would result in a decrease in fair value by 15,233.

59.3 Reconciliation of Level 3 fair value measurements

	Financial assets at fair value through profit or loss	Derivative financial assets
	RMB'000	*RMB'000*
As at January 1, 2023	1,236,666	311
Total gains or losses:		
— in profit or loss	(111,203)	(344)
Purchases	340,816	4,217
Disposal	(547,967)	(3,823)
Transfers in	31,479	—
Transfers out	(39,261)	—
As at December 31, 2023	910,530	361
Total gains/(losses) for assets held at December 31, 2023		
— Unrealized (losses)/gains recognized in profit or loss	(115,648)	(344)
As at January 1, 2024	910,530	361
Total gains or losses:		
— in profit or loss	(63,650)	1,695
Purchases	226,279	3,592
Disposal	(119,719)	(2,560)
Transfers in	9,370	—
Transfers out	(38,039)	—
As at December 31, 2024	924,771	3,088
Total gains/(losses) for assets held at December 31, 2024		
— Unrealized (losses)/gains recognized in profit or loss	(59,020)	1,695
As at January 1, 2025	924,771	3,088
Total gains or losses:		
— in profit or loss	(13,798)	(29,250)
Purchases	477,479	6,616
Disposal	(217,893)	20,276
Transfers in	16,851	—
Transfers out	(19,881)	—
As at December 31, 2025	1,167,529	730
Total gains/(losses) for assets held at December 31, 2025		
— Unrealized (losses)/gains recognized in profit or loss	(280,478)	(29,250)

60. CAPITAL MANAGEMENT

The Group's capital management policy is to maintain an adequate capital base, so as to retain the confidence of the investors, the creditors and the counterparties and to ensure the sound development of future business. The objective of the Group's capital management is to meet legal and regulatory requirements while maintaining adequate capital and maximizing returns. Based on its strategic plan, its business development needs and the tendency in its risk exposure, the Group carries out the forecasting, planning and management of its regulatory capital through scenario analysis and stress testing.

The Group calculates its regulatory capital in accordance with relevant regulations applicable in the local jurisdictions which may vary from jurisdictions. The Company calculates regulatory capital in accordance with the Provisions on the Criteria for Calculating Risk Control Indicators of Securities Companies (CSRC Announcement [2020] No.10 and revised by [2024] No.13) issued by the CSRC on January 23, 2020 and September 13, 2024 separately.

In accordance with the above mentioned supervision provision, the Company is required to meet the following standards for risk control indicators on a continual basis:

(i) Risk Coverage Ratio (Net capital/Total risk capital reserves×100%) shall be no less than 100%

(ii) Capital Leverage Ratio (Core net capital/Total on-and-off-balance-sheet assets×100%) shall be no less than 8%

(iii) Liquidity Coverage Ratio (High quality liquid assets/Total net cash outflows over the next 30 days×100%) shall be no less than 100%

(iv) Net Stable Funding Ratio (Stable funding available/Stable funding required×100%) shall be no less than 100%

(v) The ratio of net capital divided by net assets shall be no less than 20%

(vi) The ratio of net capital divided by liabilities shall be no less than 8%

(vii) The ratio of net assets divided by liabilities shall be no less than 10%

(viii) The ratio of equity securities and related derivatives held divided by net capital shall not exceed 100%

(ix) The ratio of non-equity securities and related derivatives held divided by net capital shall not exceed 500%

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements imposed by their local regulators, including the CSRC and Futures Commission, etc.

At the end of each of the Relevant Periods, the above risk control indicators of the Company were all within the limitation of the regulators. The above risk control indicators are calculated based on the financial information prepared in accordance with the China Accounting Standards for Business Enterprises.

61. EVENTS AFTER THE RELEVANT PERIODS

61.1 Issuance of short-term commercial papers, corporate bonds and subordinated bonds

On February 5, 2026, the Company completed the public issuance of 2026 first corporate bond to professional investors. The total principal amount is RMB300 million with duration of 357 days and the interest rate is 1.70% per annum.

61.2 Proposed profit distribution after the reporting period

According to the "2025 Annual Profit Distribution Proposal" approved at the 23rd Meeting of the Company's Second Board of Directors on 19 March 2026, the company intends to distribute cash dividends of RMB 0.68 per 10 shares (inclusive of tax) to all shareholders registered on the record date for the equity distribution. Based on the total share capital of 2,733,333,800 shares as of 31 December 2025, the total amount of cash dividends to be distributed is RMB 185.87 million (inclusive of tax). The 2025 annual profit distribution proposal remains subject to approval by the shareholders' meeting.

61.3 Gratuitous transfer of state-owned shares

On 15 October 2025, Beijing Capital Entrepreneur Group Co., Ltd. ("Capital Group") entered into the Agreement on the Gratuitous Transfer of Shares in Capital Securities Co., Ltd. from Beijing Capital Entrepreneur Group Co., Ltd. to Beijing Infrastructure Investment Co., Ltd. with Beijing Infrastructure Investment Co., Ltd. ("BEIJING Infrastructure Investment Co., Ltd."). Under the agreement, Capital Group intends to gratuitously transfer 97,423,157 A-shares (representing 3.56% of the total issued share capital of Capital Securities Co., Ltd.) it holds in Capital Securities Co., Ltd. to BEIJING Infrastructure Investment Co., Ltd.

On 23 December 2025, the gratuitous share transfer was approved by the State-owned Assets Supervision and Administration Commission of Beijing Municipality.

On 18 March 2026, Capital Group obtained the Confirmation of Securities Transfer Registration issued by China Securities Depository and Clearing Co., Ltd., confirming that the registration procedures for the gratuitous share transfer have been completed. The transfer was effective as of 17 March 2026, with a total of 97,423,157 A-shares transferred. The transferred shares are classified as unrestricted circulating shares.

61.4 Issuance of Perpetual Subordinated Bonds

The company has obtained the approval of the China Securities Regulatory Commission's "Securities Regulatory License (2025) No. 3015" registration and is allowed to publicly issue perpetual subordinated bonds with a total face value of no more than RMB5,000 million to professional investors (hereinafter referred to as the "Bonds"). In 2026, the Company will publicly issue perpetual subordinated bonds (Tranche 1) to professional investors (hereinafter referred to as the "Bonds") The issuance scale shall not exceed RMB2,000 million (including RMB2,000 million). This bond has one repricing cycle every 5 interest bearing years. At the end of each repricing cycle, the company has the right to choose to extend the maturity of the current bond by one repricing cycle (i.e., extend for 5 years), or fully redeem the current bond. The issuance price of this bond is RMB100 per issue, and it is issued through offline inquiry and allocation to professional investors as stipulated in the "Measures for the Issuance and Trading of Corporate Bonds" and the "Measures for Investor Appropriate Management in the Bond Market of Shanghai Stock Exchange (2023 Revision)". The issuance of this bond has ended on 23 March 2026. The actual issuance scale of this bond (bond abbreviation: 26 Shouzheng Y1, code: 244798. SH) is RMB2,000 million, with a final coupon rate of 2.34% and a subscription multiple of 2.8 times.

The Group has no other significant events which took place subsequent to the end of the Relevant Periods that need to be disclosed.

62. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The principal objective of this appendix is to provide potential **[REDACTED]** with an overview of the Articles of Association. As the information contained in this section is only a summary, it may not include all information that is important to potential **[REDACTED]**.

General Provisions

The Company is a joint stock limited company of perpetual existence.

Each Shareholder shall be liable to the Company to the extent of the shares they subscribe for, while the Company shall be liable for its debts to the extent of all its assets.

Commencing from the date when the Articles of Association take effect, the Articles of Association shall become a legally binding document regulating the Company's organization and behavior, and the rights and obligations between the Company and its Shareholders and among the Shareholders inter se, and shall be legally binding on the Company, Shareholders, actual controllers, members of the party committee (discipline inspection committee), Directors, and senior management. Pursuant to the Articles of Association, a Shareholder may take legal action against other Shareholders, the Company's Directors, senior management and the Company, and the Company may take legal action against its Shareholders, Directors and senior management.

Business Scope

Upon lawful registration, the business scope of the Company shall cover: (i) securities brokerage; (ii) securities investment consultation; (iii) financial advisory in relation to securities trading and securities investment; (iv) securities underwriting and sponsorship; (v) proprietary securities trading; (vi) sales of securities investment funds; (vii) securities asset management; (viii) securities margin trading; (ix) agency sale of financial products; (x) provision of intermediary business for futures companies.

The business scope as stipulated in the Articles of Association shall be subject to the approval document from the CSRC and shall be effective upon approval and registration.

Any change to the Company's business scope must be approved by the CSRC, followed by amendments to the Articles of Association through legal procedures, and then registration of the change with the companies registration authority.

Shares

Issuance of Shares

The shares of the Company shall take the form of registered share certificates. Where the Shares of the Company are **[REDACTED]** and **[REDACTED]** in a non-paper form, the specific regulations stipulated by the securities regulatory authorities of the place where the Shares of the Company are **[REDACTED]** (including, but not limited to, the CSRC, the Shanghai Stock Exchange, the Securities and Futures Commission of Hong Kong, and the Hong Kong Stock Exchange, the same below) shall apply.

Shares of the Company shall be issued in a transparent, fair and just manner. Shares of the same class shall have the same right. For the same class of Shares issued at the same time, each Share shall be issued on the same conditions and at the same price. Any subscriber shall pay the same price for each of the Shares it or he/she subscribes for.

The Shares issued by the Company shall have their par values denominated in RMB, with each Share having a par value of RMB1.

The A Shares issued by the Company shall be centrally kept at Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The H Shares **[REDACTED]** by the Company may, in accordance with the laws and established practices for securities registration and custody of the place where the Shares of the Company are listed, primarily be put under custody of the nominee company under **[REDACTED]** and can also be held by Shareholders in their own names.

Increase, Decrease and Repurchase of Shares

The Company may, in light of its operational and developmental needs and in accordance with laws and regulations, increase its capital by any of the following methods subject to a resolution of the Shareholders' meeting:

(i) offering of Shares to non-specific investors;

(ii) offering of Shares to specific investors;

(iii) distribution of bonus shares to existing Shareholders;

(iv) conversion of funds in the capital reserve into share capital;

(v) other methods stipulated by the laws and administrative regulations and the securities regulatory authorities of the place where the Shares of the Company are listed.

The Company may reduce its registered capital. The reduction of registered capital by the Company shall follow the procedures set forth in the Company Law and other relevant regulations and provisions of the Articles of Association.

The Company shall not acquire its Shares, except in any of the following circumstances:

(i) reducing the Company's registered capital;

(ii) merging with other companies holding the Shares of the Company;

(iii) using shares for employee stock ownership plan or equity incentives;

(iv) acquiring the Shares of Shareholders who vote against any resolution adopted at the Shareholders' meeting on the merger or demerger of the Company and request the Company to acquire their Shares;

(v) using the Shares for converting corporate bonds issued by the Company into Shares;

(vi) acquiring Shares in a manner as necessary for maintenance of the Company's value and Shareholders' rights and interests;

The Company may buy back its Shares in any of the following ways:

(i) through centralized price bidding in the stock exchange;

(ii) by a tender offer;

(iii) other methods stipulated by the laws and administrative regulations and the securities regulatory authorities of the place where the Shares of the Company are listed.

When the Company repurchases its own Shares, it shall perform the obligation of information disclosure in accordance with the Securities Law and the securities regulatory rules of the place where the Shares of the Company are listed. The repurchase of its Shares by the Company under the circumstances set out in (iii), (v) and (vi) above shall be conducted through public centralized trading or other methods stipulated by the laws and administrative regulations and the securities regulatory authorities of the place where the Shares of the Company are listed.

Where the Company repurchases its Shares under the circumstances set out in (i) and (ii) above, a resolution shall be passed at the Shareholder's meeting. In the event that the Company acquires its own Shares under the circumstances set forth in (iii), (v) and (vi) above, subject to compliance with the applicable securities regulatory rules of the place where the Shares of the Company are listed, a resolution shall be passed at a Board meeting attended by more than two-thirds of the Directors in accordance with the provisions of the Articles of Association or the authorization of the Shareholders' meeting.

Where the Company repurchases its own Shares according to the regulations above, the following requirements shall apply: in the case of a repurchase under (i), such Shares shall be canceled within 10 days from the date of repurchase; in the case of a repurchase under (ii) and (iv), such Shares shall be transferred or canceled within six months; and in the case of a repurchase under (iii), (v) and (vi), the total number of Shares held by the Company shall not exceed 10% of the total issued Shares of the Company, and such Shares shall be transferred or canceled within three years. If the laws, administrative regulations and securities regulatory authorities of the place where the Shares of the Company are listed have other provisions in respect of the relevant matters concerning the share repurchase, such provisions shall prevail.

Transfer of Shares

The Shares of the Company shall be transferred in accordance with laws, following the procedures stipulated in laws, regulations and the securities regulatory rules of the place where the Shares of the Company are listed. All **[REDACTED]** of H Shares shall be effected by written instruments of transfer in a general or common format or any other format acceptable to the Board of Directors (including the standard transfer format or transfer form prescribed from time to time by the Hong Kong Stock Exchange); such instruments of transfer may only be executed by handwritten signature or by affixing the company's valid seal (if the transferor or transferee is a company). If the transferor or the transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee, the instruments of transfer may be signed by hand or in printed form. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board from time to time. According to the regulations of the CSRC, any share transfer that is subject to approval or filing with the CSRC or its local office shall undergo the approval or filing procedures.

Shares issued prior to the Company's public offering of A Shares shall not be transferable within one year from the date of listing and trading of the Company's A Shares on the Shanghai Stock Exchange.

The Directors and senior management of the Company shall report to the Company their shareholdings in the Company and changes thereof and shall not transfer in a given year during their terms of office determined at their assumption of duty more than 25% of the total number of Shares of the same class of the Company they hold; they shall not transfer the Shares they hold within one year from the date on which the Shares of the Company are listed and traded, nor within six months after their resignation from their positions with the Company.

Where it is otherwise provided in the securities regulatory rules of the place where the Shares of the Company are listed in respect of restrictions on the transfer of the Shares of the Company, the relevant parties shall also observe such provisions.

In the event that any Director, senior management member or Shareholder holding more than 5% of the Shares of the Company (excluding any recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong and its nominee) engages in the sale or repurchase of Shares or other equity securities of the Company within six months of the respective purchase or sale date, any profits arising therefrom shall be vested in the Company, and the Board of the Company shall be responsible for recovering such profits. However, this provision does not apply to securities companies which are engaged in the underwriting of the Shares of the Company and hold more than 5% of the Shares of the Company due to the purchase of Shares remaining after underwriting as well as other circumstances stipulated by the CSRC. If the securities regulatory rules of the place where the Shares of the Company are listed have special provisions, such provisions shall apply.

The Shares or other equity securities held by a Director, a senior management member, or a natural person Shareholder as mentioned above shall include the Shares or other equity securities held by his/her spouse, parents, and children and held through any other person's account.

If the Board of the Company does not observe the aforesaid provision, the Shareholders shall have the right to require the Board to execute the provision within 30 days. If the Board of the Company fails to execute the provision within the aforesaid period, the Shareholders shall have the right to directly institute legal proceedings in the people's court in their own names for the interest of the Company.

If the Board of the Company fails to observe the aforesaid provision, the responsible Directors shall bear several and joint liability according to the law.

Equity Management

When the Company changes its registered capital or equity, it shall formulate a work plan and selection criteria for Shareholders. The Company and equity transferors shall in advance inform the prospective participants of the conditions to become a Shareholder of the Company and the procedures required to be performed, and shall disclose information regarding the Company's operational status and potential risks to prospective participants who meet the selection criteria for Shareholders.

The Company and equity transferors shall conduct due diligence on the prospective participants, and reach agreements on the subsequent measures for prospective participants if they are found to be unqualified. No agreements shall be entered into with the prospective participants if they are found to be unqualified. If the relevant matters need to be approved by the CSRC, it shall be agreed that the agreement shall come into force after obtaining the relevant approval.

In the process of changing its registered capital or equity, the Company shall reach prior agreements with relevant parties on the treatment measures regarding the possible breach of requirements or commitments, specifying the accountability mechanism for persons held liable, and cooperate with regulatory authorities in investigation and handling.

The Company shall make arrangements for risk prevention during the period in which its registered capital or equity is changed, to ensure the normal operation of the Company and protect customers' interests from damages.

For matters subject to the approval of the CSRC in accordance with the law, the Shareholders of the Company shall continue to exercise their voting right independently according to the respective proportion of Shares held by them prior to such approval, and equity transferors shall not recommend any person associated to equity transferee to act as a Director or senior management member of the Company, or transfer their voting rights in any disguised form.

Shareholders of the Company shall have full knowledge of Shareholders' conditions and their rights and obligations, be fully aware of the operation and management, potential risks and other information of the Company, have reasonable investment expectation and genuine willingness to make capital contributions, and perform the necessary internal decision-making procedures. No agreement with a nature of "betting on" shall be entered into or related arrangements shall be formed for the Company or other designated entities to redeem equity from or accept transfer of equity from specific Shareholders in the event that the Company does not meet specific conditions in the future.

Shareholders of the Company shall perform their capital contribution obligations in strict accordance with laws, regulations and provisions of the CSRC.

Shareholders of the Company shall use their proprietary funds to acquire equity of the Company. The funds shall come from legal sources. Non-proprietary funds such as entrusted funds are prohibited for such equity acquisition unless otherwise approved by laws, regulations and the CSRC.

Shareholders of the Company shall truthfully, accurately and completely explain the shareholding structure, extending to the actual controllers, the ultimate equity holders, and the related relationship or the relationship of concerted action with other Shareholders, and shall not circumvent the approval or supervision of the Shareholders' qualification through concealment, deception or other illicit means.

The number of securities companies in which the Company's Shareholders, their controlling shareholders, and actual controllers may collectively hold equity interests shall not exceed two, of which the number of controlling securities companies shall not exceed one. The following circumstances shall not be counted in the number of shareholding and controlling securities companies:

(i) directly hold and indirectly control less than 5% of equity in securities companies;

(ii) invest in other securities companies through controlling securities companies;

(iii) securities companies have control over other securities companies;

(iv) transitional arrangements for implementing mergers and acquisitions of securities companies;

(v) the State Council authorizes the holding of equity in securities companies;

(vi) other circumstances as recognized by the CSRC.

The Company shall maintain a stable equity structure. Shareholders of the Company shall hold Shares for a period in compliance with laws, administrative regulations and relevant requirements of the CSRC. The shareholding period may be calculated in continuance if the Shareholders acquire equity in another securities company by way of share swap, etc.

If the major assets of a Shareholder of the Company are equities in the Company, the controlling shareholders and the actual controllers of the Shareholder shall abide by the same lock-up period as the Shareholders of the Company with respect to the equities of the Company under their control, with the exception of situations recognized by the CSRC in accordance with law.

Shareholders of the Company shall not pledge the equity of the Company held by them during the equity lock-up period. Upon the expiry of the equity lock-up period, the Company's equity held by a Shareholder of the Company that is pledged shall not exceed 50% of the Company's equity held by such Shareholder. The above requirement shall not apply to Shareholders who hold less than 5% of Shares in the Company.

