

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中州证券

Central China Securities Co., Ltd.

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

(Stock Code: 01375)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Central China Securities Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2025. This interim results announcement, containing the full text of the 2025 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results, and has been considered and approved by the 36th meeting of the seventh session of the Board and has been reviewed by the audit committee under the Board of the Company.

The Company's 2025 interim report will be made available for review on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk, the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Company at www.ccnew.com on or before approximately 30 September 2025.

By order of the Board of
Central China Securities Co., Ltd.
Zhang Qiuyun
Chairlady

Henan, the PRC
29 August 2025

As at the date of this announcement, the Directors of the Company are Ms. ZHANG Qiuyun, Mr. LI Wenqiang, Mr. FENG Ruofan, Mr. TANG Jin, Mr. TIAN Shengchun, Mr. CHEN Zhiyong, Mr. TSANG Sung* and Mr. HE Jun*.*

* *Independent non-executive Director of the Company*

IMPORTANT NOTICE

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

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

This Interim Report is unaudited.

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

The Company's 2025 interim profit distribution plan as considered and approved at the thirty-sixth meeting of the seventh session of the Board is to distribute a cash dividend of RMB0.08 for every 10 shares (tax inclusive). As of 30 June 2025, the total share capital of the Company was 4,642,884,700 shares, with a total cash dividend of RMB37,143,077.60 (tax inclusive). No capital reserves will be converted into share capital and no bonus shares will be distributed by the Company.

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

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

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

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

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

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

MATERIAL RISK ALERT

The Company's primary business operations are closely tied to domestic and international economic conditions and the state of the capital market. Changes in the domestic and international economic landscape, fluctuations in the capital market, and adjustments to industry regulatory policies can all directly or indirectly impact the Company's operating results.

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

The Company has established and continuously improved its internal control system, compliance and comprehensive risk management system by establishing a scientific mechanism for risk identification, assessment, monitoring, response and reporting, and implementing risk management throughout the entire process of business decision-making to ensure that the risks borne by the Company are aligned with its overall strategic development objectives. For the relevant risks faced by the Company in its operation, please refer to the relevant contents in "SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS V. OTHER DISCLOSURE (I) POTENTIAL RISKS" of this report.

CONTENT

Section 1	Definitions	4
Section 2	Company Profile and Key Financial Indicators	6
Section 3	Management Discussion and Analysis	12
Section 4	Corporate Governance	44
Section 5	Significant Events	46
Section 6	Changes in Shares and Information on Shareholders	49
Section 7	Information on Bonds Issued by the Company	53
Section 8	Report on Review of Interim Financial Information	61

DOCUMENTS AVAILABLE FOR INSPECTION

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

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

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

Interim reports published in other securities markets.

Other relevant information.

SECTION 1 DEFINITIONS

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

Definition of common words

Company, Parent Company or Central China Securities	Central China Securities Co., Ltd.
Group	the Company and its subsidiaries
Board	the board of Directors of the Company
Director(s)	director(s) of the Company
Supervisory Committee	the supervisory committee of the Company
Supervisor(s)	supervisor(s) of the Company
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Corporate Governance Code	Part II of Appendix C1 to the Hong Kong Listing Rules
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
this report	this interim report
SSE	the Shanghai Stock Exchange
SSE Composite Index	composite stock price index of the SSE
SZSE Component Index	component stock price index of the SZSE
Wind Info	Wind Information Co., Ltd. (萬得信息技術股份有限公司)
IPO	the initial public offering
A Share(s)	domestic listed ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the SSE
H Share(s)	overseas listed foreign ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Hong Kong Stock Exchange
Reporting Period or the Period	the period from 1 January 2025 to 30 June 2025
End of the Reporting Period or end of the Period	30 June 2025
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
PRC or China	the People's Republic of China
Henan Bureau of the CSRC	Henan Bureau of the China Securities Regulatory Commission (中國證券監督管理委員會河南監管局)

SECTION 1 DEFINITIONS

New Third Board or NEEQ	National Equities Exchange and Quotations for medium and small-sized enterprises
Henan Investment Group	Henan Investment Group Co., Ltd. (河南投資集團有限公司)
Central China Futures	Central China Futures Co., Ltd. (中原期貨股份有限公司)
ZDKY Venture Capital	Zhongding Kaiyuan Venture Capital Management Co., Ltd. (中鼎開源創業投資管理有限公司)
Central China Blue Ocean or CCBO	Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)
Central China International	Central China International Financial Holdings Company Limited (中州國際金融控股有限公司)
Equity Exchange Co.	Central China Equity Exchange Co., Ltd. (中原股權交易中心股份有限公司)
Articles of Association	the prevailing valid Articles of Association of the Company
Company Law	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
Securities Law	the Securities Law of the PRC (《中華人民共和國證券法》)
RMB	Renminbi, the lawful currency of the PRC, with the basic unit of "yuan"
HK\$	Hong Kong dollars and cents, the lawful currency of Hong Kong
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary(ies)	has the meaning ascribed thereto in the Hong Kong Listing Rules and the same meaning as the "subsidiaries" in this report
%	per cent

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. INFORMATION ABOUT THE COMPANY

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

Registered capital and net capital

Unit: Yuan Currency: RMB

	At the end of the Reporting Period	At the end of last year
Registered capital	4,642,884,700.00	4,642,884,700.00
Net capital	9,857,509,618.41	9,468,635,644.80

Qualifications for each individual business of the Company

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

The Company has the following business qualifications:

1. Business qualifications approved or authorised by the CSRC:

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

2. Business qualifications approved by the EXCHANGE:

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

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

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

4. Business qualifications approved by the PBOC:

National interbank lending business qualification and interbank bond trading qualification.

5. Other business qualifications:

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

6. The subsidiaries also have the following business qualifications:

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

Central China International: Qualification for securities trading business, qualification for advising on securities business, and qualification for advising on corporate financing business.

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

Henan Kaiyuan Private Equity Fund Management Co., Ltd.: Private equity investment fund, private equity investment FOF fund, venture capital fund and venture capital investment FOF fund.

Central China Blue Ocean: Direct investment business.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of securities affairs
Name	Guo Liangyong	Xu Changyu
Address	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China (Postcode: 450018)	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China (Postcode: 450018)
Tel	0371-69177590 (Acceptance time: trading day 9:00-11:30 13:00-17:00)	0371-69177590 (Acceptance time: trading day 9:00-11:30 13:00-17:00)
Email address	zyzqdm@ccnew.com	zyzqzd@ccnew.com

III. CHANGES IN BASIC INFORMATION

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

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

Newspapers designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, Economic Information Daily
Website for publishing the interim report	http://www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing this report	http://www.hkexnews.hk
Place for inspection of interim report of the Company	10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China
Enquiry index for changes during the Reporting Period	Nil

V. SHARES OF THE COMPANY

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

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VI. OTHER RELEVANT MATERIALS

Accounting firm engaged by the Company (domestic)	Name	ShineWing Certified Public Accountants (Special General Partnership)
	Office address	9/F, Block A, Fu Hua Mansion, No. 8 ChaoYang Men Beidajie, Dongcheng District, Beijing, China
	Names of signed accountants	Cui Weiwei (崔巍巍), Qi Xiaorui (齊曉瑞)
Legal adviser as to PRC laws	Beijing Junzhi Law Firm	
Legal advisors as to Hong Kong (PRC) Laws	Jingtian & Gongcheng LLP	
A Share Registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	
H Share Registrar	Computershare Hong Kong Investor Services Limited	
Code of unified social credit	91410000744078476K	

VII. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	The Reporting Period (January-June)	The corresponding period of last year	Increase/Decrease for the Reporting Period as compared with the corresponding period of last year (%)
Operating income	921,354,746.21	1,198,670,567.05	-23.14
Total profit	292,765,454.14	214,647,671.11	36.39
Net profit attributable to shareholders of the parent company	260,308,365.67	201,265,120.05	29.34
Net profit attributable to shareholders of the parent company after deducting non-recurring profit or loss	253,221,986.63	197,291,564.12	28.35
Net cash flows from operating activities	627,914,417.23	856,846,780.21	-26.72
Other comprehensive income	-11,890,170.82	6,960,345.18	-270.83

	At the end of the Reporting Period	As at the end of last year	Increase/Decrease as at the end of the Reporting Period as compared with the end of last year (%)
Total assets	53,444,217,894.41	51,614,348,080.07	3.55
Total liabilities	38,994,629,559.20	37,331,529,726.77	4.45
Accounts payable to brokerage clients	17,595,902,467.40	16,476,010,375.54	6.80
Equity attributable to shareholders of the parent company	14,229,724,178.52	14,060,235,023.57	1.21
Total equity	14,449,588,335.21	14,282,818,353.30	1.17
Total share capital	4,642,884,700.00	4,642,884,700.00	0.00
Net assets per share attributable to shareholders of parent company (RMB/share)	3.06	3.03	0.99

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) Principal financial indicators

Principal financial indicators	The Reporting Period (January-June)	The corresponding period of last year	Increase/Decrease for the Reporting Period as compared with the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.0561	0.0433	29.56
Diluted earnings per share (RMB/share)	0.0561	0.0433	29.56
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	0.0545	0.0425	28.24
Weighted average return on net assets (%)	1.84	1.44	Increase by 0.40 percentage point
Weighted average return on net assets after deducting non-recurring profit or loss (%)	1.79	1.41	Increase by 0.38 percentage point

Explanation on principal accounting data and financial indicators of the Company

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

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

Unit: Yuan Currency: RMB

Item	At the end of the Reporting Period	As at the end of last year
Net capital	9,857,509,618.41	9,468,635,644.80
Net assets	14,656,236,915.57	14,537,389,844.78
Sum of various risk capital provisions	2,625,327,298.67	3,294,549,720.25
Total on-and-off balance sheet assets	38,218,043,073.71	38,153,266,797.66
Risk coverage rate (%)	375.48	287.40
Capital leverage rate (%)	23.83	22.66
Liquidity coverage ratio (%)	273.50	286.47
Net stable funding ratio (%)	224.37	204.62
Net capital/net assets (%)	67.26	65.13
Net capital/liabilities (%)	47.13	47.93
Net assets/liabilities (%)	70.07	73.59
Proprietary equity securities and its derivatives/net capital (%)	4.80	4.57
Proprietary non-equity securities and its derivatives/net capital (%)	215.01	197.73
Amount of financing (securities lending inclusive)/net capital (%)	88.53	100.79

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

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VIII. NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amounts
Profits and loss on disposal of non-current assets, including the write-off of provision for impairment of assets	969,549.51
Government subsidies that are included in the current profit and loss, except for those that are closely related to the Company's normal business operations, in compliance with national policies and regulations, and in accordance with established standards, and have a continuing effect on the Company's profit or loss	9,131,599.02
Other non-operating income and expenses other than the above items	-631,560.60
Less: amount of impact of income tax	2,366,845.92
amount of impact of minority shareholder's equity (after tax)	16,362.97
	<hr/>
Total	7,086,379.04
	<hr/>

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The central authorities and the Government Work Report from the “Two Sessions” in the first quarter of 2025 repeatedly reiterated the directive to “stabilize the property and stock markets”. As the second quarter began, uncertainty in the external environment intensified, and the capital market experienced a period of significant volatility in line with global markets. On 25 April 2025, the Central Politburo meeting further proposed to “sustain the stability and vitality of the capital market”. This fully affirms the central leadership’s recognition of the crucial role the capital market plays in consolidating the sustained economic recovery and withstanding external shocks. A stable and vibrant capital market not only plays a positive role in creating a positive wealth effect and broadening channels for residents’ asset-based income—thereby guiding expectations and boosting consumption through its strong spillover and catalytic effects—but it also interacts synergistically with the real economy. It supports and drives sci-tech innovation and the development of new quality productive forces, strengthening the endogenous drivers for China’s high-quality economic development and serving as a core hub for the economy to navigate cycles and achieve transformation and upgrading.

The “1+N” policy framework, with the new “Nine-Point Guideline” as its programmatic document, laid out a blueprint for the high-quality development of the capital market by focusing on investor protection, the quality of listed companies, the development of industry institutions, and the enhancement of regulatory capacity and governance systems. In the first half of 2025, the CSRC continued to refine the “1+N” policy framework and systematically implement the new “Nine-Point Guideline”. Key supporting policies and measures were introduced, including the Implementation Plan for Promoting the Entry of Medium-and Long-Term Funds into the Market, the Action Plan for Promoting the High-Quality Development of Public Funds, and the Opinions on Establishing a Sci-Tech Growth Tier on the STAR Market to Enhance Institutional Inclusiveness and Adaptability. These efforts focused on three main areas: consolidating the market’s recovery and positive momentum, serving the development of new quality productive forces, and vigorously promoting the entry of medium-and long-term funds. All these actions were aimed at fully implementing the spirit of the Central Politburo’s directive to “sustain the stability and vitality of the capital market”. Emphasizing both “stability” and “progress”, the CSRC not only worked to safeguard the stable operation of the capital market but also took further multifaceted measures to stimulate market vitality and strengthen its functions.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, major equity indices posted steady gains: the Shanghai Composite Index rose by 2.76%, the Shenzhen Composite Index by 6.00%, the SSE 50 Index by 1.01%, the CSI 300 Index by 0.03%, the CSI A500 Index by 0.47%, the ChiNext Index by 0.53%, and the STAR 50 Index by 1.46%. In the first half of 2025, the market's average daily trading volume of stocks reached RMB1.39 trillion, representing a year-on-year increase of 61.12%. The average daily balance of margin financing and short selling was RMB1.85 trillion, representing a year-on-year increase of 20.19%, indicating a significant increase in market activity. In terms of equity financing, during the reporting period, total equity financing across the market amounted to RMB762.836 billion (based on listing dates), representing a year-on-year increase of 402.91%. Excluding the RMB520 billion raised by four major banks—Bank of China, Postal Savings Bank of China, Bank of Communications, and China Construction Bank—through strategic investments from the Ministry of Finance and other investors to supplement their core Tier 1 capital, the actual equity financing volume for the first half of 2025 was RMB242.8 billion, representing a year-on-year increase of 60.09%. This included: IPOs: There were 51 initial public offerings, raising a total of RMB37.355 billion. This represents a year-on-year increase of 7 in the number of IPOs and 14.96% in proceeds. The volume of refinancing reached RMB205.5 billion (after excluding RMB520 billion from the four listed banks), representing a year-on-year increase of 72.40%. In terms of debt financing, during the Reporting Period, the underwriting volume for all types of bonds in the securities industry was RMB7.48 trillion, representing a year-on-year increase of 24.02%. In the first half of 2025, both equity and debt financing volumes grew simultaneously, and the industry's investment banking business stabilized and rebounded. (Source: Wind Info)

(II) Principal business engaged by the Company during the Reporting Period and the Implementation of Action Plan Of “Improving Quality, Increasing Efficiency And Enhancing Returns”

In the first half of 2025, the Company steadfastly adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, profoundly grasping the political and people-oriented nature of financial work. The Company thoroughly implemented the spirit of the new “National Nine Measures,” focused on “Two Highs and Four Key Efforts,” proactively served and integrated into national and provincial strategies, and solidly advanced the “five major tasks” of finance. Adhering to the principle of deeply cultivating Henan while serving the nation, the Company emphasized its functional role as a “strategic carrier in Henan’s capital market,” comprehensively deepened reforms, improved governance mechanisms, built all-encompassing comprehensive financial service capabilities, conducted in-depth special campaigns for “improving quality, increasing efficiency and enhancing returns,” and maintained an overall stable and positive development trajectory.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

In terms of business operations, the Company conscientiously balanced the functional and profit-generating aspects of financial work, upheld its responsibility and mission to serve the real economy, adhered to strengthening fundamentals and improving quality while increasing volume, continuously consolidated its “upward breakthrough” development momentum, and achieved steady growth in operating performance. In terms of **wealth management business**, the Company established cross-business line task forces, strengthened top-level design, upgraded the “Wealth Central China” service system, constructed a fully closed-loop “intelligent + manual” operational service and management platform, deepened the diversified layout of product lines, organized and conducted a series of themed marketing activities, and successfully launched public fund brokerage settlement projects and asset management advisory services. These efforts resulted in a 20% increase in average daily assets of all clients compared to the previous year-end, a 56% growth in high-net-worth product holdings, a year-on-year 22.44% increase in average daily scale of margin trading and securities lending businesses, and a 200% year-on-year growth in contracted advisory assets. In terms of **proprietary business**, the Company maintained prudent investment strategies, strengthened investment research support, continuously improved market risk management measures, closely monitored absolute returns, strived to overcome challenges from sustained bond market adjustments, actively seized cyclical turning points, and solidified its operational foundation. The Company established a comprehensive investment banking-led institutional client service system, fully promoted **investment banking, investment, and research** businesses to focus on and serve Henan Province, successfully hosted the provincial “Conference on Merges and Acquisitions,” created the “Central China Solution” to assist Henan enterprises in overseas financing, and marketed nearly RMB3.8 billion in Henan government bonds and corporate bonds. Additionally, the Company promoted its subsidiary equity center to complete all preparatory work for the launch of the specialized and special new boards.

In terms of corporate governance, the Company strictly complied with the requirements of laws and regulations including the Company Law and Securities Law, continuously improved its internal governance system with the objectives of enhancing decision-making efficiency and risk prevention and control capabilities. During the Reporting Period, the Company’s general meeting approved resolutions including the abolition of the Supervisory Committee and amendments to the Articles of Association, further clarifying the boundaries of authority and responsibility among governance entities, optimizing the governance structure, and promoting the formation of more efficient coordination and checks-and-balances mechanisms, providing solid assurance for the Company’s standardized operations. The Company revised and improved the incentive and constraint mechanisms for directors, ensured the effective implementation of various governance measures, and strengthened the supporting role of governance mechanisms in high-quality development. The Company continued to deepen the “Five Determinations” reform, comprehensively promoted benchmarking management, and continuously enhanced corporate management effectiveness through key initiatives.

Regarding shareholder returns, the Company has consistently upheld the principle of “investor-centricity” and is committed to establishing a “long-term, stable, and sustainable” shareholder value return mechanism. Since its dual listing on the A+H share markets, the Company has implemented 16 profit distributions with total dividends amounting to RMB3.464 billion, effectively sharing development achievements with all shareholders. As of the disclosure date of this report, the Company, considering actual operating conditions and market environment, has formulated a 2025 interim profit distribution plan based on prudent operations, fulfilling its commitment to investor returns through practical actions and reinforcing the benefit-sharing mechanism with investors.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

II. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION

1. Securities brokerage business

Market environment

In the first half of 2025, the A-share market maintained a volatile upward trend, with all major stock indices posting gains. The market was characterized by distinct structural trends, with small-cap growth stocks showing particularly strong performance. Total market capitalization surpassed RMB100 trillion, setting a new all-time high. Market activity increased significantly, with several core indicators showing substantial growth compared to the same period in 2024. Specifically, the total trading turnover of A-shares reached RMB162.68 trillion, a year on year increase of 61%. The number of new A-share accounts opened at the SSE reached 12.60 million, a 33% year on year increase. The outstanding balance of margin financing and short selling stood at RMB1.85 trillion, up 25% year on year. Against this backdrop, the wealth management transformation within the securities industry has continued to deepen, exhibiting a series of positive developments. These include the accelerated adoption of the buy-side advisory model, in-depth empowerment from digitalization, and the continuous optimization of business synergies, all of which are injecting new momentum into the industry's high-quality development. (Source: East Money Choice)

Business measures and performance

In the first half of 2025, the Company's wealth management business, with the goal of helping clients preserve and grow their wealth, was driven by a strategy of "precise segmentation, digital empowerment, and ecosystem synergy". By deeply integrating centralized online platform operations with specialized services from offline branches, the Company enhanced its one-stop service capabilities for its mass, affluent, and private banking clients. 1. Elevating the Service Philosophy with a "Client-Centric" Focus: The Company continued to focus on its three main client segments by strengthening its asset allocation capabilities and enhancing its investment advisory service system. It also bolstered investor education and risk disclosure, guiding clients toward sound financial planning and long-term investment to continuously improve the client experience. 2. Refining Client Segmentation for Precision Services: The Company systematically upgraded its "Wealth Central China" service system. Building on its foundational segmentation (mass, affluent, and private banking), it leveraged intelligent tools to improve client insight and response efficiency, implementing a matrix of over 130 strategies that cover the entire client lifecycle. 3. Enhancing Product Offerings with a Diversified Product Matrix: The Company continuously enriched its full range of product lines, including cash, fixed income, equities, and alternatives. It specifically focused on introducing products that cater to high-net-worth clients, such as ETFs, private trusts, and asset management products, to meet the needs of all client tiers. 4. Strengthening Integrated Operations with Synergistic Online-Offline Efforts: Online, leveraging its internet-based branch and digital platforms (encompassing multiple terminals (PC terminal, mobile terminal and Web terminals, such as the official website and <https://up.ccnew.com>) and WeCom), the Company enhanced tools for intelligent trading, real-time inquiries, and portfolio diagnostics, providing clients with more convenient and efficient self-service options. In the first half of 2025, Caishengbao (财升宝) App's monthly active users (MAU) exceeded 1.30 million, ranking 22nd overall and firmly positioning it in the industry's top tier. Offline, the Company continued to leverage the advantages of its physical branch network, placing equal emphasis on client acquisition and service. It focused on enhancing services for HNW clients, thereby achieving overall operational efficiency and a consistent client experience across all channels. (Source: qianfan.analysis.cn)

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2025

In the second half of 2025, with the continued deepening of capital market reforms, the A-share market is poised for more solid support and is expected to remain active. 1. Exploring Differentiated Development. Under the guidance of the strategic plan, the Company will deepen the transformation of its branches toward “specialization and professionalization”, with focus on: cultivating exemplary regional business hubs to strengthen cross-business line synergy among investment banking, asset management, and wealth management, creating hubs for full-chain business development; building an elite echelon of client managers and refining a differentiated service system based on regional economic characteristics to solidify its competitive moat in niche markets. 2. Integrating Digital Support Platforms. The Company will focus on building an integrated smart ecosystem of clients, products, and services. Internally, it will upgrade its digital middle platform to empower employees and optimize business processes and operational efficiency. Externally, it will deploy smart profiling and precision outreach systems to cover the full lifecycle of diverse client groups, driving the deeper integration of front-, middle-, and back-office systems and strengthening data-driven decision-making capabilities. 3. Creating a Professional Investment Advisory Team. The Company will build a tiered and progressive training system, implement rigorous talent certification and dynamic performance reviews, and form expert teams that span multiple asset classes. Regular professional training and compliance supervision will be conducted to enhance the scientific rigor and suitability of investment advice, delivering full-cycle wealth management services that include account diagnostics, asset allocation, and portfolio management. 4. Enriching Client Service Scenarios. Leveraging its digital service platform and professional advisory teams, the Company will create a closed-loop ecosystem that combines online intelligent responses with offline personalized engagement. This will increase the depth and breadth of client coverage and continuously enhance the brand influence of “Wealth Central China-Sound Investing for a Better Life”.

2. Investment banking business

Market environment

In the first half of 2025, the ongoing deepening of the registration-based IPO system reform, coupled with policies supporting sci-tech enterprises and M&A, created significant market opportunities. At the same time, the demand for greater accountability from intermediaries and enhanced compliance and risk management prompted investment banks to seek opportunities in serving new quality productive forces and to further elevate their professional standards and internal controls. During the Reporting Period, a total of 51 enterprises on the Shanghai, Shenzhen and Beijing stock exchanges completed their initial listings, raising a total of RMB37.355 billion, up 14.96% year on year. The refinancing funds raised by listed companies amounted to RMB725.481 billion, up 508.68% year on year. There were 158 newly listed companies in the National Equities Exchange and Quotations for Medium and Small-sized Enterprises, and the total refinancing funds raised amounted to RMB2.62 billion, down 54.87% year on year. The total amount of bonds issued by various institutions was RMB44.12 trillion, up 16.12% year on year. (Source: Wind Info)

Business measures and performance

In the first half of 2025, the Company’s investment banking business closely centered on the functional position as the “strategic carrier in Henan’s capital market”, and strengthened services for the real economy. We co-hosted the “2025 High-quality Development Conference on Merges and Acquisitions” with Henan Daily Newspaper Group, which opened new sources for us to conduct M&A businesses. The Company strengthened its service capabilities in the “five major areas” by continuously reviewing and revising our internal policies to improve our institutional framework. We consistently monitored project progress to ensure successful execution, proactively explored innovative business lines like asset securitization, deepened internal business synergies, and proactively supported the “going global” strategies of core clients including provincially managed state-owned enterprises. While maintaining a project-driven approach, we strengthened internal controls, rigorously managed quality-related risks, and intensified training efforts to elevate the professional expertise of our team.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the Company completed 4 tranches of interbank and ABS bond distribution projects, with a total distribution amount of RMB244 million, and had listed 1 company on the NEEQ. (Source: Wind Info)

Outlook for the second half of 2025

In the second half of 2025, the Company's investment banking business will earnestly implement the functional position as the "strategic carrier in Henan's capital market". Our strategy will be driven by a focus on major clients and landmark projects, prioritizing the orderly filing of our key pipeline, particularly IPOs on the Beijing Stock Exchange. We will further advance the transformation of our investment banking business by strengthening the institutional client service framework, enhancing supporting systems, and driving integrated reforms to diversify and enrich our business models. Focusing on key business groups, this expansion will involve not only consolidating our core services around the "five major areas of finance" but also significantly growing our M&A advisory business. Furthermore, we will actively explore innovative products like income-stream ABS and CMBS, while also capitalizing on the transition of local government financing vehicles into comprehensive industrial platforms to uncover new financial advisory opportunities. Underpinning all these initiatives will be a commitment to refining our investment banking internal control mechanisms and elevating our risk management standards to ensure the sustainable growth of our business.

3. Investment management business

(1) Asset management

Market environment

In the first half of 2025, the total scale of private equity asset management products of securities and futures operating institutions was RMB12.09 trillion (excluding social security funds and enterprise annuities), representing a decrease of RMB0.63 trillion compared with that in the same period last year. In terms of product types, the scale of single asset management plans accounted for 49.46%, the scale of collective asset management plans accounted for 50.54%, and the scale of collective asset management plans increased by 1.43% compared with that in the same period last year; affected by market conditions, the proportion of fixed-income products decreased slightly, while the proportion of hybrid products increased slightly. The number and scale of fixed-income products accounted for the largest proportion, at 44.83% and 73.50% respectively. (Source: Asset Management Association of China)

Business measures and performance

In the first half of 2025, our asset management business enhanced its active management capabilities while consolidating its core foundation in fixed income. The business achieved high-quality development by optimizing investment strategies and striking a careful balance between product innovation and risk management. Concurrently, we advanced our channel development by deepening internal synergies with our brokerage division and actively expanding third-party distribution through banks, funds, and other partners. During the Reporting Period, the investment returns of our fixed-income products consistently ranked at the top of their peer group—which includes comparable bank wealth management products and public bond funds—driving steady growth in our assets under management.

As of the end of the Reporting Period, the total assets under management of the Company amounted to RMB4.144 billion (excluding special asset management plan), including one large collective currency collective asset management plan with a management scale of RMB3.639 billion; 6 collective asset management plans with a management scale of RMB466 million; One standardized asset invested in a single asset management plan with a management scale of RMB39 million.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2025

In the second half of 2025, our asset management business will focus on enhancing investment management capabilities, strengthening business controls, and refining internal mechanisms to ensure its stable and healthy development. A key part of our strategy will be to deepen synergies across business lines, leveraging the powerful distribution channels of our brokerage division to significantly expand our retail client base. At the same time, we will focus on growing our institutional business by better addressing client needs. These initiatives are designed to drive steady growth in our assets under management and support the Company's strategic transformation in wealth management.

(2) Private fund management

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

Market environment

In the first half of 2025, China's equity investment market showed initial signs of recovery. In terms of fundraising, the number of newly raised funds and their total scale in the first half of 2025 reached 2,172 funds and RMB728.33 billion respectively, representing year-on-year increases of 12.1% and 12.0%. Regarding investments, the first half of 2025 recorded a total of 5,612 investment cases with disclosed amounts of RMB338.924 billion, representing year-on-year increases of 21.9% and 1.6% respectively. In terms of exits, the first half of 2025 witnessed 935 exit cases, a year-on-year decrease of 43.3%, of which 583 cases were IPO exits of portfolio companies, accounting for 62.4% of the total. (Source: Zero2IPO Data)

Business measures and performance

In the first half of 2025, ZDKY Venture Capital focused on the principal responsibility and operation, made solid progress in the establishment and fundraising of blind pool funds and blind pool funds special-purpose funds. It established a business pipeline encompassing key stages: filing completion, project selection and application, investment proposal structuring, and deal sourcing. The Company maintained effective interaction and communication with investment institutions, screened and matched projects to drive fund establishment, and added RMB200 million in newly filed fund management scale. Meanwhile, leveraging high-quality projects as the key driver, the Company actively promoted the establishment of special-purpose funds. Investment activities were prudently advanced with RMB33 million invested to support the development of the photonics industry chain. The Company intensified project sourcing efforts, focusing on high-growth technology innovation enterprises, and conducted due diligence on over 30 companies within and outside the Henan Province. The operations of existing assets were optimized with orderly advancement of matured fund liquidation, recovering a total of RMB91 million in investment capital.

As of the end of the Reporting Period, ZDKY Venture Capital and its affiliated entities managed 17 registered private equity funds with total assets under management of RMB6.4995 billion. In the first half of 2025, one new fund was established with new capital commitments of RMB200 million. Seven funds were in the liquidation phase, representing a total of RMB2.49 billion in committed capital.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2025

In the second half of 2025, ZDKY Venture Capital will continue to focus on representative sectors of new quality productive forces including green development, advanced manufacturing, new energy, information technology, and life sciences, leveraging the functional role of private equity funds in supporting technology innovation enterprises while continuously enhancing development quality and profitability. The Company will seize market opportunities in listed company mergers and acquisitions to develop and establish M&A-focused products. It will advance project due diligence and special-purpose fund establishment, steadily increase assets under management, and enhance the quality and effectiveness of services to the real economy.

(3) Alternative investment

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

Market environment

In the first half of 2025, China's domestic equity investment market entered a post-adjustment recovery cycle, under the dual impact of policy drivers and industrial upgrading. There were 5,612 investment deals and the disclosed investment value was RMB338.924 billion, representing a year on year increase of 21.9% and 1.6% respectively. In terms of industry distribution, capital showed a clear preference for the hard-tech sector. The STAR Market's "1+6" new policy has reopened the path for unprofitable enterprises to list under its fifth set of listing standards, broadening the listing channels for companies in cutting-edge fields such as artificial intelligence, commercial aerospace, and the low-altitude economy. Meanwhile, driven by policies such as the new "Nine-Point Guideline" and the "Six M&A Measures," M&A has emerged as a mainstream exit channel. The Hong Kong IPO market has been particularly active, and the popularity of "A+H" dual listings continues to climb. (Source: Zero2IPO Data)

Business measures and performance

In the first half of 2025, Central China Blue Ocean focused on implementing its principal responsibility and operation, adopting a two-pronged approach to drive development. On one hand, it intensified capital recovery efforts for its existing projects to optimize its asset structure. On the other hand, it further strengthened internal controls and enhanced post-investment management to actively generate profits and ensure the steady growth of business synergies. As of the end of the Reporting Period, Central China Blue Ocean had 43 projects under investment with a total scale of RMB1.975 billion. During the Reporting Period, it achieved capital recoveries of RMB180 million from various projects.