The Shareholders' pledge of their equity in the Company shall not prejudice the interests of other Shareholders and the Company, maliciously evade the requirement regarding the equity lock-up period, agree to exercise the Shareholders' rights such as voting rights by the pledgee or other third parties, or transfer the control over the Company's equity in a disguised form.

Any Shareholder, who is subject to but failed to seek approval from the regulatory authorities or fails to file a record with the regulatory authorities, or who has not completed the rectification in accordance with the Provisions on the Administration of Equities of Securities Companies (《證券公司股權管理規定》), shall not exercise such rights as the right to request the convening of a Shareholders' meeting, voting right, right of nomination, right of making motions and right of disposition.

Any Shareholder who has made false statements, abused his/her rights as a Shareholder or otherwise acted in a manner which is detrimental to the interests of the Company shall not exercise such rights as the right to request the convening of a Shareholders' meeting, voting right, right of nomination, right of making motions and right of disposition.

The Company's Shareholders, actual controllers of the Shareholders and other related parties shall not require the Company and its subsidiaries to encroach on the funds and assets of the Company and its subsidiaries, and damage the legitimate rights and interests of the Company and other Shareholders and customers through illegal related party transactions, external investments, financing, guarantees, sales of financial products, etc.

The Shareholders of the Company and their controlling shareholders and actual controllers shall not:

(i) make false and discrepant capital contribution to the Company, withdraw capital contribution or withdraw capital contribution to the Company in a disguised form;

(ii) intervene in the operation and management of the Company in violation of laws, administrative regulations and requirements stipulated by the Articles of Association;

(iii) abuse their right or influence to occupy the assets of the Company or customers for the purpose of transfer of benefits, which damages the legitimate rights and interests of the Company, other Shareholders or customers;

(iv) illegally require the Company to provide financing or guarantee for them or their related parties, or force, instruct, assist or accept the financing or guarantee provided by the Company with the assets of its securities brokerage customers or securities asset management customers;

(v) conduct improper related party transactions with the Company and obtain improper benefits with their influence on the Company's operation and management;

(vi) entrust others or accept any entrustment from others to hold or manage the Company's equity without approval, and accept or transfer the control over the Company's equity in disguise;

(vii) other actions prohibited by the CSRC.

The Company, its Directors, senior management and other relevant entities shall not cooperate with the Shareholders of the Company and their controlling shareholders and actual controllers to conduct prohibited activities as mentioned above.

If the Company notices that the Shareholders and their controlling shareholders and actual controllers have been involved in the above circumstances, it shall take timely measures to prevent such violation from intensifying, and report it to the local office of the CSRC at its location within two working days.

In the event of any illegal conduct or misconduct related to equity administration affairs in violation of laws, administrative regulations and regulatory requirements, the Company, Shareholders and relevant responsible parties shall be entitled to take action in accordance with the Articles of Association and applicable laws and regulations, including but not limited to demanding rectification, reporting to the relevant regulatory authorities, and initiating legal proceedings.

Shareholders and Shareholders' Meeting

General Provisions on Shareholders

The shareholders of the Company shall have the following rights:

(i) to receive dividends and other forms of profit distribution in proportion to the number of Shares held;

(ii) to lawfully request, convene, preside over, attend or appoint a proxy to attend Shareholders' meetings, and to exercise corresponding voting rights;

(iii) to supervise the operations of the Company, and to make suggestions and enquiries accordingly;

(iv) to transfer, bestow or pledge Shares held by them in accordance with the laws, administrative regulations and the Articles of Association;

(v) to inspect and copy the Articles of Association, register of members, minutes of Shareholders' meetings, resolutions of meetings of the Board of Directors, and financial and accounting reports, while the qualified Shareholders may inspect the Company's accounting books and vouchers;

(vi) to participate in the distribution of the Company's remaining assets based on the number of Shares held by the Shareholders when the Company is terminated or liquidated;

(vii) to request the Company to purchase their Shares in the event of objection to the resolutions adopted by the Shareholders' meeting on merger or division of the Company;

(viii) to enjoy other rights as stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

Where Shareholders request to inspect or copy the relevant materials of the Company, they shall do so in accordance with the Company Law, the Securities Law and other relevant laws, administrative regulations as well as the securities regulatory rules of the place where the Shares of the Company are listed. If any Shareholder proposes to inspect the aforesaid relevant information or asks for relevant data, the said Shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by the said Shareholder in the Company.

If any resolution of the Shareholders' meeting or the Board of the Company contravenes the laws and administrative regulations, the Shareholders shall have the right to request the people's court to invalidate the said resolution.

If the convening procedure or voting method of the Shareholders' meetings or Board meetings violates the laws, administrative regulations or the Articles of Association, or the contents of a resolution are contrary to the Articles of Association, the Shareholders shall have the right to request the people's court to cancel such resolution within 60 days after the adoption of the resolution, unless there is only a slight defect in the convening procedure or voting method of Shareholders' meetings or Board meetings, which has no substantive impact on the resolution.

Where the Board, Shareholders and other relevant parties dispute the validity of the resolution of the Shareholders' meeting, they shall promptly file a lawsuit with the people's court. Before the people's court makes a revocation of the resolution or other judgment or ruling, the relevant parties shall implement the resolution of the Shareholders' meeting. The Company, the Directors and senior management members shall effectively perform their duties to ensure the normal operation of the Company.

Where the people's court renders a judgment or ruling on relevant matters, the Company shall fulfill the obligation of information disclosure in accordance with laws, administrative regulations, and the securities regulatory rules of the place where the Shares of the Company are listed, fully explain the impact, and actively cooperate with the execution after the judgment or ruling takes effect. Where rectification of previously executed matters is involved, such rectification shall be promptly processed and the obligation of information disclosure shall be fulfilled accordingly.

Under any of the following circumstances, a resolution of the Shareholders' meeting or the Board of Directors of the Company shall not be formed:

(i) A resolution is adopted without holding a Shareholders' meeting or a meeting of the Board of Directors;

(ii) The matters to be resolved are not voted on at a Shareholders' meeting or a meeting of the Board of Directors;

(iii) The number of persons present at a meeting or the number of voting rights held by them is less than the number of persons or the number of voting rights held as prescribed in the Company Law or the Articles of Association;

(iv) The number of persons voting for the matters to be resolved or the number of voting rights held by them is less than the number of persons or the number of voting rights held as prescribed in the Company Law or the Articles of Association.

The shareholders of the Company shall have the following obligations:

(i) to abide by laws, administrative regulations and the Articles of Association;

(ii) to pay subscription funds as per the Shares subscribed and the method of subscription;

(iii) not to make divestment unless in the circumstances stipulated by laws, regulations or securities regulatory rules of the place where the Shares of the Company are listed;

(iv) not to abuse rights of Shareholder to the detriment of the interests of the Company or other Shareholders, or abuse the Company's independent legal person status or the limited liability of Shareholders, to the detriment of the interests of the creditors of the Company;

(v) to fulfill other obligations specified by the laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

In the event of any loss caused to the Company or other Shareholders arising from any abuse of the Shareholder's rights, such Shareholder shall be liable for compensation in accordance with the law; Shareholders of the Company who abuse the independent legal person status of the Company and limited liability of Shareholders to evade debts and seriously damage the interests of the creditors of the Company shall bear joint and several liability for the Company's debts.

Controlling Shareholders and Actual Controllers

The controlling Shareholders and actual controllers of the Company shall comply with the following provisions:

(i) To exercise Shareholders' rights according to law and not to abuse control rights or use affiliated relationships to damage the legitimate rights and interests of the Company or other Shareholders;

(ii) To strictly fulfill the public statements and commitments made and not to change or exempt them without authorization;

(iii) To fulfill the obligation of information disclosure in strict accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of major events that have occurred or are about to occur;

(iv) Not to occupy the Company's funds in any way;

(v) Not to force, instruct, or require the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(vi) Not to use the Company's undisclosed major information to seek benefits, not to disclose the Company's undisclosed major information in any way, and not to engage in illegal activities such as insider trading, short-swing trading, and market manipulation;

(vii) Not to damage the legitimate rights and interests of the Company and other Shareholders through unfair related party transactions, profit distribution, asset restructuring, external investment, etc.;

(viii) To ensure the Company's asset integrity, personnel independence, financial independence, institutional independence, and business independence, and not to affect the Company's independence in any way;

(ix) To observe other provisions stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

If the Company's controlling Shareholders or actual controllers do not serve as Directors of the Company but actually execute the Company's affairs, the provisions of the Articles of Association on Directors' duties of loyalty and diligence shall apply.

If the Company's controlling Shareholders or actual controllers instruct Directors or senior management members to engage in activities that damage the interests of the Company or Shareholders, they shall bear joint and several liability with such Directors or senior management members.

The Company's Shareholders or actual controllers shall notify the Company promptly after occurrence of any of the following circumstances:

(i) Shares of the Company they hold or control are under property preservation measures or mandatory enforcement measures;

(ii) Shares of the Company they hold are pledged;

(iii) Shareholders holding more than 5% of Shares of the Company change actual controllers;

(iv) Names are changed;

(v) A merger or division is effected;

(vi) They are subject to regulatory measures including suspension of operation for rectification, designated custody, takeover or revocation, or enter into dissolution, bankruptcy or liquidation procedure;

(vii) They receive administrative penalty or are investigated for criminal responsibility due to serious violations of laws and regulations;

(viii) They are involved in other circumstances that may lead to transfer of the equity in the Company they hold or control or affect operation of the securities company;

(ix) There is a material change in the shareholding or control of the Company by the Shareholders holding more than 5% of Shares of the Company or actual controllers, or a material change in the circumstances where actual controllers of the Company and other entities under their control engage in the same or similar business of the Company;

(x) The court has ruled that the controlling Shareholders are prohibited from transferring the Shares they hold, or more than 5% of the Shares of the Company held by any Shareholder are pledged, frozen, sold under a judicial sale, placed in custody or trust, or lawfully restricted from voting, among others, or are exposed to a risk of a forced transfer of title;

(xi) There is a proposed restructuring of material assets or business of the Company;

(xii) There arise other circumstances stipulated by the securities regulatory rules of the place where the Shares of the Company are listed.

If an announcement of any of the above circumstances is required by the stock exchange, the Company shall make a timely announcement.

The Company shall, within five working days from becoming aware of the circumstances specified in items (i) to (viii) above, report to the local branch of the CSRC at the Company's domicile. The aforementioned provisions do not apply to Shareholders holding less than 5% of the Company's Shares.

The following actions shall not occur between the Company and its Shareholders (or the Shareholders' affiliated parties):

(i) holding equity interests of Shareholders, unless otherwise provided by laws, regulations, or the securities regulatory rules of the place where the Shares of the Company are listed;

(ii) providing improper benefits to Shareholders through methods such as purchasing securities held by Shareholders;

(iii) unauthorized use of company assets by Shareholders;

(iv) other actions prohibited by laws, administrative regulations, or the securities regulatory rules of the place where the Shares of the Company are listed.

General Provisions for Shareholders' Meetings

The Shareholders' meeting is comprised of all Shareholders. The Shareholders' meeting shall be the governing organ of the Company and may exercise the following powers in accordance with the law:

(i) to elect and replace the Directors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of Directors;

(ii) to examine and approve reports made by the Board;

(iii) to review and approve the Company's profit distribution proposals and loss recovery proposals;

(iv) to resolve on the increase or reduction of the Company's registered capital;

(v) to resolve on the issuance of bonds of the Company;

(vi) to resolve on matters such as the merger, division, dissolution, liquidation or change of form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on the appointment or dismissal of accounting firms engaged for the Company's audit business;

(ix) to review and approve matters specified in Articles 68 and 69 of the Articles of Association;

(x) to review matters where the Company's purchase or sale of major assets within one year exceeds 30% of the Company's most recently audited total assets (excluding transactions arising from the Company's daily business activities, such as proprietary securities trading, securities underwriting and sponsorship, asset management, margin financing and securities lending, alternative investments, etc.);

(xi) to review and approve connected transactions between the Company and its connected persons where the amount involved is RMB30 million or more and accounts for 5% or more of the absolute value of the Company's most recently audited net assets (excluding transactions for which the Company provides guarantees or transactions exempt from review and/or disclosure as connected transactions under the securities regulatory rules of the place where the Shares of the Company are listed);

(xii) to consider and approve any change of the use of proceeds raised;

(xiii) to review equity incentive plans and employee stock ownership plans;

(xiv) to consider such other matters to be resolved at the Shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

The Shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Unless otherwise provided by laws, administrative regulations, or the securities regulatory rules of the place where the Shares of the Company are listed, the aforementioned functions and powers of the Shareholders' meeting may not be delegated to the Board of Directors or other institutions or individuals through authorization. Under necessary and reasonable circumstances, for specific related matters pertaining to the resolution items that cannot be immediately decided during the Shareholders' meeting, the Shareholders' meeting may, within the scope permitted by laws, regulations, and the Articles of Association, authorize the Board of Directors to make decisions within the authorized scope. If the Shareholders' meeting authorizes the Board of Directors to exercise part of its functions and powers, such authorization must be approved by a resolution of the Shareholders' meeting, and the content of the authorization must be clear and specific.

Except for providing margin financing and securities lending services to its clients as required by regulations, the Company shall not directly or indirectly provide financing or guarantees to Shareholders or their affiliated parties. The provision of any of the following guarantees for any external party by the Company shall be considered and approved by the Shareholders' meeting:

(i) any single guarantee with a value of more than 10% of the latest audited net assets of the Company;

(ii) any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;

(iii) any guarantee to be provided to a guaranteed party whose liability-asset ratio exceeds 70%;

(iv) guarantees where the amount of guarantees provided in the preceding 12 consecutive months exceeds 30% of the Company's latest audited total assets;

(v) any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlled subsidiaries has reached or exceeded 30% of the Company's latest audited total assets;

(vi) other guarantees that must be reviewed and approved by the Shareholders' meeting as stipulated by laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

The guarantee mentioned in item (iv) above shall be approved by more than two-thirds of the voting rights held by Shareholders present at the meeting.

For transactions (excluding provision of guarantees and financial assistance) conducted by the Company that meet any of the following criteria, in addition to timely disclosure, they shall be submitted to the Shareholders' meeting for review:

(i) the total assets involved in the transaction (if both book value and assessed value exist, the higher value shall apply) account for 50% or more of the Company's most recently audited total assets;

(ii) the net assets involved in the subject of the transaction (e.g., equity) (if both book value and assessed value exist, the higher value shall apply) account for 50% or more of the Company's most recently audited net assets, with an absolute amount exceeding RMB50 million;

(iii) the transaction amount (including debts and expenses assumed) accounts for 50% or more of the Company's most recently audited net assets, with an absolute amount exceeding RMB50 million;

(iv) the profit generated from the transaction accounts for 50% or more of the Company's audited net profit for the most recent fiscal year, with an absolute amount exceeding RMB5 million;

(v) the revenue related to the subject of the transaction (e.g., equity) for the most recent fiscal year accounts for 50% or more of the Company's audited revenue for the most recent fiscal year, with an absolute amount exceeding RMB50 million;

(vi) the net profit related to the subject of the transaction (e.g., equity) for the most recent fiscal year accounts for 50% or more of the Company's audited net profit for the most recent fiscal year, with an absolute amount exceeding RMB5 million;

(vii) other circumstances as stipulated by laws, regulations, the securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

If the data involved in the above criteria are negative values, the absolute value shall be taken for calculation.

The Company may be exempt from submitting the following types of transactions to the Shareholders' meeting for review in accordance with the above provisions, but shall still fulfill information disclosure obligations as required:

(i) transactions where the Company receives donated cash assets, obtains debt relief, or other transactions that do not involve payment of consideration and are not subject to any obligations;

(ii) transactions that only meet the criteria specified in item (iv) or item (vi) above, and where the absolute value of the Company's earnings per share for the most recent fiscal year is less than RMB0.05.

If the financial assistance provided by the Company falls under any of the following circumstances, it shall be submitted to the Shareholders' meeting for review after approval by the Board of Directors:

(i) the amount of a single financial assistance exceeds 10% of the Company's most recently audited net assets;

(ii) the latest financial statement data of the recipient shows a debt-to-asset ratio exceeding 70%;

(iii) the cumulative amount of financial assistance provided in the last 12 months exceeds 10% of the Company's most recently audited net assets;

(iv) other circumstances stipulated by the stock exchange or the Articles of Association.

Where the recipient of the financial assistance is a controlled subsidiary within the scope of the consolidated financial statements of the Company, and the other Shareholders of such controlled subsidiary do not include the controlling Shareholder, actual controller, or their connected persons, the above provisions shall not apply.

The aforesaid transactions include the following matters occurring outside the ordinary course of business of the Company: purchase or sale of assets; external investments (including entrusted wealth management, investments in subsidiaries, etc.); provision of financial assistance (including interest-bearing or interest-free loans, entrusted loans, etc.); provision of guarantees (including guarantees for controlled subsidiaries, etc.); leasing in or leasing out of assets; entrusted or commissioned management of assets and business; donations or acceptance of donations of assets; restructuring of claims and debts; entering into license use agreements; transfer or acceptance of research and development projects; waiver of rights (including waiver of preemptive rights, priority capital contribution rights, etc.); and other transactions determined by laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed, or regulatory or self-regulatory authorities.

The aforesaid transactions do not include transactions arising from the ordinary course of business of the Company, such as proprietary trading of securities, securities underwriting and sponsorship, asset management, margin financing and securities lending, alternative investments, and others.

Shareholders' meetings are divided into annual Shareholders' meetings and interim Shareholders' meetings. An annual Shareholders' meeting shall be held once each year, within six months after the end of the previous fiscal year. Interim Shareholders' meetings shall be held on an ad hoc basis. When circumstances specified in Article 71 of the Articles of Association arise that require the convening of an interim Shareholders' meeting, such a meeting shall be held within two months from the date the relevant facts occur.

If the Company is unable to hold a Shareholders' meeting within the aforementioned timeframes, it shall provide a timely explanation to Shareholders and submit a written report to the CSRC Beijing Regulatory Bureau and the Shanghai Stock Exchange, stating the reasons and making a public announcement. If the securities regulatory rules of the place where the Shares of the Company are listed provide otherwise, the Company shall also comply with such relevant regulations.

An interim Shareholders' meeting shall be held within two months subsequent to the occurrence of any of the following events:

(i) the number of Directors is less than the quorum required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;

(ii) the outstanding loss of the Company is at least one-third of the total paid-up share capital;

(iii) when any of the Shareholders individually or jointly holding more than 10% of the Company's Shares make any written request to convene the meeting;

(iv) the Board deems it necessary to convene the meeting;

(v) the Audit Committee proposes to convene the meeting;

(vi) other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

If an interim Shareholders' meeting is convened in accordance with the securities regulatory rules of the place where the Shares of the Company are listed, the actual date of the interim Shareholders' meeting may be adjusted based on the approval progress of the securities regulatory authorities of the place where the Shares of the Company are listed (if applicable).

Convening of Shareholders' Meetings

Shareholders' meetings shall be convened by the Board of Directors and presided over by the Chairman of the Board.

The Board of Directors shall convene Shareholders' meetings within the specified timeframes.

Independent Directors have the right to propose the convening of an interim Shareholders' meeting to the Board of Directors. A proposal by independent Directors to convene an interim Shareholders' meeting shall be reviewed by the special meeting of independent Directors and approved by a majority of all independent Directors. For the proposal of independent Directors to convene an interim Shareholders' meeting, the Board shall, pursuant to laws, administrative regulations, and the Articles of Association, give a written reply on whether or not it agrees to convene such an interim Shareholders' meeting within 10 days after receipt of the proposal. Where the Board agrees to convene an interim Shareholders' meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Where the Board does not agree to convene an interim Shareholders' meeting, it shall provide an explanation and make an announcement.

The Audit Committee shall have the right to propose to the Board to convene an interim Shareholders' meeting, and shall put forward such proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene such an interim Shareholders' meeting within 10 days after receipt of the proposal. If the Board agrees to convene an interim Shareholders' meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the Audit Committee. If the Board does not agree to convene an interim Shareholders' meeting or fails to give a reply within 10 days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform its duty of convening Shareholders' meeting, and the Audit Committee may convene and chair the meeting on its own.

Shareholders individually or collectively holding 10% or more of the Company's Shares shall have the right to propose to the Board to convene an interim Shareholders' meeting, and shall put forward such proposal to the Board in writing. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply on whether or not it agrees to convene such an interim Shareholders' meeting within 10 days after receipt of the proposal. If the Board agrees to convene an interim Shareholders' meeting, it shall serve a notice of such meeting within five days after the resolution is made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the relevant Shareholders. If the Board does not agree to convene an interim Shareholders' meeting or fails to give a reply within 10 days after receipt of the proposal, Shareholders individually or collectively holding 10% or more of the Company's Shares shall have the right to propose to the Audit Committee to convene an interim Shareholders' meeting, and shall put forward such proposal to the Audit Committee in writing. If the Audit Committee agrees to convene an interim Shareholders' meeting, it shall serve a notice of such meeting within five days after receipt of the proposal. Any change to the original proposal set forth in the notice shall be subject to consent by the relevant Shareholders. If the Audit Committee fails to serve the notice of Shareholders' meeting within the prescribed period, it shall be deemed as failing to convene and preside over the Shareholders' meeting, and the Shareholders individually or collectively holding more than 10% of the Company's Shares for more than 90 days consecutively may convene and preside over the meeting by themselves.

If the Audit Committee or Shareholders decide to convene a Shareholders' meeting on their own, they must provide written notice to the Board and, in accordance with the securities regulatory rules of the place where the Shares of the Company are listed, complete necessary reporting, public announcements, or filings. The Audit Committee or the convening Shareholders shall, upon issuing the notice of Shareholders' meeting and announcement of any resolution approved at such meeting, submit the relevant evidentiary material to the stock exchange in accordance with the securities regulatory rules of the place where the Shares of the Company are listed. The Shareholders convening the Shareholders' meeting shall hold no less than 10% of the Shares of the Company prior to the announcement of any resolution approved at the Shareholders' meeting.

Proposals and Notices of Shareholders' Meetings

The contents of the proposals of Shareholders' meeting shall fall within the functions and powers of the Shareholders' meeting, shall feature definite topics and specific issues for resolution, and shall be in compliance with relevant requirements of laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

Where the Company convenes a Shareholders' meeting, the Board, the Audit Committee and Shareholders individually or jointly holding 1% or more of the Shares of the Company may propose resolution(s) to the Company.

Shareholders individually or jointly holding 1% or more of the Shares of the Company may submit written interim proposals to the convener 10 days before a Shareholders' meeting is convened. The convener shall serve a

supplementary notice of Shareholders' meeting within two days after receipt of the proposal, announce the contents of the interim proposal, and submit the proposal to the Shareholders' meeting for consideration. However, this does not apply if the interim proposal violates laws, administrative regulations, or the provisions of the Articles of Association, or falls outside the scope of the Shareholders' meeting's authority. If, according to the securities regulatory rules of the place where the Shares of the Company are listed, the Shareholders' meeting must be postponed due to the issuance of a supplementary notice, the convening of the Shareholders' meeting shall be delayed in accordance with the said rules.

Save as specified in the preceding paragraph, the convener, after issuing the notice and announcement of the Shareholders' meeting, shall neither revise the proposals stated in the notice of Shareholders' meetings nor add new proposals.

Proposals not set out in the notice of Shareholders' meeting or not complying with the provisions of the Articles of Association shall not be voted on or resolved at the Shareholders' meeting.

The convener shall notify all Shareholders by announcement 21 days prior to the convening of an annual Shareholders' meeting, and notify all Shareholders by announcement 15 days prior to the convening of an interim Shareholders' meeting.

When calculating the notice period, the Company shall include the day on which the notice is issued but exclude the day on which the meeting is held. If the laws, administrative regulations and securities regulatory authorities of the place where the Shares of the Company are listed have other provisions in this regard, such provisions shall prevail.

The written notice of a Shareholders' meeting shall include:

(i) the time, venue and duration of the meeting;

(ii) the matters and proposals to be discussed at the meeting;

(iii) a prominent statement stating that all Shareholders are entitled to attend and appoint a proxy in writing to attend the meeting and vote on their behalf, and such proxy need not be a Shareholder of the Company;

(iv) the shareholding registration date of Shareholders entitled to attend the Shareholders' meeting;

(v) the name and phone number of the contact person of the meeting;

(vi) the time and procedures for voting via online or other methods;

(vii) other content that should be included in the notice as required by relevant laws, administrative regulations, departmental rules, normative documents, the securities regulatory rules of the place where the Shares of the Company are listed, and the Articles of Association.

Notices and supplementary notices of Shareholders' meetings shall adequately and completely disclose the specific contents of all proposals, as well as all the information or explanations necessary for the Shareholders to make a reasonable judgment in respect of the matters to be discussed.

Where a Shareholders' meeting is held online or through other means, the designated time and procedure for voting online or by other means shall be expressly stated in the notice of such meeting. The start time for online or other forms of voting at Shareholders' meeting shall not be earlier than 3:00 p.m. on the day before the on-site meeting is held, and shall not be later than 9:30 a.m. on the day the on-site meeting is held. The end time shall not be earlier than 3:00 p.m. on the day the on-site meeting concludes.

The interval between shareholding registration date and the date of the meeting shall not be more than seven working days. The shareholding registration date shall not be changed once confirmed.

Convening of Shareholders' Meetings

All Shareholders whose names appear on the register of members on the shareholding registration date or their proxies are entitled to attend the Shareholders' meeting and exercise the right to speak and vote in accordance with

relevant laws, regulations, the securities regulatory rules of the place where the Shares of the Company are listed, and the Articles of Association, unless specific Shareholders are required to abstain from voting on specific matters under the securities regulatory rules of the place where the Shares of the Company are listed.

Shareholders may attend Shareholders' meetings in person or appoint their proxies to attend, speak and vote on their behalf. Any Shareholder entitled to attend and vote at a Shareholders' meeting shall have the right to appoint one or more persons (who need not be a Shareholder) as his/her proxy to attend and vote on his/her behalf. The proxy need not be a Shareholder of the Company.

If Directors and senior management are required to be present at a Shareholders' meeting, they shall be present and respond to Shareholders' questions. Subject to the securities regulatory rules of the place where the Shares of the Company are listed, the aforementioned persons may attend or be present at the meeting via the Internet, video, telephone or other means with equivalent effects.

The Shareholders' meeting shall be presided over by the Chairman of the Board. In the event that the Chairman is incapable of performing or is not performing his/her duties, the Vice Chairman (the Vice Chairman elected by more than half of the Directors if there are two or more Vice Chairmen) shall preside over the meeting. In the event that the Company does not have a Vice Chairman or the Vice Chairman is incapable of performing or is not performing his/her duties, a Director nominated by more than half of the Directors shall preside over the meeting.

A Shareholders' meeting convened by the Audit Committee on its own initiative shall be chaired by the convener of the Audit Committee. When the convener of the Audit Committee is unable to or fails to perform its duties, a member of the Audit Committee jointly recommended by more than half of the members of the Audit Committee shall preside over the meeting.

A Shareholders' meeting convened by the Shareholders themselves shall be presided over by the convener or a representative elected by the convener. When a Shareholders' meeting is held and the presider of the meeting violates the rules of procedure for Shareholders' meetings which makes it difficult for the Shareholders' meeting to continue, the Shareholders' meeting may elect one person to act as the presider of the meeting to continue the meeting with the consent of more than half of the Shareholders with voting rights who are present at the meeting.

The Company shall formulate rules of procedure for Shareholders' meetings defining in detail the convening and voting procedures of Shareholders' meetings, including notification, registration, consideration of proposals, voting, counting of ballots, announcement of voting results, formation of resolutions, meeting minutes and the signing and announcement thereof, and the principles of the authorization (the content of the authorization shall be clear and specific) of the Shareholders' meetings on the Board.

The rules of procedure for Shareholders' meetings, as an annex to the Articles of Association of the Company, shall be prepared by the Board and approved by the Shareholders' meeting.

Voting and Resolutions of Shareholders' Meetings

Resolutions of a Shareholders' meeting are divided into ordinary resolutions and special resolutions. Ordinary resolutions shall be approved by a simple majority of voting rights held by the Shareholders attending the meeting. Special resolutions shall be approved by above two-thirds of voting rights held by the Shareholders attending the meeting. The aforementioned Shareholders include those who attend the Shareholders' meeting through a proxy.

The following matters shall be approved by ordinary resolutions at a Shareholders' meeting:

(i) work reports of the Board of Directors;

(ii) profit distribution plans and loss recovery plans proposed by the Board of Directors;

(iii) appointment and removal of members of the Board (excluding employee representative Directors), their remuneration and methods of payment;

(iv) other matters other than those that are required to be adopted by way of special resolution by laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association.

The following matters shall be approved by special resolutions at a Shareholders' meeting:

(i) increase or decrease of the Company's registered capital;

(ii) division, split-off, merger, change in corporate form, dissolution and liquidation of the Company;

(iii) amendments to the Articles of Association;

(iv) any transaction within one year in which the Company purchases or sells material assets (excluding purchases or sales of assets arising from the Company's daily business operations such as proprietary securities trading, underwriting and sponsorship, asset management, margin financing and securities lending, alternative investment, etc.) or provides guarantees to third parties, where the amount exceeds 30% of the Company's most recently audited total assets;

(v) equity incentive plans;

(vi) other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association, and specified by ordinary resolutions of the Shareholders' meeting that are considered to be significant to the Company and shall be approved by special resolutions.

Each Shareholder (including a Shareholder who attends the Shareholders' meeting through a proxy) shall exercise voting rights in proportion to the number of Shares carrying voting rights that he/she represents, and every share entitles the holder to one vote. To the extent permitted by the applicable securities regulatory rules of the listing place, a Shareholder (including a proxy) who holds two or more votes is not required to cast all of those votes in favor, against or as abstentions.

When the Shareholders' meeting considers significant matters that could affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately. The separate voting results shall be disclosed in a timely manner.

The Company has no voting right for the Shares it holds, and these Shares shall be excluded from the total number of voting Shares represented by the Shareholders attending the Shareholders' meeting.

Where a Shareholder's acquisition of voting Shares of the Company violates paragraphs 1 and 2 of Article 63 of the Securities Law, the Shares exceeding the prescribed threshold may not be voted for 36 months after the acquisition and shall be excluded from the total number of voting Shares present at any Shareholders' meeting.

According to the securities regulatory rules of the place where the Shares of the Company are listed, where any Shareholder is required to waive his/her voting rights or is restricted to cast only affirmative or negative vote on a certain resolution, any vote cast by the said shareholder or proxy thereof in violation of the relevant provisions or restrictions shall not be counted into the voting results.

The Board of Directors, independent Directors, Shareholders holding 1 % or more of the voting Shares, or any investor-protection organization established pursuant to laws, administrative regulations, or the securities regulatory authorities of the place where the Shares of the Company are listed may act as a solicitor. They may, either directly or through a securities company or securities service provider, publicly invite Shareholders to appoint them to attend Shareholders' meetings and to exercise on their behalf such shareholder rights as the right to submit proposals and to vote. Information including the specific voting preference shall be fully provided to the Shareholders for whom voting rights are being solicited. The solicitor must publish the solicitation documents, and the Company shall provide reasonable cooperation.

It is prohibited to publicly solicit shareholder rights with compensation or compensation in disguised form. The Company shall not set minimum shareholding percentage limit for solicitation of voting rights, unless otherwise required by law. If a public solicitation of shareholder rights violates any law, administrative regulation or relevant provision of the CSRC and thereby causes loss to the Company or any of its Shareholders, the solicitor shall be liable for compensation in accordance with the law.

When a connected transaction is considered at a Shareholders' meeting, the connected Shareholders shall not vote, and the voting Shares represented by them shall not be counted in the total number of valid votes; the information relating to voting by non-connected Shareholders shall be adequately disclosed for any resolution made at the Shareholders' meeting.

For proposals in which connected Shareholders are required to abstain, the relevant connected transactions shall be considered and voted upon by the non-connected Shareholders present at the Shareholders' meeting, and the voting result shall have the same legal effect as any other resolution adopted by the Shareholders' meeting.

Unless the Company is in special circumstances such as a crisis, the Company will not enter into any contract with any person other than its Directors and senior management to entrust the management of all or a substantial part of the Company's business to such person, without the approval of the Shareholders' meeting by a special resolution.

The list of Director candidates shall be submitted to the Shareholders' meeting for voting by way of a proposal. The Board of Directors, or Shareholders individually or collectively holding 1% or more of the Company's shares may submit proposals for Director candidates to the Shareholders' meeting. Employee representatives on the Board of Directors shall be democratically elected by the Company's employees through employee representative assembly, employees' meeting, or other forms.

The Board of Directors, or Shareholders individually or collectively holding 1% or more of the Company's issued shares may propose candidates for independent Directors, which shall be subject to the election and decision by the Shareholders' meeting. A nominator for an independent Director shall not propose a candidate with whom he/she has relationship of interest or a close relationship that may otherwise affect independent duty performance as an independent Director.

Investor protection institutions established in accordance with law may publicly request Shareholders to entrust them with the exercise of their right to nominate independent Directors.

During voting on the election of Directors at the Shareholders' meeting, the cumulative voting system may be implemented in accordance with the Articles of Association or the resolutions of the Shareholders' meeting. The cumulative voting system shall be implemented when a single Shareholder and its parties acting in concert hold 30% or more of the Company's equity, or when two or more independent Directors are to be elected concurrently at the Shareholders' meeting.

Cumulative voting system means that when Directors are to be elected at the Shareholders' meeting, each share shall have a number of voting rights equal to the number of Directors to be elected, and the voting rights held by a Shareholder may be exercised in a centralized manner.

When cumulative voting is implemented, the presider of the Shareholders' meeting or the person designated by the presider shall, before commencement of the voting, announce to the attending Shareholders and Shareholder representatives that cumulative voting will be employed for the election of Directors, and shall explain the method for calculating the votes and the election rules applicable to cumulative voting.

When Directors are elected using the cumulative voting system, independent Directors and other Directors shall be elected separately to ensure the proportion of independent Directors on the Company's Board of Directors.

Director candidates shall be elected based on the number of voting rights received. In accordance with the number of Directors to be elected, those with the highest number of votes shall be elected in descending order. Moreover, the minimum number of votes required for the election of each Director shall not be less than half of the total shares held by the Shareholders attending the Shareholders' meeting (based on non-cumulative shares).

If the elected Director cannot be determined as two or more Director candidates receive the same number of votes, a second round of voting shall be held among those candidates with equal votes. If the elected Director still cannot be determined, the Company shall convene another Shareholders' meeting within two months after the conclusion of the current meeting to resubmit the proposal and elect Directors based on the number of vacant Directorships.

Except for the cumulative voting system, all proposals at the Shareholders' meeting shall be voted on one by one. If there are different proposals on the same matter, they shall be voted on in the order they were submitted. Unless the

Shareholders' meeting is suspended or it is impossible to make a resolution due to force majeure or other special reasons, the Shareholders' meeting shall not lay aside or decline to vote on a proposal.

During the deliberation of proposals, the Shareholders' meeting shall not modify any proposal. Any modification shall be deemed a new proposal and shall not be subject to a vote at the current Shareholders' meeting.

Each voting right shall only be exercised through on-site voting, online voting or other voting methods. In the event of duplicate votes for the same voting right, the first cast vote shall prevail.

Voting at the Shareholders' meeting shall be conducted by disclosed ballot, unless otherwise required by relevant laws and regulations and the listing rules of the stock exchange where the Shares of the Company are listed.

Before voting on a proposal at the Shareholders' meeting, two Shareholder representatives shall be elected to participate in the vote counting and vote monitoring. If any Shareholder is interested in the matter under consideration, the relevant Shareholder and his/her proxy shall not participate in vote counting or vote monitoring.

When the Shareholders' meeting votes on proposals, vote counting and vote monitoring shall be jointly handled by a lawyer and Shareholder representatives, and the voting results shall be announced on the spot. The voting results of the resolutions shall be recorded in the meeting minutes.

Shareholders or their proxies who vote online or through other means shall have the right to verify their voting results through the corresponding voting system.

The on-site Shareholders' meeting shall not conclude earlier than the Shareholders' meeting held online or through other means. The presider of the meeting shall announce the voting status and results of each proposal, and based on these results, declare whether each proposal has been passed.

Prior to the official announcement of voting results, all relevant parties including the Company, the vote counting officer, the vote scrutineer, Shareholders and Internet service provider involved in the on-site voting or voting conducted online or through other means at the Shareholders' meeting, are obliged to keep the voting results confidential.

Shareholders attending the Shareholders' meeting shall give their opinions on every resolution put forward for voting in the form of any one of the following: "for", "against" or "abstain", except for declarations made by the securities depository and clearing institution as a nominee holder of shares under the Mainland-Hong Kong Stock Connect Scheme, or by a recognized clearing house as defined by relevant ordinances in force from time to time under the Hong Kong law or the securities regulatory rules of the place where the Shares of the Company are listed, or its agent as a nominal holder, according to the intentions of the actual holders. Any voter with a vote that is not filled in, incorrectly filled in or in unrecognizable writing or not cast shall be deemed as having waived the voting right and the votes in respect of the number of shares held by him/her shall be counted as "abstain".

The resolutions of a Shareholders' meeting shall be announced in a timely manner. The announcement shall specify the number of Shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and the percentage of the Company's total shares with voting rights, the voting method, the voting results for each proposal, and the detailed content of each resolution passed.

If the Shareholders' meeting passes a proposal concerning the election of Directors, the newly appointed Directors shall assume office from the date when the resolution is passed at the Shareholders' meeting, unless otherwise stipulated by laws, administrative regulations or the resolution of the Shareholders' meeting. The appointment and removal of Directors by the Company shall be filed with the securities regulatory authority of the State Council.

Any proposal on the distribution of cash dividends or stock dividends or capitalization of capital reserve adopted at a Shareholders' meeting shall be implemented by the Company within two months after the end of the Shareholders' meeting.

Directors and Board of Directors

General Provisions for Directors

The Company's Directors may include executive Directors, non-executive Directors, and independent Directors. Non-executive Directors refer to Directors who do not hold an executive management position in the Company.