Outlook for the second half of 2025

In the second half of 2025, Central China Blue Ocean will continue to focus on its principal responsibility and operation and maintain prudent operations. While optimizing its asset structure, it will continuously enhance the "Investment Banking + Investment + Investment Research" synergy to cultivate high-quality industrial clients. By strengthening its internal controls and investment research capabilities, it will improve its post-investment management and empowerment for its investees, ultimately boosting profitability.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

4. Proprietary trading

Market environment

In the first half of 2025, while U.S. tariff policies created global economic uncertainty, China's domestic economy demonstrated strong resilience, and maintained a stable growth trajectory on the whole, supported by more proactive and effective macroeconomic policies. As of the end of the Reporting Period, major A-share indices generally rose, with the BSE market delivering an outstanding performance. The SSE Composite Index increased by 2.76%. The SZSE Component Index increased by 0.48%. The CSI 300 Index increased by 0.03%. The SSE 50 Index increased by 1.01%. The ChiNext Index increased by 0.53%. The STAR 50 Index increased by 1.46%. The BSE 50 Index increased by 39.45%. Volatility in the bond market increased. The 10-year government bond yield peaked at 1.89% before falling to 1.65%. The ChinaBond New Composite Index-Total Return rose by 1.05%. (Source: Wind Info)

Business measures and performance

In the first half of 2025, the proprietary business developed steadily, with positive results achieved across all operational areas. In terms of the equity investment business, we applied risk parity theory to construct a diversified asset allocation portfolio to pursue stable long-term returns; focused on high-dividend, high-yield stocks and funds to secure regular, stable income; optimized the investment portfolio structure by scaling back strategic positions that were misaligned with market conditions; vigorously strengthened its buy-side research capabilities by recruiting new talent and leveraging external research support to continuously enhance investment and research prowess; and conducted performance attribution analysis for investment managers to refine investment processes and strategies. In terms of the fixed income investment business, we maintained a prudent approach, adjusting positions in a timely manner to effectively control portfolio drawdowns; conducted in-depth research on various strategies to precisely time market opportunities and increase allocations when bonds present relatively high periodic value; adhered to scientific asset allocation to optimize the portfolio structure and ensure high liquidity; and strictly monitored and reasonably controlled proprietary trading leverage, upholding the principle of balancing risk and return to ensure the stable operation of the business.

Outlook for the second half of 2025

In the second half of 2025, in terms of the equity investment business, we will explore investments in H shares by leveraging the valuation advantages of the Hong Kong market to enhance overall return levels. In terms of the fixed income business, we will proactively address the low-interest-rate environment by strengthening investments in "fixed-income-plus" strategies to boost returns. In terms of business support, we will strengthen bond sales team to expand the scale of bond distribution. We will continuously optimize the organizational structure of the proprietary trading business by establishing a unified middle-office platform, and will utilize technology to enhance the monitoring and management of business activities by the middle and back offices to strictly prevent risk incidents and minimize return drawdowns.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

5. Credit business

Market environment

In the first half of 2025, as regulators worked to safeguard capital market stability, the market experienced a volatile upward trend, with most major indices posting gains. In the low-interest-rate macroeconomic environment, structural market trends were pronounced, and thematic concepts became a focal point for investors. Tech hotspots such as large AI models, humanoid robots, new consumption, and innovative drugs were cyclically active. Meanwhile, the overall scale of the margin financing and securities lending business remained stable. As of the end of the Reporting Period, the balance of margin financing and securities lending amounted to RMB1.85 trillion market-wide, largely unchanged from the end of 2024. During the Reporting Period, the stock-pledged repurchase business faced increased overall risk due to the dual pressures of market risk and credit risk. Affected by market volatility, shareholders increasingly topped up their collateral. At the same time, new rules restricting share sales limited the ability of securities firms to dispose of pledged shares, making risk management for the stock-pledged repurchase business progressively more challenging. As a result, the overall scale of the business declined. (Source: Wind Info)

Business measures and performance

In the first half of 2025, the Company's margin financing and securities lending business continued to advance its client acquisition efforts, leveraging dynamic market opportunities to methodically activate existing clients and steadily expand its high-quality client base. It strengthened investor education, including enhancing clients' risk awareness and guiding them to engage in rational trading. The business also advanced the development of its client service system by strengthening departmental collaboration, continuously enriching its service offerings, and enhancing the client experience. It dynamically adjusted the grouping and collateral ratios of eligible securities to meet client trading needs while ensuring risks remained under control. In terms of the stock-pledged repurchase business, we stayed on course for "service synergy" and the strategy of prudent and steady development. To do that, we took further cooperation with the Company's wealth management, investment banking and other business segments to continuously support the development of the real economy.

As of the end of the Reporting Period, the balance of margin financing and securities lending reached RMB8.478 billion, representing a decrease of 7.92% from the end of the previous year. The balance to be repurchased under on-balance sheet stock-pledged repurchase business was RMB383 million, down 20.78% from the end of the previous year, and the average maintenance guarantee ratio was 230.38%. There was no balance of off-balance-sheet stock-pledged repurchase business.

Outlook for the second half of 2025

In the second half of 2025, the margin financing and securities lending business will continue to monitor market dynamics and adjust its strategies accordingly. It will refine its interest rate pricing mechanism, implement more granular controls for differentiated interest rates, and take a multifaceted approach to actively address market competition. The business will maintain its client-centric focus, promptly responding to client needs, enhancing internal collaboration, and increasing the depth of its services for high-net-worth clients. It will also closely monitor market volatility, strengthen management of large credit lines, and enhance the dynamic adjustment of risk control parameters to continuously improve its risk prevention and control system and bolster its capability to manage and mitigate risks. The stock-pledged repurchase business will continue to enhance the quality and efficiency of its synergistic services, providing high-quality and efficient financing services for listed companies and their shareholders within the province.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

6. Futures business

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

Market environment

In the first half of 2025, China's domestic futures market continued to be driven by innovation and a focus on high-quality development, the market's function of serving the real economy was further enhanced, digital transformation accelerated, and industry concentration increased. During the Reporting Period, the accumulated transaction volume in China's futures market was 4.076 billion lots, up 17.82% year on year; the transaction amount was RMB339.73 trillion, up 20.68% year on year. (Source: China Futures Association)

Business measures and performance

In the first half of 2025, Central China Futures continued to make significant strides in deepening industry-finance integration, strengthening business synergies, and accelerating digital transformation. Focusing on Henan Province's key industrial chains, it held 12 industry events to expand its institutional client base, with the number of institutional clients increased by 10.39% year-on-year. It strengthened online and offline promotional collaborations with Central China Securities and held 7 strategy-sharing sessions on stock index futures and options, developing its Introducing Broker (IB) business. It also deepened its "Offline Professional Central China" initiative, establishing a detailed and practical classified service system for industrial clients that includes basic, premium, advanced, and personalized services. It particularly focused on creating the new "Online Retail Central China" business model, enriching its online course content, enhancing service quality, and increasing retail client stickiness. Its risk management subsidiary carefully selected products for market-making and maintained stable operations in the business.

During the Reporting Period, Central China Futures acquired 1,164 new customers, and the total number of served customers reached 40,600. The average daily margin of customers decreased by 9.33% year on year, among which the average daily margin of institutional customers accounted for 37.82%; the turnover was 17.1562 million lots, up 12.14% year on year, and the turnover was RMB1,393.942 billion, down 3.56% year on year.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2025

In the second half of 2025, Central China Futures will adhere to the keynote of “seeking progress while maintaining stability”, and focus on the principal responsibility and operation by deepening industry services and strengthening business synergies with Central China Securities to promote steady business development. The futures brokerage business will continue to build industry networking platforms for its specialized futures products through events such as industry exchange forums. It will collaborate with Central China Securities branches on themed marketing campaigns, thereby increasing revenue from business synergies and expanding its market share. It will enrich its online channel content to improve the online client conversion rate. Furthermore, its risk management subsidiary will continue to carefully select products for its market-making business, operating prudently by strictly controlling risks and optimizing strategies.

7. Overseas business

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

Market environment

In the first half of 2025, the global stock market sentiment was positive, and the Hong Kong capital market was a standout performer among major global markets. The Hang Seng Index rose by approximately 20.0%, and the Hang Seng TECH Index increased by approximately 18.7%. Total funds raised in the market reached HKD280.8 billion, a 322% increase compared to the same period in 2024. This included 44 IPOs that raised HKD107.1 billion, a 699% increase compared to the same period in 2024, elevating Hong Kong’s global ranking for IPO fundraising to first place. (Source: Hong Kong Stock Exchange)

Business measures and performance

In the first half of 2025, Central China International implemented the strategic positioning of “window” plus “intermediary”. It collaborated with the parent company’s investment banking department to source overseas financing projects for enterprises within Henan province, with a key focus on needs such as H-share placements for A-share listed companies and offshore bond issuances for state-owned platforms in the province. During the Reporting Period, it participated in bond issuance projects for three provincial state-owned platforms, served as the sole financial advisor for a landmark project—the first transfer of a Hong Kong GEM-listed company to the Main Board under the new simplified transfer rules—and also acted as a global coordinator for one company’s Main Board IPO.

As of the end of the Reporting Period, the number of existing customers of Central China International was 4,501, the total assets under custody amounted to HKD2.361 billion, and the accumulative security trading volume amounted to HKD1.265 billion; the total trading amount of the public fund consignment business was approximately HKD97 million; and the balance of the margin financial business was approximately HKD67 million.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2025

In the second half of 2025, Central China International will anchor its strategic positioning of “window” plus “intermediary”, and fully leverage the Company’s advantages as a securities firm within the province to deepen its presence in the Henan market. It will continue to reduce costs and improve efficiency, actively cultivate its securities brokerage and investment banking businesses, and strive to enhance its operating performance. It will strengthen synergies with the firm’s investment banking, investment, and regional branch divisions to successfully execute key, major projects within Henan province. By doing so, it aims to create social benefits and continuously build its brand and reputation while providing excellent services for Henan enterprises “going global”.

8. Others

Regional equity market business

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

Market environment

In the first half of 2025, regional equity markets actively served as regional hubs in fostering a positive cycle between capital and the real economy. Positive results were achieved in the high-quality development of the specialized, advanced, special and new enterprises board, the creation of a supportive ecosystem for small and medium-sized enterprises financing, and the promotion of a unified national market and capital market system, effectively fulfilling their foundational role in accelerating the growth of small and medium-sized enterprises. The National Development and Reform Commission, General Office of the State Council, CSRC, and other authorities have successively issued policies including the Guidance on Building a National Unified Market (Trial) (Fa Gai Ti Gai [2024] No. 1742), the Guidance on the High-Quality Development of Government Investment Funds (Guo Ban Fa [2025] No. 1), the Guidance on Excelling in the “Five Major Areas of Finance” and the Implementation Opinions on the Capital Market’s Role in the “Five Major Areas of Finance”. These policies standardize the development of regional equity markets, actively promote rule alignment and standard unification across regional equity markets, enhance the comprehensive services of the Specialized, Advanced, Special and New Boards, strengthen its organic links with national securities exchanges and continuously improve the multi-tiered capital market system. As the foundation of the multi-tiered capital market, regional equity markets benefit from these policies, which enable equity centers to further leverage their core role in cultivating companies for listing and improving the quality of listed companies, optimize synergistic connections with national securities trading markets, further enhance capital market functions, reduce transaction costs, improve market efficiency, promote deep integration between financial capital and the real economy, and drive regional equity markets to better serve high-quality development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Business measures and performance

In the first half of 2025, the Equity Exchange Co. thoroughly implemented the strategic deployment and work requirements of “Two Highs and Four Focuses”, fully executed the directives from the Provincial Party Committee and Provincial Government work conferences, continued to advance the development of the “Specialized, Advanced, Special and New Boards”, completing preparatory work ahead of its launch, including drafting relevant listing rules and regulations. It also completed the development of the Henan Provincial Specialized, Advanced, Special and New Enterprise Cultivation Database, a system commissioned by the Henan Provincial Department of Industry and Information Technology. It promoted innovative financing products for the board, engaging with six banking institutions, including China Everbright Bank, to advance exclusive “Specialized, Advanced, Special and New Enterprises Loan” products with batch credit lines, and actively encouraged enterprises to join the board. Leveraging its role as a service base for the SSE and Beijing Stock Exchange, it helped enterprises utilize the “green channel” for accelerated listing; the first green channel project has already completed its inquiry and response process through the “Listing Review and Consultation System”. It deepened its enterprise cultivation and financing matchmaking services, organizing four events, including the Henan “One Chain for One Month” SME Investment and Financing Roadshow (Zhengzhou Airport Economy Zone “AI” Session), the Heluo Investment and Financing Fair (Luoyang Specialized, Advanced, Special and New Session), and other online roadshows, helping multiple companies secure equity financing. It also organized 18 training sessions on topics such as corporate restructuring, AI-powered marketing, and Specialized, Advanced, Special and New capital empowerment, providing comprehensive support for enterprise growth. It actively promoted synergy and coordination with the Company’s investment banking division and department of inclusive finance, conducted due diligence on over 100 enterprises to understand their needs and implement comprehensive financial services, and empowered high-quality local enterprises. It engaged with financial departments in cities like Luoyang, Nanyang, Kaifeng, Zhoukou, and Anyang, as well as 21 county-level financial departments, actively expanding cooperation with government bodies. This has enabled its comprehensive financial services to deeply penetrate from the municipal to the county level, fostering a multidimensional synergy between capital, industry, policy, and market, and injecting sustainable momentum into the high-quality development of county-level economies.

As of the end of the Reporting Period, the cumulative number of listed companies and enterprises under custody was basically flat with that of the previous year. The Equity Exchange Co. recorded an accumulative financing amount of RMB28.21 billion, representing an increase of 2% over the end of the previous year, and recorded 106,158 million shares under custody, representing an increase of 0.11% over the end of the previous year.

Outlook for the second half of 2025

In the second half of 2025, the Equity Exchange Co. will continue to focus on the “Two Highs and Four Efforts” core requirements. Grounded in its principal responsibilities and operation, it will strengthen its functional role as Henan’s regional private equity market, continuously enhance its capacity to serve the real economy, and contribute to the Company’s high-quality development and its “second entrepreneurial journey”. Centering on the Equity Exchange Co’s development objectives, it will continue to strengthen efforts in four key areas: reinforcing foundational services, optimizing financing services, enhancing listing cultivation, and improving the market ecosystem. With the development of the Specialized, Advanced, Special and New Boards as its core focus, it has already built a pipeline of over 100 companies for the initial launch. It will strive to secure greater policy support from government departments such as finance and industry & information technology. Simultaneously, it will work to increase revenue from its registration and custody services, continue to deepen financial services in key cities like Luoyang, and actively expand its model to other areas including Zhengzhou, Nanyang, Xinyang, Zhoukou, and Zhumadian, gradually creating a regional network effect for its comprehensive financial services. It will also innovate enterprise financing products and push for significant progress in key businesses like convertible bonds. Centered on serving SMEs, guided by Party-building principles, and driven by its enterprise cultivation function, it will launch six major enterprise service enhancement projects. It will advance the construction of a comprehensive service system and strengthen the co-development of the Henan Provincial Specialized, Advanced, Special and New Board Enterprise Cultivation Database with the provincial industry department to provide digital support for enterprise growth. It will strive to build a healthy service ecosystem that supports SME development, using high-quality inclusive financial services to continuously promote the sustainable development of Henan’s regional equity market.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

Guided by the directives from the Party Central Committee, the State Council, and the CSRC on the high-quality development of the securities industry, the Company focused on its functional role as a strategic carrier in Henan's capital market. It leveraged its unique advantage of having the most extensive branch network in Henan Province, integrated its overall resources, and enhanced synergistic efforts. By serving the development of the regional capital market, the Company in turn promoted its own high-quality development.

(II) Forging a competitive edge through integrated development

Focusing on building an integrated operating model, the Company continued to deepen an integrated mechanism of "One Central China" externally and "One Customer" internally, strengthened synergies across all business lines, improved the capability building of comprehensive service systems on all fronts, and drove deep-seated reforms of its integrated organizational structure, enhancing the Company's overall operational efficiency.

(III) Advantages of "A+H" platforms and comprehensive services

Leveraging its unique advantage as an A+H dual-listed firm, the Company proactively built "window" and "intermediary" platforms in Hong Kong, connecting the regional economy with international capital markets. It integrated the functions of both the A-share and Hong Kong capital markets and drove its Hong Kong subsidiary to actively participate in Henan's broader economic and social development. The Company vigorously developed the Henan market and continuously enhanced its service offerings. By providing clients with comprehensive "Mainland + Hong Kong" capital market services, it, in turn, promoted its own high-quality development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

IV. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

(I) Analysis on principal business

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Change rate (%)
Operating income	921,354,746.21	1,198,670,567.05	-23.14
Operating cost	628,139,701.92	983,880,443.99	-36.16
Net cash flows from operating activities	627,914,417.23	856,846,780.21	-26.72
Net cash flows from investing activities	143,468,509.10	127,267,936.50	12.73
Net cash flows from financial activities	-952,614,220.02	-400,958,659.73	N/A

Items in the consolidated income statement with changes exceeding 30% are as follows:

Item	Jan-June 2025	Jan-June 2024	Change ratio (%)	Explanation
Net interest income	174,898,824.75	78,626,368.95	122.44	Primarily due to increased interest income from margin financing and securities lending business and decreased interest expenses on debt financing during the current period
Net fee and commission income	424,854,336.38	319,162,088.55	33.12	Primarily due to increased net income from securities brokerage business during the current period
Brokerages business	358,387,152.25	248,077,408.62	44.47	Primarily due to an increase in funds received as an agent of the stock exchange during the current period
Investment banking	5,653,889.37	25,574,336.50	-77.89	Primarily due to decreased income from securities underwriting business during the current period
Investment income (loss stated with "-")	275,310,673.55	675,775,506.06	-59.26	Primarily due to decreased investment income from financial instruments during the current period
Investment income from associates and joint ventures	58,235,148.03	-27,503,805.08	N/A	Primarily due to increased net profit from associates during the current period
Other income	8,631,599.02	5,368,173.00	60.79	Primarily due to increased government subsidies during the current period

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item	Jan-June 2025	Jan-June 2024	Change ratio (%)	Explanation
Gains on changes in fair value (loss stated with "-")	32,381,186.01	-120,698,919.06	N/A	Primarily due to increased gains from changes in fair value of trading financial assets during the current period
Gains on foreign exchange (loss stated with "-")	2,205,970.10	-167,332.82	N/A	Primarily due to exchange rate fluctuations during the current period
Other operating income	1,784,577.34	240,605,710.27	-99.26	Primarily due to decreased commodity sales revenue during the current period
Gains from assets disposal (loss stated with "-")	1,287,579.06	-1,027.90	N/A	Primarily due to increased gains from disposal of right-of-use assets during the current period
Loss on impairment of credit	2,021,098.12	26,164,774.93	-92.28	Primarily due to decreased impairment provisions for margin accounts receivable during the current period
Other assets impairment losses	4,752,513.00	2,964,419.83	60.32	Primarily due to an increase in provision for impairment of assets held for debt settlement during the current period
Other operating costs	503,302.73	235,756,486.40	-99.79	Primarily due to decreased commodity sales costs during the current period
Non-operating income	600,879.39	1,598,648.85	-62.41	Primarily due to decreased income unrelated to the Company's ordinary activities during the current period
Non-operating expenses	1,050,469.54	1,741,100.80	-39.67	Primarily due to decreased expenses unrelated to the Company's ordinary activities during the current period
Net profit attributable to non-controlling interests (net loss stated with "-")	-1,167,552.64	-21,863,679.29	N/A	Primarily due to increased net profit of certain subsidiaries, resulting in increased profit attributable to non-controlling interests during the current period
Other comprehensive income after tax	-11,890,170.82	6,960,345.18	-270.83	Primarily due to decreased foreign currency translation differences during the current period

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Reason for the change in operating income: Primarily due to decreased commodity sales revenue and proprietary investment income during the current period, offset by growth in the Company's securities brokerage business income and investment income from subsidiaries, resulting in overall stable operations.

Reason for the change in operating cost: Primarily due to decreased commodity sales costs and business and administrative expenses during the current period.

During the Reporting Period, the Group achieved operating income of RMB921 million, representing a year-on-year decrease of 23.14%. Among them, revenue from securities brokerage business amounted to RMB459 million, an increase of RMB138 million, primarily due to an increase in revenue from securities brokerage business during the current period; revenue from investment management business amounted to RMB110 million, an increase of RMB112 million, primarily due to an increased equity investment income from subsidiaries during the current period; revenue from headquarters and others amounted to RMB10 million, an increase of RMB95 million, primarily due to increased investment fund income from the Equity Exchange Co. during the current period; revenue from the credit business amounted to RMB221 million, an increase of RMB22 million, primarily due to increased interest income from margin trading business during the current period; revenue from the overseas business amounted to RMB9 million, an increase of RMB10 million, primarily due to the increase in gain from the change of fair value of financial products held by Central China International in the current period; revenue from the investment banking business amounted to RMB3 million, a decrease of RMB18 million, primarily due to decreased income from securities underwriting business during the current period; revenue from the futures business amounted to RMB38 million, a decrease of RMB250 million, primarily due to the decrease in income from the sale of commodities by Yuxin Investment, a subsidiary of the Company in the current period; revenue from the proprietary business amounted to RMB73 million, a decrease of RMB383 million, primarily due to decreased proprietary investment income during the current period.

During the Reporting Period, the Group's operating costs amounted to RMB628 million, a year-on-year decrease of 36.16%. Among them, other operating costs amounted to RMB1 million, a decrease of RMB235 million, primarily due to decreased commodity sales costs during the current period; business and administrative expenses amounted to RMB614 million, a decrease of RMB99 million, primarily due to the Company's enhanced refined management and cost control, resulting in reduced operating costs including personnel expenses; credit impairment losses amounted to RMB2 million, a decrease of RMB24 million, primarily due to decreased impairment provisions for margin accounts receivable during the current period.

During the Reporting Period, the Group realized a net profit attributable to shareholders of the parent company of RMB260 million, an increase of RMB59 million, primarily due to the increase in securities brokerage business income and subsidiary investment income and decreased business and administrative expenses.

Reason for the change in net cash flows from operating activities: Mainly due to the year-on-year increase in investments in financial instruments held for trading in the current period, which led to an increase in cash outflows, and the year-on-year increase in repurchase business funds led to an increase in cash inflows.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Reason for the change in net cash flows from investing activities: Primarily due to year-on-year increases in cash received from investment recoveries, resulting in increased cash inflows.

Reason for the change in net cash flows from financing activities: Primarily due to year-on-year decreases in cash received from bond issuances for the current period, resulting in decreased cash inflows.

(III) Analysis on assets and liabilities

1. Assets and liabilities

Unit: Yuan

Item	Amount at the end of the period	Proportion of the amount at the end of the period in total asset (%)	Amount at the end of the previous year	Proportion of the amount at the end of the previous year in total asset (%)	Change ratio of amount at the end of the period VS amount at the end of the previous year (%)	Explanation
Cash and bank balances	15,981,040,079.30	29.90	14,400,984,039.97	27.90	10.97	Mainly due to the increase in client's capital deposit at the end of the Period
Clearing settlement funds	2,762,998,770.48	5.17	4,531,325,343.18	8.78	-39.02	Mainly due to the decrease in clearing settlement funds held on behalf of clients at the end of the Period
Margin accounts receivable	8,584,271,532.59	16.06	9,326,761,787.66	18.07	-7.96	Mainly due to the decrease in scale of margin accounts receivable at the end of the Period
Derivative financial assets	896,398.00	0.00	16,126,760.68	0.03	-94.44	Mainly due to the impact of changes in OTC options and stock return swap at the end of the Period
Accounts receivables	181,350,303.92	0.34	331,013,831.49	0.64	-45.21	Mainly due to the decrease in receivables from disposal of stocks at the end of the Period

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item	Amount at the end of the period	Proportion of the amount at the end of the period in total asset (%)	Amount at the end of the previous year	Proportion of the amount at the end of the previous year in total asset (%)	Change ratio of amount at the end of the period VS amount at the end of the previous year (%)	Explanation
Financial assets held under resale agreements	875,784,920.54	1.64	1,445,001,679.44	2.80	-39.39	Primarily due to a decrease in the scale of bond-pledged repurchase business at the end of the period
Financial assets held for trading	21,404,743,239.13	40.05	17,629,247,370.42	34.16	21.42	Primarily due to an increase in the scale of bond at the end of period
Financial assets at fair value through other comprehensive income	51,097,876.71	0.10	114,330,970.55	0.22	-55.31	Primarily due to a decrease in the scale of local government bonds at the end of the period
Short-term loans	0.00	0.00	7,008,341.66	0.01	-100.00	Primarily due to a decrease in guaranteed borrowings at the end of the period
Short-term financing instruments payable	2,616,169,129.14	4.90	3,896,489,565.69	7.55	-32.86	Primarily due to the maturity of some bonds at the end of the period
Due to banks and other financial institutions	2,960,539,577.52	5.54	3,962,603,712.35	7.68	-25.29	Primarily due to a decrease in capital from refinancing at the end of the period
Financial liabilities held for trading	1,160,660,111.95	2.17	578,887,667.66	1.12	100.50	Primarily due to an increase in the scale of bonds sold at the end of the period
Derivative financial liabilities	0.00	0.00	1,996,580.00	0.00	-100.00	Primarily due to the impact of changes in exchange-traded options at the end of the period

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Item	Amount at the end of the period	Proportion of the amount at the end of the period in total asset (%)	Amount at the end of the previous year	Proportion of the amount at the end of the previous year in total asset (%)	Change ratio of amount at the end of the period VS amount at the end of the previous year (%)	Explanation
Financial assets sold under repurchase agreements	7,001,305,124.40	13.10	5,289,084,372.35	10.25	32.37	Primarily due to an increase in the scale of pledge-style repurchase business at the end of the period
Accounts payable to brokerage clients	17,595,902,467.40	32.92	16,476,010,375.54	31.92	6.80	Primarily due to an increase in client's capital deposit at the end of the period
Accounts payable	102,981,069.49	0.19	205,338,964.19	0.40	-49.85	Primarily due to a decrease in payables for open-end fund settlements at the end of the period
Bonds payable	6,602,130,340.36	12.35	6,112,729,880.19	11.84	8.01	Primarily due to the impact of newly issued bonds at the end of the period
Deferred income tax liabilities	10,075,221.11	0.02	6,619,866.41	0.01	52.20	Primarily due to the impact of changes in the value of financial assets at the end of the period
Other liabilities	285,278,236.57	0.53	202,678,184.19	0.39	40.75	Primarily due to an increase in dividends payable at the end of The period

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Other explanations

(1) Assets

As at the end of June 2025, the total assets of the Group reached RMB53,444 million, increasing by RMB1,830 million or 3.55% from RMB51,614 million at the beginning of the year. Among them, cash and bank balances, clearing settlement funds and refundable deposits accounted for 37.00% of the total assets; financial investment accounted for 40.23% of the total assets; margin accounts receivable accounted for 16.06% of the total assets; financial assets held under resale agreements accounted for 1.64% of the total assets; long-term equity investment accounted for 1.75% of the total assets; investment properties, fixed assets, construction in progress and right-of-use assets accounted for 1.02% of the total assets; deferred income tax assets, intangible assets and other assets accounted for 2.28% of the total assets. The Company has good asset quality and liquidity and a sound asset structure.

(2) Liabilities

As at the end of June 2025, the total liabilities of the Group reached RMB38,995 million, increasing by RMB1,663 million or 4.45% from RMB37,332 million at the beginning of the year. Among them, the accounts payable to brokerage clients (including the accounts payable to brokerage clients in credit transactions) accounted for 45.12% of the total liabilities; bonds payable and short-term financing instruments payable accounted for 23.64% of the total liabilities; financial assets sold under repurchase agreements accounted for 17.95% of the total liabilities; due to banks and other financial institutions accounted for 7.59% of the total liabilities; financial liabilities held for trading accounted for 2.98% of the total liabilities; employee benefits payable, tax payable and other liabilities accounted for 2.71% of the total liabilities.

As of 30 June 2025, the gearing ratio of the Group after deducting the accounts payable to brokerage clients (including the accounts payable to brokerage clients in credit transactions) and accounts payable to underwriting clients was 59.69%, with an increase of 0.34 percentage point year-on-year. (Note: Gearing ratio = (total liabilities — accounts payable to brokerage clients — accounts payable to underwriting clients)/(total assets — accounts payable to brokerage clients — accounts payable to underwriting clients))

2. Overseas assets

Among which: The overseas assets amounted to 792 (Unit: Million Yuan Currency: RMB), accounting for 1.48% of the total assets.

3. Major restricted assets at the end of the Reporting Period

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

(IV) Investment analysis

1. Overall analysis on external equity investments

As of the end of the Reporting Period, the Group's long-term equity investment was RMB937 million, representing an increase of RMB32 million or 3.53% compared with the end of the previous year, mainly due to increased investment income recognized under the equity method during the period.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets measured at fair value

Please refer to XI. “FAIR VALUE DISCLOSURES” under Section 8 “REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION” in this report.

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

Major subsidiaries and investees with a net profit impact of over 10%

Unit: 100 million Currency: RMB

Name of company	Type of company	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Central China Futures Co., Ltd. (中原期貨股份有限公司)	Subsidiary	Commodity futures brokerage; financial futures brokerage; futures trading consulting	3.30	27.38	4.61	0.38	0.04	0.05
Zhongding Kaiyuan Venture Capital Management Co., Ltd. (中鼎開源創業投資管理有限公司)	Subsidiary	Private equity investment fund management service, venture capital investment fund management service	2.80	6.22	4.12	0.12	0.05	0.01
Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)	Subsidiary	Using self-owned funds to invest in financial products, securities and equity	22.26	24.16	24.13	0.92	0.79	0.73
Central China International Financial Holdings Company Limited (中州國際金融控股有限公司)	Subsidiary	Securities brokerage; provide advice for securities; margin financing; sponsorship underwriting; financial advisor; self-run investment and other capital market services	HK\$1.8 billion	7.92	4.39	0.09	-0.03	-0.03
Central China Equity Exchange Co., Ltd. (中原股權交易中心股份有限公司)	Subsidiary	Provide enterprises with services such as registration, custody, listing, transfer and financing of equity, creditor's rights and other equity assets; investment and asset management; financial advisory, corporate promotion, corporate presentation, training and advisory services (For projects subject to approval according to law, business activities can only be carried out after approval from relevant authorities)	3.50	3.22	3.07	0.23	0.17	0.09
Henan Asset Management Co., Ltd.	Investee	Bulk acquisition of non-performing assets, equity investment, financial leasing, and private fund management	60	346.60	135.79	9.27	6.01	4.75

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Acquisitions and disposals of subsidiaries during the reporting period

Name of company	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall operations and financial performance
Central China International Financial Group Limited	Deregistration	Nil

(VI) Structured entities controlled by the Company

As of 30 June 2025, the Group has consolidated 5 structured entities. For the structured entities that served as the manager or investment advisor of structured entities and hold product shares, the Company included the structured entities under the control of the Company into the scope of consolidated statements after comprehensively considering the investment decision rights of the Company, the variable return exposure and the use of investment decision power to influence variable return. Please refer to VIII. "EQUITY IN OTHER ENTITIES" under Section 8 "REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION" of this report for scope of consolidation of structured entities.