Independent Directors refer to individuals who meet the provisions of Article 145 of the Articles of Association. Directors of the Company shall be natural persons. Any one of the following persons shall not act as a Director of the Company:

(i) persons without or with restricted civil capacity;

(ii) persons who have been sentenced due to bribery, embezzlement, misappropriation of property, misappropriation of funds, or disruption of the socialist market economic order, or persons who have been deprived of political rights due to criminal offenses, where less than five years have elapsed since the completion of the sentence; or persons who have been given a suspended sentence, where less than two years have elapsed since the expiration of the probation period;

(iii) persons who served as Directors, factory Directors, or managers of a company or enterprise that went bankrupt and was liquidated, and who were personally responsible for such bankruptcy, where less than three years have elapsed since the completion of the liquidation of the company or enterprise;

(iv) persons who served as legal representatives of a company or enterprise whose business license was revoked due to violations of law or which was ordered to close down, and who were personally responsible, where less than three years have elapsed since the date of revocation of the business license or closure of such company or enterprise;

(v) persons who have been listed by the people's court as judgment defaulters due to failure to repay significant debts when due;

(vi) responsible persons of stock exchanges or securities registration and clearing institutions, or directors and senior management of securities companies who, due to a violation of law or the rules of discipline, are removed from office, where not more than five years have elapsed since the date of their removal;

(vii) lawyers, certified public accountants or professionals of other securities service organizations whose practicing certificates have been revoked or who are disqualified as such due to a violation of law or the rules of discipline, where not more than five years have elapsed since the date of revocation or disqualification;

(viii) employees of stock exchanges, securities companies, securities registration and clearing institutions or securities service organizations and functionaries of State organs who are discharged for violating law or the rules of discipline;

(ix) persons who are subject to a securities market entry prohibition measure imposed by the CSRC, with the prohibition period not yet expired;

(x) persons who are publicly identified by a stock exchange as unsuitable to serve as a director, senior management, etc. of a listed company, with the disqualification period not yet expired;

(xi) persons who do not meet the requirements of the Measures for the Supervision and Administration of the Directors, Supervisors, Senior Management and Practitioners of Securities and Fund Business Institutions;

(xii) other circumstances where the persons are prohibited from serving as Directors of the Company according to relevant laws, regulations, or regulatory documents;

(xiii) other circumstances where the persons are deemed unsuitable to serve as a director of a securities company by the securities regulatory authorities of the place where the Shares of the Company are listed.

If a Director is elected or appointed in violation of the above-mentioned provisions, such election, appointment, or engagement shall be invalid. If a Director encounters any of the aforementioned circumstances during his/her term of office, the Company shall, after following the relevant resolution procedures of the Shareholders' meeting or the employee representative assembly, remove him/her from his/her position and cease his/her duties.

Except for employee representative Directors, other Directors shall be elected or replaced by the Shareholders' meeting and may be removed from their positions by the Shareholders' meeting prior to the expiration of their term. Directors shall serve a term of three years, and may be re-elected upon expiry of their term.

The term of office of a Director shall commence from the date when he/she assumes office and shall continue until the expiration of the term of the current Board of Directors. If the term of office of Directors expires without timely re-election, the original Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association until the newly elected Director takes office.

Subject to the securities regulatory rules of the place where the Shares of the Company are listed, if the Board of Directors appoints a new Director to fill a temporary vacancy on the Board of Directors or to increase the number of Directors, the term of office of such appointed Director shall expire at the first annual Shareholders' meeting of the Company following his/her appointment, and such Director shall be eligible for re-election.

Where the Shareholders' meeting removes a Director from office before the expiration of his/her term, the reason shall be stated; the removed Director shall have the right to state their opinion to the Shareholders' meeting, the CSRC or its dispatched agencies. A successor Director or an independent Director elected to fill a vacancy caused by the resignation or removal of an incumbent Director or independent Director shall serve for the remainder of the term of the current Board of Directors.

Directors may also hold positions as senior management members. However, the total number of Directors, who also hold senior management positions, and who are employee representatives, shall not exceed one-half of the total number of Directors of the Company.

The Board of Directors shall include representatives of the Company's employees. Employee representatives on the Board of Directors shall be democratically elected by the Company's employees through employee representative assembly, employees' meeting, or other forms, and their election does not require consideration by the Shareholders' meeting.

The Company shall enter into a contract with each Director, specifying the rights and obligations between the Company and the Director, the Director's term of office, the Director's liability for any violation of laws, regulations, or the Articles of Association, and any compensation payable by the Company for early termination of the contract due to specific reasons.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed, and the Articles of Association, owe a duty of loyalty to the Company, must take measures to avoid conflicts between their own interests and those of the Company, and must not use their positions to obtain improper benefits.

A Director owes the following duties of loyalty to the Company:

(i) not to embezzle the property or misappropriate the funds of the Company;

(ii) to deposit the funds of the Company into an account opened in his/her own name or in the name of any other individual;

(iii) not to give bribes or accept any other illegal proceeds by taking advantage of his/her power;

(iv) not to enter into contracts or conduct transactions, directly or indirectly, with the Company, without reporting to the Board or the Shareholders' meeting and without obtaining approval by resolution of the Board or the Shareholders' meeting in accordance with the Articles of Association;

(v) not to use their positions to appropriate for themselves or others commercial opportunities that belong to the Company, except in the circumstances where they have reported to the Board or the Shareholders' meeting, the Shareholders' meeting has approved the matter by resolution, or in accordance with laws, administrative regulations, or the Articles of Association, the Company is unable to take up such commercial opportunities;

(vi) not to operate for himself/herself or operate for others a business that is of the same type as the Company's business, without reporting to the Board of Directors or the Shareholders' meeting, and without the approval of the Shareholders' meeting by a resolution;

(vii) not to take commissions from the transactions between the Company and any other person into his/her own pocket;

(viii) not to unlawfully disclose the confidential information of the Company;

(ix) not to use their related party relationships to damage the Company's interests;

(x) other duties of loyalty as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

The incomes derived by any Director in violation of the aforesaid provisions shall belong to the Company. If such violation causes losses to the Company, the Director shall bear liability for compensation.

Where any of the near relatives of the Directors or senior management, or any of the enterprises directly or indirectly controlled by the Directors or senior management or any of their near relatives, or any of the related parties who has any other related party relationship with the Directors or senior management, concludes a contract or conducts a transaction with the Company, the provisions of item (iv) above shall apply.

Directors shall comply with laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed, and the Articles of Association, owe a duty of diligence to the Company, and in performing their duties, must exercise the reasonable care that a prudent manager would normally exercise for the best interests of the Company.

A Director owes the following duties of diligence to the Company:

(i) to exercise the rights granted by the Company with prudence, care and diligence, and ensure that the Company's commercial activities comply with the requirements of national laws, administrative regulations, and all economic policies of the State, and that such activities do not extend beyond the business scope stipulated in the business license;

(ii) to treat all Shareholders fairly;

(iii) to promptly keep abreast of the Company's business operations and management;

(iv) to sign a written confirmation opinion on the Company's regular reports, and ensure that the information disclosed by the Company is true, accurate and complete;

(v) to truthfully provide relevant information and materials to the Audit Committee, and not to impede the Audit Committee from exercising its functions and powers;

(vi) other duties of diligence as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

The amount and method of Directors' remuneration shall be proposed by the Board of Directors for the Shareholders' meeting to decide. A Director shall recuse himself/herself when the Board of Directors or the Remuneration and Nomination Committee evaluates the Director personally or discusses his/her remuneration.

A Director may resign before expiration of his/her term of office. A Director who will resign shall submit a written resignation report to the Company. The resignation shall take effect on the date when the Company receives the resignation report. The Company shall disclose relevant information within two trading days. If a Director's resignation causes the number of Directors on the Board to fall below the statutory minimum, or if the resignation of an independent Director results in the composition of the Board or its special committees not complying with laws, regulations, the securities regulatory rules of the place where the Shares of the Company are listed, or the Articles of Association, or if the remaining independent Directors can no longer meet the requirements of the securities regulatory rules of the place where the Shares of the Company are listed, the original Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association until the newly elected Director takes office.

The Company shall establish a Director resignation management system, specifying the safeguard measures for pursuing the responsibility and compensation for unfulfilled public commitments and other outstanding matters. When a Director's resignation becomes effective or a Director's term of office expires, he/she shall complete all handover procedures with the Board of Directors. His/her duty of loyalty to the Company and the Shareholders shall not automatically cease after the end of his/her term; it remains in effect for three years following the effective date of his/her resignation or the expiration of his/her term. A Director's responsibilities incurred during his/her term of office due to the performance of his/her duties shall not be released or terminated by his/her departure.

A Director's duty to maintain the confidentiality of the Company's trade secrets shall remain in effect after the end of his/her term, until such secrets become public knowledge. The duration of other obligations shall be determined based on the principle of fairness, depending on the length of time between the occurrence of the event and the departure, as well as the circumstances and conditions under which the relationship with the Company concludes.

Provided that it does not violate laws, administrative regulations, departmental rules, or the securities regulatory rules of the place where the Shares of the Company are listed, a Director may be removed by the Shareholders' meeting through an ordinary resolution before the expiration of his/her term. The removal shall take effect on the date when the resolution is made. However, such removal shall not prejudice any claims for damages the Director may make under any contract.

Unless stipulated by the Articles of Association or duly authorized by the Board of Directors, no Director may act on behalf of the Company or the Board of Directors in their individual capacity. When a Director acts in his/her individual capacity, if a third party could reasonably believe that the Director is acting on behalf of the Company or the Board of Directors, the Director shall declare his/her position and identity in advance.

If a Director causes damage to a third party while performing his/her duties to the Company, the Company shall bear the liability for compensation. The Director shall also bear the liability for compensation if his/her actions involve intent or gross negligence.

If a Director violates the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Shares of the Company are listed or the Articles of Association while performing his/her duties to the Company, and causes losses to the Company, such Director shall bear the liability for compensation.

The Company shall appoint independent Directors. A person appointed as an independent Director of the Company shall comply with the provisions of relevant laws, administrative regulations, departmental rules, and regulatory documents, and shall possess the qualifications and conditions for independent Directors of listed securities companies as stipulated by the CSRC and the securities regulatory authorities of the place where the Shares of the Company are listed.

As a member of the Board of Directors, an independent Director has a duty of loyalty and a duty of diligence to the Company and all Shareholders, and shall carefully perform the following duties:

(i) to participate in the decision-making of the Board of Directors and express clear opinions on the matters under discussion;

(ii) to supervise potential material conflicts of interest between the Company and its controlling Shareholder(s), actual controller(s), Directors, and senior management, and protect the legitimate rights and interests of minority Shareholders;

(iii) to provide professional and objective advice on the Company's business development, and promote the enhancement of the Board's decision-making capability;

(iv) other duties as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

In addition to the functions and powers vested in Directors by the Company Law, other laws and regulations, and the Articles of Association, independent Directors of the Company shall have the following special functions and powers:

(i) to propose the convening of an interim Shareholders' meeting to the Board of Directors;

(ii) to propose the convening of a Board meeting;

(iii) to independently engage intermediaries to conduct audits, provide consultations, or perform verifications on specific matters of the Company;

(iv) to publicly solicit Shareholder rights from Shareholders in accordance with the law;

(v) to express independent opinions on matters that may harm the interests of the Company or minority Shareholders;

(vi) other functions and powers as stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed and the Articles of Association.

The exercise of functions and powers by independent Directors as set forth in items (i) to (iii) above shall require the consent of more than half of all independent Directors.

The Company shall establish a special meeting mechanism attended exclusively by independent Directors. The consideration of matters including related party transactions by the Board of Directors shall be subject to the prior approval of the special meeting of independent Directors.

The Company shall convene the special meeting of independent Directors on a regular or irregular basis. Matters listed in items (i) to (iii) of paragraph 1 of Article 149 and Article 150 of the Articles of Association shall be considered at the special meeting of independent Directors.

The special meeting of independent Directors may, as needed, study and discuss other matters of the Company. The special meeting of independent Directors shall be convened and presided over by an independent Director jointly nominated by more than half of the independent Directors; when the convener is unable or fails to perform his/her duties, two or more independent Directors may independently convene the meeting and nominate a representative to preside over it.

Minutes shall be prepared for the special meeting of independent Directors in accordance with regulations, and the opinions of the independent Directors shall be recorded in the meeting minutes. Independent Directors shall sign and confirm the meeting minutes.

The Company shall provide convenience and support for the convening of the special meeting of independent Directors.

Board of Directors

The Board of Directors shall consist of 13 Directors, including five independent Directors and one employee representative Director. It shall have one chairman, and may have a vice chairman. The number of internal Directors in the Company shall not exceed one-half of the total number of Directors. The chairman and vice chairman shall be elected by a majority of all Directors of the Board of Directors.

The Board of Directors shall exercise the following functions and powers:

(i) to convene Shareholders' meetings and report to the Shareholders' meetings on its work;

(ii) to implement the resolutions of the Shareholders' meetings;

(iii) to decide on the Company's business plans and investment proposals;

(iv) to formulate the Company's profit distribution plans and loss recovery plans;

(v) to formulate plans for increase or decrease of the Company's registered capital, issuance of corporate bonds or other securities and listing;

(vi) to propose plans for material acquisitions by the Company, acquisitions of the Company's shares under the circumstances stipulated in item (i) and item (ii) of Article 27 of the Articles of Association, or merger, division, dissolution, and change of corporate form;

(vii) to decide on matters regarding the Company's repurchase of its own shares under the circumstances stipulated in item (iii), item (v) and item (vi) of Article 27 of the Articles of Association;

(viii) within the scope of authorization by the Shareholders' meeting, to decide on matters such as the Company's external investment, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted financial management, related party transactions, external donations and financial assistance;

(ix) to decide on the establishment of the Company's internal management structure and branches;

(x) to appoint or dismiss the Company's general manager and secretary of the Board, and decide on their remuneration and rewards & punishments; based on the nomination by the general manager, to appoint or dismiss senior management of the Company such as the deputy general manager, chief financial officer, chief compliance officer, chief risk officer, and chief information officer, and decide on their remuneration and rewards & punishments; persons who perform duties as senior management as recognized by the regulations on state-owned asset supervision and other relevant provisions shall act in accordance with relevant provisions.

(xi) to establish the Company's basic management system;

(xii) to formulate plans for the amendments to the Articles of Association;

(xiii) to manage the Company's information disclosure matters;

(xiv) to propose to the Shareholders' meeting the appointment or replacement of the accounting firm undertaking audit for the Company;

(xv) to hear the work reports of the Company's general manager and inspect the general manager's work;

(xvi) to formulate and decide on the objectives for professional integrity management and the overall requirements for professional integrity, and bear responsibility for the effectiveness of professional integrity management;

(xvii) to bear ultimate responsibility for comprehensive risk management, and fulfill risk management duties as stipulated by laws, regulations, regulatory requirements, and the Company;

(xviii) to decide on the Company's compliance management objectives, bear responsibility for the effectiveness of the Company's compliance management, and fulfill compliance management duties as stipulated by laws, regulations, regulatory requirements, and the Company;

(xix) to bear ultimate responsibility for money laundering risk management, and fulfill the duties of money laundering risk management as stipulated by laws, regulations, regulatory requirements, and the Company;

(xx) to approve the Company's information technology management objectives, assume responsibility for the effectiveness of information technology management, and fulfill the duties of information technology management as stipulated by laws, regulations, regulatory requirements, and the Company;

(xxi) to guide and supervise the Company in strengthening its cultural development, improving the cultural concept system that supports the Company's development strategy, and achieving the integrated development of corporate culture and strategy;

(xxii) to be responsible for establishing and improving the Company's remuneration system in accordance with laws, regulations, or regulatory provisions, and for supervising the effective implementation of the system, and to bear the primary responsibility for remuneration management;

(xxiii) to determine the objectives for professional integrity management, and assume responsibility for the effectiveness of professional integrity management;

(xxiv) to assume ultimate responsibility for investor rights protection;

(xxv) other functions and powers granted by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Shares of the Company are listed, the Articles of Association, or the Shareholders' meeting.

Matters exceeding the scope of authorization by the Shareholders' meeting shall be submitted to the Shareholders' meeting for consideration.

Major operating and management matters shall be subject to preliminary research and discussion by the Party Committee before a decision is made by the Board of Directors or the management.

The Board shall determine the authority for external investments, acquisitions and disposals of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, donations to external parties, and other matters, and shall establish strict review and decision-making procedures. Major investment projects shall be reviewed by relevant experts and professionals and submitted to the Shareholders' meeting for approval. The specific authorities are as follows:

(i) Except for the acts that shall be submitted to the Shareholders' meeting for deliberation pursuant to Article 68 of the Articles of Association, all other external guarantee acts of the Company shall be approved by the Board;

(ii) Connected transactions with a related natural person with a transaction amount exceeding RMB300,000, or with a related legal person with a transaction amount exceeding RMB3 million and accounting for more than 0.5% of the absolute value of the audited net assets of the Company for the most recent period, shall be submitted to the Board for deliberation. However, connected transactions with a transaction amount exceeding RMB30 million and accounting for more than 5% of the absolute value of the audited net assets of the Company for the most recent period shall also be submitted to the Shareholders' meeting for approval, except in circumstances where, pursuant to the securities regulatory rules of the place where the Shares of the Company are listed, such connected transactions may be exempted from review and disclosure as connected transactions;

(iii) To decide on the purchase or sale of assets within one year that does not exceed 30% of the audited total assets of the Company for the most recent period. The aforementioned transaction amount shall be calculated on the basis of the actual amount incurred and accumulated by transaction category within a continuous period of 12 months.

(iv) Except for the transactions that shall be submitted to the Shareholders' meeting for deliberation pursuant to Article 69 of the Articles of Association, all other transactions of the Company shall be approved by the Board.

(v) To review and approve financial assistance matters other than those stipulated in Article 69 of the Articles of Association. Where the Company provides financial assistance, such assistance shall be approved by more than half of all the Directors and by more than two-thirds of the Directors attending the Board meeting. Where the recipient of the financial assistance is a controlled subsidiary within the scope of the consolidated financial statements of the Company, and the other shareholders of such controlled subsidiary do not include the controlling Shareholder, actual controller, or their connected persons, the above provisions shall not apply.

Within the above scope of authority, with respect to matters under items (iii) and (iv) above concerning the purchase or sale of assets, external investments, and other transactions, the Board may, depending on the specific circumstances, authorize the chairman of the Board or the general manager to make approvals and decisions.

The aforesaid transactions include the following matters occurring outside the ordinary course of business of the Company: purchase or sale of assets; external investments (including entrusted wealth management, investments in subsidiaries, etc.); provision of financial assistance (including interest-bearing or interest-free loans, entrusted loans, etc.); provision of guarantees (including guarantees for controlled subsidiaries, etc.); leasing in or leasing out of assets; entrusted or commissioned management of assets and business; donations or acceptance of donations of assets; restructuring of claims and debts; entering into license use agreements; transfer or acceptance of research and development projects; and other transactions as determined by regulatory or self-regulatory authorities.

The aforesaid transactions do not include transactions arising from the ordinary course of business of the Company, such as proprietary trading of securities, securities underwriting and sponsorship, asset management, margin financing and securities lending, alternative investments, and others.

The chairman of the Board shall exercise the following powers:

(i) to preside over the Shareholders' meeting and, on behalf of the Board, report to the Shareholders' meeting;

(ii) to convene and preside over Board meetings, and to organize and lead the routine work of the Board;

(iii) to supervise and inspect the implementation of Board resolutions;

(iv) to sign important documents of the Board;

(v) in the event of an emergency such as a particularly severe natural disaster or other force majeure, to exercise special disposal powers over Company affairs in compliance with the law and in the interests of the Company, and to report to the Board and the Shareholders' meeting thereafter;

(vi) other powers as prescribed by laws, administrative regulations, departmental rules, regulatory documents, the securities regulatory rules of the place where the Shares of the Company are listed, the Articles of Association, and as granted by the Board.