V. OTHER DISCLOSURES

(I) Potential risks

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

1. Risk management organizational framework

The Company's risk management organizational framework consists of four levels: Level 1: The Board and its Risk Control Committee and Audit Committee. Level 2: The Managers. Level 3: The Risk Management Department. Level 4: All departments, branches, and subsidiaries.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Board bears the ultimate responsibility for comprehensive risk management. Its main duties include: promoting the development of the Company's risk culture; reviewing and approving the Company's risk management strategy and promoting its effective implementation in operations and management; reviewing and approving the Company's fundamental systems for comprehensive risk management, risk appetite, risk tolerance, and significant risk limits; and reviewing the Company's periodic risk assessment reports. The Board has established a Risk Control Committee, which carries out some of the Board's comprehensive risk management responsibilities. Its main duties include: reviewing and providing recommendations on the overall objectives and basic policies for risk management; reviewing and providing recommendations on the structure and responsibilities of risk management functions; reviewing and providing recommendations on the fundamental systems for comprehensive risk management that require Board approval; reviewing and providing recommendations on the Company's risk appetite, risk tolerance, and significant risk limits that require Board approval; and assessing and providing recommendations on the risks associated with major decisions and the solutions for significant risks that require Board review. The Board's Audit Committee bears supervisory responsibility for comprehensive risk management. Its main duties include: supervising and inspecting the performance of the Board and the Managers in their risk management duties and urging corrective action; and recommending the dismissal of Directors and senior management who bear primary or leadership responsibility for major risk incidents.

The Managers bear the primary responsibility for comprehensive risk management. Its main duties include: developing systems to implement the company's risk culture and risk management philosophy, and guiding all employees to adhere to high standards of conduct and professional ethics; drafting the risk management strategy, formulating and adjusting the Company's risk management system in a timely manner; establishing and improving the Company's comprehensive risk management structure, clarifying the division of responsibilities among risk management functional departments, business departments, and other departments in risk management, and establishing an effective check and balance and mutual coordination operation mechanism between departments; formulating specific implementation plans for risk appetite, risk tolerance, and major risk limits, ensuring their effective implementation, monitoring execution, analyzing causes in a timely manner, and dealing with them in accordance with the authorization of the Board; conducting periodic evaluates of the Company's overall risks and various important risk management status, resolving problems in risk management, and reporting to the Board; establishing a performance appraisal system covering the effectiveness of risk management; establishing a complete information technology system and data quality control mechanism, etc.

The Company establishes functional departments such as the Risk Management Headquarters to fulfill risk management responsibilities, including identifying, evaluating, monitoring, and reporting risks across the Company and guiding and inspecting risk management work in all departments, branches, and subsidiaries. Main responsibilities of the Risk Management Headquarters include: promoting the construction and continuous improvement of the Company's comprehensive risk management system; establishing the Company's risk culture training, publicity and corresponding supervision and assessment mechanism, and formulating and implementing the risk culture training and publicity plan that cover all employees of the Company; organizing the formulation of risk appetite, risk tolerance, and risk limits to provide decision-making basis for the Company and monitoring and supervising their implementation; organizing the identification of risks in various business and management aspects of the Company, participating in the design and proposal evaluation of risk control mechanisms for new businesses; monitoring the risks in the Company's business and management activities, revealing the overall and various types of risk conditions and levels of the Company, and organizing the implementation of risk early-warning work; organizing and carrying out risk evaluates, qualitatively describing or quantitatively measuring the Company's risk level; establishing a smooth risk information communication and transmission mechanism, conducting risk reports, and providing risk management recommendations for business decisions; guiding and inspecting the risk management work of various departments, branches and subsidiaries, and conducting risk management evaluations on various departments, branches and subsidiaries; advancing the construction of the risk management information technology system, etc.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

All departments, branches, and subsidiaries bear direct responsibility for risk management. Their main duties include: implementing the Company's risk management systems, procedures, risk appetite, risk limits, and control standards; formulating and implementing risk management systems and operational procedures for key business activities related to the business and management activities of their respective units; comprehensively understanding and fully considering various risks related to business and management activities in decision-making, identifying, analyzing, evaluating and monitoring various risks of their units from the source, and responding to risks within the authorized scope, etc.

2. Risk management system

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

3. Risk management information system

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

4. Risk response mechanism

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

(1) Market risk and policies

Market risk is the risk of loss to the Company arising from changes in market prices (such as interest rates, foreign exchange rates, equity prices, and commodity prices). This includes: interest rate risk, which is the risk of loss from adverse changes in interest rates (or spreads); currency risk, the risk of loss from adverse changes in exchange rates; equity price risk, the risk of loss from adverse changes in equity prices or stock indices; and commodity price risk, the risk of loss from adverse changes in commodity prices. The market risks currently faced by the Company are mainly centered on its proprietary business, asset management business and the aforementioned related businesses conducted by its subsidiaries.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Company's management of market risk primarily includes the following measures: First, establishing a strict investment decision-making and authorization system, where risk limit indicators are cascaded down to each business department according to a tiered authorization model from the Board, to the Managers, and to the business level. Second, establishing a multi-dimensional market risk limit framework, setting limits for scale, concentration, sensitivity, Value at Risk (VaR), and stop-loss. Third, establishing a management mechanism for a securities pool and counterparty whitelists and blacklists, which defines clear entry criteria and strictly restricts trading to within the approved lists. Fourth, establishing a dynamic daily mark-to-market monitoring mechanism and taking timely countermeasures such as position adjustments and risk hedging. Fifth, establishing market risk measurement models and methodologies, using tools such as VaR and sensitivity analysis to measure and analyze market risk, and to adjust business strategies accordingly to manage market risk.

During the Reporting Period, the Company continued to enhance its market risk management measures: First, it refined the tiered authorization system for its proprietary trading business, specifying risk limits for each level and cascading them down to the respective business departments. Second, it revised the Company's market risk management policies, optimizing the processes for risk identification, assessment, monitoring, response, and reporting, and strengthening limit management. Third, it revised the risk management policies for its proprietary equity investment business, improving risk control measures for proprietary trading business, specifying risk monitoring indicators, and standardizing monitoring and reporting procedures. Fourth, it optimized the market risk management system, advancing its upgrade to support multi-dimensional risk and profit-and-loss (P&L) analysis. During the Reporting Period, the Company's market risk was controllable as a whole.

(2) Credit risk and policies

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

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company continued to improved its credit risk management measures: First, in terms of access management, it refined the admission standards for eligible collateral in its margin financing business and raised the admission requirements for key securities pledged by clients with large financing facilities. Second, in terms of credit management, it strengthened the management of concentration risk by tightening single-client credit limits for its margin financing and stock-pledged repurchase businesses. Third, in terms of tiered decision-making, it improved the credit management system for the investment activities of its private equity subsidiary and strengthened the vertical management of the subsidiary's risk management functions. Fourth, in terms of duration management, it enhanced its risk screening and post-investment management processes. This included conducting risk assessments for clients with large financing facilities in its margin financing business and continuously monitoring compliance with contractual agreements and issuing risk alerts for its subsidiary's investment activities. During the Reporting Period, the Company's credit risk was controllable as a whole.

(3) Liquidity risk and policies

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

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

During the Reporting Period, the Company continued to enhance its controls and countermeasures for liquidity risk: First, by coordinating its annual funding allocation and financing plan, the Company maintained a reasonable match between the maturities and scale of its assets and liabilities, and opportunistically raised funds to meet the needs of business development and debt repayment. Second, it enhanced its financing capabilities by broadening its funding channels, increasing available credit lines, and diversifying its types of credit facilities, thereby ensuring the stability and diversification of its funding. Third, it strengthened its monitoring of the macroeconomic and money market environments, tracking changes in market funding conditions and liquidity indicators to assess the impact on its own financing capacity. It prudently managed the pace of its financing and conducted timely position management to prevent liquidity risk. Fourth, it upgraded its monitoring system for liquidity risk indicators, optimizing data collection pathways to ensure the accurate, timely, and continuous measurement and monitoring of its liquidity risk profile. As of the end of the Reporting Period, the liquidity coverage ratio and net stable funding ratio of the Company were 273.50% and 224.37%, respectively, which were in compliance with the regulatory requirements. No material liquidity risk events occurred during the Reporting Period.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(4) Operational risk and policies

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

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

During the Reporting Period, the Company continuously enhanced its operational risk management measures: First, it optimized its system of Key Risk Indicators for operational risk, enabling dynamic and continuous monitoring of these indicators. Second, it continuously collected operational risk loss data. By analyzing operational risk events and related data, the Company developed countermeasures for risk points with high frequency or significant loss amounts and strengthened post-event follow-up and improvement measures. Third, during the process of policy development and risk control reviews, it progressively refined business process controls to prevent operational risk. During the Reporting Period, the Company had no significant operational risk events.

(5) Reputation risk and policies

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Reporting Period, the Company managed the reputation risk by sticking to the principles of full staff in the whole process, prevention first, prudent management and rapid response. The Company safeguarded the image of the securities industry and market stability. First, the Company strengthened the monitoring of the Company's public opinion, focusing on preventing reputation risks arising from client complaints and employee conduct. The Company proactively mitigated these risks through measures such as tracking and managing risk incidents and strengthening communications. Second, the Company prioritized reputation risk management across new media channels. It systematically identified potential risk points, expanded its list of keywords for public sentiment monitoring, and enhanced its capabilities for identifying and monitoring reputation risks. Third, it developed a reputation risk emergency response plan to improve its capacity for rapid reaction and effective resolution. During the Reporting Period, the Company had no significant reputation events.

(6) *Compliance risk and policies*

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Reporting Period, the Company further strengthened the compliance management of various projects. First, it enhanced its management of rules and regulations. By clarifying principles for policy management and standardizing the procedures for drafting, revising, and rescinding policies, the Company improved its overall policy governance. This established a comprehensive, end-to-end management process for its internal policies, solidifying its compliance foundation. All of its units systematically reviewed and assessed their existing policies, identified current issues and deficiencies, and proposed corrective measures. This effort promoted the establishment of a modern, market-oriented corporate system, drove high-quality business development, and effectively enhanced the comprehensiveness, standardization, and effectiveness of its internal mechanisms. Second, the Company conducted a comprehensive self-assessment and rectification of its anti-money laundering risks and performance across all relevant units. This involved focused screening and analysis of clients with common-source transactions, high-net-worth clients, and those involved in block trades. The Company further enhanced its technological capabilities by testing and launching a function in its AML system to provide alerts for overdue data, thereby improving the system's processing efficiency and mitigating the risk of late reporting. Third, it improved its compliance management capabilities. The Company enhanced the compliance practice capability of its staff through a combination of internal training and external examinations. It developed a detailed list of duties and performance standards for its compliance and legal personnel and organized staff into working groups based on departmental responsibilities. This created a refined management model where "each group has specific duties, and each person has a clear role," ensuring that all tasks have clear authority and responsibility and are executed in a coordinated manner, thereby safeguarding the Company's healthy and sustainable development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(7) Information technology risk and policies

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

Through the greater investment in information system backup capability, innovative technology application, security protection system, infrastructure update and other aspects, the Company laid a solid foundation for the operation and maintenance of information system and further improved the stability of information system. The policies mainly encompass the five aspects as below: First, it continued to increase investment in foundational resources and solidify our basic resource platform. Through measures such as expanding our cloud platform and upgrading the database infrastructure for our core trading system, we provided a secure and efficient technology support platform. Second, it comprehensively strengthened risk control for system changes. In accordance with industry regulations and audit requirements, it refined our processes for pre-implementation reviews, standardized operations, in-process inspections, and post-implementation evaluations for all system changes, achieving our goal of zero-fault system modifications. Third, we actively utilized innovative technologies like big data and artificial intelligence to continuously enhance our fault detection capabilities. It successfully launched a digital and intelligent integrated monitoring and operations platform, building a comprehensive and efficient intelligent monitoring and early-warning system to strengthen the security of our information systems. Fourth, it diligently managed the performance and capacity of our information systems, conducting regular stress tests on critical systems to scientifically assess their capacity and performance. Fifth, it deepened security monitoring and full-lifecycle vulnerability management. By combining routine vulnerability scanning with security penetration testing, it swiftly and effectively completed security reinforcements, enhancing the overall defensive capabilities of our systems.

During the Reporting Period, the IT team of the Company, taking the three-year network and information security enhancement work plan as a starting point, adhered to the operation and maintenance concepts of "normalization, process-based, standardization, refinement and digitization" to continuously optimize system control processes, strengthen the level of foundational resources, improve early-warning and monitoring capabilities, conduct scientific performance and capacity assessments, and steadily enhance the overall security and operational reliability of its information systems. Meanwhile, the Company continued the efforts in its IT team by expanding the IT talent team and prioritised enhancing the professional and business capabilities of IT staff to support the stable, secure, and efficient operation of the Company.

(II) EMPLOYEES, REMUNERATION POLICIES AND TRAINING

As of the end of the Reporting Period, the Group had 2,434 employees, including 2,143 employees of the Company and 291 employees of its subsidiaries. The Company amended and improved the annual incentive and restraint mechanism for each business line by signing the letter of responsibility for annual business objectives, strictly implemented performance appraisal, and improved performance distribution to fully mobilise the enthusiasm of cadres and staff. The Company's remuneration consists of basic salary, allowance, performance bonus and welfare. The welfare provided to employees includes basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, etc. In addition, the Company also formulated the corporate annuity programme, to further enhance the capability in providing corporate welfare.

The Company has formulated targeted training programmes to provide regular and continual training for the cadres and staff. The Company has prepared the annual training programme and organised a number of professional business training in the first half of 2025.

SECTION 4 CORPORATE GOVERNANCE

I. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Change
Zhang Qiuyun	Chairlady	Elected
Lu Zhili	Chairman, Director	Ceased to act
Li Xingjia	Director	Ceased to act
Li Wenqiang	Director	Elected
Feng Ruofan	Director	Elected
Liu Hao	Member of the Executive Committee, Chief Investment Officer	Ceased to act
Wang Xiaogang	Vice General Manager, Member of the Executive Committee	Ceased to act

Description of the Change of the Directors and Senior Management of the Company

- On 29 April 2025, the thirty-fourth meeting of the seventh session of the Board of the Company considered and approved the "Proposal on Electing Ms. Zhang Qiuyun as chairlady of the Company". Ms. Zhang Qiuyun has been appointed as Chairlady of the Company, effective from 29 April 2025, with her term of office will expire on the date of the re-election of the seventh session of the Board meeting of the Company. For details, please refer to the relevant announcement disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange on 29 April 2025 and the relevant announcement of the Company dated 30 April 2025 disclosed on the website of the SSE.
- On 9 June 2025, the Company received the written resignations of Directors Mr. Lu Zhili and Mr. Li Xingjia. Mr. Lu resigned due to a work adjustment, and Mr. Li resigned as reaching his retirement age. They both tendered their resignations from all their positions, including as Directors of the seventh session of the Board of the Company and as members of its specialized committees. Following the election of new Directors at the Company's 2024 Annual General Meeting on 30 June 2025, Mr. Lu Zhili and Mr. Li Xingjia ceased to serve as Directors of the Company. For details, please refer to the relevant announcements disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange on 9 June 2025 and 30 June 2025, and the relevant announcements of the Company dated 10 June 2025 and 1 July 2025 disclosed on the website of the SSE.
- On 30 June 2025, at its 2024 Annual General Meeting, the Company considered and approved the "Proposal on the Election of Directors to the seventh session of the Board of the Company". The aforesaid meeting approved the election of Mr. Li Wenqiang and Mr. Feng Ruofan as Directors of the Company's seventh session of the Board of Directors. Their terms of office commenced from 30 June 2025 and end at the date of the re-election of the seventh session of the Board. For details, please refer to the relevant announcement disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange on 30 June 2025 and the relevant announcement of the Company dated 1 July 2025 disclosed on the website of the SSE.
- On 17 April 2025, the Board received the resignation letter of Mr. Liu Hao from his positions as a Member of the Executive Committee and the Chief Investment Officer, due to personal job changes. The letter of resignation took effect from the date it is delivered to the Board. For details, please refer to the relevant announcement disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange on 17 April 2025 and the relevant announcement of the Company dated 18 April 2025 disclosed on the website of the SSE.
- On 26 August 2025, the Board received the resignation letter of Mr. Wang Xiaogang from his position as the vice general manager and a Member of the Executive Committee, due to personal job changes. The letter of resignation took effect from the date it is delivered to the Board. For details, please refer to the relevant announcement disclosed by the Company on the HKEXnews website of the Hong Kong Stock Exchange on 26 August 2025 and the relevant announcement of the Company dated 27 August 2025 disclosed on the website of the SSE.

SECTION 4 CORPORATE GOVERNANCE

II. PLAN FOR PROFIT DISTRIBUTION OR CAPITALISATION ISSUE

Declared interim plan of profit distribution and capitalization of capital reserve into share capital

Unit: Yuan Currency: RMB

Whether to make profit distribution or capitalize capital reserve into share capital	Yes
Number of bonus shares for every 10 shares (share)	0.00
Amount of dividend for every 10 shares (tax inclusive)	0.08
Capitalisation shares for every 10 shares (share)	0.00

Explanation on the plan for profit distribution or capitalization of capital reserve

The Company's proposed the interim profit distribution plan for 2025 as considered and approved at the thirty-sixth meeting of the seventh session of the Board of the Company is to distribute a cash dividend of RMB0.08 for every 10 shares (tax inclusive). Calculated based on the total share capital of 4,642,884,700 shares of the Company as of 30 June 2025, the total cash dividend amounts to RMB37,143,077.60 (tax inclusive). No capital reserves will be converted into share capital and no bonus shares will be distributed by the Company.

III. SHARE INCENTIVE SCHEME, EMPLOYEE SHARE SCHEME OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPACT

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

SECTION 5 SIGNIFICANT EVENTS

I PERFORMANCE OF UNDERTAKINGS

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

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

II MATERIAL LITIGATION AND ARBITRATION

The Company had no material litigation or arbitration during the Reporting Period.

III DESCRIPTION OF THE REPUTATION OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS DURING THE REPORTING PERIOD

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

SECTION 5 SIGNIFICANT EVENTS

IV MATERIAL RELATED TRANSACTIONS

(I) Related transactions in relation to the ordinary operations

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

During the Reporting Period, the Company conducted related party transactions in the ordinary course of business in strict compliance with the Proposal on the Signing of Framework Agreement on Related Party/ Continuing Connected Transactions Contemplated in the Ordinary Course of Business and the Setting of Annual Transaction Ceilings approved at the thirty-second meeting of the seventh session of the Board. The relevant implementation is as follows:

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

Unit: Ten thousand Currency: RMB

Nature of transaction	Type of transaction	Estimated caps	Actual amount
			during the Reporting Period
Securities and financial services	Revenue from the provision of securities and financial services to Investment Group	2,349.12	31.97
	Expenses incurred by the provision of securities and financial services to the Group from Investment Group/provision of margin loans to Investment Group	5,700.00	0

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

Unit: Ten thousand Currency: RMB

Nature of transaction	Type of transaction	Estimated caps	Actual amount
			during the Reporting Period
Securities and financial products transactions	Total net cash inflow to the Group	9,000.00	4,500.00
	Total net cash outflow from the Group	9,000.00	0
Securities and financial services	Revenue from the provision of securities and financial services to Equity Exchange Co.	5,214.00	10.80
	Expenses incurred by the provision of securities and financial services to the Group	605.00	0

SECTION 5 SIGNIFICANT EVENTS

V DESCRIPTION OF OTHER SIGNIFICANT EVENTS

(I) Compliance with the Corporate Governance Code

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

(II) Compliance with Model Code

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

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

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

(IV) Review of the report

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

(V) Events after the balance sheet date

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

(VI) List of Directors

As at the date of this announcement, the Board comprises Ms. Zhang Qiuyun, Mr. Li Wenqiang, Mr. Feng Ruofan, Mr. Tang Jin, Mr. Tian Shengchun, Mr. Chen Zhiyong*, Mr. Tsang Sung* and Mr. He Jun*.

* Independent non-executive Director of the Company

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Changes in shares

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

II. SHAREHOLDERS

(I) Total number of shareholders:

Total number of ordinary shareholders
as at the end of the Reporting Period 120,450
Among which: 120,416 holders of A shares,
34 registered holders of H shares

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

Unit: Share

Shareholdings of the top ten shareholders (excluding share lending through refinancing)							
Name of shareholders (Full name)	Changes during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen		Nature of shareholders
					Status of shares	Number	
HKSCC Nominees Limited	-30,000	1,195,156,550	25.74	0	Nil		Overseas legal person
Henan Investment Group Co., Ltd. (河南投資集團有 限公司)	0	822,983,847	17.73	0	Nil		State-owned legal person
Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇 豪控股集團有限公司)	7,903,500	149,070,907	3.21	0	Nil		State-owned legal person
Anyang Iron & Steel Group Co., Ltd. (安陽鋼鐵集團有 限責任公司)	0	131,085,215	2.82	0	Pledged	65,000,000	State-owned legal person
China Pingmei Shenma Holding Group Co., Ltd. (中國平煤神馬控股集團有 限公司)	0	63,694,267	1.37	0	Nil		State-owned legal person
Zheng Yu (鄭宇)	0	50,000,090	1.08	0	Nil		Domestic natural person
Anyang Economic Development Group Co., Ltd. (安陽經濟開發集團有 限公司)	0	48,824,693	1.05	0	Nil		State-owned legal person

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

Name of shareholders (Full name)	Changes during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen		Nature of shareholders
					Status of shares	Number	
Henan Railway Construction & Investment Group Co., Ltd. (河南省鐵路建設投資 集團有限公司)	0	46,219,915	1.00	0	Nil		State-owned legal person
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建 設銀行股份有限公司 — 國 泰中證全指證券公司交易 型開放式指數證券投資 基金)	2,377,543	42,591,154	0.92	0	Nil		Others
Hong Kong Securities Clearing Company Ltd.	1,267,381	34,683,367	0.75	0	Nil		Overseas legal person

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

Name of shareholders	Number of tradable shares not subject to trading moratorium	Type and number of shares	
		Type	Number
HKSCC Nominees Limited	1,195,156,550	Overseas-listed foreign shares	1,195,156,550
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	822,983,847	RMB-denominated ordinary shares	822,983,847
Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司)	149,070,907	RMB-denominated ordinary shares	149,070,907
Anyang Iron & Steel Group Co., Ltd. (安陽鋼鐵集團有限責任公司)	131,085,215	RMB-denominated ordinary shares	131,085,215
China Pingmei Shenma Holding Group Co., Ltd. (中國平煤神馬控股集團有限公司)	63,694,267	RMB-denominated ordinary shares	63,694,267
Zheng Yu (鄭宇)	50,000,090	RMB-denominated ordinary shares	50,000,090
Anyang Economic Development Group Co., Ltd. (安陽經濟開發集團有限公司)	48,824,693	RMB-denominated ordinary shares	48,824,693
Henan Railway Construction & Investment Group Co., Ltd. (河南省鐵路建設投資集團有限公司)	46,219,915	RMB-denominated ordinary shares	46,219,915
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 國泰中證全指證券公司交易型開放式指數證券投資基金)	42,591,154	RMB-denominated ordinary shares	42,591,154
Hong Kong Securities Clearing Company Ltd.	34,683,367	RMB-denominated ordinary shares	34,683,367

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

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

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

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

III. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND THE CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY OF ITS ASSOCIATED CORPORATIONS

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

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

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

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

Name	Class of shares	Nature of interests	Number of shares held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued	Long position/ Short position/ Lending pool
					A Shares/ H Shares of the Company (%)	
Henan Investment Group	A Shares	Beneficial owner	822,983,847	17.726	23.872	Long position
	H Shares	Beneficial owner/ Interests in corporations controlled by substantial shareholders	200,573,000 ^{Note}	4.320	16.779	Long position

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

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

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

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

(I) Corporate bonds (enterprise bonds inclusive)

1. Basic information of corporate bonds

Unit: 100 million Currency: RMB

Name of bonds	Abbreviation	Code	Date of issuance	Value date	Latest resale date after 31 August 2025	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Principal underwriter	Trustee	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there are risks of termination of listing and trading
2022 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) (Type 1) of Central China Securities Co., Ltd.	22 Central China C1	137909.SH	14 October 2022	17 October 2022	N/A	17 October 2025	5	3.30	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Guotai Haitong Securities Company Limited	Guotai Haitong Securities Company Limited	Issuance to professional institutional investors	One-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2023 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	23 Central China 01	115016.SH	10 March 2023	13 March 2023	N/A	13 March 2026	10	3.68	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2023 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	23 Central China C1	115809.SH	17 August 2023	18 August 2023	N/A	18 August 2026	5	3.70	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Guotai Haitong Securities Company Limited	Guotai Haitong Securities Company Limited	Issuance to professional institutional investors	One-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 Central China 01	240528.SH	24 January 2024	25 January 2024	N/A	25 January 2027	7	2.90	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No
2024 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 Central China C1	240999.SH	3 June 2024	4 June 2024	N/A	4 June 2027	10	2.44	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Guotai Haitong Securities Company Limited	Guotai Haitong Securities Company Limited	Issuance to professional institutional investors	One-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 2) of Central China Securities Co., Ltd.	24 Central China 02	241202.SH	3 July 2024	4 July 2024	N/A	4 July 2027	20	2.22	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price-inquiry transaction, auction transaction and negotiated transaction	No

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

Name of bonds	Abbreviation	Code	Date of issuance	Value date	Latest resale date after 31 August 2025	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Principal underwriter	Trustee	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether there are risks of termination of listing and trading
2025 Corporate Bonds Privately Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	25 Central China 01	258335.SH	24 April 2025	25 April 2025	N/A	25 April 2028	20	2.35	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Guotai Haitong Securities Company Limited, CSC Financial Co., Ltd.	Guotai Haitong Securities Company Limited	Issuance to professional investors	One-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No

2. Adjustment of credit rating results

Other explanations

Shanghai Brilliance Credit Rating & Investors Service Co, Ltd. issued the tracking rating report on “22 Central China C1”, “23 Central China C1” and “24 Central China C1” on 22 May 2025, maintaining the AAA rating for the Company’s entity credit and AA+ rating for its bonds credit, with a stable rating outlook.

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

Current status	Implementation	Change or not	Situation before the change	Reason for the change	Whether the change has been approved by competent authorities	Impact of the change on rights and interests of bonds investors
There were no guarantees for corporate bonds during the Reporting Period	Nil	No				
The debt service plans were normal during the Reporting Period	Note 1	No				
The other debt service guarantees were normal during the Reporting Period	Note 2, Note 3	No				

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

Note 1: Debt service plans

The debt repayment plans of “22 Central China C1”, “23 Central China 01”, “23 Central China C1”, “24 Central China 01”, “24 Central China C1”, “24 Central China 02” and “25 Central China 01” are the same: The interest is paid once a year in the duration of the bonds, and the principal is paid upon maturity in full.

Note 2: Debt service guarantees

- (1) Corporate bonds. During the Reporting Period, the Company continued to strengthen the development of wealth management business, investment banking and investment business, securities proprietary business, capital intermediary and other businesses, boasting strong solvency and cash acquisition ability. The Company carried out fund management in strict accordance with the financial system, continuously optimized the asset and liability management according to the debt structure, strengthened the liquidity management, formulated annual and stage fund use plans, prepared the debt service funds in full and timely and made payments on time. Meanwhile, the Company protected the interests of bondholders by giving full play to the role of trustee, strictly implementing the Rules of the Bondholders' Meeting, maintaining good liquidity, and establishing the solvency task force. During the Reporting Period, the “22 Central China 01” matured on 24 February 2025, and the principal and interest were paid in full as scheduled; the annual interest payment of “24 Central China 01” was made on 27 January 2025, and the interest was paid in full as scheduled; the annual interest payment of “23 Central China 01” was made on 13 March 2025, and the interest was paid in full as scheduled. The Company was not expected to be unable to pay the principal and interest of the bonds on schedule and did not fail to pay the principal and interest of the bonds on schedule at maturity. Therefore, it did not increase the proportion of arbitrary surplus reserves and the proportion of general risk reserves, nor did it take such debt repayment protection measures as not distributing profits to shareholders, suspending the implementation of capital expenditure projects such as major overseas investment, acquisition and merger, reducing or suspending the salary and bonus of directors and senior management, and not transferring the main responsible personnel.
- (2) Subordinated bonds. During the Reporting Period, the Company protected the interests of bondholders by continuously improving the corporate governance structure and risk control system, giving full play to the role of bond trustee, strictly implementing the Rules of the Bondholders' Meeting, designating special personnel to take charge of the repayment of principal and interest and making strict information disclosure. During the Reporting Period, the annual interest payment of “24 Central China C1” was made on 4 June 2025, and the interest was paid in full as scheduled. The Company was not expected to be unable to pay the principal and interest of the bonds on schedule and did not fail to pay the principal and interest of the bonds on schedule at maturity. Therefore, it did not increase the proportion of arbitrary surplus reserves and the proportion of general risk reserves, nor did it take such debt repayment protection measures as not distributing profits to shareholders, suspending the implementation of capital expenditure projects such as major overseas investment, acquisition and merger, reducing or suspending the salary and bonus of directors and senior management, and not transferring the main responsible personnel.

Note 3: Other relevant situations

With regard to the implementation of other debt repayment protection measures by the company, the Company strictly complied with the laws and regulations, engaged Guotai Haitong Securities Company Limited and Shenwan Hongyuan Securities Co., Ltd. as the bond trustees, protected the interests of bond holders in accordance with the signed “Bond Management Agreement”, and strictly implemented the fund management plan and information disclosure requirements. The above measures are consistent with the prospectus.

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

(II) Proceeds from the corporate bonds

The Company's bonds involved the use of proceeds or rectification during the Reporting Period.

1. Basic information

Unit: 100 million Currency: RMB

Bond code	Bond abbreviation	Whether it is a specialized type of bond	Specific type of specialised bond	Total funds raised	Balance of funds raised at the end of the Reporting Period	Balance of the special account for funds raised at the end of the Reporting Period
258335.SH	25 Central China 01	No	—	20	0	0

2. Use of proceeds

(1) Actual use of proceeds (excluding temporary replenishment)

Unit: 100 million Currency: RMB

Bond code	Bond abbreviation	Actual amount of proceeds utilized during the Reporting Period	Amount of interest-bearing debt repayment (excluding corporate bonds)	Amount of repayment of corporate bonds	Amount of liquidity replenishment	Amount involved in fixed asset investment projects	Amount involved in equity investments, debt investments or asset acquisitions	Amount of other uses
258335.SH	25 Central China 01	20	—	20	—	—	—	—

(2) Proceeds used to repay corporate bonds and other interest-bearing debts

Bond code	Bond abbreviation	Details of the repayment of corporate bonds	Details of the repayment of other interest-bearing debts (excluding corporate bonds)
258335.SH	25 Central China 01	The total proceeds of RMB2 billion was used to refinance and repay the matured 22 Central China 01 bonds	

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

3. Compliance of use of proceeds

Bond code	Bond abbreviation	Intended use of proceeds in the prospectus	Actual use of proceeds as at the end of the Reporting Period (including actual use and temporary replenishment)	Whether the actual use is consistent with the intended use (including the intended use in the prospectus and the use after compliance change)	Whether the use of proceeds and the management of special account for proceeds are compliant during the Reporting Period	Whether the use of proceeds complied with regulations on local government debt management
258335.SH	25 Central China 01	Self-owned funds used to refinance and repay the principal of the matured 22 Central China 01 corporate bonds	Self-owned funds used to refinance and repay the principal of the matured 22 Central China 01 corporate bonds	Yes	Yes	Yes

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

1. Non-operating current account and capital borrowings

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

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

Whether there was any non-compliance with the relevant covenants or undertakings in the prospectus in respect of non-operating current account and capital borrowings during the Reporting Period.

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

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

At the end of the Reporting Period, uncollected non-operating current accounts and capital borrowings of the Company's consolidated accounts as a percentage of the net assets of the consolidated accounts: 0.00%.

Whether it exceeds 10% of the net assets of the combined accounts: ☐ Yes ☒ No

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

(3) Implementation of payback arrangements disclosed in previous Reporting Periods

✓ Fully implemented ☐ Not fully implemented

Note: The Company does not involve non-operating current account and capital borrowings and related payback arrangements.

2. Debt position

(1) Interest-bearing debt and changes therein

1.1 Debt structure of the Company

At the beginning of the Reporting Period and at the end of the Reporting Period, the Company's (non-consolidated) interest-bearing debt balance amounted to RMB18,632 million and RMB19,215 million, respectively, with a year-on-year change of 3.13% in the balance of interest-bearing debt during the Reporting Period.

Unit: 100 million Currency: RMB

Type of interest-bearing debt	Overdue	Expiry time Within 1 year (inclusive)	Over 1 year (exclusive)	Total amount	Percentage of interest- bearing debt (%)
Corporate credit bonds		16.02	61.97	78.00	40.59
Bank loans					
Loans from non-bank financial institutions					
Other interest-bearing debt		110.85	3.30	114.16	59.41
Total		126.88	65.28	192.15	—

Note: Interest-bearing debt includes short-term loans, short-term financing instruments payable, due to banks and other financial institutions, financial assets sold under repurchase agreements, and bonds payable. Corporate credit bonds include corporate bonds and subordinated bonds. Balance of bonds includes accrued interest. The same applies below.

At the end of the Reporting Period, among the Company's corporate credit bonds in existence, the balance of corporate bonds amounted to RMB7,800 million, the balance of enterprise bonds amounted to RMB0.00 hundred million, and the balance of non-financial corporate debt financing instruments amounted to RMB0.00 hundred million.

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

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

At the beginning of the Reporting Period and at the end of the Reporting Period, the balance of the Company's interest-bearing debt within the scope of the Company's consolidated financial statements amounted to RMB19,268 million and RMB19,180 million, respectively, and there was a year-on-year change of -0.46% in the balance of the Company's interest-bearing debt during the Reporting Period.

Unit: 100 million Currency: RMB

Type of interest-bearing debt	Overdue	Expiry time Within 1 year (inclusive)	Over 1 year (exclusive)	Total amount	Percentage of interest- bearing debt (%)
Corporate credit bonds		16.02	61.97	78.00	40.66
Bank loans					
Loans from non-bank financial institutions					
Other interest-bearing debt		110.55	3.25	113.81	59.34
Total		126.57	65.23	191.80	—

At the end of the Reporting Period, among the Company's corporate credit bonds of consolidated accounts in existence, the balance of corporate bonds amounted to RMB7,800 million, the balance of enterprise bonds amounted to RMB0.00 hundred million, and the balance of non-financial corporate debt financing instruments amounted to RMB0.00 hundred million.

1.3 Overseas bonds

As at the end of the Reporting Period, the balance of overseas bonds issued within the scope of the Company's consolidated financial statements amounted to RMB0.00 hundred million, including principal RMB0.00 hundred million due within 1 year (inclusive).

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

(IV) Key accounting data and financial indicators

Unit: Yuan Currency: RMB

Principal indicators	At the end of the Reporting Period	At the end of last year	Increase/ decrease as at the end of the Reporting Period as compared with the end of last year (%)	The reason of the change
Current ratio	2.24	2.16	3.70	
Quick ratio	2.24	2.16	3.70	
Gearing ratio (%)	59.69	59.35	0.57	
	The Reporting Period (January-June)	The corresponding period of last year	Increase/ decrease for the Reporting Period as compared with the corresponding period of last year (%)	The reason of the change
Net profit after non-recurring profit or loss	253,221,986.63	197,291,564.12	28.35	
Debt-to-EBITDA ratio	2.87	2.32	23.71	
Interest coverage ratio	2.30	1.72	33.72	Mainly attributable to the increase in total profit for the Reporting Period
Cash interest coverage ratio	7.88	8.35	8.14	
EBITDA interest coverage ratio	2.59	1.93	34.20	Mainly attributable to the increase in EBITDA for the Reporting Period
Loan repayment ratio (%)	100.00	100.00	0.00	
Interest payment ratio (%)	100.00	100.00	0.00	

SECTION 8 REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Review Report

XYZH/2025BJAB2B0540
Central China Securities Co., Ltd.

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

We have reviewed the attached financial statements of Central China Securities Co., Ltd. (hereinafter referred to as the "Company"), including the consolidated and the Company's balance sheet as at June 30th, 2025, the consolidated and the Company's income statement, the consolidated and the Company's cash flow statement, the consolidated and the Company's change of equity statement for the period from January to June 2025, and notes to the financial statements. The preparation and fair presentation of these financial statements are the responsibility of the management of the Company. Our responsibility is to issue a review report on these financial statements based on the implementation of the review work.

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

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with the provisions of the Accounting Standards for Business Enterprises and do not present fairly the Company's financial position as at June 30th, 2025 and the results of operations and cash flows for the period from January to June 2025.

ShineWing Certified Public Accountants (LLP)

Chinese Certified Public Accountant: Cui Weiwei

Chinese Certified Public Accountant: Qi Xiaorui

Beijing, China
August 29th, 2025

CONSOLIDATED BALANCE SHEET

June 30th, 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	June 30th, 2025	December 31st, 2024
Assets:			
Cash and bank balances	VI. 1	15,981,040,079.30	14,400,984,039.97
Including: Client's capital deposit		14,611,378,165.92	12,005,245,325.90
Clearing settlement funds	VI. 2	2,762,998,770.48	4,531,325,343.18
Including: Client's reserve funds		2,546,310,078.15	4,280,886,570.91
Margin accounts receivable	VI. 3	8,584,271,532.59	9,326,761,787.66
Derivative financial assets	VI. 4	896,398.00	16,126,760.68
Refundable deposits	VI. 5	1,032,226,715.89	1,216,799,648.55
Accounts receivable	VI. 6	181,350,303.92	331,013,831.49
Financial assets held under resale agreements	VI. 7	875,784,920.54	1,445,001,679.44
Financial investment:			
Financial assets held for trading	VI. 8	21,404,743,239.13	17,629,247,370.42
Debt investments	VI. 9	45,434,749.78	49,846,701.66
Other debt investments	VI. 10	51,097,876.71	114,330,970.55
Investments in other equity instruments	VI. 11	1,400,000.00	1,400,000.00
Long-term equity investments	VI. 12	937,218,193.06	905,250,626.42
Investment properties	VI. 13	17,732,222.97	18,193,072.87
Fixed assets	VI. 14	191,805,526.19	184,631,837.37
Construction in progress	VI. 15	232,356,263.95	225,069,712.95
Right-of-use assets	VI. 16	105,901,453.33	122,494,321.95
Intangible assets	VI. 17	244,962,744.64	264,549,238.93
Deferred tax assets	VI. 18	555,374,056.49	586,488,128.84
Goodwill	VI. 19	7,268,756.37	7,268,756.37
Other assets	VI. 20	230,354,091.07	237,564,250.77
Total assets		53,444,217,894.41	51,614,348,080.07

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30th, 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	June 30th, 2025	December 31st, 2024
Liabilities:			
Short-term loans	VI. 23		7,008,341.66
Short-term financing instruments payable	VI. 24	2,616,169,129.14	3,896,489,565.69
Due to banks and other financial institutions	VI. 25	2,960,539,577.52	3,962,603,712.35
Financial liabilities held for trading	VI. 26	1,160,660,111.95	578,887,667.66
Derivative financial liabilities	VI. 4		1,996,580.00
Financial assets sold under repurchase agreements	VI. 27	7,001,305,124.40	5,289,084,372.35
Accounts payable to brokerage clients	VI. 28	17,595,902,467.40	16,476,010,375.54
Employee benefits payable	VI. 33	515,357,094.76	433,567,876.54
Taxes payable	VI. 29	42,836,541.15	41,403,810.37
Accounts payable	VI. 30	102,981,069.49	205,338,964.19
Contract liabilities	VI. 31	2,324,384.67	2,400,665.20
Bonds payable	VI. 32	6,602,130,340.36	6,112,729,880.19
Lease liabilities	VI. 34	99,070,260.68	114,709,864.43
Deferred tax liabilities	VI. 18	10,075,221.11	6,619,866.41
Other liabilities	VI. 35	285,278,236.57	202,678,184.19
Total liabilities		38,994,629,559.20	37,331,529,726.77
Shareholders' equity:			
Share capital	VI. 36	4,642,884,700.00	4,642,884,700.00
Capital reserve	VI. 37	6,260,122,106.33	6,260,122,106.33
Other comprehensive income	VI. 38	66,159,340.29	78,049,511.11
Surplus reserve	VI. 39	1,013,452,026.42	1,013,452,026.42
General risk reserve	VI. 40	1,708,652,366.22	1,707,222,955.93
Undistributed profits	VI. 41	538,453,639.26	358,503,723.78
Total equity attributable to shareholders of the parent company		14,229,724,178.52	14,060,235,023.57
Minority shareholders' equity		219,864,156.69	222,583,329.73
Total shareholders' equity		14,449,588,335.21	14,282,818,353.30
Total liabilities and shareholders' equity		53,444,217,894.41	51,614,348,080.07

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

CONSOLIDATED INCOME STATEMENT

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2025	Jan-June 2024
I. Total operating income		921,354,746.21	1,198,670,567.05
Net interest income	VI. 42	174,898,824.75	78,626,368.95
Including: Interest income		409,459,221.72	388,806,227.22
Interest expenses		234,560,396.97	310,179,858.27
Net fee and commission income	VI. 43	424,854,336.38	319,162,088.55
Including: Brokerages business		358,387,152.25	248,077,408.62
Investment banking		5,653,889.37	25,574,336.50
Assets management		15,101,558.70	13,810,436.36
Investment income (loss stated with "-")	VI. 44	275,310,673.55	675,775,506.06
Including: Investment income from associates and joint ventures		58,235,148.03	-27,503,805.08
Gains on changes in fair value (loss stated with "-")	VI. 45	32,381,186.01	-120,698,919.06
Gains on foreign exchange (loss stated with "-")		2,205,970.10	-167,332.82
Other operating income	VI. 46	1,784,577.34	240,605,710.27
Gains from assets disposal (loss stated with "-")	VI. 47	1,287,579.06	-1,027.90
Other income	VI. 48	8,631,599.02	5,368,173.00
II. Total operating cost		628,139,701.92	983,880,443.99
Taxes and surcharges	VI. 49	6,726,953.88	6,350,184.94
Business and administrative expenses	VI. 50	614,135,834.19	712,644,577.89
Loss on impairment of credit	VI. 51	2,021,098.12	26,164,774.93
Other assets impairment losses	VI. 52	4,752,513.00	2,964,419.83
Other operating costs	VI. 53	503,302.73	235,756,486.40
III. Operating profit (loss stated with "-")		293,215,044.29	214,790,123.06
Add: Non-operating income	VI. 54	600,879.39	1,598,648.85
Less: Non-operating expenses	VI. 55	1,050,469.54	1,741,100.80
IV. Profit before tax (loss stated with "-")		292,765,454.14	214,647,671.11
Less: Income tax expenses	VI. 56	33,624,641.11	35,246,230.35
V. Net profit (net loss stated with "-")		259,140,813.03	179,401,440.76
(I) Classified by continuity of operations			
1. Net profit from continuing operations (net loss stated with "-")		259,140,813.03	179,401,440.76
2. Net profit from discontinued operations (net loss stated with "-")			
(II) Classified by ownership			
1. Net profit attributable to owners of the parent company		260,308,365.67	201,265,120.05
2. Gains or losses of minority shareholders		-1,167,552.64	-21,863,679.29

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2025	Jan-June 2024
VI. Other comprehensive income after tax		-11,890,170.82	6,960,345.18
Items attributable to owners of the parent company		-11,890,170.82	6,960,345.18
(I) Not to be reclassified subsequently to profit or loss			
(II) To be reclassified subsequently to profit or loss		-11,890,170.82	6,960,345.18
1. Items that will be reclassified to profit or loss under equity method		139,527.52	523,188.92
2. Changes in fair value of other debt investments		-5,182,644.85	3,361,315.14
3. Provision for credit losses on other debt investments		-46,792.65	-54,815.97
4. Translation differences of foreign currency financial statements		-6,800,260.84	3,130,657.09
Items attributable to minority shareholders			
VII. Total comprehensive income		247,250,642.21	186,361,785.94
Items attributable to owners of the parent company		248,418,194.85	208,225,465.23
Items attributable to minority shareholders		-1,167,552.64	-21,863,679.29
VIII. Earnings per share (EPS):			
(I) Basic EPS (RMB/share)	VI. 57	0.0561	0.0433
(II) Diluted EPS (RMB/share)		0.0561	0.0433

Legal representative:

Zhang Qiuyun

Officer in charge of accounting:

Guo Liangyong

Head of accounting department:

Han Xihua

CONSOLIDATED CASH FLOW STATEMENT

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2025	Jan-June 2024
I. Cash flows from operating activities:			
Net decrease of financial instruments held for trading			
Cash receipt from interest, fees and commissions		1,027,607,697.99	956,650,910.54
Net increase in due to banks and other financial institutions			305,000,000.00
Net increase of repurchase business		1,712,458,808.21	171,913,373.69
Net decrease of resale business		569,699,103.23	
Net decrease in margin accounts receivable		754,548,317.88	553,881,460.85
Net cash received from brokerage clients		1,119,892,091.86	790,765,736.92
Other cash received related to operating activities	VI. 58	247,150,128.84	491,641,379.44
Subtotal of cash inflows from operating activities		5,431,356,148.01	3,269,852,861.44
Net increase of financial instruments held for trading		2,925,586,840.35	673,280,991.34
Cash payments of interest, fees and commissions		277,168,720.79	320,333,680.54
Net decrease in due to banks and other financial institutions		1,000,000,000.00	
Net increase of resale business			40,143,454.27
Cash payments to and on behalf of employees		353,288,690.98	443,390,258.14
Cash payments of taxes		47,167,705.05	88,531,000.32
Other cash payments related to operating activities	VI. 58	200,229,773.61	847,326,696.62
Subtotal of cash outflows from operating activities		4,803,441,730.78	2,413,006,081.23
Net cash flows from operating activities	VI. 58	627,914,417.23	856,846,780.21
II. Cash flows from investing activities:			
Cash received from investment recovery		196,523,815.02	144,734,675.77
Cash received from investment income		3,254,359.51	33,010,006.11
Cash received from disposal of fixed assets, intangible assets and other long-term assets		1,615,176.55	1,527,034.40
Subtotal of cash inflows from investing activities		201,393,351.08	179,271,716.28
Cash payments to acquire fixed assets, intangible assets and other long-term assets		57,924,841.98	52,003,779.78
Subtotal of cash outflows from investing activities		57,924,841.98	52,003,779.78
Net cash flows from investing activities		143,468,509.10	127,267,936.50

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2025	Jan-June 2024
III. Cash flows from financing activities:			
Cash received from loans			7,000,000.00
Cash received from issuance of bonds		2,407,287,000.00	3,235,689,711.12
Subtotal of cash inflows from financing activities		2,407,287,000.00	3,242,689,711.12
Cash repayments of borrowings		3,154,940,909.35	3,414,765,922.00
Cash payments for distribution of dividends or profit or interest expenses		172,010,974.09	190,083,721.49
Including: Cash payments of subsidiaries to minority shareholders as distribution of dividends or profit			
Other cash payments related to financing activities	VI. 58	32,949,336.58	38,798,727.36
Subtotal of cash outflows from financing activities		3,359,901,220.02	3,643,648,370.85
Net cash flows from financing activities		-952,614,220.02	-400,958,659.73
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		2,205,970.10	-167,332.82
V. Net increase in cash and cash equivalents		-179,025,323.59	582,988,724.16
Add: Opening balance of cash and cash equivalents		18,885,077,274.92	13,393,530,130.84
VI. Closing balance of cash and cash equivalents	VI. 58	18,706,051,951.33	13,976,518,855.00

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

CONSOLIDATED CHANGE OF EQUITY STATEMENT

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Jan-June 2025								
	Equity attributable to shareholders of the parent company							Minority shareholders' equity	Total shareholders' equity:
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
I. Balance at the end of prior year	4,642,884,700.00	6,260,122,106.33	78,049,511.11	1,013,452,026.42	1,707,222,955.93	358,503,723.78	14,060,235,023.57	222,583,329.73	14,282,818,353.30
Add: Changes in accounting policies									
Correction of prior-period errors									
Others									
II. Balance at the beginning of current period	4,642,884,700.00	6,260,122,106.33	78,049,511.11	1,013,452,026.42	1,707,222,955.93	358,503,723.78	14,060,235,023.57	222,583,329.73	14,282,818,353.30
III. Increase or decrease in the current period			-11,890,170.82		1,429,410.29	179,949,915.48	169,489,154.95	-2,719,173.04	166,769,981.91
1. Total comprehensive income			-11,890,170.82			260,308,365.67	248,418,194.85	-1,167,552.64	247,250,642.21
2. Shareholder's inputs and decreases in capital									
(1) Ordinary shares invested by shareholders									
(2) Capital contributed by holders of other equity instruments									
(3) Amount of share-based payment included in shareholders' equity									
(4) Others									
3. Profit distribution					1,429,410.29	-80,358,450.19	-78,929,039.90	-1,551,620.40	-80,480,660.30
(1) Appropriation to surplus reserve									
(2) General risk reserve					1,429,410.29	-1,429,410.29			
(3) Distribution to shareholders						-78,929,039.90	-78,929,039.90	-1,551,620.40	-80,480,660.30
(4) Others									
4. Internal carry-forward of shareholders' equity									
(1) Transfer of capital reserve to share capital									
(2) Transfer of surplus reserve to share capital									
(3) Surplus reserve to cover loss									
(4) Others									
5. Others									
IV. Balance at the end of current period	4,642,884,700.00	6,260,122,106.33	66,159,340.29	1,013,452,026.42	1,708,652,366.22	538,453,639.26	14,229,724,178.52	219,864,156.69	14,449,588,335.21

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

CONSOLIDATED CHANGE OF EQUITY STATEMENT (CONTINUED)

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

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

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY BALANCE SHEET

June 30th, 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	June 30th, 2025	December 31st, 2024
Assets:			
Cash and bank balances		14,374,792,905.48	12,486,371,278.43
Including: Client's capital deposit		13,576,864,085.95	11,453,067,614.42
Clearing settlement funds		2,224,710,206.47	3,647,427,636.26
Including: Client's reserve funds		1,857,777,948.23	3,201,337,204.68
Margin accounts receivable		8,527,020,241.68	9,245,318,527.54
Derivative financial assets		896,398.00	16,126,760.68
Refundable deposits		197,839,266.18	437,965,250.69
Accounts receivable	XVII. 1	10,178,780.97	39,231,018.74
Financial assets held under resale agreements		862,282,497.74	1,434,997,153.41
Financial investment:			
Financial assets held for trading		19,135,167,239.58	15,466,228,022.06
Other debt investments		51,097,876.71	114,330,970.55
Long-term equity investments	XVII. 3	4,226,207,083.94	4,426,207,083.94
Investment properties		14,508,116.22	14,934,613.80
Fixed assets		177,072,289.49	168,405,756.46
Construction in progress		232,356,263.95	225,069,712.95
Right-of-use assets		98,253,245.46	113,666,900.53
Intangible assets		241,733,919.65	260,893,604.53
Deferred tax assets		384,987,577.06	407,171,555.81
Other assets	XVII. 2	144,097,983.63	128,569,621.92
Total assets		50,903,201,892.21	48,632,915,468.30

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY BALANCE SHEET (CONTINUED)

June 30th, 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	June 30th, 2025	December 31st, 2024
Liabilities:			
Short-term financing instruments payable		2,646,333,101.74	3,257,399,734.85
Due to banks and other financial institutions		2,960,539,577.52	3,962,603,712.35
Financial liabilities held for trading		748,323,941.07	223,811,867.81
Derivative financial liabilities			1,996,580.00
Financial assets sold under repurchase agreements		7,001,305,124.40	5,289,084,372.35
Accounts payable to brokerage clients		15,330,758,950.28	14,340,297,512.20
Employee benefits payable		490,219,447.67	403,186,877.16
Taxes payable		42,519,368.72	38,162,336.61
Accounts payable		88,742,975.90	203,320,096.93
Contract liabilities		1,829,542.50	2,039,339.59
Bonds payable		6,607,132,785.57	6,122,735,578.82
Lease liabilities		92,639,717.58	105,702,583.48
Deferred tax liabilities		215,646.41	1,820,602.39
Other liabilities		236,404,797.28	143,364,428.98
Total liabilities		36,246,964,976.64	34,095,525,623.52
Shareholders' equity:			
Share capital		4,642,884,700.00	4,642,884,700.00
Capital reserve		6,606,160,370.84	6,606,160,370.84
Other comprehensive income		279,162.31	5,508,599.81
Surplus reserve		1,013,452,026.42	1,013,452,026.42
General risk reserve		1,629,616,619.84	1,628,187,209.55
Undistributed profits		763,844,036.16	641,196,938.16
Total shareholders' equity:		14,656,236,915.57	14,537,389,844.78
Total liabilities and shareholders' equity		50,903,201,892.21	48,632,915,468.30
Legal representative: Zhang Qiuyun Officer in charge of accounting: Guo Liangyong Head of accounting department: Han Xihua			

PARENT COMPANY INCOME STATEMENT

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2025	Jan-June 2024
I. Total operating income		781,864,537.92	986,132,109.49
Net interest income	XVII. 4	164,987,242.56	63,291,923.95
Including: Interest income		391,725,101.46	355,637,260.85
Interest expenses		226,737,858.90	292,345,336.90
Net fee and commission income	XVII. 5	391,598,748.45	277,423,048.01
Including: Brokerages business		329,241,590.34	216,477,371.25
Investment banking		3,433,703.78	22,472,530.42
Assets management		15,101,558.70	13,659,261.49
Investment income (loss stated with "-")	XVII. 6	281,351,554.92	513,782,054.22
Including: Investment income from associates and joint ventures			
Gains on changes in fair value (loss stated with "-")		-67,456,313.53	120,519,493.63
Gains on foreign exchange (loss stated with "-")		-49,580.39	33,275.58
Other operating income		1,600,174.54	5,825,440.66
Gains from assets disposal (loss stated with "-")		1,252,418.22	72.87
Other income		8,580,293.15	5,256,800.57
II. Total operating cost		556,059,634.31	630,164,284.63
Taxes and surcharges		6,048,636.87	5,625,274.41
Business and administrative expenses	XVII. 7	553,156,193.81	634,190,307.05
Loss on impairment of credit		-3,571,693.95	-10,134,088.90
Other operating costs		426,497.58	482,792.07
III. Operating profit (loss stated with "-")		225,804,903.61	355,967,824.86
Add: Non-operating income		426,172.03	650,875.87
Less: Non-operating expenses		903,358.84	1,320,219.43
IV. Profit before tax (loss stated with "-")		225,327,716.80	355,298,481.30
Less: Income tax expenses		22,322,168.61	45,620,029.96
V. Net profit (net loss stated with "-")		203,005,548.19	309,678,451.34
Net profit from continuing operations (net loss stated with "-")		203,005,548.19	309,678,451.34
Net profit from discontinued operations (net loss stated with "-")			
VI. Other comprehensive income after tax		-5,229,437.50	3,306,499.17
(I) Not to be reclassified subsequently to profit or loss			
(II) To be reclassified subsequently to profit or loss		-5,229,437.50	3,306,499.17
1. Items that will be reclassified to profit or loss under equity method			
2. Changes in fair value of other debt investments		-5,182,644.85	3,361,315.14
3. Provision for credit losses on other debt investments		-46,792.65	-54,815.97
4. Translation differences of foreign currency financial statements			
VII. Total comprehensive income		197,776,110.69	312,984,950.51

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY CASH FLOW STATEMENT

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Note	Jan-June 2025	Jan-June 2024
I. Cash flows from operating activities:			
Cash receipt from interest, fees and commissions		911,103,183.47	785,475,502.37
Net increase in due to banks and other financial institutions			305,000,000.00
Net increase of repurchase business		1,712,458,808.21	172,390,000.00
Net decrease of resale business		573,197,000.00	
Net decrease in margin accounts receivable		730,019,051.75	529,287,584.05
Net cash received from brokerage clients		990,461,438.08	303,010,424.03
Other cash received related to operating activities		310,187,434.14	219,102,921.40
Subtotal of cash inflows from operating activities		5,227,426,915.65	2,314,266,431.85
Net increase of financial instruments held for trading		2,928,473,658.62	965,183,489.19
Cash payments of interest, fees and commissions		222,279,728.97	227,611,764.87
Net decrease in due to banks and other financial institutions		1,000,000,000.00	
Net increase of resale business			84,173,000.00
Cash payments to and on behalf of employees		307,814,570.32	386,419,693.07
Cash payments of taxes		41,714,848.16	63,065,622.93
Other cash payments related to operating activities		199,803,854.34	186,185,248.96
Subtotal of cash outflows from operating activities		4,700,086,660.41	1,912,638,819.02
Net cash flows from operating activities	XVII. 8	527,340,255.24	401,627,612.83
II. Cash flows from investing activities:			
Cash received from investment recovery		262,534,833.88	244,755,538.20
Cash received from investment income		1,500,509.96	8,412,628.64
Cash received from disposal of fixed assets, intangible assets and other long-term assets		1,465,515.43	140,266.06
Subtotal of cash inflows from investing activities		265,500,859.27	253,308,432.90
Cash payments to acquire fixed assets, intangible assets and other long-term assets		57,467,325.03	49,908,983.72
Subtotal of cash outflows from investing activities		57,467,325.03	49,908,983.72
Net cash flows from investing activities		208,033,534.24	203,399,449.18
III. Cash flows from financing activities:			
Cash received from issuance of bonds		2,432,287,000.00	3,234,746,000.00
Subtotal of cash inflows from financing activities		2,432,287,000.00	3,234,746,000.00
Cash repayments of borrowings		2,522,948,000.00	3,413,260,000.00
Cash payments for distribution of dividends or profit or interest expenses		151,980,457.36	181,853,308.87
Other cash payments related to financing activities		27,556,278.45	31,007,246.38
Subtotal of cash outflows from financing activities		2,702,484,735.81	3,626,120,555.25
Net cash flows from financing activities		-270,197,735.81	-391,374,555.25
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-49,580.39	33,275.58
V. Net increase in cash and cash equivalents	XVII. 8	465,126,473.28	213,685,782.34
Add: Opening balance of cash and cash equivalents		16,097,515,104.49	11,203,798,588.51
VI. Closing balance of cash and cash equivalents		16,562,641,577.77	11,417,484,370.85

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY CHANGE OF EQUITY STATEMENT

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

Item	Jan-June 2025						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Total shareholders' equity
I. Balance at the end of prior year	4,642,884,700.00	6,606,160,370.84	5,508,599.81	1,013,452,026.42	1,628,187,209.55	641,196,938.16	14,537,389,844.78
Add: Changes in accounting policies							
Correction of prior-period errors							
Others							
II. Balance at the beginning of current period	4,642,884,700.00	6,606,160,370.84	5,508,599.81	1,013,452,026.42	1,628,187,209.55	641,196,938.16	14,537,389,844.78
III. Increase or decrease in the current period			-5,229,437.50		1,429,410.29	122,647,098.00	118,847,070.79
1. Total comprehensive income			-5,229,437.50			203,005,548.19	197,776,110.69
2. Shareholder's inputs and decreases in capital							
(1) Ordinary shares invested by shareholders							
(2) Capital contributed by holders of other equity instruments							
(3) Amount of share-based payment included in shareholders' equity							
(4) Others							
3. Profit distribution					1,429,410.29	-80,358,450.19	-78,929,039.90
(1) Appropriation to surplus reserve							
(2) General risk reserve					1,429,410.29	-1,429,410.29	
(3) Distribution to shareholders						-78,929,039.90	-78,929,039.90
(4) Others							
4. Internal carry-forward of shareholders' equity							
(1) Transfer of capital reserve to share capital							
(2) Transfer of surplus reserve to share capital							
(3) Surplus reserve to cover loss							
(4) Others							
5. Others							
IV. Balance at the end of current period	4,642,884,700.00	6,606,160,370.84	279,162.31	1,013,452,026.42	1,629,616,619.84	763,844,036.16	14,656,236,915.57

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY CHANGE OF EQUITY STATEMENT (CONTINUED)

Jan-June 2025 Prepared by: Central China Securities Co., Ltd. (Unless otherwise specified, expressed in RMB Yuan)

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

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION

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

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

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

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

On June 25th, 2014, the Company issued 598,100,000 H-shares and listed them on the Main Board of the Hong Kong Stock Exchange, with a par value of RMB1 per share at an issue price of HKD2.51 per H-share, stock abbreviation: CCSC, stock code: 01375. According to the *Reply on Issues Related to the Management of State-owned Equity and the Transfer of State-owned Shares of Central China Securities Co., Ltd.* (Guo Zi Chan Quan [2013] No. 1070) issued by the State-owned Assets Supervision and Administration Commission of the State Council, after the Company completed the issuance, the state-owned shareholders Henan Investment Group, Angang Group, Pingmei Shenma, Anyang Economic Development, Jiangsu Suhao, Shenhua Group, Jiaozuo Economic Development, Shenzhen Guangsheng, and Hebi Construction Investment respectively transferred 40,994,778 shares, 8,842,345 shares, 3,738,231 shares, 2,432,074 shares, 1,348,575 shares, 884,166 shares, 678,113 shares, 449,525 shares, and 442,193 shares held by them to the National Social Security Fund Council. The above nine shareholders transferred a total of 59,810,000 shares to the National Social Security Fund Council. On October 28th, 2014, the Company completed the industrial and commercial change registration of registered capital with the Henan Administration for Industry and Commerce, and the registered capital increased to RMB2,631,615,700.

On August 3rd, 2015, the Company completed the non-public issuance of 592,119,000 H-shares, with a par value of RMB1 per share at an issue price of HKD4.28 per H-share. On August 14th, 2015, the Company completed the industrial and commercial change registration of registered capital with the Henan Administration for Industry and Commerce, with the registered capital of the Company increased to RMB3,223,734,700.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION (continued)

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

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

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

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

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

As of June 30th, 2025, the Company had issued a total of 4,642.8847 million shares with a registered capital of RMB4,642.8847 million. The registered address is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China, and its headquarters address is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China. The controlling shareholder is Henan Investment Group Co., Ltd., and the actual controller of the Company is Henan Provincial Department of Finance.

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION (continued)

As of June 30th, 2025, the Company had 72 approved and opened securities business departments, 31 approved branches, 5 second-level holding subsidiaries, namely Central China Futures Co., Ltd. (referred to as "Central China Futures"), Zhongding Kaiyuan Venture Capital Management Co., Ltd. (referred to as "Zhongding Kaiyuan"), Central China Equity Exchange Co., Ltd. (referred to as "Equity Exchange"), Central China International Financial Holdings Co., Ltd. (referred to as "Central China International"), and Central China Blue Ocean Investment Management Co., Ltd. (referred to as "Central China Blue Ocean"), and 6 third-level holding subsidiaries, namely Yuxin Investment Management (Shanghai) Co., Ltd. (referred to as "Yuxin Investment"), Henan Kaiyuan Private Equity Fund Management Co., Ltd. (referred to as "Kaiyuan Private Equity"), Central China International Securities Co., Ltd. (referred to as "Central China International Securities"), Central China International Investment Co., Ltd. (referred to as "Central China International Investment"), Central China International Financing Co., Ltd. (referred to as "Central China International Financing"), Wending Zhongyuan Company Limited.