The Board shall hold at least four regular meetings each year, one per quarter, which shall be convened by the chairman of the Board. Written notice (including delivery in person, by facsimile, or by email) shall be given to all Directors at least 14 days prior to the meeting.

In any of the following circumstances, the chairman of the Board shall, within 10 days of receiving the proposal, convene and preside over an interim Board meeting:

(i) when Shareholders representing more than one-tenth of the voting rights propose;

(ii) when more than one-third of the Directors jointly propose;

(iii) when the Audit Committee proposes;

(iv) when the chairman of the Board deems it necessary;

(v) when more than half of the independent Directors propose;

(vi) when the general manager proposes;

(vii) when the securities regulatory authorities require a meeting to be convened;

(viii) when the Party Committee proposes;

(ix) Other circumstances stipulated in the Articles of Association.

The convening of an interim Board meeting shall be notified in writing to all Directors 5 days prior to the meeting. However, in special or urgent circumstances where it is necessary to convene an interim Board meeting as soon as possible, notice may be given at any time by telephone or other verbal means, and the convener shall make explanations at the meeting. Where the requirement for prior notice is waived with the written consent of all Directors attending the meeting, such notice obligation may be exempted.

A Board meeting shall be held only when more than half of the Directors are present.

The voting on resolutions of the Board shall be conducted on a one-person, one-vote basis. For a resolution of the Board to be adopted, it must be approved by more than half of all the Directors. Where laws, administrative regulations, or the Articles of Association require a higher number of votes in favor for the adoption of a resolution of the Board, such requirements shall prevail.

Where a Director has a connected relationship with an enterprise or individual involved in the matter to be resolved by the Board, the Director shall promptly make a written report to the Board. Such connected Director shall not exercise the voting right on the relevant resolution, nor may such Director act as a proxy to exercise the voting right on behalf of other Directors. A Board meeting on such matter may be held only when more than half of the non-connected Directors are present, and the resolution shall be adopted only upon approval by more than half of the non-connected Directors present. Where the number of non-connected Directors attending the Board meeting is less than three, the matter shall be submitted to the Shareholders' meeting for deliberation.

Special Committees of the Board

The Company has established special committees under the Board, including the Strategy Committee, the Remuneration and Nomination Committee, the Audit Committee, and the Risk Control Committee.

Except as otherwise stipulated in the Articles of Association, the special committees shall perform their duties in accordance with the Articles of Association and the authorization of the Board. Proposals of the special committees shall be submitted to the Board for deliberation and decision.

The Company does not establish a Board of Supervisors, and the Audit Committee shall exercise the powers of the Board of Supervisors as stipulated under the Company Law.

Secretary of the Board

The Board shall have a secretary of the Board. The secretary of the Board shall be appointed by the Board.

The secretary of the Board shall be accountable to the Company and the Board, and shall perform the following duties:

(i) to be responsible for the Company's information disclosure affairs, coordinate the Company's information disclosure work, organize the formulation of rules and procedures for the management of information disclosure affairs, and supervise the Company and the relevant information disclosure obligors in complying with relevant information disclosure requirements;

(ii) to be responsible for investor relations management, and coordinate communication between the Company and the securities regulatory authorities, investors, the actual controller, intermediaries, the media, and others;

(iii) to prepare and organize Board meetings and Shareholders' meetings, attend Shareholders' meetings, Board meetings, and meetings of senior management, take minutes of Board meetings, and sign such minutes;

(iv) to be responsible for the confidentiality of the Company's undisclosed information, and, in the event of a leak of material undisclosed information, to immediately report to and make disclosure to the stock exchange;

(v) to monitor media reports and actively verify the authenticity of information, and to urge the Company and other relevant parties to respond to inquiries from the stock exchange in a timely manner;

(vi) to organize training for the Company's Directors and senior management members on relevant laws, regulations, and rules of the stock exchange, and assist the foregoing personnel in understanding their respective duties in information disclosure;

(vii) to urge the Directors and senior management members to comply with laws, regulations, rules of the stock exchange, and the Articles of Association, and to duly perform their undertakings; where the secretary of the Board becomes aware that the Company, the Directors, or senior management members have made or may make resolutions in violation of relevant requirements, the secretary shall give reminders and immediately report truthfully to the stock exchange;

(viii) to be responsible for the management of changes in the Shares of the Company and their derivatives;

(ix) to perform other duties required by laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed, and the Articles of Association.

Senior Management

The Company shall have one general manager, and may appoint several deputy general managers as needed, who shall be appointed or dismissed by the Board. The general manager and the management team under his/her leadership shall perform the duties of managing operations, ensuring implementation, and strengthening management. The appointment or dismissal of senior management members of the Company shall be filed with the CSRC Beijing Regulatory Bureau.

The general manager shall be accountable to the Board and shall exercise the following powers:

(i) to preside over the production, operation, and management of the Company, organize the implementation of the resolutions of the Board, and report to the Board;

(ii) to organize the implementation of the Company's annual business plans and investment proposals;

(iii) to formulate proposals for the establishment of the Company's internal management structure;

(iv) to formulate the Company's basic management systems;

(v) to establish the Company's detailed rules and regulations;

(vi) to propose to the Board the appointment or dismissal of the Company's deputy general managers, chief financial officer, chief compliance officer, chief risk officer, chief information officer, and other senior management members;

(vii) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;

(viii) to implement the requirements for industry culture development, closely integrate the Company's cultural development with business management, and achieve mutual integration and promotion of the Company's cultural values with its business management and development strategy;

(ix) to organize the senior management members of the Company to be responsible for implementing the objectives of integrity and clean operation management, and to assume responsibility for clean and compliant operation;

(x) to organize the senior management members of the Company to be responsible for implementing the objectives of honest operation management, and to assume responsibility for honest operation;

(xi) to organize the senior management members of the Company to be responsible for the specific implementation of investor rights protection, and to promote the fulfillment of all requirements for investor rights protection;

(xii) other powers conferred by laws, regulations, the Articles of Association, or the Board.

The general manager shall attend Board meetings in a non-voting capacity.

Unless otherwise provided in the Articles of Association, the deputy general managers, chief financial officer, chief compliance officer, chief risk officer, chief information officer, and other senior management members of the Company shall be nominated by the general manager, reviewed and approved by the Remuneration and Nomination Committee of the Board, and then submitted to the Board for resolution on their appointment or dismissal.

The Company shall establish the position of chief compliance officer. The chief compliance officer is a senior management member of the Company, directly accountable to the Board, and shall examine, supervise, and inspect the compliance of the business management and professional conduct of the Company and its staff. The chief compliance officer shall not concurrently hold positions that conflict with compliance management responsibilities, nor shall he/she be responsible for managing departments that conflict with compliance management responsibilities.

The Company shall establish the position of general counsel, who shall be fully responsible for the Company's legal affairs, participate in major business decision-making activities of the Company, and effectively perform the role of legal oversight.

Employee Democratic Management and Labor and Personnel System

The Company shall, in accordance with the law, improve the democratic management system with the employees' congress as the basic form, so as to safeguard employees' rights to know, to participate, to express, and to supervise. Major decisions shall seek the opinions of employees, and major issues involving employees' vital interests must be deliberated by the employees' congress, the employees' assembly, or through other forms of soliciting employees' opinions. The Company shall uphold and improve the system of employee representative Directors, thereby safeguarding the rights of employee representatives to participate in corporate governance in an orderly manner.

Financial Accounting System, Profit Distribution, and Audit

Financial Accounting System

The Company shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Shares of the Company are listed, and the provisions of the relevant national authorities, establish its financial accounting system.

Within four months from the end of each fiscal year, the Company shall submit and disclose its annual report to the local office of the CSRC and the stock exchange. Within two months from the end of the first half of each fiscal year, the Company shall submit and disclose its interim report to the local office of the CSRC and the stock exchange. The aforementioned annual reports and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, and the securities regulatory rules of the place where the Shares of the Company are listed.

Apart from statutory accounting books, the Company shall not establish any other accounting books. Company funds may not be deposited in accounts opened in the name of any individual.

When distributing profits after tax for the current year, the Company shall allocate 10% thereof to the statutory reserve fund. Where the accumulated amount of the statutory reserve fund has exceeded 50% of the registered capital of the Company, no further allocation shall be required.

If the Company's statutory reserve fund is insufficient to make up for losses from the previous years, such losses shall first be made up from the profits of the current year before any allocations are made to the statutory reserve fund in accordance with the foregoing provisions.

After allocations to the statutory reserve fund, the Company shall make allocations to the general risk reserve and trading risk reserve in accordance with regulatory requirements.

After allocations to the statutory reserve fund, the general risk reserve, and the trading risk reserve, and subject to a resolution of the Shareholders' meeting, the Company may also allocate discretionary reserve funds from its after-tax profits.

The after-tax profits remaining after covering losses and making the aforementioned allocations to reserve funds shall be distributed in proportion to the number of Shares held by the Shareholders, except as otherwise provided in the Articles of Association where distribution may not be made in proportion to shareholding.

Where the Shareholders' meeting distributes profits to Shareholders in violation of the Company Law, the Shareholders shall return such improperly distributed profits to the Company. Where losses are caused to the Company as a result thereof, the Shareholders and the Directors and senior management members responsible shall bear liability for compensation.

Shares of the Company held by the Company itself shall not be entitled to any profit distribution.

The Company shall appoint one or more receiving agents in Hong Kong for the holders of H Shares. Such receiving agents shall collect and keep on behalf of the relevant H Shareholders the dividends and other amounts

payable by the Company in respect of H Shares, pending payment to such H Shareholders. The receiving agents appointed by the Company shall comply with the requirements of laws, administrative regulations, and the securities regulatory rules of the place where the Shares of the Company are listed. The receiving agents appointed by the Company for the holders of overseas listed foreign shares **[REDACTED]** in Hong Kong shall be trust companies registered under the Trustee Ordinance of Hong Kong.

After the Shareholders' meeting has made a resolution on a profit distribution plan, or after the Board has, based on the conditions and upper limits for interim dividends approved by the annual Shareholders' meeting, formulated a specific plan, the Company shall complete the distribution of dividends (or shares) within two months.

The principles of profit distribution are that the Company shall, in accordance with the principle of "same shares, same rights; same shares, same benefits," distribute profits to Shareholders in proportion to the number of Shares held by them. The Company shall implement a continuous, stable, and proactive profit distribution policy and attach importance to providing reasonable investment returns to Shareholders.

The forms of dividend distribution may include cash, shares, or a combination of both. The Company's profit distribution plan shall give full consideration to the adequacy of net capital, business development conditions, and other factors. Where the Company is profitable, meets regulatory requirements such as the net capital requirements for securities companies, and under the premise of ensuring normal operations and long-term development, the Company shall prioritize cash dividends as the method of profit distribution.

Internal Audit

The Company shall implement an internal audit system, which shall define the leadership framework, duties and authorities, staffing, funding assurance, utilization of audit results, and accountability for internal audit work. The internal audit system of the Company shall take effect after approval by the Board and shall be disclosed externally.

The internal audit institution of the Company shall supervise and inspect matters relating to the Company's business activities, risk management, internal control, and financial information.

Engagement of Accounting Firm

The Company shall engage an accounting firm that meets the requirements of the Securities Law and the securities regulatory rules of the place where the Shares of the Company are listed to conduct audit of financial statements, verification of net assets, and other related consulting services, for a term of one year, which may be renewed.

The engagement or dismissal of an accounting firm by the Company shall be determined by an ordinary resolution of the Shareholders' meeting. The Board shall not appoint an accounting firm before a decision is made by the Shareholders' meeting. Where the Company dismisses an accounting firm, the reasons shall be explained.

The audit fees of the accounting firm shall be determined by an ordinary resolution of the Shareholders' meeting.

Where the Company dismisses or does not renew the engagement of an accounting firm, it shall give 30 days' prior notice to the accounting firm. When the Shareholders' meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to present its opinions. Where the accounting firm resigns, it shall explain to the Shareholders' meeting whether there are any improper circumstances in the Company.

Merger, Division, Capital Increase, Capital Reduction, Dissolution, and Liquidation

Merger, Division, Capital Increase, and Capital Reduction

In a merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall, within 10 days from the date of the merger resolution, notify its creditors, and shall, within 30 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received, request the Company to settle debts or provide corresponding guarantees.

In a division, the Company's assets shall be appropriately split. In the case of a division, the Company shall prepare a balance sheet and an inventory of assets. The Company shall, within 10 days from the date of the division resolution, notify its creditors, and shall, within 30 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System.

Where the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets. The Company shall, within ten days from the date on which the Shareholders' meeting adopts a resolution to reduce the registered capital, notify its creditors, and shall, within 30 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received, request the company to settle debts or provide corresponding guarantees. In reducing registered capital, the Company shall reduce the capital contributions or Shares held by the Shareholders in proportion to their shareholdings, unless otherwise provided by law or the Articles of Association.

Where, after covering losses in accordance with paragraph 2 of Article 217 of the Articles of Association, the Company still incurs losses, it may reduce its registered capital to cover such losses. Where registered capital is reduced to cover losses, the Company shall not make any distributions to Shareholders, nor shall it exempt Shareholders from their obligations to pay capital contributions or Share subscription payments.

Capital reduction carried out in accordance with the foregoing provisions shall not be subject to the provisions of paragraph 2 of Article 248 of the Articles of Association, but a public announcement shall be made in a newspaper, the National Enterprise Credit Information Publicity System, or other means within 30 days from the date on which the Shareholders' meeting adopts a resolution to reduce registered capital.

After reducing its registered capital in accordance with the foregoing provisions, the Company shall not distribute profits until the accumulated statutory reserve fund and discretionary reserve fund have reached 50% of the registered capital of the Company.

Where registered capital is reduced in violation of the Company Law or other relevant provisions, the Shareholders shall return any funds they have received, and any reduction or exemption of Shareholders' contributions shall be restored. Where losses are caused to the Company as a result thereof, the Shareholders and the Directors and senior management members responsible shall bear liability for compensation.

When the Company issues new Shares to increase its registered capital, the Shareholders shall not enjoy pre-emptive subscription rights, except as otherwise provided in the Articles of Association or determined by a resolution of the Shareholders' meeting.

Dissolution and Liquidation

The Company shall be dissolved under any of the following circumstances:

(i) where the business term specified in the Articles of Association has expired, or other dissolution events stipulated in the Articles of Association have occurred;

(ii) where a resolution for dissolution is adopted at the Shareholders' meeting;

(iii) where dissolution is required due to a merger or division of the Company;

(iv) where the Company's business license is lawfully revoked, or the Company is ordered to close down or is deregistered;

(v) where the Company experiences severe difficulties in its operation and management, and its continued existence would cause substantial losses to the interests of the Shareholders, and such difficulties cannot be resolved by other means, Shareholders holding more than 10% of the voting rights of the Company may petition the people's court to dissolve the Company.

Where any of the aforesaid circumstances for dissolution arise, the Company shall make a public announcement of the dissolution event through the National Enterprise Credit Information Publicity System within ten days.

In circumstances under items (i) and (ii) above, if the Company has not yet distributed its assets to Shareholders, it may continue to exist by amending the Articles of Association or by resolution of the Shareholders' meeting. Such amendment of the Articles of Association or resolution of the Shareholders' meeting must be approved by more than two-thirds of the voting rights held by Shareholders present at the Shareholders' meeting.

Where the Company is dissolved pursuant to items (i), (ii), (iv), and (v) above, liquidation shall be carried out. The Directors of the Company are the liquidation obligors and shall, within 15 days from the occurrence of the dissolution event, form a liquidation committee to conduct the liquidation.

The liquidation committee shall be composed of Directors, unless otherwise provided in the Articles of Association or otherwise resolved by the Shareholders' meeting to appoint other persons.

Where liquidation obligors fail to duly perform their liquidation obligations in a timely manner, thereby causing losses to the Company or its creditors, they shall be liable for compensation.

During the liquidation, the liquidation committee shall exercise the following powers:

(i) to liquidate the Company's assets, prepare a balance sheet and an inventory of assets;

(ii) to notify creditors and make public announcements;

(iii) to deal with the Company's outstanding business related to the liquidation;

(iv) to pay outstanding taxes and any taxes incurred during the liquidation process;

(v) to settle claims and debts;

(vi) to distribute the remaining assets of the Company after debts have been repaid;

(vii) to represent the Company in civil proceedings.

The liquidation committee shall, within 10 days from its establishment, notify creditors, and shall, within 60 days, make a public announcement in a newspaper, on the National Enterprise Credit Information Publicity System, or by other means. Creditors shall, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received, declare their claims to the liquidation committee. When declaring their claims, creditors shall specify relevant details of their claims and provide supporting documentation. The liquidation committee shall register such claims. During the period for declaring claims, the liquidation committee shall not make repayment to creditors. Where the securities regulatory rules of the place where the Shares of the Company are listed contain other provisions concerning liquidation, such provisions shall also be complied with.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the Shareholders' meeting or the people's court for confirmation. After the Company's property has been applied to pay liquidation expenses, wages of employees, social insurance expenses, and statutory compensation, overdue taxes, and the Company's debts, the remaining assets shall be distributed among the Shareholders in proportion to their shareholdings. During the liquidation period, the Company shall continue to exist, but may not engage in any business activities unrelated to liquidation. The Company's assets will not be distributed to Shareholders before the settlement of debts in accordance with the foregoing provisions.

Where, after liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to settle its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. Upon acceptance of the bankruptcy petition by the people's court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the people's court.

Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, submit it to the Shareholders' meeting or the people's court for confirmation, and file it with the company registration authority for deregistration of the Company.

The members of the liquidation committee shall owe duties of loyalty and diligence in the performance of their liquidation responsibilities. Where members of the liquidation committee fail to duly perform their duties, thereby causing losses to the Company, they shall be liable for compensation; where losses are caused to creditors due to their intentional misconduct or gross negligence, they shall bear liability for compensation.

Where the company is lawfully declared bankrupt, bankruptcy liquidation shall be carried out in accordance with relevant laws on enterprise bankruptcy.

Amendment of the Articles of Association

The Company shall amend the Articles of Association under any of the following circumstances:

(i) Where, after the amendment of the Company Law or other relevant laws, administrative regulations, or the securities regulatory rules of the place where the Shares of the Company are listed, any provision of the Articles of Association conflicts with such amended laws, administrative regulations, or securities regulatory rules of the place where the Shares of the Company are listed;

(ii) Where changes in the circumstances of the Company render any matter recorded in the Articles of Association inconsistent with the actual situation;

(iii) Where the Shareholders' meeting resolves to amend the Articles of Association.

Where any amendment to the Articles of Association adopted by resolution of the Shareholders' meeting is required to be approved or filed with the CSRC or its delegated office, the relevant approval or filing procedures must be completed; where the amendment involves matters relating to company registration, change of registration shall be carried out in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the Shareholders' meeting on amendment of the Articles of Association and the approval opinions of the competent authorities.

Where the matters concerning amendments to the Articles of Association constitute information required to be disclosed by laws and regulations, such information shall be publicly announced in accordance with the relevant provisions.

PRC TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. This summary is based on PRC tax laws in effect as of the Latest Practicable Date and does not make any predictions on, or comments or advice regarding, changes or adjustments to the relevant laws or policies. This summary does not purport to address all potential taxation consequences of **[REDACTED]** in the H Shares, and does not take into account the specific circumstances of any particular **[REDACTED]**, some of which may be subject to special rules. This section of this document does not cover any other aspects of PRC taxation other than income taxation, stamp taxation and estate taxation. Prospective **[REDACTED]** are urged to consult their tax advisors regarding the PRC and other tax consequences of **[REDACTED]** in H Shares.

TAXATION ON DIVIDENDS

1. Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法》) (effective from January 1, 2019), non-resident individuals are subject to individual income tax at a rate of 20% on income derived from within PRC, including "interest, dividends and bonuses", unless exempted by the competent authority or reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關于對所得避免雙重徵税和防止偷漏税的安排》) effective on December 8, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關于對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) effective on December 6, 2019 states that such provisions shall not apply to those arrangements or transactions made for the primary purpose of gaining such tax benefit, unless it can be established that the grant of the benefit in such circumstances is in accordance with the purpose and objective of the relevant provisions of the Arrangement.

According to the Notice of the SAT on Issues Concerning the Administration of Individual Income Tax Collection Following the Annulment of Document Guo Shui Fa [1993] No. 045 (《國家税務總局關于國税發[1993]045號文件廢止後有關個人所得税征管問題的通知》) (Guo Shui Han [2011] No. 348) effective on June 28, 2011, as for the income from dividends and bonuses obtained by foreign resident individual shareholders from the shares issued in Hong Kong by domestic non-foreign invested enterprises, the individual income tax shall be withheld by withholding agents according to the item of "income from interest, dividends and bonuses". For the purpose of simplifying tax administration, domestic non-foreign invested enterprises issuing shares in Hong Kong may generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. Where a domestic non-foreign invested enterprise issues shares in Hong Kong, its foreign resident individual shareholders can enjoy relevant tax incentives in accordance with tax treaties signed between their countries of residence and China as well as the provisions of tax arrangements between Mainland and Hong Kong (Macau). If the individuals receiving dividends and bonuses are residents from countries under tax agreements to be entitled to tax rates lower than 10%, the withholding agent shall file applications to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax competent authorities, over-withheld tax amounts will be refunded. If the individuals are residents from countries under tax agreements to be entitled to tax rates higher than 10% but lower than 20%, the withholding agent shall withhold the individual income tax at the agreed effective tax rate when distributing dividends and bonuses, and are not obligated to file an application. If the individuals receiving dividends are residents from countries without tax treaties with China or are under other situations, the withholding agent shall withhold the individual income tax at a tax rate of 20% when distributing dividends and bonuses.

2. Enterprise Investors

Under the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法》) and Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》), the standard enterprise income tax rate for PRC operating entities is 25%. A non-resident

enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including dividends received by PRC resident enterprises issuing shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such withholding tax for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

According to the Notice Regarding Questions on Withholding Enterprise Income tax on the Dividends Paid by PRC Resident Enterprises to Non-resident Enterprise Shareholders of H Shares (《關于中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) effective on November 6, 2008, PRC resident enterprises shall pay an enterprise income tax at the uniform rate of 10% when they distribute dividends to non-resident enterprise shareholders of H shares for the year of 2008 and afterwards.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關于對所得避免雙重徵稅和防止偷漏稅的安排》), the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關于對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》) effective on December 6, 2019 states that such provisions shall not apply to those arrangements or transactions made for the primary purpose of gaining such tax benefit, unless it can be established that the grant of the benefit in such circumstances is in accordance with the purpose and objective of the relevant provisions of the Arrangement.

Taxation on Share Transfer

1. Individual Investors

According to Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), the gains realized from the transfer of equity interests in PRC resident enterprise is subject to individual income tax rate of 20%. Pursuant to the Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares issued by the MOF and the State Administration of Taxation (《財政部 國家稅務總局關于個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (Cai Shui Zi [1998] No.), from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The Individual Income Tax Law and its implementation rules have not explicitly stated whether individuals will continue to be exempted from individual income tax on income derived from the transfer of listed shares.

In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares of PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not change these practices which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares of the Company.

Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關于對所得避免雙重徵稅和防止偷漏稅的安排》) and the Fourth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關于對所得避免雙重徵稅和防止偷漏稅的安排>第四議定書》) (effective on December 29, 2015), gains derived by Hong Kong residents (including natural persons and legal entities) from the transfer of shares of a resident company of the other region listed on a recognized stock exchange shall be subject to taxation only in the region where the transferor is a resident. Such transfers shall only be made where the shares are purchased and sold on the same stock exchange.

2. Enterprise Investors

As described in the section "Taxation on Dividends - Enterprise Investors", a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income (including gains from the transfer of shares issued by Chinese resident enterprises in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or

premise. The Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關于對所得避免雙重徵税和防止偷漏税的安排》) and the Fourth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關于對所得避免雙重徵税和防止偷漏税的安排>第四議定書》) apply to Hong Kong residents (including natural persons and legal entities). Please refer to "Taxation on Share Transfer - Individual Investors".

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》) (effective on July 1, 2022), the PRC stamp duty applies to entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the provisions governing stamp duty on the transfer of shares in PRC listed companies do not apply to non-PRC investors transferring or disposing of H-shares outside the territory of the PRC.

Estate Duty

The PRC currently does not impose any estate duty.

FOREIGN EXCHANGE CONTROL OF THE PRC

Please refer to "Regulatory Overview - Other Regulatory Requirements - Foreign Exchange Control."

This Appendix provides a summary of the laws and regulations pertaining to companies and securities in the place of incorporation of the Company. The principal objective of this summary is to provide **[REDACTED]** with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to contain all information that may be important to all **[REDACTED]**. For discussion of laws and regulations which are relevant to business of the Company, please refer to "Regulatory Overview" in this document. Laws and regulations relating to taxation in the PRC are set out in "Appendix IV — Taxation and Foreign Exchange" to this document.

PRC Legal System

The PRC legal system is based on the PRC Constitution (中華人民共和國憲法) (the "Constitution") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, departmental rules, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "Legislation Law", effective from March 15, 2023), the National People's Congress (the "NPC") of the People's Republic of China and the Standing Committee of the NPC (the "NPCSC") are empowered to exercise the legislative power of the State. The NPC formulates and amends basic laws governing criminal, civil, State organs and other matters. The NPCSC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws. The NPC may authorize the NPCSC to formulate relevant laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws and administrative regulations. The people's congress and its standing committee of a city divided into districts may, according to the city's specific circumstances and actual needs, develop local regulations on urban and rural construction and management, ecological civilization development, historical culture protection, and grassroots governance, among others, provided that they do not contravene the Constitution, laws, administrative regulations, and the local regulations of the province or autonomous region where the city is located. If the law provides otherwise on the formulation of local regulations by a city divided into districts, those provisions shall prevail. Local regulations of cities divided into districts will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions. The people's congress of an ethnic autonomous area shall have the power to develop autonomous regulations and separate regulations based on the political, economic, and cultural characteristics of the local ethnicities. The autonomous regulations and separate regulations of autonomous regions shall come into force after being submitted to the NPCSC for approval. The autonomous regulations and separate regulations of autonomous prefectures or autonomous counties shall come into force after being submitted to the standing committee of the people's congresses of provinces, autonomous regions and municipalities for approval. Adaptations of provisions of laws and administrative regulations may be introduced to the autonomous regulations and separate regulations according to the characteristics of the local ethnicities so long as they do not contravene the basic principles of the laws or administrative regulations, and no adaptations shall be made to the specific provisions on national autonomous areas in the Constitution, national region autonomy law and other relevant laws and administrative regulations.

The ministries, commissions of the State Council, the PBOC, the National Audit Office, the subordinate institutions with administrative functions directly under the State Council, and the organizations prescribed by laws may formulate rules and regulations within the power of their respective departments based on the laws and the administrative regulations, decisions and orders of the State Council. The people's governments of provinces, autonomous regions, municipalities and cities divided into districts, and autonomous prefectures may formulate rules and regulations in accordance with laws, administrative regulations and local regulations of the relevant provinces, autonomous regions and municipalities.

The Constitution has the highest legal effect, and any laws, administrative regulations, local laws and regulations, autonomous regulations as well as separate regulations and rules shall not contravene the Constitution. Laws have higher legal authority than administrative regulations, local laws and regulations. Administrative regulations have higher legal authority than local regulations and rules. The significance of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts and autonomous prefectures within the administrative areas of the provinces and the autonomous regions.

The Legislation Law also stipulates the authority to amend or repeal laws, administrative regulations, local regulations, autonomous regulations, separate regulations, and rules.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the NPCSC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關于加强法律解釋工作的決議》) effective from June 10, 1981, in cases where the limits of articles of laws and decrees need to be further defined or additional stipulations need to be made, the NPCSC should provide interpretations or make stipulations by means of decrees. Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If there is any disagreement in principle between Supreme People's Court's interpretations and Supreme People's Procuratorate's interpretations, such issues shall be reported to the NPCSC for interpretation or decision.

Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and the competent departments. In cases where the limits of locally enacted rules and regulations need to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of the provinces, autonomous regions, and municipalities which have formulated these rules and regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local rules and regulations shall be provided by the competent departments under the people's governments of the provinces, autonomous regions and municipalities.

PRC Judicial System

According to the Constitution and the Organic Law of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) (effective from January 1, 2019), the people's courts are comprised of the Supreme People's Court, the local people's courts at all levels, the military courts and other special people's courts. The local people's courts at all levels are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court is the highest judicial organ in the PRC and shall supervise the judicial work of the local people's courts at all levels and special people's courts, and people's courts at higher levels shall supervise the judicial work of people's courts at lower levels.

According to the Constitution and the Organic Law of the People's Procuratorates of the PRC (《中華人民共和國人民法院組織法》), the people's procuratorates are the state organs for legal supervision and are comprised of the Supreme People's Procuratorate, the people's procuratorates at various local levels, military procuratorates and other special people's procuratorates. The Supreme People's Procuratorate is the highest procuratorial organ and shall direct the work of the local people's procuratorates at all levels and special people's procuratorates, and people's procuratorates at higher levels shall direct the work of people's procuratorates at lower levels.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law"), which took effect on January 1, 2024, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling.

In trying civil cases, the people's courts shall, according to the provisions of the law, follow the systems of panel hearing, withdrawal, public trial and the court of second instance being that of last instance. The judgments or rulings of the second instance at a people's court are final. A party dissatisfied with the judgment or ruling of a local people's

court in the first instance has the right to appeal. Judgments and rulings of the Supreme People's Court, as well as those that may not be appealed against according to the law or that have not been appealed against within the prescribed time limit, shall be legally effective.

The people's procuratorate may, in accordance with the provisions of the Civil Procedure Law, file a protest against legally effective judgments and rulings of the people's court. For judgments, rulings, and mediation agreements that have legally taken effect, the people's court may, in accordance with the provisions of the Civil Procedure Law, initiate review or retrial; parties may apply for a retrial in accordance with the provisions of the Civil Procedure Law.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people's court. Should a foreign court limit the civil litigation rights of PRC citizens, the legal persons and other organizations, the PRC court may apply the same limitations to the citizens, enterprises and organizations of such foreign country.

Enforcement of Judicial Judgments

All parties to a civil action shall perform the legally effective judgments and rulings. If one party refuses to perform such judgments or rulings, the other party may apply to the people's court for enforcement, or the judge may transfer the case to the enforcement officer for execution.

Where a party applies for enforcement of a legally effective judgement or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgement or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or the principle of reciprocity, request recognition and enforcement by a foreign court.

A party seeking to enforce a legally effective arbitral award made within the territory of the PRC against a party who, or whose property, is not within the territory of the PRC, may directly apply to a foreign court with jurisdiction for recognition and enforcement of the arbitral award.

Where a legally effective judgment or ruling made by a foreign court needs to be recognized and enforced by the people's court of the PRC, the parties involved may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement, or the foreign court may, in accordance with the provisions of international treaties entered into or acceded to by that country and the PRC or according to the principle of reciprocity, request the people's court to recognize and enforce it.

For a legally effective judgment or ruling made by a foreign court for which an application or request for recognition and enforcement is made, the people's court shall, after having examined it in accordance with the international treaties entered into or acceded to by the PRC or according to the principle of reciprocity and having arrived at the conclusion that it does not contravene the basic principles of the laws of the PRC nor violate its sovereignty, security or public interests, recognize the validity of such judgment or ruling; if an enforcement is required, a writ of enforcement shall be issued to facilitate the enforcement of such judgment or ruling in accordance with the relevant provisions of this law.

According to the Arrangement of the Supreme People's Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《最高　人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (effective from January 29, 2024), courts in Hong Kong and Chinese mainland will reciprocally recognize and enforce legally effective judgments in civil and commercial cases. Reciprocal recognition and enforcement of judgments includes both monetary and non-monetary rulings. Specifically, in respect of judgments for the award of property, the scope of recognition and enforcement shall include the property awarded, the corresponding interest, costs, payment for late compliance, or interest for late compliance awarded in the judgment, but shall not include taxes and penalties.

Arbitration and Enforcement of Arbitral Awards

According to the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "Arbitration Law", amended in 2017 and effective January 1, 2018), contractual disputes and other disputes over rights and interests

in property between citizens, legal persons and other organizations that are equal subjects may be arbitrated, including arbitration of disputes arising in foreign economic and trade, transportation, and maritime matters. Where the parties have reached the arbitration agreement, the people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

An arbitral award shall be final and conclusive. The arbitration commission shall not accept any application for arbitration, nor shall a people's court accept any action submitted by the party in respect of the same dispute after an arbitral award has already been given in relation to that matter.

If one party fails to implement the award made by an arbitration institution established according to law, the other party may apply to the people's court having jurisdiction for enforcement. The people's court receiving the application shall enforce the award.

If, with respect to a ruling made by a Chinese foreign-related arbitral institution, the respondent presents evidence proving that the arbitral award involves specific circumstances, the people's court shall, after review and verification by a collegial panel formed by the court, rule to refuse enforcement. If an arbitral award is ruled unenforceable by the people's court, the parties may, based on a written arbitration agreement reached between them, apply for arbitration again or file a lawsuit with the people's court.

If a party applies for enforcement of a legally effective arbitration award made by a Chinese foreign-related arbitration commission and if the party against whom the enforcement is sought or such party's property is not within the territory of the PRC, the said party shall directly apply to a competent foreign court for recognition and enforcement of the award. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》) (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties to the New York Convention, subject to their rights to refuse recognition and enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state. It was declared by the Standing Committee of the NPC simultaneously with the accession of the PRC that (i) the PRC will apply the Convention to the recognition and enforcement of arbitral awards made in the territory of another contracting state only on the basis of reciprocity; and (ii) the PRC will only apply the Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An agreement has been reached between HKSAR Government and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000. Under the arrangement, the awards made by PRC arbitral bodies pursuant to the Arbitration Law can be enforced in Hong Kong and the Hong Kong arbitral awards made pursuant to the Arbitration Ordinance of Hong Kong Special Administrative Region can also be enforced in the Mainland. If evidence proves the existence of specific circumstances, the relevant court may, after review and verification, rule to refuse enforcement. If the relevant court determines that the dispute cannot be resolved through arbitration under the law of the place of enforcement, it may refuse enforcement of the award. If the Mainland court finds that the enforcement of an award in the Mainland will be against public interests of the Mainland, or the HKSAR court decides that the enforcement of an arbitral award in HKSAR will be against public policies of HKSAR, the award may not be enforced. The Supreme People's Court of the PRC promulgated the Supplemental Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) on November 26, 2020. Pursuant to the Supplemental Arrangements, the relevant court may, upon application and in accordance with the law of the place of enforcement, grant conservatory or compulsory measures either before or after accepting an application to enforce an arbitral award.

The Standing Committee of the National People's Congress enacted the amended Arbitration Law on September 12, 2025, which will come into effect on March 1, 2026. The revised Arbitration Law introduces the system of "seat of arbitration", explicitly stipulating that unless the parties have otherwise agreed upon the law applicable to the arbitral proceedings, the seat of arbitration shall serve as the basis for determining both the law governing the

arbitration procedure and the competent court. At the same time, it clarifies the rules for determining the seat of arbitration, stipulating that if the parties have not agreed on the seat of arbitration or the agreement is unclear, the arbitration venue shall be determined according to the arbitration rules agreed upon by the parties; if the arbitration rules do not provide for it, the arbitral tribunal shall determine the seat of arbitration based on the circumstances of the case, following the principle of facilitating dispute resolution.

The revised Arbitration Law clarifies that arbitration institutions and arbitration tribunals may handle international investment arbitration cases in accordance with the provisions of relevant international investment treaties or agreements regarding the submission of investment disputes to arbitration, and according to the arbitration rules agreed upon by the disputing parties.

Regarding arbitration related to foreign economic trade, transportation, maritime disputes, and other foreign-related disputes ("foreign-related arbitration"), the revised "Arbitration Law" stipulates that if a people's court determines that the enforcement of a foreign-related arbitral award would be contrary to public interest, it should rule not to enforce it. Arbitration awards that have legal effect made outside the territory of the PRC need to be recognized and enforced by the people's court. The parties may directly apply to the Intermediate People's Court where the person subject to enforcement resides or where their property is located. If the residence of the party against whom the enforcement is sought or such party's property is not within the territory of the PRC, the parties may apply to the Intermediate People's Court located at the applicant's residence or at a place that has a proper connection to the dispute of the arbitration. The people's court shall handle the case in accordance with international treaties that the PRC has concluded or participated in, or based on the principle of reciprocity. If a foreign arbitration body imposes restrictions on or discriminates against the legitimate rights and interests of the PRC citizens, legal persons and other organizations, the relevant authorities of the PRC may apply the principle of reciprocity to the citizens, enterprises, and other organizations of such foreign country.

Company Law of the People's Republic of China (《中華人民共和國公司法》), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》)

PRC-incorporated companies listed on domestic stock exchanges are principally governed by the following PRC laws and regulations:

- The Company Law, enacted by the Standing Committee of the NPC on December 29, 1993 and effective from July 1, 1994, subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The current version has been effective since July 1, 2024.

- The Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境外上市試行辦法》) together with five accompanying regulatory guidance notes, promulgated by the CSRC on February 17, 2023 under the Securities Law and effective from March 31, 2023, applying to any direct or indirect overseas share offering or listing by domestic enterprises; and

- The Guidelines for Articles of Association of Listed Companies, most recently revised by the CSRC on March 28, 2025 and effective on the same date. Domestic listed companies must formulate their articles of association by reference to these Guidelines.

General

A "joint stock limited company" refers to a corporate legal person incorporated in the PRC under the Company Law with independent legal person properties and entitlements to such legal person properties. The shareholders of a joint stock limited company shall bear liability for the company to the extent of the shares they subscribe for, and the company shall bear liability for its debts with all its assets.

The company may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Where it is specified by laws that a company cannot be the capital contributor who has the joint and several liabilities associated with the debts of the invested enterprise, such laws shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company shall have a minimum of one but no more than 200 people as its promoters, and over half of the promoters must be resident within the PRC. The promoters shall convene an inauguration meeting within 30 days from the date on which the full subscription price for the shares to be issued upon formation has been paid. The procedures for convening and voting at the inaugural meeting of a joint-stock company established by promotion shall be governed by the company's articles of association or the promoters' agreement.