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

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

For details, please refer to "Note VIII. Equity in other entities".

III. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

1. Basis for the preparation

The Group's financial statements have been prepared based on transactions and events that have actually occurred, in accordance with the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance and its application guidelines, interpretations, and other relevant provisions (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), the disclosure requirements under the *Rules Governing the Preparation of Information Disclosure by Companies Issuing Public Securities No. 15 — General Requirements for Financial Reports* (2023 Revision) issued by the CSRC and related provisions, the *Hong Kong Companies Ordinance*, and the *Listing Rules* of the Stock Exchange of Hong Kong, and based on the accounting policies and accounting estimates described in "Note IV. Significant accounting policies and accounting estimates".

2. Going concern

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates: The specific accounting policies and accounting estimates formulated by the Group in accordance with the actual production and operation characteristics include client transaction settlement funds, financial instruments, securities underwriting business, entrusted asset management business, margin trading and short selling business, purchase for resale and sale for repurchase payments, revenue recognition, credit impairment losses, and other assets impairment losses.

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

The financial statements prepared by the Company comply with the requirements of the *Accounting Standards for Business Enterprises* and give a true, accurate, and complete view of the financial position of the Group and the Company as of June 30th, 2025, the results of their operations and their cash flows for the six months ended June 30th, 2025, and other related information.

2. Accounting period

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

3. Business cycle

The Group takes 12 months as a business cycle, and the liquidity classification of related assets and liabilities is based on the business cycle.

4. Functional currency

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

5. Methodology for determining materiality criteria and basis for selection

The Company prepares and discloses its financial statements in accordance with the principle of materiality. The matters disclosed in the notes to the financial statements that are subject to materiality assessments, as well as the methodology for determining materiality criteria and basis for selection, are as follows:

Disclosure matters involving materiality assessments

Significant idle fixed assets

Important joint ventures and associates

Significant contingencies

Other significant transactions and matters affecting investor decisions

Methodology for determining materiality criteria and basis for selection

The original value of a single idle fixed asset accounts for more than 3% of the total original value of fixed assets.

The book value of a single long-term equity investment accounts for more than 1% of consolidated net assets and exceeds RMB500 million, and the investment gains or losses under the equity method account for more than 10% of consolidated net profit.

Litigation and arbitration matters involving the Company as a defendant, where the amount involved exceeds 1% of the consolidated net assets and exceeds RMB10 million, or matters that are deemed significant contingencies based on their nature

The Company identifies other significant transactions and matters that have a significant impact on investor decisions based on their nature.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

7. Criteria for determining control and method for preparation of the consolidated financial statements

The consolidation scope of the Group's consolidated financial statements is determined on a control basis and includes the Company and all subsidiaries and structured entities controlled by the Company. The Group's criteria for determining control are that the Group has power over the investee, enjoys variable returns through participation in the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of its returns.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

7. Criteria for determining control and method for preparation of the consolidated financial statements (continued)

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

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

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

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

8. Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Foreign currency operations and translation of foreign currency financial statements

(1) Foreign currency transactions

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

(2) Translation of foreign currency financial statements

When preparing the consolidated financial statements, the Group translates the financial statements of foreign operations into RMB. Among them, assets and liabilities on the foreign currency balance sheet are translated using the spot exchange rate at the balance sheet date; items in equity, except for "undistributed profits", are translated using the spot exchange rate at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate on the date of the transaction. The translation differences of foreign currency financial statements arising from the above translation are recognized in other comprehensive income. Cash flows in foreign currencies are translated using the average exchange rate for the period of the transaction.

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

10. Financial assets and financial liabilities

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

(1) Initial recognition and measurement of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(2) Classification of financial assets

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

- 1) Financial assets measured at amortized cost;
- 2) Financial assets at fair value through other comprehensive income (FVOCI);
- 3) Financial assets at fair value through profit or loss (FVPL).

The classification of financial assets depends on the Group's business model for managing its assets and the cash flow characteristics of the assets.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(2) Classification of financial assets (continued)

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

1) Debt instruments

Debt Instruments refer to the instruments that meet the definition of financial liabilities from the issuer's perspective. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, the Group classifies its debt instruments into one of the following three measurement categories:

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

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

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

In addition, if the accounting mismatch can be eliminated or significantly reduced during initial recognition, the Group can designate financial assets as financial assets at fair value through profit or loss. Once the designation is made, it shall not be revoked.

2) Equity instruments

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(3) Classification of financial liabilities

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

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

(4) Subsequent measurement of financial instruments

1) Financial assets or liabilities measured at amortized cost

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

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

The Group calculates interest income by multiplying the book balance of financial assets by the effective interest rate, except for: (i) purchased or originated credit-impaired financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and (ii) financial assets that are not purchased or originated credit-impaired financial assets but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost. If, in a subsequent period, the credit risk of the financial assets has been improved so that they are no longer credit-impaired and the improvement is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their book balance.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(4) Subsequent measurement of financial instruments (continued)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(5) Impairment of financial assets

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

- 1) Financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income;
- 2) Lease receivables;
- 3) Contract assets;
- 4) Financial guarantee contracts and loan commitments that the Group issued, except those classified as financial liabilities at fair value through profit or loss.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(5) Impairment of financial assets (continued)

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

- Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12-month ECL if the credit risk of that financial instrument has not increased significantly since initial recognition;
- Stage 2: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk of that financial instrument has increased significantly since initial recognition, which is not yet deemed to be credit-impaired;
- Stage 3: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the financial instrument is credit-impaired.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(5) Impairment of financial assets (continued)

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

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

For an investment in a debt instrument measured at fair value through other comprehensive income, its loss provision shall be recognized in other comprehensive income, and its impairment loss or gain shall be included in the current profit or loss. The book value of the financial asset should not be reduced on the balance sheet.

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

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

For disclosures of the Group's judgment criteria for a significant increase in credit risk, the definition of credit-impaired assets, and assumptions of ECL, please refer to "Note X. 2. Credit risk".

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

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

A financial asset is derecognized when one of the following criteria is satisfied: (i) the contractual right to receive cash flows from the financial asset has terminated; (ii) the financial asset has been transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial asset; and (iii) the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has surrendered control.

If the Group has neither transferred nor retained substantially all the risks and rewards of ownership of a financial asset and has not relinquished control over the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the corresponding liability accordingly.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Margin trading and short selling business

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

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

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

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

12. Client transaction settlement funds

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

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

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

- (1) Stage 1: the stock-pledged repurchase business that maintains a guarantee ratio greater than the closing position and is not overdue;
- (2) Stage 2: the stock-pledged repurchase business that maintains a guarantee ratio greater than 100% and less than or equal to the closing position, or the principal and interest are overdue, less than 90 days;
- (3) Stage 3: the stock-pledged repurchase business that maintains a guarantee ratio less than or equal to 100%, or the principal and interest are overdue, for more than 90 days.

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

For details of the provisions for impairment of other financial assets held under resale agreements, please refer to "Note IV. 10. Financial assets and financial liabilities".

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments

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

(1) Judgment of significant influence and joint control

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

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

(2) Accounting treatment

The Group initially measures acquired long-term equity investments at the initial investment cost.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments (continued)

(2) Accounting treatment (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Investment properties

Investment properties include buildings that have been leased out.

Investment properties of the Group are initially measured at their cost. The costs of the purchased investment properties include the purchase price, relevant taxes and fees, and other expenses directly attributable to the assets. The costs of self-constructed investment properties consist of the necessary expenses incurred before the constructed assets reach their intended serviceable state.

The Group adopts the cost model for the subsequent measurement of investment properties. The average life method is used for depreciation or amortization according to the estimated useful life and net residual value rate.

The estimated useful life, net residual value rate, and depreciation rate of the Group's investment properties are as follows:

Type of assets	Estimated useful life (Years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Business buildings	40	5.00	2.38

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Fixed assets

Fixed assets of the Group are tangible assets with the following characteristics: held for the production of goods or the supply of services, for rental or administrative purposes, expected to be used for more than one accounting year, and with a unit value of more than RMB2,000.

Fixed assets include business buildings, non-business buildings, makeshift houses, structures, machinery equipment, power equipment, transport facilities, electronic equipment, communication equipment, electrical equipment, security equipment, and office facilities. They are recorded at their costs at the time of acquisition. The costs of the purchased fixed assets include the purchase price, import duties, and other related taxes and fees, as well as other expenses incurred before the fixed assets reach the intended use status that can be directly attributed to the assets. The costs of self-constructed fixed assets consist of the necessary expenditure incurred before the assets are constructed to reach their intended use. The fixed assets invested by the investor shall be recorded at the value agreed upon in the investment contract or agreement, or at fair value if the value agreed upon in the contract or agreement is not fair.

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Fixed assets (continued)

The depreciable lives, estimated net residual value rates, and depreciation rates of fixed assets by category are as follows:

Type of assets	Estimated useful life (Years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Business buildings	40	5.00	2.38
Non-business buildings	35	5.00	2.71
Makeshift houses	5	5.00	19.00
Structures	20	5.00	4.75
Machinery equipment	10	5.00	9.50
Power equipment	15	5.00	6.33
Communication equipment	5	5.00	19.00
Electronic equipment	5	5.00	19.00
Electrical equipment	5	5.00	19.00
Security equipment	5	5.00	19.00
Office facilities	5	5.00	19.00
Other transport facilities	8	5.00	11.88

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

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

17. Construction in progress

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Borrowing costs

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

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

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

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

19. Intangible assets

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

The land-use right is amortized on a straight-line basis since the acquisition date. The trading seat fees, software, and other intangible assets are amortized according to the shortest of the expected useful life, the benefit period stipulated in the contract, and the effective life stipulated by law. The amortized amount is included in the relevant asset cost and the current profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Impairment of long-term non-financial assets

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

If the result of the impairment test indicates that the recoverable amount of the asset is less than its book value, an impairment loss is recognized based on the difference. Once the impairment loss on the aforesaid asset is recognized, it shall not be reversed in subsequent accounting periods. The recoverable amount of an asset is the higher of the net value of the fair value of the asset minus the disposal expenses and the present value of the expected future cash flow of the asset.

The signs of impairment are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Goodwill

Goodwill represents the excess of the cost of an equity investment or the cost of a business combination not under common control over the share of the fair value of the net identifiable assets of the investee or the acquiree obtained in the business combination at the acquisition date or the purchase date.

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

Goodwill presented separately in the financial statements shall be tested for impairment at least annually, regardless of whether there are indications of impairment. During the impairment test, the book value of goodwill is allocated to the asset group or combination of asset groups expected to benefit from the synergies of the business combination. If the test results indicate that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of the impairment loss is offset against the book value of goodwill allocated to the asset group or combination of asset groups, and then offset against the book value of other assets in proportion to the book value of other assets except goodwill.

22. Long-term deferred expenses

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

23. Employee benefits

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee benefits (continued)

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

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

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

The employees of the Group participate in the enterprise annuity plan established by the Group in accordance with the relevant policies of the national enterprise annuity system on the basis of participating in the social basic pension insurance. The expenses for the Group's annuity plan are jointly contributed by the Group and its employees. According to the newly revised annuity plan, the corporate contribution rate is linked to the Group's "net profit" of the previous year. Based on the "net profit" for 2024, the corporate contribution rate for 2025 has been set at 8%, with the employee's personal contribution being 25% of the corporate contribution.

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

Regarding the early retirement plan implemented by the Group, the early retirement benefits are dealt with in the same way as termination benefits, because those employees no longer bring economic benefits to the enterprise. When the early retirement plan meets the recognition conditions specified in the employee benefits standards, according to the provisions of the early retirement plan, the Group's planned retirement salary and social insurance premiums, etc., for the period from the day when the employee stops providing services to the normal retirement date are recognized as provisions, which are included in the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Provisions

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

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

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

25. General risk reserve and transaction risk reserve

According to *Financial Rules for Financial Enterprises* and the *Notice on the 2007 Annual Report of Securities Company* (Zheng Jian Ji Gou Zi [2007] No. 320), the general risk reserve shall be withdrawn at 10% of the current net profit after making up losses. According to the *Operational Guidelines for the Application of the Opinions on Regulating Asset Management Business of Financial Institutions to the Large Collection Asset Management Business of Securities Companies* (China Securities Regulatory Commission Announcement [2018] No. 39) and the *Provisions on Liquidity Risk Management of Publicly Offered Open-End Securities Investment Funds*, a risk reserve for asset management operations shall be withdrawn. According to the *Interim Provisions for the Supervision of Important Money Market Funds*, a risk reserve for fund sales operations shall be withdrawn. In accordance with the *Provisions of the Securities Law* and the Zheng Jian Ji Gou Zi [2007] No 320, the transaction risk reserve shall be withdrawn at 10% of the current net profit after making up losses.

To mitigate the bond repayment risks, upon approval by the 14th Meeting of the 4th Board of Directors and the 6th Extraordinary General Meeting of Shareholders in 2013, the Company increased the proportions of discretionary surplus reserve and general risk reserve during the bond's tenure. Specifically, the discretionary surplus reserve is withdrawn at 5% of the current net profit after making up for losses, and the general risk reserve is withdrawn at 11% of the current net profit after making up for losses. In case of failure to pay the principal and interest of the bond on schedule or failure to pay the principal and interest of the bond on schedule at maturity, the Company will withdraw the discretionary surplus reserve at 10% of the current net profit after making up for losses during the remaining duration of the bond, and the general risk reserve at 12% of the current net profit after making up for losses.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

26. Revenue recognition principles

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

Performance obligations represent the Group's commitments to transfer clearly distinguishable goods or render services to the customer. The commitments include express commitments in the contract and commitments that the customer reasonably expects the Group to perform at the time the contract is entered into based on the Group's publicly announced policies, specific statements, or past practices.

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

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

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

The Group's right to receive consideration (and the right depends on factors other than the passage of time) as a result of transferring the goods or services to customers is presented as contract assets, and impairment provisions are made for the contract assets based on ECL. The right of the Group to charge the customer unconditionally (only dependent on the passage of time) is listed as a receivable. The Group's obligation to transfer the goods or services, because the Group received or got consideration from the customers, should be listed as contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Revenue recognition principles (continued)

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

(1) Fee and commission income

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

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

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

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

(2) Interest income

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

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

(3) Investment income

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Revenue recognition principles (continued)

(4) Spot market trading revenue and service revenue

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

27. Recognition and measurement of the client asset management business

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

28. Government grants

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

If the government grant is a monetary asset, it is measured according to the amount actually received. For the grant paid according to a fixed quota standard, or when there is conclusive evidence at the end of the period that the relevant conditions specified in the fiscal support policies can be met, and it is expected that the fiscal support funds will be received, it is measured according to the amount actually receivable. If the government grant is a non-monetary asset, it should be measured at its fair value. If its fair value cannot be obtained reliably, it shall be measured at its nominal amount (RMB1).

The government grants related to assets shall be recognized as deferred income, and the government grants related to assets that have been recognized as deferred income shall be recognized in the current profit or loss in stages within the useful life of the relevant assets.

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Deferred tax assets and deferred tax liabilities

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

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

30. Leases

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Leases (continued)

(1) The Group as the lessee

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

1) Initial measurement

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

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

2) Subsequent measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Leases (continued)

(1) The Group as the lessee (continued)

3) Lease changes

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Leases (continued)

(1) The Group as the lessee (continued)

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

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

(2) The Group as the lessor

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

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

31. Income tax accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Hedging accounting

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

- (1) For hedging instruments satisfy all the following conditions, hedge accounting is applied for accounting treatment: ① The hedging relationship is comprised of only qualifying hedging instruments and hedged items; ② At the inception of the hedge, the Group has formally designated the hedging instruments and the hedged items, and prepared the documentation regarding hedging relationships, risk management strategies, and objectives for undertaking the hedging; ③ The hedging relationship meets the hedge effectiveness requirements.

A hedge that meets all the following conditions is regarded as meeting hedge effectiveness requirements:

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

(2) Accounting for fair value hedges

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Hedging accounting (continued)

(2) Accounting for fair value hedges (continued)

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

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

(3) Accounting for cash flow hedges

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Hedging accounting (continued)

(3) Accounting for cash flow hedges (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Hedging accounting (continued)

(5) Termination of hedge accounting

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

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

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

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

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

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

33. Segment information

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

34. Held for sale and terminated operations

(1) Held for sale

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

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

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

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

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

(2) Discontinued operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

35. Fair value measurement

The Group measures derivative financial instruments and equity instrument investments at fair value at each balance sheet date. Fair value is the price that a market participant would receive for selling an asset or pay for transferring a liability in an orderly transaction occurring on the measurement date.

Assets and liabilities that are measured or disclosed at fair value in the financial statements are assigned to a fair value hierarchy based on the lowest level input that is significant to the overall fair value measurement: level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the related assets or liabilities.

At each balance sheet date, the Group reassesses the assets and liabilities recognized in the financial statements that are measured at fair value on a continuous basis to determine whether a transition has occurred between the fair value measurement hierarchy.

For financial instruments traded in an active market, the Group determines their fair value by using their quoted prices in the active market. For financial instruments not traded in an active market, the Group determines their fair value by using valuation techniques, and the valuation models used are mainly discounted cash flow models. The inputs to the valuation techniques consist mainly of the risk-free rate, credit premium, and liquidity premium for debt instruments, and the valuation multiplier and liquidity discount for equity instruments.

Level 3 fair values are determined based on the Group's valuation models, such as discounted cash flow models. The Group also considers the initial transaction price, recent transactions in identical or similar financial instruments, or full third-party transactions in comparable financial instruments. On December 31st, 2024, level 3 financial assets measured at fair value are valued using significant unobservable inputs such as discount rates, but their fair values are not materially sensitive to reasonable changes in these significant unobservable inputs.

The Group uses the market approach to determine the fair value of unlisted equity investments. This requires the Group to determine comparable listed companies, select market multipliers, and estimate liquidity discounts, among other things, and is therefore subject to uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Significant accounting judgments and estimates

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

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

(1) Provision for impairment of financial assets

The Group measures and recognizes impairment provisions for debt investments, other debt investments, financing operations (including margin trading and short selling, agreed repurchase, stock-pledged repurchase, etc.), and currency market disposals (loans) of funds or securities, receivable, based on expected credit losses.

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

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

For disclosures of the Group's judgment criteria for a significant increase in credit risk, the definition of credit-impaired assets, and assumptions of ECL, please refer to "Note X. 3. Credit risk".

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Significant accounting judgments and estimates (continued)

(2) Impairment provision of goodwill

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

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

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

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

(3) Recognition of deferred tax assets

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

(4) Useful lives fixed assets and intangible assets

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

(5) Determining the scope of consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

37. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

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

(2) Changes in significant accounting estimates

Effective January 1st, 2025, the Company (including its domestic subsidiaries) has changed the provision ratio for employee education costs from 2.5% to 1.5% of total employee salaries. This change in accounting estimate is accounted for using the prospective application method, and no retrospective adjustments to previously disclosed financial statements are required. Based on the financial statements for January to June 2025, the above change resulted in an increase in total profit for the period of RMB3,014,759.54.

V. TAXATION

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

Description of income tax rates of different taxpayers:

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

(1) Details

Item	Functional currency	June 30th, 2025		Functional currency	December 31st, 2024	
		Exchange rate (Note 1)	RMB amount		Exchange rate (Note 1)	RMB amount
Cash on hand			39,500.34			73,338.23
RMB	33,251.48	1.0000	33,251.48	59,987.33	1.0000	59,987.33
HKD	2,488.80	0.9120	2,269.66	10,272.85	0.9260	9,513.06
CAD	760.00	5.2358	3,979.20	760.00	5.0498	3,837.84
Deposits in bank			15,921,438,942.98			14,296,599,461.89
Deposit account			1,310,060,777.06			2,291,354,135.99
RMB	1,222,830,840.75	1.0000	1,222,830,840.75	1,573,161,866.41	1.0000	1,573,161,866.41
USD	1,220,739.93	7.1586	8,738,788.89	90,729,350.54	7.1884	652,198,863.45
HKD	86,005,444.86	0.9120	78,432,665.45	71,207,531.14	0.9260	65,941,022.13
AUD	14.63	4.6817	68.5	14.62	4.5070	65.89
EUR	6,951.97	8.4024	58,413.22	6,951.90	7.5257	52,317.88
CAD	0.04	5.2358	0.21	0.04	5.0498	0.20
THB	0.15	0.2197	0.04	0.15	0.2126	0.03
Client fund deposit			14,611,378,165.92			12,005,245,325.90
RMB	14,299,938,711.59	1.0000	14,299,938,711.59	11,881,018,207.40	1.0000	11,881,018,207.40
USD	1,272,834.96	7.1586	9,111,714.16	1,351,550.60	7.1884	9,715,490.00
HKD	331,517,890.43	0.9120	302,327,740.17	123,657,324.19	0.9260	114,511,628.50
Other cash and bank balances			59,561,635.98			104,311,239.85
RMB	59,561,635.98	1.0000	59,561,635.98	104,311,239.85	1.0000	104,311,239.85
Total			15,981,040,079.30			14,400,984,039.97

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

Details of margin trading and short selling business are shown in the table below:

Item	Functional currency	June 30th, 2025		Functional currency	December 31st, 2024	
		Exchange rate	RMB amount		Exchange rate	RMB amount
Corporate credit capital			58,631,139.93			682,267,152.89
RMB	58,631,139.93	1.0000	58,631,139.93	682,267,152.89	1.0000	682,267,152.89
Client credit capital			1,213,618,328.99			946,433,443.78
RMB	1,110,665,913.94	1.0000	1,110,665,913.94	926,081,044.27	1.0000	926,081,044.27
USD	239,288.11	7.1586	1,712,967.33	130,080.29	7.1884	935,069.68
HKD	111,014,252.67	0.9120	101,239,447.72	20,968,132.94	0.9260	19,417,329.83
Total			1,272,249,468.92			1,628,700,596.67

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

1. Cash and bank balances (continued)

- (2) As of June 30th, 2025, the Group's cash and bank balances, which were deposited overseas, were RMB394,185,473.12, and were due to deposits made by Hong Kong subsidiaries.
- (3) As of June 30th, 2025, the Group had restricted bank deposits totaling RMB27,572,405.51, all of which were risk reserves deposited with banks for the purpose of carrying out the Company's asset management business. Details are as follows:

Item	June 30th, 2025	December 31st, 2024
Risk reserve for asset management business	27,572,405.51	26,002,214.08
Total	27,572,405.51	26,002,214.08

2. Clearing settlement funds

Item	June 30th, 2025			December 31st, 2024		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
Corporate reserve funds			216,688,692.33			250,438,772.27
RMB	215,282,042.75	1.0000	215,282,042.75	250,086,148.59	1.0000	250,086,148.59
HKD	1,542,463.49	0.9120	1,406,649.58	380,774.63	0.9260	352,612.54
USD				1.55	7.1884	11.14
Client's ordinary reserve funds			2,457,846,420.43			3,818,259,497.08
RMB	2,448,347,037.14	1.0000	2,448,347,037.14	3,809,364,273.10	1.0000	3,809,364,273.10
USD	1,092,389.69	7.1586	7,819,980.83	995,834.59	7.1884	7,158,457.37
HKD	1,841,551.03	0.9120	1,679,402.46	1,875,476.88	0.9260	1,736,766.61
Client's credit reserve funds			88,463,657.72			462,627,073.83
RMB	88,463,657.72	1.0000	88,463,657.72	462,627,073.83	1.0000	462,627,073.83
Total			2,762,998,770.48			4,531,325,343.18

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

3. Margin accounts receivable

(1) By categories

Item	June 30th, 2025	December 31st, 2024
Domestic		
Including: Individual	8,538,922,176.44	9,200,706,620.57
Institution	13,910,422.37	72,908,137.65
Less: Provision for impairment	25,812,357.13	28,296,230.68
Subtotal	8,527,020,241.68	9,245,318,527.54
Overseas		
Including: Individual	82,779,658.32	81,938,289.27
Institution	26,429,340.51	55,556,977.88
Less: Provision for impairment	51,957,707.92	56,052,007.03
Subtotal	57,251,290.91	81,443,260.12
Total book value	8,584,271,532.59	9,326,761,787.66

(2) Details of collateral

Category of collateral	June 30th, 2025	December 31st, 2024
Cash	563,750,905.21	663,322,335.49
Bonds	113,105,930.26	83,339,089.37
Stocks	22,707,988,683.54	23,151,634,093.39
Funds	512,698,301.65	576,075,165.90
Total	23,897,543,820.66	24,474,370,684.15

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

4. Derivative financial instruments

(1) June 30th, 2025

Category	Hedging instruments			Non-hedging instruments		
	Nominal value	Fair value Asset	Liability	Nominal value	Fair value Asset	Liability
Commodity futures				56,870.00		98,250.00
Less: Deductible temporary receipts and payments						98,250.00
Interest rate swaps			76,130,000,000.00	101,026,299.42		
Less: Deductible temporary receipts and payments				101,026,299.42		
National debt futures			4,163,377,647.29	2,542,447.29		
Less: Deductible temporary receipts and payments				2,542,447.29		
Stock index futures			203,810,439.17			700,960.83
Less: Deductible temporary receipts and payments						700,960.83
Stock return swap						
Over-the-counter options						
Exchange-trade options				907,420.00	896,398.00	
Total				80,498,152,376.46	896,398.00	

(2) December 31st, 2024

Category	Hedging instruments			Non-hedging instruments		
	Nominal value	Fair value Asset	Liability	Nominal value	Fair value Asset	Liability
Commodity futures				193,240,973.80	182,570.00	1,006,896.76
Less: Deductible temporary receipts and payments					182,570.00	1,006,896.76
Interest rate swaps			109,890,000,000.00	87,644,815.14		
Less: Deductible temporary receipts and payments				87,644,815.14		
National debt futures			5,122,801,565.82	3,465,893.94		
Less: Deductible temporary receipts and payments				3,465,893.94		
Stock index futures			210,928,531.47			1,401,271.47
Less: Deductible temporary receipts and payments						1,401,271.47
Stock return swap				21,441,313.58	7,276,331.39	
Over-the-counter options				29,403,544.10	7,966,829.29	
Exchange-trade options				157,106,012.00	883,600.00	1,996,580.00
Total				115,624,921,940.77	16,126,760.68	1,996,580.00

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

5. Refundable deposits

Item	June 30th, 2025			December 31st, 2024		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
Trading margin			1,019,133,801.59			1,049,349,211.44
RMB	1,018,176,724.59	1.0000	1,018,176,724.59	1,048,383,003.44	1.0000	1,048,383,003.44
HKD	500,000.00	0.9120	455,975.00	500,000.00	0.9260	463,020.00
USD	70,000.00	7.1586	501,102.00	70,000.00	7.1884	503,188.00
Credit margin			11,919,204.34			9,623,078.96
RMB	11,919,204.34	1.0000	11,919,204.34	9,623,078.96	1.0000	9,623,078.96
Performance bonds			1,173,709.96			157,827,358.15
RMB	1,173,709.96	1.0000	1,173,709.96	157,827,358.15	1.0000	157,827,358.15
Total			1,032,226,715.89			1,216,799,648.55

6. Accounts receivable

(1) By details

Item	June 30th, 2025	December 31st, 2024
Stock-pledged repurchase receivable (Note 1)	58,195,327.68	626,241,864.08
Receivables from clients' liquidation	15,041,108.16	5,278,534.94
Management fee receivable	46,235,975.67	51,015,084.82
Fees and commission receivable	10,900,922.16	14,916,054.80
Receivables from clients' financing	4,585,000.19	5,609,195.54
Receivables from over-the-counter transactions		31,441,313.58
Receivables from disposal of stocks (Note 2)	50,755,748.66	156,039,977.32
Debt asset package receivable (Note 2)	94,430,178.59	112,426,721.70
Others	8,002,284.96	8,012,891.00
Less: Provision for bad debts (According to the simplified model)	106,796,242.15	679,967,806.29
Book value of accounts receivable	181,350,303.92	331,013,831.49

Note 1: Based on the result of court enforcement after the stock-pledged mortgage financing breached the contract, the Company transferred the unpaid repayment part to the accounts receivable. As of June 30th, 2025, the balance of the stock-pledged repurchase receivable is RMB58,195,327.68, and the amount of bad debt provision is RMB58,195,327.68, accounting for 100.00% of the balance of stock-pledged repurchase receivable.

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

6. Accounts receivable (continued)

(2) By portfolio methods

Item	June 30th, 2025			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Accrual proportion (%)
Separate provision for bad debts	194,951,947.24	67.66	97,169,787.58	49.84
Subtotal	194,951,947.24	67.66	97,169,787.58	49.84
Combination provision for bad debts				
Including: Within 1 year	8,404,429.97	2.92	42,022.16	0.50
1-2 years	55,410,131.75	19.23	2,770,506.60	5.00
2-3 years	10,074,543.58	3.50	1,007,454.36	10.00
3-4 years	8,591,931.91	2.98	1,718,386.38	20.00
4-5 years	6,343,478.75	2.20	1,903,043.63	30.00
More than 5 years	4,370,082.87	1.51	2,185,041.44	50.00
Subtotal	93,194,598.83	32.34	9,626,454.57	
Total	288,146,546.07	100.00	106,796,242.15	

Item	December 31st, 2024			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Accrual proportion (%)
Separate provision for bad debts	938,274,753.91	92.81	674,357,482.35	71.87
Subtotal	938,274,753.91	92.81	674,357,482.35	71.87
Combination provision for bad debts				
Including: Within 1 year	41,348,082.21	4.09	206,740.41	0.50
1-2 years	8,519,366.89	0.84	425,968.34	5.00
2-3 years	10,169,555.30	1.01	1,016,955.53	10.00
3-4 years	6,628,129.93	0.65	1,325,625.99	20.00
4-5 years	1,929,205.48	0.19	578,761.64	30.00
More than 5 years	4,112,544.06	0.41	2,056,272.03	50.00
Subtotal	72,706,883.87	7.19	5,610,323.94	
Total	1,010,981,637.78	100.00	679,967,806.29	

- (3) Among the balance of accounts receivable at the end of the period, the amount receivable from shareholder units holding more than 5% (including 5%) of the voting shares of the Company was RMB2,384,833.89, which was the accrued receivable of asset management fee income.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

6. Accounts receivable (continued)

(4) Accounts receivable of the top five closing balances, grouped by party in arrears

Name of entity	Balance as of June 30th, 2025	As a percentage of the balance of accounts receivable (%)	Balance of bad debt provision	Nature or content of payment	Aging
Entity 1	58,195,327.68	20.20	58,195,327.68	Stock-pledged repurchase receivable	2-3 years
Entity 2	50,755,748.66	17.61	2,537,787.43	Receivables from disposal of stocks	1-2 years
Entity 3	30,171,442.15	10.47		Debt asset package receivable	1-2 years
Entity 4	17,508,333.33	6.08	2,702,500.00	Management fee receivable	1-2 years, 2-3 years, 3-4 years, 4-5 years
Entity 5	14,524,800.00	5.04		Debt asset package receivable	1-2 years
Total	171,155,651.82	59.40	63,435,615.11		

(5) The accounts receivable written off in the current period amount to RMB571,752,324.58.

7. Financial assets held under resale agreements

(1) By business categories

Item	June 30th, 2025	December 31st, 2024
Bond-pledged repurchase	689,074,863.72	1,159,016,090.40
Stock-pledged repurchase	384,589,674.36	484,192,659.70
Less: Provision for impairment	197,879,617.54	198,207,070.66
Total	875,784,920.54	1,445,001,679.44

(2) By categories of financial assets

Item	June 30th, 2025	December 31st, 2024
Stocks	384,589,674.36	484,192,659.70
Bonds	689,074,863.72	1,159,016,090.40
Less: Provision for impairment	197,879,617.54	198,207,070.66
Book value	875,784,920.54	1,445,001,679.44

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

7. Financial assets held under resale agreements (continued)

(3) By collateral categories

Category of collateral	Fair value as at June 30th, 2025	Fair value as at December 31st, 2024
Stocks	888,675,512.62	1,080,936,742.20
Bonds	176,267,881.60	367,773,178.70
Total	1,064,943,394.22	1,448,709,920.90
Including: Collateral that can be sold or re-collateralized		
Including: Collateral that has been sold or has been pledged again		

Note: For the Treasury bond reverse repo transaction operated through the exchange, because it is automatically matched by the exchange and guarantees the full value of the collateral, it is impossible to know the information of the counterparty pledge pool. Therefore, the fair value of the collateral mentioned above does not include the fair value of the collateral asset obtained by the exchange's Treasury bond reverse repo. As of June 30th, 2025 and December 31st, 2024, the amount of the above-mentioned exchange's treasury bond reverse repo by the Company was RMB538.204 million and RMB827.44 million, respectively.

(4) Stock-pledged repurchase by residual maturity

Remaining period	June 30th, 2025	December 31st, 2024
Within 1 month	7,111,090.87	
1-3 months	50,007,534.24	84,813,621.99
3 months to 1 year	129,916,850.92	201,025,404.38
More than 1 year		
Over due	197,554,198.33	198,353,633.33
Total	384,589,674.36	484,192,659.70

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

7. Financial assets held under resale agreements (continued)

(5) By impairment stages of stock-pledged repurchases

Item	Expected credit losses in the next 12 months	June 30th, 2025		Total
		Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Book balance	187,035,476.03		197,554,198.33	384,589,674.36
Provision for impairment	325,419.21		197,554,198.33	197,879,617.54
Book value	186,710,056.82			186,710,056.82
The value of Collateral	888,675,512.62			888,675,512.62

Item	Expected credit losses in the next 12 months	December 31st, 2024		Total
		Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Book balance	285,839,026.37		198,353,633.33	484,192,659.70
Provision for impairment	652,872.33		197,554,198.33	198,207,070.66
Book value	285,186,154.04		799,435.00	285,985,589.04
The value of Collateral	1,080,137,307.20		799,435.00	1,080,936,742.20

8. Financial assets held for trading

(1) By categories

Category	Financial assets classified as at fair value through profit or loss	Fair value Financial assets designated as at fair value through profit or loss	June 30th, 2025		Initial cost Financial assets designated as at fair value through profit or loss	Total initial cost
			Total fair value	Financial assets classified as at fair value through profit or loss		
Bonds	15,057,177,808.78	15,057,177,808.78	15,324,655,322.72	15,324,655,322.72		15,324,655,322.72
Public offering of funds	4,278,312,131.72	4,278,312,131.72	4,277,788,803.49	4,277,788,803.49		4,277,788,803.49
Stocks/equity	779,077,444.63	779,077,444.63	1,143,013,679.08	1,143,013,679.08		1,143,013,679.08
Bank financial products	15,245,312.51	15,245,312.51	15,000,000.00	15,000,000.00		15,000,000.00
Asset management products of securities companies	139,364,440.79	139,364,440.79	141,791,937.50	141,791,937.50		141,791,937.50
Private funds and partnerships	1,018,906,117.66	1,018,906,117.66	867,768,957.11	867,768,957.11		867,768,957.11
Others	116,659,983.04	116,659,983.04	121,590,403.37	121,590,403.37		121,590,403.37
Total	21,404,743,239.13	21,404,743,239.13	21,891,609,103.27	21,891,609,103.27		21,891,609,103.27

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

8. Financial assets held for trading (continued)

(1) By categories (continued)

Category	December 31st, 2024			
	Financial assets classified as at fair value through profit or loss	Fair value Financial assets designated as at fair value through profit or loss	Financial assets classified as at fair value through profit or loss	Initial cost Financial assets designated as at fair value through profit or loss
		Total fair value		Total initial cost
Bonds	12,020,038,900.84	12,020,038,900.84	12,249,520,123.32	12,249,520,123.32
Public offering of funds	3,533,193,947.39	3,533,193,947.39	3,535,807,063.87	3,535,807,063.87
Stocks/equity	740,789,774.22	740,789,774.22	1,210,781,350.36	1,210,781,350.36
Bank financial products	25,260,043.36	25,260,043.36	25,000,000.00	25,000,000.00
Asset management products of securities companies	60,263,754.13	60,263,754.13	67,698,060.30	67,698,060.30
Private funds and partnerships	1,142,344,601.77	1,142,344,601.77	1,004,333,480.05	1,004,333,480.05
Others	107,356,348.71	107,356,348.71	112,143,776.61	112,143,776.61
Total	17,629,247,370.42	17,629,247,370.42	18,205,283,854.51	18,205,283,854.51

Note: The item "Others" refers to trust plans and structured deposits.

(2) Securities financed in financial assets held for trading

As of June 30th, 2025 and December 31st, 2024, the balance of the Group's financial assets held for trading included securities financed of RMB13,361,726.99 and RMB12,201,501.73, respectively.

(3) Financial assets held for trading with restricted realization

Item	Reasons	Book value as of June 30th, 2025	Book value as of December 31st, 2024
Bonds	Pledged for repurchase financing, pledged for bond lending	7,756,675,167.22	5,498,908,884.27
Bonds	Bonds default	33,645,419.93	35,345,400.00
Asset management products of securities companies	Undue underlying trust assets		1,196,100.00
Asset management products of securities companies	Exit not allowed during the lock-in or closed period	107,052,876.78	54,070,205.57
Public offering of fund	Securities financed	13,361,726.99	12,201,501.73
Stocks	Post-IPO restrictions, pre-listing institutional class restrictions	26,685,917.42	26,282,039.43
Structured deposits	Fixed term		15,013,541.67
Trust plans	Fixed term	70,981,642.96	35,205,109.59
Bank financial products	Exit not allowed during the lock-in or closed period	15,245,312.51	15,114,886.18

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

9. Debt investments

(1) Details of debt investments

Category	Initial cost	June 30th, 2025		Book value
		Interest	Provision for impairment	
Trust plans	115,983,969.95		92,576,676.95	23,407,293.00
Private placement bonds	157,356,700.48		157,356,700.48	
Asset management plans	180,974,153.80		158,946,697.02	22,027,456.78
Total	454,314,824.23		408,880,074.45	45,434,749.78

Category	Initial cost	December 31st, 2024		Book value
		Interest	Provision for impairment	
Trust plans	115,983,969.95		90,261,669.95	25,722,300.00
Private placement bonds	159,324,413.53		159,324,413.53	
Asset management plans	183,071,098.68		158,946,697.02	24,124,401.66
Total	458,379,482.16		408,532,780.50	49,846,701.66

(2) Details of impairment provisions

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Balance as of January 1st, 2025			408,532,780.50	408,532,780.50
Current book balance of debt investments as of January 1st, 2025	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Increase			2,315,007.00	2,315,007.00
Transfer back				
Write off				
Other transfer-out				
Translation differences of foreign currency financial statements			-1,967,713.05	-1,967,713.05
Balance as of June 30th, 2025			408,880,074.45	408,880,074.45

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

10. Other debt investments

(1) By categories

Category	June 30th, 2025				Cumulative provision for impairment
	Initial cost	Interest	Changes in fair value	Book value	
National bonds	50,260,783.59	464,876.71	372,216.41	51,097,876.71	
Local government bonds					
Total	50,260,783.59	464,876.71	372,216.41	51,097,876.71	

Category	December 31st, 2024				Cumulative provision for impairment
	Initial cost	Interest	Changes in fair value	Book value	
National bonds	50,448,417.85	1,228,602.74	735,082.15	52,412,102.74	
Local government bonds	55,305,622.61	65,917.81	6,547,327.39	61,918,867.81	62,390.21
Total	105,754,040.46	1,294,520.55	7,282,409.54	114,330,970.55	62,390.21

(2) Details of impairment provisions

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Balance as of January 1st, 2025	62,390.21			62,390.21
Current book balance of other debt investments as of January 1st, 2025	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Increase				
Transfer back				
Write off				
Other transfer-out	62,390.21			62,390.21
Balance as of June 30th, 2025				

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

10. Other debt investments (continued)

(3) Other debt investments with restricted realization

Item	Reasons	Book value as of June 30th, 2025	Book value as of December 31st, 2024
Local government bonds	Pledged for repurchase financing		49,535,094.25
National bonds	Pledged for refinancing business		46,302,949.35

11. Investments in other equity instruments

(1) Details of investments in other equity instruments

Item	June 30th, 2025	December 31st, 2024
Future membership	1,400,000.00	1,400,000.00
Total	1,400,000.00	1,400,000.00

(2) Additional information about other equity instruments

According to the *Implementation Rules for the Financial Treatment of Futures Companies* issued by the *China Futures Association*, the Company's subsidiaries list futures membership as investments in other equity instruments.

12. Long-term equity investments

(1) Classification of long-term equity investments

Item	June 30th, 2025	December 31st, 2024
By long-term equity investments calculated by the equity method	971,168,381.68	943,004,822.25
Total long-term equity investments	971,168,381.68	943,004,822.25
Less: Provision for impairment of long-term equity investments	33,950,188.62	37,754,195.83
Net value of long-term equity investments	937,218,193.06	905,250,626.42

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

12. Long-term equity investments (continued)

(2) Investments in associates

Investee	Opening book value	Additional investment	Reducing investment	Investment gains and losses recognized under the equity method	Increase/decrease in current period			Declare cash dividends or profits	Provision for impairment	Others	Closing book value	Closing balance of impairment provision (Note 1)
Henan Asset Management Co., Ltd.	740,657,708.75			47,070,205.99	139,527.52						787,867,442.26	
Luoyang Kaiyuan Technology Innovation Venture Capital Fund (Limited Partnership)	8,240,316.15		1,800,000.00	385,086.20				-1,753,849.55			5,071,552.80	
Henan Dahe Caifang Media Holding Co., Ltd.	33,170,591.29			554,135.47							33,724,726.76	
Henan Liying Environmental Protection Technology Co., Ltd.	28,031,577.36		28,031,577.36									
Minquan County Innovation Industry Investment Fund (Limited Partnership)	10,138,915.19			3,893,708.79							14,032,623.98	
Xinxiang Zhongding Technology Achievement Transformation Fund (Limited Partnership)	18,429,833.38			1,732,021.98							20,161,855.36	
CSI Jiaotong Fund Management Co., Ltd.	18,095,271.09			6,134,582.76							24,229,853.85	
Henan Zhongjian Equipment Manufacturing Technology Research Center Co., Ltd.	4,921,635.71		21,682.00	25,297.97							4,925,251.68	
Luoyang Desheng Biotechnology Co., Ltd.	11,125,517.00			-1,401,417.19							9,724,099.81	
Luoyang Guohong Industry Development Investment Fund (Limited Partnership)	11,488,613.26			21,680.26							11,510,293.52	
Hebi Magnesum Trading Center Co., Ltd.	8,677,655.16			-18,808.87							8,658,846.29	
Weihui Zhongding Innovation Equity Investment Fund Partnership (Limited Partnership)	3,968,316.69			-766.42							3,967,550.27	
Henan Jiaoguang Rongmei Information Technology Co., Ltd.	3,924,746.03			-20,287.05							3,904,458.98	
Hebi Jingkai Electronic Industry Development Fund Partnership (Limited Partnership)	1,950,244.22	5,200,000.00		-138,900.28							7,011,343.94	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

12. Long-term equity investments (continued)

(2) Investments in associates (continued)

Investee	Opening book value	Additional investment	Reducing investment	Increase/decrease in current period				Others	Closing book value	Closing balance of impairment provision (Note 1)
				Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits			
Luohe Huarui Permanent Magnetic Material Co., Ltd.	797,751.98								797,751.98	1,662,457.43
Zhengzhou Nongtao E-commerce Co., Ltd.										12,473,406.77
Tangyin County Innovation Industry Investment Fund (Limited Partnership)	982,899.44			209.43					983,108.87	298,473.38
Henan Investment Realistic Communication Co., Ltd.	649,033.72			-1,601.01					647,432.71	5,059,488.46
Henan Dudu Computer Technology Co., Ltd.										4,946,823.89
Henan Ruida Pharmaceutical Technology Co., Ltd.										3,354,112.56
Shangcai Fengtuo Agriculture and Forestry Technology Co., Ltd.										6,155,426.13
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.										
2242257 Ontario Inc.										
Total	905,250,626.42	5,200,000.00	29,853,259.36	58,235,148.03	139,527.52		-1,753,849.55		937,218,193.06	33,950,188.62

Note 1: On June 30th, 2025, the Group believes that there are no new provisions for impairment. As of June 30th, 2025, the Group had accumulated impairment provisions for long-term equity investments of RMB33,950,188.62.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

13. Investment properties

(1) Investment properties using the cost-measurement model

Item	Buildings and structures	Total
I. Original book value		
1. Opening balance	31,265,652.80	31,265,652.80
2. Increase		
(1) Transferred from fixed assets		
3. Decrease		
(1) Transferred to fixed assets		
4. Closing balance	31,265,652.80	31,265,652.80
II. Accumulated depreciation and amortization		
1. Opening balance	13,072,579.93	13,072,579.93
2. Increase	460,849.90	460,849.90
(1) Accrual or amortization	460,849.90	460,849.90
(2) Transferred from fixed assets		
3. Decrease		
(1) Transferred to fixed assets		
4. Closing balance	13,533,429.83	13,533,429.83
III. Provision for impairment		
1. Opening balance		
2. Increase		
3. Decrease		
4. Closing balance		
IV. Book value		
1. Closing book value	17,732,222.97	17,732,222.97
2. Opening book value	18,193,072.87	18,193,072.87

- 1) As of June 30th, 2025 and December 31st, 2024, no provision for impairment was required for the Group's investment properties.
- 2) As of June 30th, 2025 and December 31st, 2024, the Group had no investment properties that had not completed the property right certificate yet.

14. Fixed assets

(1) Book value of fixed assets

Item	June 30th, 2025	December 31st, 2024
Original value of fixed assets	541,629,420.71	526,494,933.29
Less: Accumulated depreciation	349,823,894.52	341,863,095.92
Less: Provision for impairment		
Total book value of fixed assets	191,805,526.19	184,631,837.37

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

14. Fixed assets (continued)

(2) Changes in the increase or decrease of fixed assets

Item	Buildings and structures	Electrical equipment	Transport facilities	Others	Total
I. Original book value					
1. Opening balance	173,615,103.36	317,772,772.91	15,361,696.33	19,745,360.69	526,494,933.29
2. Increase		25,773,765.83		73,691.84	25,847,457.67
(1) Acquisition		25,773,765.83		73,691.84	25,847,457.67
(2) Transferred in from investment properties					
3. Decrease		6,193,654.49	4,128,037.95	362,466.91	10,684,159.35
(1) Disposal or scrap		6,193,654.49	4,128,037.95	362,466.91	10,684,159.35
(2) Transferred to investment properties					
4. Translation differences of foreign currency financial statements		-26,753.44		-2,057.46	-28,810.90
5. Closing balance	173,615,103.36	337,326,130.81	11,233,658.38	19,454,528.16	541,629,420.71
II. Accumulated depreciation					
1. Opening balance	83,034,050.67	229,687,077.89	14,076,004.99	15,065,962.37	341,863,095.92
2. Increase	2,247,844.46	15,056,019.71	58,498.32	658,636.28	18,020,998.77
(1) Accrual	2,247,844.46	15,056,019.71	58,498.32	658,636.28	18,020,998.77
(2) Transferred in from investment properties					
3. Decrease		5,797,608.25	3,921,636.05	319,288.01	10,038,532.31
(1) Disposal or scrap		5,797,608.25	3,921,636.05	319,288.01	10,038,532.31
(2) Transferred to investment properties					
4. Translation differences of foreign currency financial statements		-20,994.31		-673.55	-21,667.86
5. Closing balance	85,281,895.13	238,924,495.04	10,212,867.26	15,404,637.09	349,823,894.52
III. Provision for impairment					
1. Opening balance					
2. Increase					
3. Decrease					
4. Closing balance					
IV. Book value					
1. Closing book value	88,333,208.23	98,401,635.77	1,020,791.12	4,049,891.07	191,805,526.19
2. Opening book value	90,581,052.69	88,085,695.02	1,285,691.34	4,679,398.32	184,631,837.37

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

14. Fixed assets (continued)

(2) Changes in the increase or decrease of fixed assets (continued)

- 1) The depreciation of the fixed asset recognized in the period is RMB18,020,998.77.
- 2) As of June 30th, 2025, the Group had no significant idle fixed assets.
- 3) As of June 30th, 2025, the Group had no fixed assets that had not completed the title certificate.
- 4) As of June 30th, 2025 and December 31st, 2024, no provision for impairment was required for the Group's fixed assets.

15. Construction in progress

(1) Details of construction in progress

Item	June 30th, 2025		December 31st, 2024	
	Book balance	Provision for impairment	Book balance	Provision for impairment
Office building construction	232,356,263.95		225,069,712.95	
Total	232,356,263.95	232,356,263.95	225,069,712.95	225,069,712.95

(2) Changes in construction in progress during the period

Item	Opening balance	Increase	Decrease		Closing balance
			Transferred to fixed assets	Other decrease	
Self-built office building	225,069,712.95	7,286,551.00			232,356,263.95
Total	225,069,712.95	7,286,551.00			232,356,263.95

- (3) As of June 30th, 2025 and December 31st, 2024, no provision for impairment was required for the Group's construction in progress.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

16. Right-of-use assets

(1) Details of right-of-use assets

Item	Buildings and structures	Total
I. Original book value		
1. Opening balance	281,811,862.16	281,811,862.16
2. Increase	14,058,552.61	14,058,552.61
(1) Rent in	14,058,552.61	14,058,552.61
3. Decrease	23,591,723.22	23,591,723.22
(1) Lease expired	13,907,217.28	13,907,217.28
(2) Others	9,684,505.94	9,684,505.94
4. Translation differences of foreign currency financial statements	-144,021.66	-144,021.66
5. Closing balance	272,134,669.89	272,134,669.89
II. Accumulated depreciation		
1. Opening balance	159,317,540.21	159,317,540.21
2. Increase	20,913,535.60	20,913,535.60
(1) Accrual	20,913,535.60	20,913,535.60
3. Decrease	13,907,217.28	13,907,217.28
(1) Lease expired	13,907,217.28	13,907,217.28
(2) Others		
4. Translation differences of foreign currency financial statements	-90,641.97	-90,641.97
5. Closing balance	166,233,216.56	166,233,216.56
III. Book value		
1. Closing book value	105,901,453.33	105,901,453.33
2. Opening book value	122,494,321.95	122,494,321.95

Note: The item "Others" mainly refers to changes in lease contracts.

- (2) As of June 30th, 2025 and December 31st, 2024, no provision for impairment was required for the Group's right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

17. Intangible assets

(1) Details of intangible assets

Item	Computer software	Seat fee	Land-use right	Others	Total
I. Original book value					
1. Opening balance	562,535,854.06	28,947,020.00	105,655,751.67	2,344,188.67	699,482,814.40
2. Increase	17,129,354.97				17,129,354.97
3. Decrease	19,397.50				19,397.50
4. Translation differences of foreign currency financial statements	-4,227.00	-7,045.00			-11,272.00
5. Closing balance	579,641,584.53	28,939,975.00	105,655,751.67	2,344,188.67	716,581,499.87
II. Accumulated amortization					
1. Opening balance	375,970,659.03	28,484,000.00	28,350,765.48	2,128,150.96	434,933,575.47
2. Increase	35,366,596.82		1,321,452.72	20,754.72	36,708,804.26
3. Decrease	19,397.50				19,397.50
4. Translation differences of foreign currency financial statements	-4,227.00				-4,227.00
5. Closing balance	411,313,631.35	28,484,000.00	29,672,218.20	2,148,905.68	471,618,755.23
III. Provision for impairment					
1. Opening balance					
2. Increase					
3. Decrease					
4. Closing balance					
IV. Book value					
1. Closing book value	168,327,953.18	455,975.00	75,983,533.47	195,282.99	244,962,744.64
2. Opening book value	186,565,195.03	463,020.00	77,304,986.19	216,037.71	264,549,238.93

(2) The accrued amortization of intangible assets for the current period is RMB36,708,804.26.

(3) As of June 30th, 2025 and December 31st, 2024, the Group had no intangible assets used as collateral or guarantee.

(4) As of June 30th, 2025 and December 31st, 2024, no provision for impairment was required for the Group's intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

Item	June 30th, 2025		December 31st, 2024	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	869,743,756.32	207,738,321.36	1,441,838,250.01	350,612,112.63
Employee benefits payable	147,754,517.04	36,938,629.26	301,568,186.20	75,392,046.55
Changes in fair value of financial assets held for trading and derivative financial instruments	482,638,640.32	107,344,202.52	444,020,105.73	97,483,839.62
Underwriting income and expenditure to be carried forward	4,401,852.28	1,100,463.07	3,299,339.60	824,834.90
Accrued expenses	39,928,588.00	9,982,147.00	41,110,445.44	10,277,611.36
Changes in fair value of financial liabilities held for trading			3,193,631.92	798,407.98
Futures risk reserve	422,299.44	105,574.86	422,299.44	105,574.86
Others	884,874,515.18	217,570,353.59	337,200,807.89	80,595,559.41
Total	2,429,764,168.58	580,779,691.66	2,572,653,066.23	616,089,987.31

(2) Deferred tax liabilities before offset

Item	June 30th, 2025		December 31st, 2024	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in fair value of financial assets held for trading and derivative financial instruments	5,800,399.00	1,450,099.75	537,964.40	134,491.10
Changes in fair value of financial liabilities held for trading	490,369.24	122,592.31		
Changes in fair value of other debt investments	372,216.41	93,054.10	7,282,409.54	1,820,602.39
Others	135,260,440.49	33,815,110.12	137,066,525.58	34,266,631.39
Total	141,923,425.14	35,480,856.28	144,886,899.52	36,221,724.88

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

18. Deferred tax assets and deferred tax liabilities (continued)

(3) Net amount of deferred tax assets and deferred tax liabilities after offset

Item	Closing offset amount between deferred tax assets and liabilities	Closing balance of deferred tax assets or liabilities after offset	Opening offset amount between deferred tax assets and liabilities	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	25,405,635.17	555,374,056.49	29,601,858.47	586,488,128.84
Deferred tax liabilities	25,405,635.17	10,075,221.11	29,601,858.47	6,619,866.41

19. Goodwill

(1) Original value of goodwill

Investee	December 31st, 2024	Business combination in current period	Increase	Decrease		June 30th, 2025
			Translation differences of foreign currency financial statements	Disposal	Others	
Central China Futures Co., Ltd. (Note 1)	7,268,756.37					7,268,756.37
Central China International Financing Co., Ltd. (Note 2)	15,613,248.70		-237,560.67			15,375,688.03
Total	22,882,005.07		-237,560.67			22,644,444.40

Note 1: In 2007, the Company acquired 55.68% equity of Central China Futures Co., Ltd. (formerly known as "Yuliang Futures Brokerage Co., Ltd.") through a business combination not under common control. The excess of the combination cost over the fair value of the identifiable assets and liabilities of Central China Futures Co., Ltd. obtained on a pro rata basis was recognized as goodwill related to Central China Futures Co., Ltd.

Note 2: Central China International, a subsidiary of the Company, acquired 100% equity interests in Central China International Financing (formerly known as "Pan Asia Corporate Finance Limited") through a business combination not under common control in 2016 with a merger consideration of HKD24,416,272.00. The fair value of the identifiable net assets of Central China International Financing as at the date of the combination was HKD7,556,040.59, and the difference of HKD16,860,231.41 was recorded as goodwill after being translated into RMB at the exchange rate as of June 30th, 2025.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

19. Goodwill (continued)

(2) Provision for impairment of goodwill

Investee	December 31st, 2024	Increase		Decrease		June 30th, 2025
		Accrual	Translation differences of foreign currency financial statements	Disposal	Others	
Central China Futures Co., Ltd.						
Central China International Financing Co., Ltd.	15,613,248.70		-237,560.67			15,375,688.03
Total	15,613,248.70		-237,560.67			15,375,688.03

The main cash flow generated by the above investee is independent of the other subsidiaries of the Company, and the Company separately manages the above subsidiaries. Therefore, each subsidiary constitutes an asset group, and the goodwill formed by the business combination is allocated to the corresponding subsidiaries for the impairment test. The recoverable amount of the Company's goodwill is determined by estimating the present value of future cash flows.

The Group has made a full provision for impairment of goodwill arising from the acquisition of Central China International Financing. The management of the Company considers that no impairment provision is necessary for the goodwill arising from the acquisition of Central China Futures.

- (3) The Company estimates the present value of the future cash flows of the asset group based on the financial budgets and applicable discount rates for the next few years in accordance with the development plan of Central China Futures and the industry development trend. Cash flows for the years in which the financial budget is exceeded are judged by the rate of growth over the stabilization period, which does not exceed the long-term average growth rate of the business to which the asset group relates. The projection period used by the Company is five years. The pre-tax discount rate applied to the cash flows of Central China Futures is 12.00% and the growth rate of operating income over the stabilization period is 0%. The discount rate and weighted average growth rate reflect the specific risks and long-term growth expectations of the underlying asset group. The key assumptions underlying the recoverable amount estimates related to other projected cash inflows or outflows include projected revenues and revenue margins. These estimates are determined based on the historical performance of the asset group and management's expectations of market changes. During the projection period, the revenue growth rate for the Central China Futures asset group is 15.00%, with an average profit margin of 20.97%. During the stabilization period, the profit margin for the Central China Futures asset group is 24.61%. The recoverable amount of the asset group of Central China Futures is greater than its book value and is not impaired.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

20. Other assets

(1) Details

Item	June 30th, 2025	December 31st, 2024
Other receivables	53,642,744.02	48,929,126.86
Assets held for debt settlement	57,630,187.00	62,382,700.00
Deferred expenses	11,687,606.45	16,251,671.16
Long-term deferred expenses	31,169,622.88	35,588,211.55
Pending underwriting expenses	8,727.18	3,406.25
Clearing margin receivable	10,000,000.00	10,049,607.61
Prepayment of enterprise income tax	38,681,663.08	39,737,859.45
Others	27,533,540.46	24,621,667.89
Total	230,354,091.07	237,564,250.77

(2) Other receivables

1) By details

Item	June 30th, 2025	December 31st, 2024
Prepayments	68,540,974.51	61,996,850.20
Cash pledge	10,015,448.14	11,080,439.81
Deposits	1,528,000.00	1,518,000.00
Others	18,921,204.67	21,241,333.72
Less: Provision for bad debts	45,362,883.30	46,907,496.87
Book value of other receivables	53,642,744.02	48,929,126.86

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

20. Other assets (continued)

(2) Other receivables (continued)

2) By portfolio methods

Item	June 30th, 2025			December 31st, 2024		
	Book balance	Provision for bad debts	Proportion (%)	Book balance	Provision for bad debts	Proportion (%)
Separate provision for bad debts	37,900,499.88	37,900,450.28	100.00	39,913,802.38	39,263,803.96	98.37
Subtotal	37,900,499.88	37,900,450.28	100.00	39,913,802.38	39,263,803.96	98.37
Combination provision for bad debts						
Including: Within 1 year	32,588,329.80	162,941.66	0.50	26,392,165.51	131,960.85	0.50
1-2 years	8,563,844.40	428,192.22	5.00	10,030,790.44	501,539.52	5.00
2-3 years	5,375,839.97	537,584.00	10.00	3,691,710.24	369,171.02	10.00
3-4 years	2,256,979.17	451,395.83	20.00	3,297,715.00	659,542.88	20.00
4-5 years	1,388,738.75	416,621.63	30.00	1,368,707.19	410,612.16	30.00
More than 5 years	10,931,395.35	5,465,697.68	50.00	11,141,732.97	5,570,866.48	50.00
Subtotal	61,105,127.44	7,462,433.02		55,922,821.35	7,643,692.91	
Total	99,005,627.32	45,362,883.30		95,836,623.73	46,907,496.87	

3) Other receivables with provision for bad debt in accordance with the general model of expected credit losses

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Balance as of January 1st, 2025	7,643,692.91		39,263,803.96	46,907,496.87
Current period balance as of January 1st, 2025	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Increase				
Transfer back	180,115.76			180,115.76
Write off			1,363,353.68	1,363,353.68
Translation differences of foreign currency financial statements	-1,144.13			-1,144.13
Balance as of June 30th, 2025	7,462,433.02		37,900,450.28	45,362,883.30

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

20. Other assets (continued)

(3) Long-term deferred expenses

Item	December 31st, 2024	Increase	Amortized	Translation differences of foreign currency financial statements	June 30th, 2025
Decoration expenses, etc.	35,588,211.55	5,331,229.78	9,739,478.73	-10,339.72	31,169,622.88
Total	35,588,211.55	5,331,229.78	9,739,478.73	-10,339.72	31,169,622.88

(4) Entrusted loans

Item	June 30th, 2025	December 31st, 2024
Entrusted loans	14,397,407.69	22,135,377.29
Less: Provision for impairment	14,397,407.69	22,135,377.29
Book value		

21. Securities lending

Item	June 30th, 2025	December 31st, 2024
Securities lending	13,361,726.99	12,201,501.73
— Financial assets held for trading	13,361,726.99	12,201,501.73

As of June 30th, 2025 and December 31st, 2024, the Company had no securities lending business contracts overdue.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

22. Statement of provision for impairment of assets

(1) By changing details

Item	December 31st, 2024	Increase	Reversal	Decrease Write off	Other transfer-out	Translation differences of foreign currency financial statements	June 30th, 2025
Provision for impairment of margin accounts receivable	84,348,237.71		2,821,170.47		3,693,936.52	-63,065.67	77,770,065.05
Provision for bad debts of accounts receivable	679,967,806.29	2,932,763.09		571,752,324.58	4,336,206.40	-15,796.25	106,796,242.15
Provision for bad debts of other receivables	46,907,496.87		180,115.76	1,363,353.68		-1,144.13	45,362,883.30
Provision for impairment of financial assets held under resale agreements	198,207,070.66		327,453.12				197,879,617.54
Provision for impairment of debt investments	408,532,780.50	2,315,007.00				-1,967,713.05	408,880,074.45
Provision for impairment of other debt investments	62,390.21				62,390.21		
Provision for impairment of other assets	10,130,223.10	102,067.38		1,217,776.82			9,014,513.66
Provision for impairment of entrusted loans	22,135,377.29			7,737,969.60			14,397,407.69
Subtotal of provision for credit impairment of financial instruments and other items	1,450,291,382.63	5,349,837.47	3,328,739.35	582,071,424.68	8,092,533.13	-2,047,719.10	860,100,803.84
Provision for impairment of long-term equity investments	37,754,195.83				3,708,903.36	-95,103.85	33,950,188.62
Provision for impairment of inventories							
Provision for impairment of goodwill	15,613,248.70					-237,560.67	15,375,688.03
Provision for impairment of assets held for debt settlement	8,404,400.58	4,752,513.00					13,156,913.58
Subtotal of provision for impairment of other assets	61,771,845.11	4,752,513.00			3,708,903.36	-332,664.52	62,482,790.23
Total	1,512,063,227.74	10,102,350.47	3,328,739.35	582,071,424.68	11,801,436.49	-2,380,383.62	922,583,594.07

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

22. Statement of provision for impairment of assets (continued)

(2) Expected credit loss provisions for financial instruments and other items

Item	Expected credit losses in the next 12 months	June 30th, 2025		Total
		Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Provision for impairment of margin accounts receivable	25,825,648.60		51,944,416.45	77,770,065.05
Provision for bad debts of accounts receivable		9,626,454.57	97,169,787.58	106,796,242.15
Provision for bad debts of other receivables	7,462,433.02		37,900,450.28	45,362,883.30
Provision for impairment of financial assets held under resale agreements	325,419.21		197,554,198.33	197,879,617.54
Provision for impairment of debt investments			408,880,074.45	408,880,074.45
Provision for impairment of other debt investments				
Provision for impairment of other assets (Note)		264,513.71	8,749,999.95	9,014,513.66
Provision for impairment of entrusted loans			14,397,407.69	14,397,407.69
Total	33,613,500.83	9,890,968.28	816,596,334.73	860,100,803.84

Note: Provision for impairment of other receivables is shown separately and is not included in the provision for impairment of other assets.