Within 30 days of the conclusion of the inauguration meeting, the board of directors shall apply to the company registration authority for registration of the establishment of the joint stock limited company. A company is formally established, and has the status of a legal person, after the business license has been issued by the relevant registration authority.

Share Capital

The capital of the company is divided into shares. All of the company's shares shall, as stipulated in the articles of association, be either par-value shares or no-par-value shares. If par-value shares are adopted, each share shall have the same par value. The company may, pursuant to its articles of association, convert all issued par-value shares into no-par-value shares or vice versa. Where no-par-value shares are adopted, at least one-half of the proceeds received from the issue of such shares must be included in the registered capital.

The promoters may make a capital contribution in currencies, or non-monetary assets such as in kind or intellectual property rights, land use rights, equity, creditors' rights, etc. which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations.

If a capital contribution is made in non-monetary assets, a valuation on the value of the assets should be carried out; the assets should be verified and converted into shares; and the value shall not be overestimated or underestimated.

Under the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, a domestic enterprise that offers and lists securities overseas may raise proceeds and pay dividends or distributions in either foreign currency or Renminbi.

Registered Shares

The shares of a company shall take the form of stock. A share certificate is the document issued by the company evidencing the shares held by a shareholder. All shares issued by the company shall be registered shares. Under the Company Law, a joint stock limited company shall prepare and maintain a register of shareholders at its domicile. The register of shareholders must record the following particulars:

- the name and domicile of each shareholder;
- the class and number of shares subscribed by each shareholder;
- the serial number of any share certificate issued in paper form; and
- the date on which each shareholder acquired the shares.

Increase in Share Capital

The issuance of shares of joint stock limited company shall be conducted in accordance with the principles of fairness and justice so that each of the shares of the same class shall carry the same rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same. The offering price of par-value shares may be equal to or greater than the nominal value of the share, but may not be less than the nominal value.

According to the Company Law, when a joint stock limited company issues new shares, resolutions shall be passed by a shareholders' meeting, approving the class and number of the new shares, the offering price of the new shares, the commencement and end of the new share issuance and the class and number of new shares to be issued to existing shareholders.

Where a company offers shares to the public, it must register the offering with the State Council's securities regulatory authority and publish a document. After the full subscription price for the shares has been paid, the company shall make a public announcement to that effect.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- it shall prepare a balance sheet and a property list;
- the reduction of registered capital must be approved by shareholders' meeting;
- it shall inform its creditors of the reduction in capital within 10 days and publish an announcement of the reduction in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been passed;
- creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts.

Repurchase of shares

According to the Company Law, a joint stock limited company shall not repurchase its own shares, except for share repurchases made for one of the following purposes: (i) reducing the registered capital of the company; or (ii) merging with another company holding shares of this company; or (iii) implementing the employee share ownership plans or share incentives; or (iv) purchasing the company's own shares upon request of its shareholders who vote against the resolution of shareholders' meeting regarding the merger or division of the company; (v) applying the shares for the conversion of the corporate bonds issued by the company and convertible into shares; (vi) maintaining the corporate value and protecting the shareholders' interests of a listed company as necessary.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' meeting. For a company's share repurchase under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-thirds majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting. After acquiring shares under item (i), the relevant shares shall be cancelled within 10 days from the date of acquisition. If shares are repurchased under item (ii) or item (iv), the shares shall be transferred or cancelled within six months. The shares held in total by a company after a share repurchase under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total issued shares, and shall be transferred or deregistered within three years. Listed companies making a share repurchase shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share repurchase is made by a listed company under any of the circumstances stipulated in (iii), (v) or (vi), centralized trading shall be adopted publicly.

Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council.

Shareholders

According to the Guidelines for Articles of Association of Listed Companies, the rights of shareholders of a joint stock company are:

- to obtain dividends and any other form of profit distribution based on the number of shares held by them;

- to require, convene, chair, attend or appoint a proxy to attend a shareholders' meeting pursuant to the laws and exercise the corresponding voting rights;
- to supervise the Company's business operations, propose recommendations or raise questions;
- to transfer, bestow or pledge shares held by them in accordance with the laws, administrative regulations and the articles of association;
- to inspect and copy the articles of association, register of shareholders, minutes of shareholders' meetings, board resolutions, financial and accounting reports; shareholders who meet the specified requirements may also inspect the company's accounting books and accounting vouchers;
- to participate in the distribution of the company's remaining assets in proportion to their respective shareholdings at the time of termination or liquidation of the company;
- to require the company to acquire their shares if the shareholders object to resolutions adopted by the shareholders' meeting regarding merger or division of the company;
- other rights stipulated by laws, administrative regulations, departmental rules, or the articles of association.

According to the Guidelines for Articles of Association of Listed Companies, the obligations of shareholders of a joint stock company are as follows:

- to comply with laws, administrative regulations, and the articles of association;
- to pay capital contributions in accordance with the shares they have subscribed for and the method of investment;
- not to withdraw their capital contributions except for circumstances specified by laws and regulations;
- not to abuse shareholder rights to harm the interests of the company or other shareholders; not to abuse the company's independent status as a legal person and shareholders' limited liability to harm the interests of the company's creditors;
- other obligations stipulated by laws, administrative regulations, and the articles of association.

Shareholders' Meeting

The shareholders' meeting shall be the organ of power of the company and shall exercise its functions and powers in accordance with the Company Law. According to the Company Law, the shareholders' meeting shall exercise the following primary functions and powers:

- to elect and replace directors and supervisors and to decide on matters concerning the remuneration of directors and supervisors;
- to consider and approve reports of the board of directors;
- to consider and approve reports of the board of supervisors;
- to consider and approve the company's profit distribution plans and loss recovery plans;
- to resolve on the increase or decrease of the company's registered capital;
- to resolve on the issuance of corporate bonds;
- to resolve on the merger, division, dissolution, liquidation, or change of corporate form of the company;

- to amend the company's articles of association; and
- other functions and powers stipulated in the articles of association.

The annual shareholders' meeting shall be held once a year. Pursuant to the Company Law, the company shall hold an extraordinary shareholders' meeting within two months from the occurrence of any of the following events:

- the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the articles of association;
- the unrecovered losses of the company amount to one-third of its total share capital;
- shareholders holding individually or collectively 10% or more of the company's shares request for the convening of an extraordinary shareholders' meeting;
- the board of directors deems it as necessary;
- the board of supervisors proposes to convene an extraordinary shareholders' meeting; or
- other circumstances stipulated by the articles of association.

Pursuant to the Company Law, the shareholders' meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the vice chairman; if the vice chairman is unable or fails to perform his/her duties, one director shall be elected by more than half of the directors to preside over the meeting.

According to the Guidelines for Articles of Association of Listed Companies, if the board of directors is unable or fails to convene a shareholders' meeting, the audit committee and shareholders holding individually or collectively 10% or more of the company's shares for 90 consecutive days may, after complying with the necessary procedures, convene and preside over the shareholders' meeting on their own.

Pursuant to the Company Law, the notice of a shareholders' meeting shall specify the time and venue of the meeting as well as the matters to be considered, and shall be announced 20 days prior to the convening of the meeting. The notice of an extraordinary shareholders' meeting shall be announced 15 days prior to the convening of the meeting. According to the Guidelines for Articles of Association of Listed Companies, after the notice of the shareholders' meeting has been issued, the meeting shall not be postponed or canceled without justified reasons, and the proposals listed in the notice shall not be canceled. In case of postponement or cancellation, the convener shall make an announcement and state the reasons at least two working days prior to the original date of holding the meeting.

The Company Law does not specify the number of shareholders required for constituting a quorum at a shareholders' meeting. According to the Guidelines for Articles of Association of Listed Companies, the board of directors and the secretary of the board shall provide support for the shareholders' meetings convened by the audit committee or by the shareholders themselves. The board of directors shall provide the register of shareholders as of the record date of shareholding. If directors and senior management are required to be present at a shareholders' meeting, they shall be present and respond to shareholders' questions.

Pursuant to the Company Law, shareholders holding individually or collectively 1% or more of the company's shares may submit a temporary proposal in writing to the convener 10 days prior to the shareholders' meeting. The convener shall issue a supplementary notice of the shareholders' meeting within 2 days after receiving the proposal and announce the content of the temporary proposal.

Pursuant to the Company Law, each share held by a shareholder attending a shareholders' meeting shall carry one voting right, except for class shareholders. Shares held by the company itself shall not carry voting rights. Regarding the election of directors at the shareholders' meeting, the cumulative voting system may be implemented in accordance with the articles of association or the resolutions of the shareholders' meeting. Under the cumulative voting system, when directors are to be elected at the shareholders' meeting, each share shall have a number of voting rights equal to the number of directors to be elected, and the voting rights held by a shareholder may be exercised in a centralized manner.

Pursuant to the Company Law and the Guidelines for Articles of Association of Listed Companies, resolutions made at a shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders attending the meeting. However, resolutions made at a shareholders' meeting regarding the following matters shall be passed by more than two-thirds of the voting rights held by the shareholders attending the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of the registered capital; (iii) equity incentive plans; (iv) purchase and sale of material assets or amount of any guarantee provided by the company to others in excess of 30% of the company's latest audited total assets within one year; (v) the merger, division, spin-off, dissolution, liquidation, or change of corporate form of the Company; (vi) other matters stipulated by laws, administrative regulations, or the articles of association, as well as matters that the shareholders' meeting deems to have a significant impact on the company through an ordinary resolution and require a special resolution.

Pursuant to the Company Law, minutes shall be prepared for the resolutions on matters discussed at a shareholders' meeting. The presider of the meeting and the directors attending the meeting shall sign the minutes. The meeting minutes shall be kept together with the attendance register of shareholders present and power of attorney for those attending by proxy.

Board of Directors

Pursuant to the Company Law and the Guidelines for Articles of Association of Listed Companies, a listed company shall establish a board of directors. For a joint stock limited company with more than 300 employees, the board of directors shall include employee representatives, unless the company has established a board of supervisors in accordance with the law that already includes employee representatives of the company. Employee representatives on the board of directors shall be democratically elected by the company's employees through employee representative assembly, employees' meeting, or other forms. The term of office of directors shall be stipulated in the articles of association, but each term shall not exceed three years. Upon expiry of their term, directors may be re-elected. If the term of office of directors expires without timely re-election, or if the resignation of a director during his/her term causes the number of board members to fall below the statutory quorum, the original director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, and the articles of association until the officially re-elected director of the company takes office.

According to the Company Law, the board of directors shall primarily exercise the following functions and powers:

- to convene shareholders' meetings and report to the shareholders' meetings on its work;
- to implement the resolutions of the shareholders' meetings;
- to decide on the company's business plans and investment proposals;
- to formulate the company's profit distribution plans and loss recovery plans;
- to formulate plans for increase or decrease of the company's registered capital and issuance of corporate bonds;
- to formulate plans for the merger, division, dissolution, or change of corporate form of the company;
- to decide on the establishment of the company's internal management structure;
- to decide on the appointment or dismissal of the company's manager and remuneration thereof, and based on the manager's nomination, decide on the appointment or dismissal of the company's deputy managers, chief financial officer, and their remuneration;
- to establish the company's basic management system;
- other functions and powers stipulated by the articles of association or granted by the shareholders' meeting.

In accordance with the Company Law and the Guidelines for Articles of Association of Listed Companies, the board of directors of a joint stock limited company shall convene at least two meetings annually. The board of directors shall issue a notice of the meeting to all directors 10 days prior to the convening of the meeting. Shareholders representing more than 10% of the voting rights, or one-third or more of the directors, or the audit committee may propose to convene an extraordinary board meeting. The chairman of the board shall convene and preside over the board meeting within 10 days upon receipt of the proposal. A board meeting may only be held if attended by more than half of the directors. Resolutions of the board of directors shall be passed by more than half of all the directors. Voting on resolutions of the board of directors follows a one-person, one-vote principle. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he/she may authorize another director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the scope of authority granted to the representative attending the meeting on his/her behalf.

According to the Company Law, the board of directors shall have one chairman, and may have a vice chairman. The chairman and vice chairman shall be elected by a majority of all directors. The chairman of the board of directors shall convene and preside over board meetings and oversee the implementation of the resolutions of the board of directors. The vice chairman shall assist the chairman in his/her work. If the chairman is unable or fails to perform his/her duties, the vice chairman shall perform the duties on his/her behalf. If the vice chairman is unable or fails to perform his/her duties, more than half of the directors shall jointly nominate a director to perform such duties.

Directors shall be liable for the resolutions of the board of directors. Where a resolution of the board of directors violates laws, administrative regulations, or the articles of association or resolutions of the shareholders' meeting, and causes serious losses to the company, the directors who participated in such resolution shall be liable to compensate the company. However, a director may be exempted from the liability if it can be proven that the director expressed an objection during the vote and such objection was recorded in the meeting minutes.

Board of Supervisors

In accordance with the Transitional Arrangements for the Implementation of the Supporting System Rules of the New Company Law issued by the CSRC, domestic listed companies shall, before January 1, 2026 and in accordance with the Company Law and other relevant regulations, stipulate in their articles of association that an audit committee shall be established within the board of directors to exercise the functions and powers of the board of supervisors as stipulated by the Company Law, and the company shall not establish a board of supervisors or appoint supervisors.

Audit Committee

In accordance with the Guidelines for Articles of Association of Listed Companies, the board of directors of a listed company shall establish an audit committee, which shall exercise the functions and powers of the board of supervisors as stipulated by the Company Law.

The audit committee shall be composed of at least three members, with independent directors constituting more than half of the total members. The audit committee shall hold at least one meeting per quarter. An extraordinary meeting may be convened upon proposal by two or more members, or when the convener deems it necessary. A meeting of the audit committee shall not be held unless at least two-thirds of its members are present. Resolutions of the audit committee shall be passed by a majority of its members.

The audit committee shall be responsible for reviewing the company's financial information and its disclosure, as well as supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the board of directors for deliberation after approval by more than half of all members of the audit committee:

- disclosure of financial information in financial accounting reports and periodic reports, and the internal control evaluation report;
- appointment or dismissal of the accounting firm undertaking the audit business of the listed company;
- appointment or dismissal of the chief financial officer of the listed company;

- changes to accounting policies or accounting estimates, or correction of significant accounting errors for reasons other than changes in accounting standards;

- other matters stipulated by laws, administrative regulations, regulations of the CSRC, and the articles of association.

Manager and Senior Management

According to the Company Law, a company shall appoint one manager, who shall be appointed or dismissed by the board of directors. The manager shall exercise his/her functions and powers in accordance with the articles of association or the authorization of the board of directors. The manager shall attend the board meetings as a non-voting delegate. According to the Company Law, senior management refers to the company's manager, deputy manager(s), chief financial officer, secretary of the board (if it is a listed company), and other personnel stipulated in the articles of association.

Qualifications of Directors and Senior Management Members

According to the Company Law, the following persons may not serve as directors:

- persons without or with restricted civil capacity;

- persons who have been sentenced for the crimes of bribery, embezzlement, misappropriation of property, misappropriation of funds, or crimes that disrupt the socialist market economic order, or persons who have been deprived of political rights due to criminal offenses, where less than five years have elapsed since the completion of the sentence; or persons who have been given a suspended sentence, where less than two years have elapsed since the expiration of the probation period;

- persons who served as directors, factory directors, or managers of a company or enterprise that went bankrupt and was liquidated, and who were personally responsible for such bankruptcy, where less than three years have elapsed since the completion of the liquidation of the company or enterprise;

- persons who served as legal representatives of a company or enterprise whose business license was revoked due to violations of law or which was ordered to close down by law, and who were personally responsible, where less than three years have elapsed since the date of revocation of the business license or closure of such company or enterprise; or

- persons who have been listed by the people's court as judgment defaulters due to failure to repay significant debts when due.

Duties of Directors and Senior Management Members

Pursuant to the Company Law, directors and senior management members of a company shall comply with applicable laws, regulations, and the articles of association. Directors and senior management members owe a duty of loyalty to the company, must take measures to avoid conflicts between their own interests and those of the company, and must not use their positions to obtain improper benefits. Directors and senior management members also owe a duty of diligence to the company, and in performing their duties must exercise the reasonable care that a prudent manager would normally exercise for the best interests of the company.

Directors and senior management members shall not:

- embezzle the property or misappropriate the funds of the company;

- deposit the funds of the company into an account opened in his/her own name or in the name of any other individual;

- give bribes or accept any other illegal proceeds by taking advantage of his/her power;

- take commissions from the transactions between the company and any other person into his/her own pocket;
- unlawfully disclose the confidential information of the company; or
- other acts in violation of the obligation of loyalty to the company.

Where directors or senior management members enter into contracts or conduct transactions, directly or indirectly, with the company, they shall report the relevant matters to the board of directors or the shareholders' meeting and such matters shall be approved by resolution of the board of directors or the shareholders' meeting in accordance with the articles of association.

Directors and senior management members shall not use their positions to appropriate for themselves or others commercial opportunities that belong to the company, except in the following circumstances: i) after reporting to the board of directors or the shareholders' meeting, the board of directors or the shareholders' meeting has approved the matter by resolution in accordance with the articles of association; or ii) in accordance with laws, administrative regulations, or the articles of association, the company is unable to take up such commercial opportunities.

Where directors or senior management members, in the performance of their duties, violate laws, regulations, or the articles of association and cause losses to the company, they shall bear liability for compensation.

Finance and Accounting

According to the Company Law, companies must establish financial and accounting systems in accordance with laws, administrative regulations, and the rules of the financial departments under the State Council. At the end of each fiscal year, companies must prepare financial and accounting reports, which must be audited by an accounting firm in accordance with the law. Such financial and accounting reports must be prepared in compliance with laws, administrative regulations, and the rules of the financial departments under the State Council.

According to the Company Law, joint stock limited companies must prepare their financial and accounting reports at least 20 days prior to the convening of the annual shareholders' meeting and must make such reports available at the company for inspection by shareholders; joint stock limited companies that publicly issue shares must also publish their financial and accounting reports.

Apart from statutory accounting books, companies may not establish any other accounting books. Company funds may not be deposited in accounts opened in the name of any individual.

Engagement and Dismissal of Accounting Firms

According to the Guidelines for Articles of Association of Listed Companies, the engagement and dismissal of accounting firms, as well as the determination of audit fees, shall be decided by the shareholders' meeting. The board of directors may not appoint an accounting firm before such a decision is made by the shareholders' meeting. When the shareholders' meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its opinions. The company shall provide the engaged accounting firm with truthful and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or make false reports.

Profit Distribution

When distributing annual after-tax profits, the company shall allocate 10% of its after-tax profits to the statutory reserve fund. However, if the accumulated amount of the statutory reserve fund reaches 50% of the company's registered capital, no further allocations are required. If the company's statutory reserve fund is insufficient to make up for losses from the previous year, such losses shall first be made up from the profits of the current year before any allocations are made to the statutory reserve fund in accordance with the foregoing provisions. After allocations to the statutory reserve fund, and upon resolution of the shareholders' meeting, the company may also allocate discretionary reserve funds from its after-tax profits. After making up for losses and allocating reserve funds, the remaining after-tax profits shall be distributed to shareholders in proportion to the number of shares held, unless otherwise provided in the Articles of Association. No profit shall be distributed in respect of shares held by the company.