Item	Expected credit losses in the next 12 months	December 31st, 2024		Total
		Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Provision for impairment of margin accounts receivable	28,299,171.02	45,320.48	56,003,746.21	84,348,237.71
Provision for bad debts of accounts receivable		5,610,323.94	674,357,482.35	679,967,806.29
Provision for bad debts of other receivables	7,643,692.91		39,263,803.96	46,907,496.87
Provision for impairment of financial assets held under resale agreements	652,872.33		197,554,198.33	198,207,070.66
Provision for impairment of debt investments			408,532,780.50	408,532,780.50
Provision for impairment of other debt investments	62,390.21			62,390.21
Provision for impairment of other assets		162,446.33	9,967,776.77	10,130,223.10
Provision for impairment of entrusted loans			22,135,377.29	22,135,377.29
Total	36,658,126.47	5,818,090.75	1,407,815,165.41	1,450,291,382.63

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

23. Short-term loans

(1) Classification of short-term loans

Category	June 30th, 2025	December 31st, 2024
Guaranteed loans		7,008,341.66
Total		7,008,341.66

As of June 30th, 2025, the Group had no outstanding short-term loans.

24. Short-term financing instruments payable

Category	Par value (RMB10,000)	Interest start date	Bond maturity	Issuing amount (RMB10,000)	Coupon rate	Book balance as of December 31st, 2024	Increase	Decrease	Book balance as of June 30th, 2025
22 Central China 01 (Note 1)	200,000	February 24 th , 2022	3 years	200,000	3.20%	2,054,657,975.25	9,342,024.75	2,064,000,000.00	
22 Central China C1 (Note 2)	50,000	October 17 th , 2022	3 years	50,000	3.30%	503,480,821.83	8,182,191.76		511,663,013.59
WENDING ZHONGYUAN (Note 3)	USD 8,800	March 22 nd , 2022	3 years	USD 10,000	4.00%	639,089,830.84	4,806,928.31	643,896,759.15	
23 Central China 01 (Note 4)	100,000	March 13 th , 2023	3 years	100,000	3.68%		1,011,038,708.65		1,011,038,708.65
Income securities issued certificate (Note 5)	107,826	November 15 th , 2024 to June 26 th , 2025	28-546 days	107,826	1.80%-2.70%	699,260,937.77	922,404,534.99	528,198,065.86	1,093,467,406.90
Total						3,896,489,565.69	1,955,774,388.46	3,236,094,825.01	2,616,169,129.14

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

24. Short-term financing instruments payable (continued)

Note 1: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB2 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 39). On February 23rd, 2022, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 3.20%.

Note 2: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213). On October 14th, 2022, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 3.30%.

Note 3: Wending Zhongyuan Company Limited, a subsidiary of the Company, issued dollar bonds of USD100 million with a coupon rate of 4.00% on March 22nd, 2022, after the tenth meeting of the sixth session of the Board of Directors of the Company and the first extraordinary general meeting of shareholders in 2019 deliberated and approved the *Proposal on the General Authorization of the Company to Issue Domestic and Overseas Debt Financing Instruments*. The Company provided joint and several liability guarantees.

Note 4: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On March 10th, 2023, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 3.68%.

Note 5: As of June 30th, 2025, the Company's deposited income securities issued certificates consisted of Jinyi Series income securities issued certificates of RMB331,442,475.39 and Rongyi Series income securities issued certificates of RMB762,024,931.51, with a maturity of 28 to 546 days and interest rates ranging from 1.80% to 2.70%.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

25. Due to banks and other financial institutions

(1) Categories

Item	June 30th, 2025	December 31st, 2024
Due to banks	2,960,539,577.52	2,660,382,573.45
Capital from refinancing		1,302,221,138.90
Total	2,960,539,577.52	3,962,603,712.35

(2) Residual maturity of capital from refinancing

Item	June 30th, 2025		December 31st, 2024	
	Balance	Interest rate range	Balance	Interest rate range
Within 1 month				
1-3 months				
3 months to 1 year			1,302,221,138.90	1.85%~2.55%
Total			1,302,221,138.90	1.85%~2.55%

26. Financial liabilities held for trading

(1) Financial liabilities held for trading

Category	June 30th, 2025		Total
	Financial liabilities classified as at fair value through profit or loss	Fair value Financial liabilities designated as at fair value through profit or loss	
Bonds (Note 1)	748,323,941.07		748,323,941.07
Structured entities included in the scope of consolidation that are classified as financial liabilities at fair value through profit or loss (Note 2)	412,336,170.88		412,336,170.88
Total	1,160,660,111.95		1,160,660,111.95

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

26. Financial liabilities held for trading (continued)

(1) Financial liabilities held for trading (continued)

Category	December 31st, 2024		Total
	Financial liabilities classified as at fair value through profit or loss	Fair value Financial liabilities designated as at fair value through profit or loss	
Bonds (Note 1)	223,811,867.81		223,811,867.81
Structured entities included in the scope of consolidation that are classified as financial liabilities at fair value through profit or loss (Note 2)	355,075,799.85		355,075,799.85
Total	578,887,667.66		578,887,667.66

Note 1: As of June 30th, 2025 and December 31st, 2024, the Group sold bonds under bond lending to other financial institutions for financing operations.

Note 2: In the consolidated financial statements, the Group classifies financial liabilities arising from the consolidation of structured entities as financial liabilities held for trading, as the Group has the obligation to make payments to other investors on the maturity date of the structured entities based on the net book value and the relevant terms of the structured entities.

27. Financial assets sold under repurchase agreements

(1) By business categories

Item	June 30th, 2025	December 31st, 2024
Outright repurchase	48,808,197.95	232,362,526.93
Pledge-style repurchase	6,952,496,926.45	5,056,721,845.42
Total	7,001,305,124.40	5,289,084,372.35

(2) By subject categories

Item	June 30th, 2025	December 31st, 2024
Bonds	7,001,305,124.40	5,289,084,372.35
Total	7,001,305,124.40	5,289,084,372.35

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

27. Financial assets sold under repurchase agreements (continued)

(3) Collateral information of financial assets sold under repurchase agreements

Category of collateral	Fair value as at June 30th, 2025	Fair value as at December 31st, 2024
Bonds	7,753,815,823.70	5,873,550,561.40
Total	7,753,815,823.70	5,873,550,561.40

28. Accounts payable to brokerage clients

(1) Details

Item	June 30th, 2025	December 31st, 2024
General brokerage business		
Including: Individual	15,089,494,355.43	14,060,230,985.52
Institution	1,239,819,006.18	1,127,774,495.37
Subtotal	16,329,313,361.61	15,188,005,480.89
Credit business		
Including: Individual	1,176,997,230.12	1,274,893,968.16
Institution	89,591,875.67	13,110,926.49
Subtotal	1,266,589,105.79	1,288,004,894.65
Total	17,595,902,467.40	16,476,010,375.54

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

29. Taxes payable

Item	June 30th, 2025	December 31st, 2024
Enterprise income tax		2,873,378.01
Individual income tax	34,056,862.16	35,713,175.59
Value-added tax	6,603,566.83	1,411,797.88
Urban maintenance and construction tax	843,672.75	464,602.12
Education surcharge	700,677.56	430,079.39
Property tax	527,647.82	366,173.05
Land use tax	103,634.82	99,773.56
Others	479.21	44,830.77
Total	42,836,541.15	41,403,810.37

30. Accounts payable

Item	June 30th, 2025	December 31st, 2024
Open-end fund liquidation	81,502,508.52	196,178,376.01
Securities liquidation	13,921,535.29	2,745,743.88
Bank custody fee	5,647,191.95	4,576,820.63
Others	1,909,833.73	1,838,023.67
Total	102,981,069.49	205,338,964.19

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

31. Contract liabilities

(1) Details of contract liabilities

Item	June 30th, 2025	December 31st, 2024
Fee and commission advances	2,324,384.67	2,400,665.20
Total	2,324,384.67	2,400,665.20

32. Bonds payable

(1) Classification of bonds payable

Category	Par value (RMB 10,000)	Interest start date	Bond maturity	Issuing amount (RMB 10,000)	Coupon rate	Book balance as of December 31st, 2024	Increase	Decrease	Book balance as of June 30th, 2025
23 Central China 01 (Note 1)	100,000	March 13th, 2023	3 years	100,000	3.68%	1,029,485,387.67	7,314,612.33	1,036,800,000.00	
23 Central China C1 (Note 2)	50,000	August 18th, 2023	3 years	50,000	3.70%	506,943,835.67	9,173,972.62		516,117,808.29
24 Central China 01 (Note 3)	70,000	January 25th, 2024	3 years	70,000	2.90%	718,614,318.13	10,163,244.76	20,300,000.00	708,477,562.89
24 Central China 02 (Note 4)	200,000	July 4th, 2024	3 years	200,000	2.22%	2,020,640,834.17	22,283,814.77		2,042,924,648.94
24 Central China C1 (Note 5)	100,000	June 4th, 2024	3 years	100,000	2.44%	1,014,105,205.49	12,099,726.03	24,400,000.00	1,001,804,931.52
25 Central China 01 (Note 6)	200,000	April 25th, 2025	3 years	200,000	2.35%		2,007,495,321.80		2,007,495,321.80
Income securities issued certificate (Note 7)	32,027.80	June 4th, 2024 to June 24th, 2025	385 to 1092 days	32,027.80	2.55%~3.00%	822,940,299.06	196,322,775.77	693,953,007.91	325,310,066.92
Total	—	—	—	—	—	6,112,729,880.19	2,264,853,468.08	1,775,453,007.91	6,602,130,340.36

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

32. Bonds payable (continued)

(1) Classification of bonds payable (continued)

Note 1: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On March 10th, 2023, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 3.68%.

Note 2: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213). On August 17th, 2023, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 3.70%.

Note 3: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On January 24th, 2024, the Company issued bonds of RMB700 million, with a maturity of 3 years and a coupon rate of 2.90%.

Note 4: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On July 3rd, 2024, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 2.22%.

Note 5: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213). On June 3rd, 2024, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 2.44%.

Note 6: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2022, the Company was approved to non-publicly issue corporate bonds with a total amount of no more than RMB2 billion to professional investors in accordance with the Shanghai Stock Exchange's Letter on No Objection to the Listing and Transfer of Non-public Issuance of Corporate Bonds by Central China Securities Co., Ltd. (SSE Letter [2025] No. 971). On April 24th, 2025, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 2.35%.

Note 7: As of June 30th, 2025, the Company's deposited income securities issued certificates, Jinyi Series income securities issued certificates, are RMB325,310,066.92, with a maturity of 385–1092 days and interest rates ranging from 2.55% to 3.00%.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

33. Employee benefits payable

(1) Categories

Item	December 31st, 2024	Increase	Decrease	June 30th, 2025
Short-term benefits	393,354,374.63	381,137,481.53	312,827,024.43	461,664,831.73
Post-employment benefit — defined contribution plans	40,142,433.90	52,225,408.33	38,745,565.89	53,622,276.34
Termination benefits	71,068.01	1,715,019.34	1,716,100.66	69,986.69
Total	433,567,876.54	435,077,909.20	353,288,690.98	515,357,094.76

(2) Short-term benefits

Item	December 31st, 2024	Increase	Decrease	June 30th, 2025
Salaries, bonuses, allowances and subsidies	245,916,139.99	310,218,317.35	254,549,154.93	301,585,302.41
Employee welfare	63,433.74	11,665,939.08	6,903,404.82	4,825,968.00
Social insurance premiums	2,087.70	21,125,233.38	19,560,747.54	1,566,573.54
Including: Medical insurance	1,853.60	17,766,902.37	17,766,902.37	1,853.60
Work-related injury insurance	39.00	398,814.12	398,814.12	39.00
Maternity insurance	195.10	1,085,211.22	1,085,211.22	195.10
Supplementary medical insurance		1,874,305.67	309,819.83	1,564,485.84
Housing Provident Fund		27,576,332.96	27,576,332.96	
Labor union and employee education costs	147,372,713.20	10,551,658.76	4,237,384.18	153,686,987.78
Total	393,354,374.63	381,137,481.53	312,827,024.43	461,664,831.73

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

33. Employee benefits payable (continued)

(3) Defined contribution plans

Item	December 31st, 2024	Increase	Decrease	June 30th, 2025
Basic pension insurance	3,902.40	35,129,778.36	35,109,259.48	24,421.28
Unemployment insurance	97.50	1,436,277.99	1,436,277.99	97.50
Enterprise annuity	40,138,434.00	15,659,351.98	2,200,028.42	53,597,757.56
Total	40,142,433.90	52,225,408.33	38,745,565.89	53,622,276.34

Note: The Company and the domestic subsidiaries make contributions to basic pension insurance (the "Pension Insurance Plan") in accordance with the relevant regulations of the local government. The subsidiaries of the Company in Hong Kong, such as Central China International Financial Holdings Co., Ltd., make contributions to the Mandatory Provident Fund (the "MPF Plan") in accordance with the *Mandatory Provident Fund Schemes Ordinance* of Hong Kong. The Company and the domestic subsidiaries have established the enterprise annuity plans (the "Enterprise Annuity Plans") in accordance with the relevant policies of the domestic enterprise annuity system.

As of June 30th, 2025, under the pension insurance plan and MPF plan, the Group has not had any relevant forfeiture of contributions. Under the enterprise annuity plan, the Group retains the confiscated contributions in the enterprise annuity public account in accordance with the domestic enterprise annuity policy and the Group's enterprise annuity management system, which will be enjoyed by employees who are still in the enterprise annuity plan. Forfeited contributions will not be used to offset future contributions and will not reduce current and future contribution levels.

34. Lease liabilities

Item	June 30th, 2025	December 31st, 2024
Lease liabilities	99,070,260.68	114,709,864.43
Including: Lease liabilities due within one year	38,323,624.11	39,401,441.20
Total	99,070,260.68	114,709,864.43

The items leased by the Group are mainly houses and buildings. The Group rents houses and buildings as office space, and office space leasing usually lasts for a period of 1 to 10 years.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

35. Other liabilities

(1) Details

Item	June 30th, 2025	December 31st, 2024
Other payables	156,445,186.21	161,327,691.27
Receipts in advance		
Dividends payable	81,552,047.24	1,071,386.94
Futures risk reserve	39,352,573.06	38,056,931.04
Investor Protection Fund	7,818,645.40	1,992,016.01
Others	109,784.66	230,158.93
Total	285,278,236.57	202,678,184.19

(2) Other payables

Item	June 30th, 2025	December 31st, 2024
Non-monetary offset against treasury futures margin	49,590,895.31	50,056,543.31
Withholding supervision fees, rent, utilities, etc.	50,544,100.52	42,109,433.43
Equity transfer fund	15,237,560.97	15,467,888.88
Others	41,072,629.41	53,693,825.65
Total	156,445,186.21	161,327,691.27

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

35. Other liabilities (continued)

(3) Futures risk reserve

The Company's subsidiary, Central China Futures, according to the *Provisional Regulations on the Financial Management of Commodity Futures Trading*, accrues the futures risk reserve based on 5% of the net income of the futures brokerage service fee income minus the futures exchange service fee payable, and includes it in the current profit or loss. When the risk reserve is used to make up for losses due to its own reasons or to write off uncollectible advances for risk losses in accordance with the regulations, the balance of the futures risk reserve is offset.

36. Share capital

Item	December 31st, 2024	Issued new shares	Increase/decrease (+, -)			Subtotal	June 30th, 2025
			Bonus shares	Shares transferred from reserves	Others		
Total share capital	4,642,884,700.00						4,642,884,700.00

37. Capital reserve

Item	December 31st, 2024	Increase	Decrease	June 30th, 2025
Premium on share capital	6,540,294,251.22			6,540,294,251.22
Other capital reserves	-280,172,144.89			-280,172,144.89
Total	6,260,122,106.33			6,260,122,106.33

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

38. Other comprehensive income

Amount incurred in current period	Opening balance of OCI attributable to shareholders of the parent company	Amount incurred before income tax	Amount incurred in current period			Attributable to the parent company after tax	Attributable to non-controlling interests after tax	Closing balance of OCI attributable to shareholders of the parent company
			Less: Transfer to profit or loss for current period from those included in OCI in prior period	Less: Income tax expenses	Total			
OCI to be reclassified subsequently to profit or loss	78,049,511.11	-6,496,354.82	7,136,961.84	-1,743,145.84	-11,890,170.82	-11,890,170.82		66,159,340.29
Including: Changes in fair value of other debt investments	5,461,807.16	164,378.50	7,074,571.63	-1,727,548.28	-5,182,644.85	-5,182,644.85		279,162.31
Provision for credit impairment of other debt investments	46,792.65		62,390.21	-15,597.56	-46,792.65	-46,792.65		
OCI that will be reclassified to profit or loss under equity method	2,285,420.42	139,527.52			139,527.52	139,527.52		2,424,947.94
Translation differences of foreign currency financial statements	70,255,490.88	-6,800,260.84			-6,800,260.84	-6,800,260.84		63,455,230.04
Total	78,049,511.11	-6,496,354.82	7,136,961.84	-1,743,145.84	-11,890,170.82	-11,890,170.82		66,159,340.29

39. Surplus reserve

Item	December 31st, 2024	Increase	Decrease	June 30th, 2025
Statutory reserve	780,582,768.21			780,582,768.21
Discretionary reserve	232,869,258.21			232,869,258.21
Total	1,013,452,026.42			1,013,452,026.42

40. General risk reserve

Item	December 31st, 2024	Increase	Decrease	June 30th, 2025
General risk reserve	931,393,989.82	1,429,410.29		932,823,400.11
Transaction risk reserve	775,828,966.11			775,828,966.11
Total	1,707,222,955.93	1,429,410.29		1,708,652,366.22

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

41. Undistributed profits

Item	Jan-June 2025	Jan-June 2024
Undistributed profits as at the end of prior period	358,503,723.78	242,467,397.11
Adjustments		
Undistributed profits as at the beginning of the period	358,503,723.78	242,467,397.11
Add: Net profit attributable to owners of the parent company	260,308,365.67	201,265,120.05
Less: Statutory reserve		
Discretionary reserve		
General risk reserve	1,429,410.29	1,070,009.35
Transaction risk reserve		
Distribution of ordinary share dividends	78,929,039.90	65,000,385.80
Undistributed profits as at the end of the period	538,453,639.26	377,662,122.01

42. Net interest income

Item	Jan-June 2025	Jan-June 2024
Interest income	409,459,221.72	388,806,227.22
Including: Interest income from cash and bank balances and clearing settlement funds	126,576,951.25	127,424,123.00
Interest income from margin trading business	266,649,897.28	234,927,959.07
Interest income from financial assets held under resale agreements	14,713,709.33	20,264,956.73
Including: Interest income from agreed repurchase		105,314.55
Interest income from stock pledge repurchase	5,896,736.66	16,102,016.54
Interest income from other debt investments	670,866.12	4,715,816.31
Others	847,797.74	1,473,372.11
Interest expenses	234,560,396.97	310,179,858.27
Interest expenses of loans	14,408.34	202,482.54
Interest expenses of income securities issued certificate	17,487,302.85	11,428,811.62
Interest expenses of due to banks and other financial institutions	22,829,744.01	13,611,727.44
Including: Interest expenses of refinancing	12,359,083.34	5,646,092.86
Interest expenses of financial assets sold under repurchase agreements	74,949,742.07	120,663,873.39
Interest expenses of accounts payable to brokerage clients	8,897,127.62	13,732,333.80
Interest expenses of bonds payable	104,234,854.21	138,845,996.40
Including: Interest expenses of subordinated bonds	29,455,890.41	45,461,470.97
Interest expenses of bond lending	4,124,036.86	6,613,467.40
Others	2,023,181.01	5,081,165.68
Net interest income	174,898,824.75	78,626,368.95

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

43. Net fee and commission income

(1) Details

Item	Jan-June 2025	Jan-June 2024
Net income of securities brokerage business	330,495,589.57	217,762,077.48
Including: Securities brokerage business income	429,410,861.34	280,766,242.90
Including: Funds received as an agent of the stock exchange	424,056,735.68	274,096,551.85
Leasing of trading units and seats	61,869.59	24,706.09
Sales agent of financial products	5,200,150.03	6,529,422.07
Securities brokerage business expenses	98,915,271.77	63,004,165.42
Including: Funds received as an agent of the stock exchange	98,877,349.30	62,971,005.62
Sales agent of financial products		573.27
Net income of futures brokerage business	27,891,562.68	30,315,331.14
Including: Futures brokerage business income	72,648,591.23	88,652,713.16
Futures brokerage business expenses	44,757,028.55	58,337,382.02
Net income of investment banking business	5,653,889.37	25,574,336.50
Including: Investment banking business income	5,653,889.37	25,577,923.26
Including: Securities underwriting business	812,675.38	17,517,295.95
Financial advisory business	4,841,213.99	8,060,627.31
Including: Investment banking business expenses		3,586.76
Including: Securities underwriting business		3,586.76
Net income of asset management business	15,101,558.70	13,810,436.36
Including: Asset management business income	15,101,558.70	13,810,436.36
Asset management business expenses		
Net income of fund management business	1,472,878.80	6,209,204.30
Including: Fund management business income	1,478,492.66	6,242,396.02
Fund management business expenses	5,613.86	33,191.72
Net income of investment consulting business	33,836,950.64	21,122,186.39
Including: Investment consulting business income	33,836,950.64	21,122,186.39
Investment consulting business expenses		
Net income of other fees and commissions	10,401,906.62	4,368,516.38
Including: Other fee and commission income	10,470,038.29	4,428,352.00
Other fee and commission expenses	68,131.67	59,835.62
Total	424,854,336.38	319,162,088.55
Including: Total fee and commission income	568,600,382.23	440,600,250.09
 Total fee and commission expenses	143,746,045.85	121,438,161.54

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

43. Net fee and commission income (continued)

(2) Net income from financial advisory business

Net income from financial advisory business	Jan-June 2025	Jan-June 2024
Net income from mergers and acquisitions financial advisory business — domestic listed company	547,169.81	
Net income from mergers and acquisitions financial advisory business — others	188,679.25	292,452.84
Others	4,105,364.93	7,768,174.47
Total	4,841,213.99	8,060,627.31

44. Investment income

(1) By categories

Item	Jan-June 2025	Jan-June 2024
Income from long-term equity investments calculated by equity method	58,235,148.03	-27,503,805.08
Income from disposal of long-term equity investments	1,892,158.03	49,414.27
Investment income from financial instruments	215,183,367.49	703,229,896.87
Including: Income generated during the holding period	124,636,174.65	442,673,776.55
Including: Financial assets held for trading	191,424,706.27	300,735,230.36
Financial liabilities held for trading	-66,788,531.62	141,938,546.19
Including: Income from disposal of financial instruments	90,547,192.84	260,556,120.32
Including: Financial assets held for trading	40,395,491.27	352,957,261.29
Other debt investments	7,103,967.22	557,818.94
Derivative financial instruments	34,269,894.24	-60,054,422.26
Financial liabilities held for trading	8,274,343.20	-32,904,537.65
Others	503,496.91	
Total	275,310,673.55	675,775,506.06

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

44. Investment income (continued)

(2) Statement of investment income from financial instruments held for trading

Financial instruments held for trading		Jan-June 2025
Financial assets classified as at fair value through profit or loss	Income during the holding period	191,424,706.27
	Income from disposal	40,395,491.27
Financial assets designated as at fair value through profit or loss	Income during the holding period	
	Income from disposal	
Financial liabilities classified as at fair value through profit or loss	Income during the holding period	-66,788,531.62
	Income from disposal	8,274,343.20
Financial liabilities designated as at fair value through profit or loss	Income during the holding period	
	Income from disposal	

45. Gains and losses on changes in fair value

Item	Jan-June 2025	Jan-June 2024
Financial assets held for trading	59,472,990.56	-201,708,510.03
Including: Financial assets designated as at fair value through profit or loss		
Financial liabilities held for trading	3,684,001.16	-7,114,160.25
Including: Financial liabilities designated as at fair value through profit or loss		
Derivative financial instruments	-30,775,805.71	88,123,751.22
Total	32,381,186.01	-120,698,919.06

46. Other operating income

Item	Jan-June 2025	Jan-June 2024
Commodity sales income		236,630,872.15
Penalty interest income from stock pledge business	2,705.66	2,669,221.42
Rental income	943,792.25	1,022,573.86
Other income	838,079.43	283,042.84
Total	1,784,577.34	240,605,710.27

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

47. Gains from assets disposal

Item	Jan-June 2025	Jan-June 2024
Non-current asset disposal income	1,287,579.06	-1,027.90
Including: Fixed asset disposal income	35,160.84	-1,027.90
Income from disposal of right-of-use assets	1,252,418.22	
Total	1,287,579.06	-1,027.90

48. Other income

Item	Jan-June 2025	Jan-June 2024
Job stability allowance	67,814.51	60,641.69
Withholding fee refunds	4,563,784.51	5,306,531.31
Government grants	4,000,000.00	1,000.00
Total	8,631,599.02	5,368,173.00

49. Taxes and surcharges

Item	Jan-June 2025	Jan-June 2024
Urban maintenance and construction tax	2,940,176.48	2,778,453.96
Education surcharge	2,113,887.39	1,991,641.61
Others	1,672,890.01	1,580,089.37
Total	6,726,953.88	6,350,184.94

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

50. Business and administrative expenses

Item	Jan-June 2025	Jan-June 2024
Employee benefits	435,077,909.20	508,387,579.33
Amortization of intangible assets	36,708,804.26	34,840,265.41
Electronic equipment operating fees	26,209,776.16	30,758,545.23
Depreciation of right-of-use assets	20,913,535.60	31,689,997.50
Depreciation of fixed assets	18,020,998.77	16,956,200.13
Amortization of long-term deferred expenses	9,739,478.73	9,203,614.95
Member fees	8,787,853.80	7,061,898.75
Securities Investor Protection Fund	7,705,889.76	9,533,593.01
Advertising fees	6,128,510.56	8,754,639.05
Communication fees	5,815,324.37	5,684,237.35
Information fees	4,384,938.95	5,229,284.63
Exchange Facility Usage Fees	3,604,057.02	3,220,160.76
Consulting fees	3,598,407.39	4,507,318.10
Others	27,440,349.62	36,817,243.69
Total	614,135,834.19	712,644,577.89

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

51. Loss on impairment of credit

Item	Jan-June 2025	Jan-June 2024
Provision for bad debts	2,752,647.33	-660,374.58
Provision for impairment of debt investments	2,315,007.00	5,876,578.88
Provision for impairment of other debt investments		-24,559.59
Provision for impairment of margin accounts receivable	-2,821,170.47	21,971,405.38
Provision for impairment of financial assets held under resale agreements	-327,453.12	-1,048,380.22
Provision for impairment of risk reserve receivable	102,067.38	50,105.06
Total	2,021,098.12	26,164,774.93

52. Other assets impairment losses

Item	Jan-June 2025	Jan-June 2024
Provision for impairment of inventories		2,964,419.83
Provision for impairment of assets held for debt settlement	4,752,513.00	
Total	4,752,513.00	2,964,419.83

53. Other operating costs

Item	Jan-June 2025	Jan-June 2024
Costs of commodity sold		235,170,474.09
Investment property depreciation	460,849.90	517,144.39
Others	42,452.83	68,867.92
Total	503,302.73	235,756,486.40

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

54. Non-operating income

(1) Details

Item	Jan-June 2025	Jan-June 2024	Amount included in non-recurring profit or loss
Gains on non-current assets disposal	6,057.29	202,928.89	6,057.29
Government grants	500,000.00	500,000.00	500,000.00
Others	94,822.10	895,719.96	94,822.10
Total	600,879.39	1,598,648.85	600,879.39

(2) Details of government grants

Item	Jan-June 2025	Source and basis	Asset-related/ revenue-related
Units with Outstanding Contributions to the Development of the Financial Industry in Zhengdong New Area	500,000.00	Zheng Dong Wen (2024) No. 7	Revenue-related
Total	500,000.00		—

55. Non-operating expenses

Item	Jan-June 2025	Jan-June 2024	Amount included in non-recurring profit or loss
Losses on non-current assets disposal	324,086.84	878,141.70	324,086.84
Others	726,382.70	862,959.10	726,382.70
Total	1,050,469.54	1,741,100.80	1,050,469.54

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

56. Income tax expenses

(1) Income tax expenses

Item	Jan-June 2025	Jan-June 2024
Current income tax expenses	-1,888,305.38	62,168,284.68
Deferred income tax expenses	35,512,946.49	-26,922,054.33
Total	33,624,641.11	35,246,230.35

(2) Reconciliation of accounting profit to income tax expenses

Item	Jan-June 2025
Profit before tax	292,765,454.14
Income tax expenses at applicable rates	73,191,363.54
Effect of different tax rates applicable to subsidiaries	281,320.75
Effect of prior income tax reconciliation	-4,442,147.11
Effect of non-taxable incomes	-40,443,759.00
Effect of non-deductible costs, expenses and losses	3,025,398.14
Impact of utilizing deductible losses for which deferred tax assets were unrecognized in the prior period	-2,012,637.22
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	4,025,102.01
Others	
Income tax expenses	33,624,641.11

57. Earnings per share

Item	Jan-June 2025	Jan-June 2024
Net profit attributable to owners of the parent company	260,308,365.67	201,265,120.05
Non-recurring profit or loss attributable to the parent company	7,086,379.04	3,973,555.93
Net profit attributable to shareholders of the parent company after deducting non-recurring profits or losses	253,221,986.63	197,291,564.12
Weighted average number of ordinary shares outstanding	4,642,884,700.00	4,642,884,700.00
Basic earnings per share	0.0561	0.0433
Basic earnings per share after deducting non-recurring profits or losses	0.0545	0.0425

As of January 1st, 2025 and June 30th, 2025, the Group had no potential dilutive ordinary shares, thus diluted earnings per share are the same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

58. Items of the cash flow statement

(1) Cash related to operating activities

1) Other cash received related to operating activities

Item	Jan-June 2025	Jan-June 2024
Government grants	9,131,599.02	5,868,173.00
Other operating income	1,784,577.34	240,605,710.27
Net decrease in receivables from over-the-counter transactions	31,441,313.58	
Decrease in refundable deposits	184,585,409.32	
Increase in receipts in advance		36,345,822.23
Increase in deposits payable		161,213,703.94
Others	20,207,229.58	47,607,970.00
Total	247,150,128.84	491,641,379.44