The company may not distribute profits before making up for losses and allocating statutory reserve funds.

The premium arising from the issuance of shares above par value and other income required by the financial departments under the State Council to be included in the capital reserve fund shall be recorded as the company's capital reserve fund.

The company's reserve funds may be used to cover the company's losses, to expand the company's business operations, or to be converted into an increase in the registered capital of the company.

Where the company's reserve funds are used to cover losses, discretionary reserve funds and statutory reserve funds shall be used first. If such amounts are still insufficient to cover the losses, the capital reserve fund may be used in accordance with relevant regulations. When statutory reserve funds are converted into registered capital, the remaining balance of such reserve funds shall not be less than 25% of the company's registered capital prior to the conversion.

Merger and Division

According to the Company Law, a company may merge by way of absorption or by way of a new establishment. Where a company merges by way of absorption, the absorbed company shall be dissolved; where a company merges by way of a new establishment, both of the merging companies shall be dissolved.

In a merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The company shall, within 10 days from the date of the merger resolution, notify its creditors, and shall, within 30 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received, request the company to settle debts or provide corresponding guarantees. Upon merger, the debts and claims of the merging parties shall be assumed by the surviving company or the newly established company.

In a division, the company's assets shall be appropriately split. In the case of a division, the company shall prepare a balance sheet and an inventory of assets. The company shall, within 10 days from the date of the division resolution, notify its creditors, and shall, within 30 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Debts of the company prior to division shall be jointly and severally assumed by the companies after the division, unless otherwise agreed in writing between the company and its creditors prior to the division regarding debt settlement.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved under any of the following circumstances: (i) the term of business prescribed in the articles of association has expired or other dissolution events stipulated in the articles of association have occurred; (ii) a resolution to dissolve the company has been adopted at the shareholders' meeting; (iii) dissolution is necessary due to a merger or division; (iv) the company's business license has been lawfully revoked, or the company has been ordered to close down or to be dissolved; or (v) the company has encountered serious difficulties in its business management that cannot be resolved by other means, and the continued existence of the company would cause significant losses to shareholders' interests, in which case shareholders holding 10% or more of all voting rights of the company may petition the people's court for dissolution, and the people's court shall order dissolution as appropriate. Where any of the above circumstances occur, the company shall, within 10 days, make a public announcement through the National Enterprise Credit Information Publicity System.

If the circumstances set forth in items (i) or (ii) above occur, the company may continue to exist by amending the articles of association or, provided that no assets have yet been distributed to shareholders, by resolution of the shareholders' meeting. Such amendment to the articles of association or resolution of the shareholders' meeting must be adopted by shareholders representing two-thirds or more of the voting rights present at the shareholders' meeting. Where the company is dissolved under the circumstances set forth in items (i), (ii), (iv), or (v) above, a liquidation committee shall be established. Directors shall serve as the liquidation obligors of the company, and shall establish a liquidation committee within 15 days after the occurrence of the dissolution event to carry out liquidation.

The liquidation committee shall, within 10 days from its establishment, notify the creditors of the company, and shall, within 60 days, make a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors shall, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if no notice is received, declare their claims to the liquidation committee. Creditors must state all matters relating to the claims they declare and provide supporting evidence. The liquidation committee shall register such claims. During the period for declaring claims, the liquidation committee may not settle any debts owed to creditors.

After liquidating the company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to the shareholders' meeting or the people's court for confirmation.

After the payment of liquidation expenses, wages, social insurance expenses, and statutory compensation, the settlement of outstanding taxes, and the repayment of company debts, the remaining assets of the company shall be distributed to shareholders in proportion to the number of shares held. During the liquidation period, the company shall continue to exist, but may not engage in any business activities unrelated to liquidation. The company's assets may not be distributed to shareholders before the settlement of debts in accordance with the foregoing provisions.

Where, after liquidating the company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the company's assets are insufficient to settle its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. Where the company is lawfully declared bankrupt, bankruptcy liquidation shall be carried out in accordance with relevant laws on enterprise bankruptcy.

Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, submit it to the shareholders' meeting or the people's court for confirmation, and file it with the company registration authority for deregistration of the company.

Overseas Listing

According to the Trial Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, where an issuer, after an overseas offering and listing, offers securities again in the same overseas market, it shall file with the CSRC within three working days after the completion of such offering. Where an issuer, after an overseas offering and listing, offers and lists securities in another overseas market, it shall also file with the CSRC in accordance with the first paragraph of this Article. In addition, where the filing materials are complete and in compliance with the prescribed requirements, the CSRC shall complete the filing within 20 working days from the date of receipt of the filing materials and shall publish the filing information on its website. Where the filing materials are incomplete or non-compliant, the CSRC shall, within five working days of receipt of the filing materials, notify the issuer of the supplementary materials required. The issuer shall provide the supplementary materials within 30 working days. In the event of a voluntary delisting or a compulsory delisting, the issuer shall, within three working days from the date of the occurrence and announcement of the relevant matter, report the specific circumstances to the CSRC.

PRC Securities Laws and Regulations

The Securities Law comprehensively regulates activities in the securities market of the PRC. It was implemented on July 1, 1999 and was subsequently amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019. The Securities Law provides for matters including securities issuance, securities trading, acquisitions of listed companies, information disclosure, securities exchanges, securities companies, securities registration and clearing institutions, securities service institutions, securities associations, and the securities regulatory authorities of the State Council. The CSRC has also promulgated numerous rules and regulatory documents relating to the issuance of shares, securities trading, and information disclosure. Article 224 of the Securities Law stipulates that domestic enterprises must comply with the relevant provisions of the State Council in order to list their shares overseas. At present, the issuance and trading of shares offered overseas are primarily regulated by the rules and regulations promulgated by the State Council and the CSRC.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was established under the laws of the PRC as a limited liability company on February 3, 2000 with an initial registered capital of RMB230.0 million. On August 26, 2020, our Company was converted to a joint stock company with limited liability under the PRC Company Law. The registered address and headquarter of our Company in the PRC is at Floor 11-21, Block A Building 13, No. 5 Anding Road Chaoyang District Beijing PRC. A summary of our Articles is set out in "Appendix III—Summary of the Articles of Association".

We have established a place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and was registered with the Companies Registry in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on October 13, 2025. Ms. Sham Ying Man, being our Joint Company Secretary, has been appointed as the authorized representative of our Company for the acceptance of service of process and notice in Hong Kong. Our address for acceptance of service of process is Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

As our Company was incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in Appendices IV and III, respectively.

2. Changes in Share Capital of our Company

There has been no alteration in our total issued share capital within the two years immediately preceding the date of publication of this document.

3. Changes in the Share Capital of Our Subsidiaries

There has been no alteration in the total issued share capital of our subsidiaries during the two years immediately preceding the date of this document. For details of our subsidiaries, see "History, Development and Corporate Structure—Our Subsidiaries".

4. Resolutions of our Shareholders in relation to the [REDACTED]

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on August 28, 2025, it was resolved, among others:

(a) the **[REDACTED]** by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares being **[REDACTED]** on the Stock Exchange;

(b) the number of H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** before the exercise of the Over-allotment Option shall not exceed **[REDACTED]**% of the enlarged total share capital of our Company upon completion of the **[REDACTED]**, and the **[REDACTED]** shall not exceed **[REDACTED]**% of the number of H Shares initially available under the **[REDACTED]**;

(c) subject to the completion of the **[REDACTED]**, the Articles of Association was conditionally adopted to become effective on the **[REDACTED]**, and the Board and its authorized persons have been authorized to amend the Articles of Association to the extent necessary in accordance with laws, regulations and regulatory rules and requirements from relevant government bodies or regulatory authorities and for the purpose of the **[REDACTED]**; and

(d) our Board or its authorized persons are authorized to handle all matters relating to, among other things, the **[REDACTED]** and the **[REDACTED]**.

5. Restrictions on Repurchase

See "Appendix III—Summary of the Articles of Association" for details.

6. Corporate Reorganization

Our Company has not gone through any corporate reorganization for the purpose of the **[REDACTED]**. See the section headed "History, Development and Corporate Structure" for further details of the history and development of our Company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by us within the two years preceding the date of this document and are or may be material:

(a) the **[REDACTED]**.

2. Intellectual Property Rights of Our Group

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period
1.		9	PRC	77659506	Our Company	September 14, 2024 to September 13, 2034
2.		38	PRC	77655428	Our Company	September 14, 2024 to September 13, 2034
3.		35	PRC	77644107	Our Company	September 14, 2024 to September 13, 2034
4.		42	PRC	77636861	Our Company	September 14, 2024 to September 13, 2034
5.		36	PRC	77634500	Our Company	September 14, 2024 to September 13, 2034
6.		28	PRC	77634485	Our Company	September 14, 2024 to September 13, 2034
7.		41	PRC	77633296	Our Company	September 14, 2024 to September 13, 2034
8.		36	PRC	68579635	Our Company	June 21, 2023 to June 20, 2033

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period
9.	番 宝	35	PRC	68579627	Our Company	June 21, 2023 to June 20, 2033
10.		9	PRC	68579622	Our Company	June 21, 2023 to June 20, 2033
11.	番 宝	42	PRC	68578825	Our Company	June 21, 2023 to June 20, 2033
12.		42	PRC	68578824	Our Company	June 21, 2023 to June 20, 2033
13.		9	PRC	68578809	Our Company	June 21, 2023 to June 20, 2033
14.	番 宝	9	PRC	68578329	Our Company	June 21, 2023 to June 20, 2033
15.		38	PRC	68577807	Our Company	June 21, 2023 to June 20, 2033
16.	番 宝	38	PRC	68577805	Our Company	June 21, 2023 to June 20, 2033
17.		35	PRC	68577801	Our Company	June 21, 2023 to June 20, 2033
18.		28	PRC	68577280	Our Company	June 21, 2023 to June 20, 2033
19.		36	PRC	68576777	Our Company	June 21, 2023 to June 20, 2033
20.		38	PRC	68576773	Our Company	June 21, 2023 to June 20, 2033

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period
21.		42	PRC	68576722	Our Company	June 21, 2023 to June 20, 2033
22.	番 宝	28	PRC	68576289	Our Company	June 21, 2023 to June 20, 2033
23.		35	PRC	68576274A	Our Company	July 21, 2023 to July 20, 2033
24.		35	PRC	68576274	Our Company	March 28, 2024 to March 27, 2034
25.	番 宝	36	PRC	59215667	Our Company	February 28, 2022 to February 27, 2032
26.	番茄财富	36	PRC	57896584	Our Company	December 7, 2023 to December 6, 2033
27.	番茄财富	36	PRC	18844297	Our Company	May 14, 2018 to May 13, 2028
28.		36	PRC	19457775	Our Company	January 21, 2018 to January 20, 2028
29.		38	PRC	19457638	Our Company	May 7, 2017 to May 6, 2027
30.		9	PRC	19457481	Our Company	May 7, 2017 to May 6, 2027
31.		42	PRC	19457690	Our Company	May 7, 2017 to May 6, 2027

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period
32.	番茄财富	42	PRC	18844308	Our Company	February 14, 2017 to February 13, 2027
33.	Pigboard	36	PRC	60405461	Capital Jingdu Futures	April 28, 2022 to April 27, 2032
34.	Hogboard	36	PRC	60398189	Capital Jingdu Futures	April 28, 2022 to April 27, 2032
35.	猪贝贝	36	PRC	55199738	Capital Jingdu Futures	November 14, 2021 to November 13, 2031
36.	牛柿	41	PRC	85628271	Our Company	January 28, 2026 to January 27, 2036
37.	牛柿	36	PRC	85630228	Our Company	January 28, 2026 to January 27, 2036

(b) Patents

As of the Latest Practicable Date, we had registered the following patent which we consider to be or may be material to our business:

No.	Patent name	Patent number	Patent holder	Place of registration	Patent type	Patent application date
1.	A Federated Learning-Driven Elastic Computing Resource Scheduling Method (一種聯邦學習驅動的算力彈性調度方法)	2025109303027	Our Company, Beijing QingCloud Technology Group Co., Ltd. (北京青雲科技集團股份有限公司) and Beijing Shudao Intelligent Computing Technology Co., Ltd. (北京數道智算科技有限公司)	PRC	Invention	July 7, 2025

(c) Software Copyrights

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following software copyrights which we consider to be or may be material to our business:

No.	Copyright Name	Owner	Copyright Number	First Publication Date	Place of Publication
1.	Securities Intermediaries Information Service System V1.0 (證券仲介機構資訊服務系統V1.0)	Our Company	2008SR25453	November 7, 2007	PRC
2.	Financial Product Design Service Technology Integrated Platform V1.0 (金融產品設計服務共性技術集成平臺V1.0)	Our Company	2014SR166727	—	PRC
3.	Capital Securities "Fanqie Wealth" App V1.0.0 (首創證券"番茄財富"移動APP系統V1.0.0)	Our Company	2019SR0019063	May 20, 2016	PRC
4.	Intermediate Virtual Database (資料庫虛擬化中介軟體平臺)	Our Company	2021SR0035117	—	PRC

No.	Copyright Name	Owner	Copyright Number	First Publication Date	Place of Publication
5	Capital Securities Stock Account Opening V1.0 (首創證券股票開戶V1.0)	Our Company	2022SRE039449	—	PRC
6	Capital Securities Basic Trading Software V1.00 (首創證券基礎交易軟件V1.00)	Our Company	2024SR0144811	—	PRC

(d) Domain Names

As of the Latest Practicable Date, we had registered and maintained ownership to the following domain names in China which we consider to be or may be material to our business:

No.	Domain	Owner	Expiry date
1.	sczq.com.cn	Our Company	March 23, 2030
2.	jingduqh.com	Capital Jingdu Futures	May 26, 2026

Save as disclosed above, as of the Latest Practicable Date, there were no other patents, trade or service marks, intellectual or industrial property rights owned by us which are or may be material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts and Appointment Letters

Each of our executive Directors and non-executive Directors [has entered] into a service contract with our Company for an initial term of [three] years, and we [signed] letters of appointment with each of our independent non-executive Directors. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed in this document, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

2. Remuneration of Directors

The aggregate remuneration (including fees salaries and allowances, discretionary bonuses and social welfare and defined contribution plans) paid or payable to our Directors for the three years ended December 31, 2023, 2024 and 2025 was approximately RMB5.7 million, RMB3.9 million and RMB4.2 million, respectively.

It is estimated that, under the arrangements currently in force, the aggregate amount of remuneration before taxation payable to our Directors for the year ending December 31, 2026 will be approximately RMB6.3 million.

The aggregate amount of remuneration (including salaries and allowances, discretionary bonuses and social welfare and defined contribution plans) which were paid by our Group to our five highest paid individuals for the three years ended December 31, 2023, 2024 and 2025 were approximately RMB17.1 million, RMB19.2 million and RMB16.2 million, respectively, of which none were Directors.

During the Track Record Period, no fees were paid by our Group to any of our Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office, and there has been no arrangement under which a Director has waived or agreed to waive any emoluments.

3. Disclosure of interests

(a) Disclosure of interests of Directors and chief executive of our Company

Immediately following the completion of the **[REDACTED]**, none of our Directors and chief executives of our Company will have any interests and short positions in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our

Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are **[REDACTED]**.

(b) Disclosure of interests of substantial shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, immediately following the completion of the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company or any other members of our Group.

4. Agency Fees or Commissions Received

Save as disclosed in the section headed "**[REDACTED]**", no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this document in connection with the issue or sale of any capital or security of any member of our Group.

D. OTHER INFORMATION

1. Estate Duty

We have been advised that no material liability for estate duty is likely to fall upon the Group.

2. Litigation

Except as disclosed in this document, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

3. Application for [REDACTED]

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the **[REDACTED]** of, and permission to **[REDACTED]** in, the H Shares in issue and to be **[REDACTED]** as mentioned in this document. All necessary arrangements have been made to enable the securities to be admitted into **[REDACTED]**.

4. Joint Sponsors' Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsors in connection with the **[REDACTED]** payable by our Company is in aggregate USD2,000,000.

5. Compliance Advisor

Our Company has appointed Innovax Capital Limited as our compliance advisor in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

6. Preliminary Expenses

As of the Latest Practicable Date, our Company had not incurred material preliminary expenses.

7. Promoter

The promoters of our Company are as follows:

No.	Name of promoters of our Company
1.	Capital Group
2.	BII
3.	Beijing Energy Holding
4.	City Power
5.	Anpeng Investment

Within the two years immediately preceding the date of this document, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoter in connection with the **[REDACTED]** or related transactions herein.

8. Consents of Experts

Each of the experts as referred to in "D. Other Information—12. Qualification of Experts" in this Appendix has given and has not withdrawn its consent to the issuance of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to **[REDACTED]** for or to nominate persons to **[REDACTED]** for securities in our Company or any of our subsidiaries.

9. Binding Effect

This document shall have the effect, if an **[REDACTED]** is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This document is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

11. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix IV—Taxation and Foreign Exchange."

12. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained herein:

Name	Qualifications
CITIC Securities (Hong Kong) Limited	Licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Galaxy International Securities (Hong Kong) Co., Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
China Securities (International) Corporate Finance Company Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
BOCI Asia Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Grandway law Offices	Legal advisor to our Company as to PRC law
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance
Frost & Sullivan	Independent industry consultant

13. No Material Adverse Change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2025 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

14. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document, our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Company has not issued nor agreed to issue founder, management or deferred shares or any deferred debentures;

(d) our Company has no outstanding convertible debt securities;

(e) within the two years immediately preceding the date of this document, no commission, discount, brokerage or other special term has been granted or agreed to be granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

(f) there is no arrangement under which future dividends are waived or agreed to be waived;

(g) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months;

(h) save that our A Shares are listed on the Main Board of the Shanghai Stock Exchange, none of our equity securities is listed or dealt with on Stock Exchange or any other stock exchange; and

(i) our Company is a joint stock limited company and is subject to the PRC Company Law.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contract referred to in "Appendix VI—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts"; and

(b) the written consents referred to in "Appendix VI—Statutory and General Information—D. Other Information—8. Consents of Experts".

2. DOCUMENTS AVAILABLE ON DISPLAY

The following documents will be available on display on the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.sczq.com.cn**) up to and including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountant's Report for the three years ended December 31, 2023, 2024 and 2025 from Ernst & Young, the text of which is set out in "Appendix I—Accountants' Report";

(c) the report on the unaudited **[REDACTED]** financial information from Ernst & Young, the text of which is set out in "Appendix II—Unaudited **[REDACTED]** Financial Information";

(d) the audited consolidated financial statements of our Group for the three years ended December 31, 2023, 2024 and 2025;

(e) the material contracts referred to in "Appendix VI—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts";

(f) the written consents referred to in "Appendix VI—Statutory and General Information—D. Other Information—8. Consents of Experts";

(g) the service contracts and letters of appointment referred to in the sub-section headed "Appendix VI—Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Particulars of Directors' Service Contracts and Appointment Letters";

(h) the legal opinion issued by Grandway Law Offices, our legal advisor as to PRC law, in respect of certain aspects of our Group;

(i) the PRC Company Law, the PRC Securities Law and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, together with their unofficial English translations; and

(j) the F&S Report, the summary of which is set forth in the section headed "Industry Overview" in this document.