2) Other cash payments related to operating activities

Item	Jan-June 2025	Jan-June 2024
Liquidation	103,500,076.08	97,723,859.91
Increase in refundable deposits		278,111,846.89
Payment of business and administrative expenses	93,675,107.63	111,566,920.57
Other operating costs	42,452.83	235,239,342.01
Increase in inventories		20,365,180.31
Net decrease in payables for over-the-counter transactions		90,729,739.37
Others	3,012,137.07	13,589,807.56
Total	200,229,773.61	847,326,696.62

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

58. Items of the cash flow statement (continued)

(2) Cash flows related to financing activities

1) Other cash flows paid related to financing activities

Item	Jan-June 2025	Jan-June 2024
Cash payments to repay lease liabilities	32,949,336.58	38,798,727.36
Total	32,949,336.58	38,798,727.36

2) Changes in liabilities arising from financing activities

Item	Opening balance	Increase		Decrease		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Short-term loans	7,008,341.66		14,408.34	7,022,750.00		
Short-term financing instruments payable	3,896,489,565.69	214,429,000.00	1,743,679,696.89	3,238,429,133.44		2,616,169,129.14
Bonds payable	6,112,729,880.19	2,192,858,000.00	71,995,468.08	81,500,000.00	1,693,953,007.91	6,602,130,340.36
Lease liabilities	114,709,864.43		17,309,732.83	32,949,336.58		99,070,260.68
Dividends payable	1,071,386.94		80,480,660.30			81,552,047.24
Total	10,132,009,038.91	2,407,287,000.00	1,913,479,966.44	3,359,901,220.02	1,693,953,007.91	9,398,921,777.42

(3) Description of cash flows presented on a net basis

Cash flows related to the Company's main operations, such as margin accounts receivable, due to banks and other financial institutions, repurchase operations, and investment and trading operations, represent cash inflows and outflows that are frequently transacted and in significant amounts. Presentation of the above cash flows on a net basis better illustrates their impact on the Company's ability to pay and solvency and is more useful for evaluating the Company's ability to pay and solvency and analyzing the Company's future cash flows. Therefore, the Company presents the relevant cash flows generated from the above businesses on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

58. Items of the cash flow statement (continued)

(4) Supplementary information on consolidated cash flow statement

Item	Jan-June 2025	Jan-June 2024
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	259,140,813.03	179,401,440.76
Add: Credit impairment loss	2,021,098.12	26,164,774.93
Other assets impairment losses	4,752,513.00	2,964,419.83
Depreciation of investment properties and fixed assets	18,481,848.67	17,473,344.52
Right-of-use assets depreciation	20,913,535.60	31,689,997.50
Amortization of intangible assets	36,708,804.26	34,840,265.41
Amortization of long-term deferred expenses	9,739,478.73	9,203,614.95
Losses on disposal of fixed assets, intangible assets and other long-term assets (or revenue: "-")	-969,549.51	676,240.71
Gains and losses on changes in fair value (or revenue: "-")	-32,381,186.01	120,698,919.06
Interest expenses	121,736,565.40	150,477,290.56
Exchange losses (or revenue: "-")	-2,205,970.10	167,332.82
Investment losses (or revenue: "-")	-67,902,139.40	22,180,755.56
Decrease in deferred tax assets (or increase: "-")	32,057,591.79	-20,266,586.56
Increase in deferred tax liabilities (or decrease: "-")	3,455,354.70	-6,655,467.75
Decrease of operating receivables (or increase: "-")	309,550,315.56	503,584,226.78
Increase of operating payable (or decrease "-")	-87,184,656.61	-215,753,788.87
Net cash flow from operating activities	627,914,417.23	856,846,780.21
2. Significant investing and financing business not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	18,706,051,951.33	13,976,518,855.00
Less: Opening balance of cash	18,885,077,274.92	13,393,530,130.84
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash and cash equivalents	-179,025,323.59	582,988,724.16

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

58. Items of the cash flow statement (continued)

(5) Cash and cash equivalents

Item	June 30th, 2025	June 30th, 2024
Cash	18,706,051,951.33	13,976,518,855.00
Including: Cash on hand	39,500.34	73,308.46
Bank deposits available for payment	15,884,629,045.92	10,452,011,706.75
Other cash and bank balances	59,561,635.98	209,198,321.49
Clearing settlement funds	2,761,821,769.09	3,315,235,518.30
Cash equivalents		
Including: Bond investment maturing within three months		
Cash and cash equivalents at the end of the period	18,706,051,951.33	13,976,518,855.00

(6) Cash and bank balances and clearing settlement funds not classified as cash and cash equivalents

Item	June 30th, 2025	June 30th, 2024	Reasons for not classified as cash and cash equivalents
Accrued interest	10,414,492.94	10,648,917.14	Not yet due for collection
Risk reserve for asset management business	27,572,405.51	24,658,255.44	Restricted use rights
Total	37,986,898.45	35,307,172.58	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

59. Assets with restricted ownership or use rights

Item	Book value as of June 30th, 2025	Reasons
Cash and bank balances	27,572,405.51	Risk reserve account for asset management business
Financial assets held for trading	7,756,675,167.22	Pledged for repurchase financing, pledged for bond lending
	33,645,419.93	Bonds default
	26,685,917.42	Post-IPO restrictions, pre-listing institutional class restrictions
	13,361,726.99	Securities financed
	70,981,642.96	Fixed term
	122,298,189.29	Exit is prohibited during the lock-in or closed period

60. Entrusted asset management business

Item	Collective asset management business	Single asset management business	Special asset management business
Product quantity at the end of the period	7	1	2
Number of clients at the end of the period	52,126	1	5
Including: Individual clients	52,073		
Institutional clients	53	1	5
Entrusted funds at the beginning of the period	6,179,041,505.05	16,000,000.00	799,882,742.04
Including: Own capital investment	53,513,203.34		129,332,280.64
Individual clients	3,570,023,593.49		
Institutional clients	2,555,504,708.22	16,000,000.00	670,550,461.40
Entrusted funds at the end of the period	4,076,998,402.41	16,000,000.00	423,728,253.00
Including: Own capital investment	102,153,150.10		127,632,300.57
Individual clients	3,819,451,522.04		
Institutional clients	155,393,730.27	16,000,000.00	296,095,952.43
Initial cost of the main entrusted assets at the end of the period	3,324,511,788.61	15,855,916.94	379,340,000.00
Including: Stocks		15,855,916.94	
Other bonds	3,315,729,335.10		
Funds	8,782,453.51		
Trust plans			192,000,000.00
Others			187,340,000.00
Net income of asset management business in the current period	15,014,712.53	86,846.17	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

61. Foreign currency

(1) Foreign currency

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Cash and bank balances			398,675,639.50
Including: USD	2,493,574.89	7.1586	17,850,503.05
EUR	6,951.97	8.4024	58,413.22
HKD	417,525,824.09	0.9120	380,762,675.28
CAD	760.04	5.2358	3,979.41
AUD	14.63	4.6817	68.5
THB	0.15	0.2197	0.04
Clearing settlement funds			10,906,032.87
Including: USD	1,092,389.69	7.1586	7,819,980.83
HKD	3,384,014.52	0.9120	3,086,052.04
Margin accounts receivable			57,251,290.91
Including: USD	609,259.99	7.1586	4,361,448.56
HKD	57,996,427.82	0.9120	52,889,842.35
Refundable deposits			957,077.00
Including: USD	70,000.00	7.1586	501,102.00
HKD	500,000.00	0.9120	455,975.00
Accounts receivable			12,682,678.68
Including: HKD	10,949,403.67	0.9120	9,985,308.68
USD	376,801.33	7.1586	2,697,370.00
Other receivables			2,084,080.94
Including: HKD	715,347.27	0.9120	652,360.94
USD	200,000.00	7.1586	1,431,720.00
Accounts payable to brokerage clients			324,362,348.27
Including: USD	2,699,494.23	7.1586	19,324,599.39
HKD	334,489,554.12	0.9120	305,037,748.88
Accounts payable			14,285,921.10
Including: HKD	15,495,752.23	0.9120	14,131,351.25
USD	21,592.19	7.1586	154,569.85
Other payables			16,704,256.33
Including: HKD	18,317,074.76	0.9120	16,704,256.33
Dividends payable			20,321,205.05
Including: HKD	22,283,244.70	0.9120	20,321,205.05

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

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

62. Leases

(1) The Group as the lessee

Item	Jan-June 2025	Jan-June 2024
Interest expense on lease liabilities	2,021,953.71	2,698,942.96
Short-term lease expenses recognized in profit or loss using the simplified approach	3,244,669.33	3,838,454.72
Total cash outflows related to leases	36,194,005.91	42,637,182.08

(2) The Group as the lessor

1) The Group's operating leases as lessor

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Leasing of buildings and structures	943,792.25	
Total	943,792.25	

63. Overseas business entities

The consolidated balance sheet of the Company from January to June 2025 includes overseas subsidiaries such as Central China International Financial Holdings Co., Ltd., Central China International Securities Co., Ltd., Central China International Investment Co., Ltd., Central China International Financing Co., Ltd., and Wending Zhongyuan Company Limited. The consolidated income statement includes the aforesaid companies and Central China International Financial Group Ltd. which was canceled in the period. The assets and liabilities in the foreign currency balance sheet are exchanged at the spot exchange rate on the balance sheet date (HKD1: RMB0.911950); the owner's equity items, except for the "undistributed profits", are exchanged at the spot exchange rate when the business occurs; the income and expense items in the income statement are exchanged at the approximate exchange rate of the spot exchange rate on the transaction date (the average exchange rate of the current period is HKD1: RMB0.921924). The differences arising from the above exchange of foreign currency statements shall be separately presented under the item of owners' equity. Foreign currency cash flows are exchanged using the approximate exchange rate of the spot exchange rate on the date of the cash flow. The impact of exchange rate changes on cash shall be separately presented in the cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

Central China International Financial Holdings Co., Ltd. approved the cancellation of Central China International Financial Group Ltd. at a board meeting held on November 3rd, 2023, through written communication voting. On April 9th, 2025, Central China International Financial Group Ltd. canceled its registration and is no longer included in the scope of consolidation.

VIII. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Composition of enterprise groups

Name of subsidiary	Company type	Main places of business	Places of registration	Business nature	Registered capital	Shareholding ratio (%)		Method of acquisition
						Direct	Indirect	
Central China Futures Co., Ltd.	Corporation	Zhengzhou	Zhengzhou	Futures brokerage	RMB330 million	92.29		Acquisition
Yuxin Investment Management (Shanghai) Co., Ltd.	Limited company	Zhengzhou	Shanghai	Investment management	RMB160 million		92.29	Investment establishment
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	Limited company	Zhengzhou	Luohe	Private equity investment fund management	RMB280 million	100.00		Investment establishment
Henan Kaiyuan Private Equity Fund Management Co., Ltd.	Limited company	Zhengzhou	Luoyang	Private equity investment fund management	RMB100 million		60.00	Investment establishment
Central China Blue Ocean Investment Management Co., Ltd.	Limited company	Zhengzhou	Xuchang	Alternative investment	RMB2,226 million (Note)	100.00		Investment establishment
Central China Equity Exchange Co., Ltd.	Corporation	Zhengzhou	Zhengzhou	Regional equity market	RMB350 million	36.00		Investment establishment
Central China International Financial Holdings Co., Ltd.	Limited company	Hong Kong	Hong Kong	Holding company	HKD1,800 million	100.00		Investment establishment
Central China International Financing Co., Ltd.	Limited company	Hong Kong	Hong Kong	Investment bank	HKD40 million		100.00	Acquisition
Central China International Securities Co., Ltd.	Limited company	Hong Kong	Hong Kong	Securities business	HKD600 million		100.00	Investment establishment
Central China International Investment Co., Ltd.	Limited company	Hong Kong	Hong Kong	Proprietary investment	HKD10 million		100.00	Investment establishment
Wending Zhongyuan Company Limited	Limited company	Hong Kong	British Virgin Islands	Bond issuing entity	USD1		100.00	Investment establishment

Note: Central China Securities Co., Ltd. has reduced its capital in Central China Blue Ocean to RMB2.226 billion in accordance with its corporate development plan, and completed the relevant industrial and commercial registration changes on August 12th, 2025.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES (continued)

1. Equity in subsidiaries (continued)

(1) Composition of enterprise groups (continued)

1) *Reasons why the shareholding ratio of subsidiaries is different from the voting ratio*

Central China Equity Exchange Co., Ltd. was established in 2015. The Company has signed a concerted action agreement with other investors. Through this agreement, the Company can control 51% of the voting rights of Central China Equity Exchange Co., Ltd.

2) *Basis for controlling structured entities included in the consolidation scope*

In accordance with the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements, the Company includes structured entities participating with the Company's own funds that meet the definition of "control" set out in the standards in its consolidated financial statements. As of June 30th, 2025, as the executive partner of the partnership, the Company and its subsidiaries owned Henan Zhongyuan Science and Innovation Venture Capital Fund (Limited Partnership), Henan Zhongzheng Kaiyuan Venture Capital Fund (Limited Partnership), Henan Kaiyuan Yucai Agricultural Venture Capital Fund (Limited Partnership), Anyang Purun High-tech Industry Investment Fund (Limited Partnership), and Henan Dingyu Xiangbei Equity Investment Fund Partnership (Limited Partnership). The Company can control them. Therefore, the above five partnerships are included in the scope of consolidation.

As of June 30th, 2025, the details of structured entities included in the consolidation scope are as follows:

Structured entities name	Total share/ registered capital	Proportion of shares held by the company on June 30th, 2025	Direct/indirect investment
		(%)	
Henan Zhongyuan Science and Innovation Venture Capital Fund (Limited Partnership)	500,000,000.00	50.00	Indirect
Henan Zhongzheng Kaiyuan Venture Capital Fund (Limited Partnership)	110,000,000.00	15.27	Indirect
Henan Kaiyuan Yucai Agricultural Venture Capital Fund (Limited Partnership)	100,000,000.00	20.40	Indirect
Anyang Purun High-tech Industry Investment Fund (Limited Partnership)	100,000,000.00	13.20	Indirect
Henan Dingyu Xiangbei Equity Investment Fund Partnership (Limited Partnership)	200,000,000.00	30.80	Indirect

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES (continued)

1. Equity in subsidiaries (continued)

(2) Non-wholly owned subsidiaries

Name of subsidiary	Shareholding ratio of minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Balance of minority shareholders' equity as of June 30th, 2025
Central China Futures Co., Ltd.	7.71%	354,858.82	1,551,620.40	37,366,876.36
Central China Equity Exchange Co., Ltd.	64.00%	5,925,652.24		195,002,397.63

(3) Main financial information of non-wholly owned subsidiaries

The main financial information of the non-wholly owned subsidiaries is the amount before mutual offset between enterprises in the Company, but after adjustment of fair value and unified accounting policies on the merger date:

Item	Closing balance/Current period	
	Central China Futures Co., Ltd.	Central China Equity Exchange Co., Ltd.
Total assets	2,738,132,284.90	321,956,972.65
Total liabilities	2,277,014,888.34	14,986,598.80
Operating income	37,990,931.44	22,916,789.60
Net profit	4,603,772.96	9,258,831.63
Total comprehensive income	4,603,772.96	9,258,831.63
Cash flow from operating activities	199,754,843.47	-6,396,553.95

Item	Opening balance/Previous period	
	Central China Futures Co., Ltd.	Central China Equity Exchange Co., Ltd.
Total assets	2,854,463,962.24	309,383,276.11
Total liabilities	2,377,820,338.64	11,671,733.89
Operating income	288,291,609.73	-57,674,258.24
Net profit	5,732,514.21	-59,142,150.86
Total comprehensive income	5,732,514.21	-59,142,150.86
Cash flow from operating activities	238,456,693.97	-19,977,940.23

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES (continued)

2. Rights and interests in joint ventures or associates

(1) Important joint ventures or associates

The name of the joint venture or associates	Main places of business	Places of registration	Business nature	Shareholding ratio (%)		Accounting policy
				Direct	Indirect	
Henan Asset Management Co., Ltd.	Zhengzhou	Zhengzhou	Other financial industries	10.00		Equity method

1) Basis for holding less than 20% of the voting rights but having significant impact

Central China Blue Ocean Investment Management Co., Ltd. holds 10% of the shares of Henan Asset Management Co., Ltd., and has a significant impact by sending a director to Henan Asset Management Co., Ltd., who can exercise voting rights on the Board of Directors.

(2) Key financial information of significant associates

Item	Closing balance/ Current period Henan Asset Management Co., Ltd.
Total assets	34,659,521,228.05
Total liabilities	19,467,856,654.18
Minority shareholders' equity	1,612,990,151.29
Equity attributable to owners of the parent company	13,578,674,422.58
Share of net assets based on shareholding percentage	1,357,867,442.26
Adjustment	
— Others	-570,000,000.00
The book value of the equity investment in the associate	787,867,442.26
Operating income	926,809,396.66
Net profit attributable to owners of the parent company	475,234,086.04
Net after-tax amount of other comprehensive income attributable to owners of the parent company	1,395,275.17
Total comprehensive income attributable to owners of the parent company	476,629,361.21
Dividends received from associates in the current period	

(3) Aggregated financial information for immaterial joint ventures or associates

Item	Closing balance/ Current period	Opening balance/ Previous period
The total book value of the investments of the associates	149,350,750.80	164,592,917.67
The following items are sums that are calculated according to the proportion of shareholding		
Net profit	11,164,942.04	-60,869,149.76
Other comprehensive income		
Total comprehensive income	11,164,942.04	-60,869,149.76

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES (continued)

2. Rights and interests in joint ventures or associates (continued)

(4) Unconfirmed commitments related to joint venture investment

The Group has no commitments that need to be disclosed.

(5) Contingent liabilities related to investment in joint ventures or associates

The Group has no contingencies that need to be disclosed.

3. Equity in structured entities not included in the scope of consolidated financial statements

The structured entities initiated and established by the Group that are not included in the scope of consolidated financial statements mainly include collective asset management plans, single asset management plans, special asset management plans, and partnerships. The nature and purpose of these structured entities are mainly to manage investors' assets and charge management fees. Their financing method is to issue investment products to investors. The rights and interests enjoyed by the Company in these structured entities are not included in the scope of consolidated financial statements, mainly including the income from directly holding investments or collecting management fees through managing these structured entities. The variable returns related to product income enjoyed by the Company are not significant, so such structured entities are not consolidated.

As of June 30th, 2025, the total assets of the collective asset management plan managed by the Group that are not included in the scope of the consolidated financial statements were RMB4,184,474,169.16, the total assets of the single asset management plan were RMB41,734,257.33, the total assets of the special asset management plan are RMB388,169,060.33, and the total assets of the partnership were RMB269,351,454.48.

From January to June 2025, the Group received income of RMB16,580,051.36 from the management services in the above structured entities. Please refer to "VI. 43. Net fee and commission income" in this note for details.

As of June 30th, 2025, the Company's equity in structured entities not included in the scope of consolidated financial statements was classified as financial assets held for trading, debt investments, and management fees and commissions receivable included in accounts receivable. The relevant book value and maximum risk exposure are as follows:

Item	June 30th, 2025	December 31st, 2024
Financial assets held for trading	1,290,175,854.00	1,311,585,017.73
Debt investments and receivables	75,499,525.06	81,807,610.59
Total	1,365,675,379.06	1,393,392,628.32

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS

1. Related party relationships

(1) Controlling shareholder and ultimate controller

1) Controlling shareholder and ultimate controller

As of June 30th, 2025, Henan Investment Group Co., Ltd. (hereinafter referred to as Henan Investment Group) directly or indirectly holds the voting shares of the Company, accounting for 22.05% of the total shares of the Company (Note 1), and is the controlling shareholder of the Company. The basic information of Henan Investment Group is as follows:

Name of controlling shareholder	Enterprise type	Places of registration	Business nature	Legal representative	Uniform social credit code
Henan Investment Group	State-owned enterprise	Zhengzhou	Investment management	Yan Wanpeng	914100001699542485

Note 1: According to the Company's information, as of the end of the reporting period, Henan Investment Group held 822,983,847 A shares of the Company, 46,733,000 H shares of the Company through its wholly owned subsidiary Dahe Paper (Hong Kong) Co., Ltd. and 153,840,000 H shares of the Company through Hong Kong Stock Connect, with a total of 1,023,556,847 shares of the Company, accounting for 22.05% of the total share capital of the Company.

Note 2: The actual controller of the Company is the Department of Finance of Henan Province.

(2) Subsidiaries

For details of the subsidiaries, please refer to "Note VIII.1. Equity in subsidiaries".

(3) Associates

The associates with whom the Group had related transactions during the period are listed below:

Name of associate	Relationship with the Company
Henan Dahe Cailifang Media Holding Co., Ltd.	Associate of the subsidiary
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Associate of the subsidiary
Luoyang Desheng Biotechnology Co., Ltd.	Associate of the subsidiary
Minquan County Innovation Industry Investment Fund (Limited Partnership)	Associate of the subsidiary
Luohe Huarui Permanent Magnetic Material Co., Ltd.	Associate of the subsidiary
Henan Liying Environmental Protection Technology Co., Ltd.	Associate of the former subsidiary

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

1. Related party relationships (continued)

(4) Major related parties without a control relationship

Name of related party	Relationship with the Company	Uniform social credit code/organization code
Henan Asset Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000MA448PJU6H
Henan Asset Fund Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100MA456R9R3R
Henan Ancai HI-TECH Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	9141000070678656XY
Guoyu Capital Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	914403003267120593
Zhongfu Digital Technology Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000054727766A
Central China Trust Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000169953018F
Henan Science and Technology Investment Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000169955769X
Henan Venture Capital Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	914100007425233538
Henan Talent Group Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410105MA3X6PQ842
Henan Tiandi Hotel Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100594892586U
Yingcai Branch of Henan Tiandi Hotel Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100050856595X
Lian Zhuoyue Insurance Brokerage Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100678075487T
Shanghai Huizhi Zhuoyue Business Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91310107MADM2Q3H0F
Henan Hui Rong Digital Technology Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100MA468M0G4M
Angang Group International Trade Co., Ltd.	Subsidiary of a non-controlling shareholder	91410500172267086K

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

1. Related party relationships (continued)

(4) Major related parties without a control relationship (continued)

Name of related party	Relationship with the Company	Uniform social credit code/organization code
Anyang Iron and Steel Co., Ltd.	Subsidiary of a non-controlling shareholder	914100007191734203
Henan Angang Tendering Agency Co., Ltd.	Subsidiary of a non-controlling shareholder	91410500MA45R9KG90
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	Subsidiary of a non-controlling shareholder	91320000672504885X
Zhongyuan BANK Co., Ltd.	Joint venture of Henan Investment Group	9141000031741675X6
BANK of Zhengzhou Co., Ltd.	Joint venture of Henan Investment Group	914100001699995779
Henan Huaqi Energy Conservation and Environment Protection Venture Capital Co., Ltd.	Joint venture of Henan Investment Group	91410000071384697T
Henan South-to-North Water Diversion Counterpart Cooperation Industry Investment Fund(L.P.)	Joint venture of Henan Investment Group	91410000MA40EF1J3Q
Zhengzhou Zhongyuan International Aviation Holdings Development Co., Ltd.	Joint venture of Henan Investment Group	91410100MA40XF1874
Puyang Emerging Industry Investment Fund Partnership (Limited Partnership)	Joint venture of Henan Investment Group	91410900MA9MD7935Y
Henan Zhongyu Credit Promotion Co., Ltd.	Joint venture of Henan Investment Group	91410100MA9KQBWB7W
Shenma Industry Co., Ltd.	Joint venture of Henan Investment Group	91410000169972489Q
AVIC Jonhon Optron Technology Co., Ltd.	Joint venture of Henan Investment Group	914100007457748527
Henan Aerospace Industry Fund Partnership Enterprise (Limited Partnership)	Joint venture of Henan Investment Group	91410181MA9FN2CA6D
Henan Railway Construction Investment Group Co., Ltd.	Minority shareholder of the former subsidiary	91410000694858692Q
Zhongyuan Asset Management Co., Ltd.	Enterprises in which former executives of Henan Investment Group are executives	91410000356141357Q

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

2. Related transactions

(1) Commission income generated from providing agency securities trading services

Name of related party	Jan-June 2025	Jan-June 2024
Henan Investment Group and its subsidiaries, associates and joint ventures	60,144.20	9,002.06
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	6.58	16,743.37
Directors, supervisors and senior managers of the Company and Henan Investment Group and their close family members	26,502.03	23,339.87

(2) Related balance

Name of related party	Account name	Transaction content	June 30th, 2025	December 31st, 2024
Henan Investment Group	Accounts receivable	Asset management business income	2,384,833.89	2,292,776.96
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Accounts receivable	Debt asset package	3,624,646.40	3,624,646.40
Zhongfu Digital Technology Co., Ltd.	Other payables	Software expenses	120,000.00	120,000.00
Henan Angang Tendering Agency Co., Ltd.	Other receivables	Deposits		3,800.00
Luoyang Desheng Biotechnology Co., Ltd.	Contract liabilities	Ongoing supervision fees	56,603.77	56,603.77
Anyang Iron and Steel Co., Ltd.	Accounts payable to brokerage clients	Futures brokerage business	0.96	1,921,146.96
Angang Group International Trade Co., Ltd.	Accounts payable to brokerage clients	Futures brokerage business		3,259,039.61
Henan Investment Group and its subsidiaries, associates and joint ventures	Accounts payable to brokerage clients	Securities brokerage business	34,559,734.89	24,781,741.39
Directors, supervisors and senior managers of the Company and Henan Investment Group and their close family members	Accounts payable to brokerage clients	Securities brokerage business	11,706,294.22	1,590,258.48
Anyang Iron and Steel Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	81.87	1,077,749.01
Zhongyuan Asset Management Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business		4,653,277.44
Henan Railway Construction Investment Group Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business		1,649.71
Joint venture of Henan Investment Group	Deposits in bank	Balance of deposits in bank	1,317,677.47	1,317,051.80
Joint venture of Henan Investment Group	Other assets	Expenditures	11,871.07	157,232.71

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

2. Related transactions (continued)

(3) The Group's purchases of products from related parties

1) Balance of the Group's purchases of products issued by related parties

Name of related party	Content of related transactions	June 30th, 2025	December 31st, 2024
Henan Asset Fund Management Co., Ltd.	Partnership funds	20,435,639.00	9,682,371.88

2) Gain or loss recognized from the Group's purchases of products from related parties

Name of related party	Content of related transactions	Jan-June 2025	Jan-June 2024
Henan Asset Fund Management Co., Ltd.	Changes in fair value of the funds	10,753,267.12	-969,341.03

(4) Balance of the Group's issued products held by the directors, supervisors and senior management of the Company

Name of related party	Content of related transactions	June 30th, 2025	December 31st, 2024
Directors, supervisors and senior management of the Company	Asset management products of securities companies	5,964,644.08	4,434,712.30

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

2. Related transactions (continued)

(5) Other related party transactions

Name of related party	Content of related transactions	Jan-June 2025	Jan-June 2024
Henan Investment Group	Income from asset management operations	86,846.17	229,752.13
Shenma Industry Co., Ltd.	Financial advisory fee income	264,150.94	
Henan Dahe Cailifang Media Holding Co., Ltd.	Expenditures	609,779.88	495,283.02
Henan Talent Group Co., Ltd.	Expenditures	4,583.20	21,037.74
Henan Tiandi Hotel Co., Ltd.	Expenditures	8,181.13	43,886.98
Yingcai Branch of Henan Tiandi Hotel Co., Ltd.	Expenditures	16,920.06	
Shanghai Huizhi Zhuoyue Business Management Co., Ltd.	Expenditures	22,104.15	
Henan Hui Rong Digital Technology Co., Ltd.	Expenditures	130,581.76	
Central China Trust Co., Ltd.	Consulting income, sales fee income	213,584.44	28,301.88
Lian Zhuoyue Insurance Brokerage Co., Ltd.	Expenditures	281,856.56	
Henan Liying Environmental Protection Technology Co., Ltd.	Income from equity investments		-2,960,000.00
Zhongyuan Asset Management Co., Ltd.	Investment income on bonds		1,397,357.57
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Equity custodian fee income		8,720.70
Associated enterprises and joint ventures of Henan Investment Group	Interest income from bank deposits	625.67	1,899.54
Associated enterprises and joint ventures of Henan Investment Group	Pledged repurchase interest expenses		25,929.86
Associated enterprises and joint ventures of Henan Investment Group	Interest expense on subordinated debt payable		3,280,986.30

(6) Guarantees for subsidiaries

None.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

2. Related transactions (continued)

(7) Benefits of directors, supervisors, and employees

1) Benefits of key management personnel

Key management personnel include members of the Board of Directors, the Board of Supervisors, and other senior managers. For the period from January to June 2025, the benefits (before tax) paid and payable by the Company to key management personnel are as follows:

Expressed in RMB'0000

Item	Jan-June 2025	Jan-June 2024
Benefits of key management personnel	420.55	422.15

Note: The benefits of directors, supervisors and senior management is based on the accrual basis and is attributable to the reporting period. The benefits data in the table does not include insurance benefits, housing provident fund, annuities, etc.

From January to June 2025, the Company paid a total of RMB1.1207 million for social insurance, enterprise annuities, supplementary medical insurance, and housing provident fund contributions for its key management personnel; from January to June 2024, the Company paid a total of RMB1.2423 million for social insurance, enterprise annuities, supplementary medical insurance, and housing provident fund contributions for its key management personnel.

In Jan-June 2025, the Company paid key management personnel RMB0.5366 million for pre-tax benefits in prior year; in Jan-June 2024, the Company paid key management personnel RMB3.124 million for pre-tax benefits in prior year.

2) Loans and advances to key management personnel

At the end of the reporting period, the Company did not issue loans or advances to members of the Board of Directors, the Board of Supervisors, and other senior managers.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Overview

The Group's risk management objective is to uphold the risk management concept of matching capital, risk, and income, so as to bear appropriate risks, achieve the optimal balance of business scale, profitability, and risk tolerance, and bring sustained and stable profit returns to shareholders. The Group's risk management strategy aims to identify and evaluate various risks faced by the Group, set an appropriate risk tolerance level, timely and reliably measure and monitor risks, and ensure that risks are controlled within an acceptable range.

The main risks faced by the Group include: market risk, credit risk, liquidity risk, operational risk, compliance risk, and information technology risk. The Group has adopted risk management policies and procedures to identify and assess these risks, established appropriate risk indicators, risk limit levels, risk policies, and internal control procedures, and continuously monitored and managed risks through the information system.

The Company's risk management organizational structure consists of four levels: the first level is the Board of Directors and its Risk Control Committee and Audit Committee; the second level is the Managers; the third level is the Risk Management Department; and the fourth level is various departments, branches, and subsidiaries.

The Board of Directors bears ultimate responsibility for comprehensive risk management. Its main responsibilities include: promoting the development of a risk culture within the Company; reviewing and approving the Company's risk management strategy and promoting its effective implementation in the Company's operations and management; reviewing and approving the Company's fundamental risk management systems, risk appetite, risk tolerance, and major risk limits; and reviewing the Company's periodic risk assessment reports.

The Managers bear the primary responsibility for comprehensive risk management. Their main responsibilities include: establishing and implementing systems related to the Company's risk culture and risk management philosophy, and guiding all employees to adhere to sound codes of conduct and professional ethics; formulating risk management strategies, establishing the Company's risk management systems, and making adjustments as appropriate; establishing and improving the Company's comprehensive risk management structure, clarifying the division of responsibilities among risk management functional departments, business departments, and other departments in risk management, and establishing an operation mechanism of checks and balances to coordinate departments; formulating specific implementation plans for risk appetite, risk tolerance, and major risk limits, ensuring their effective implementation, monitoring execution, analyzing causes in a timely manner, and dealing with them in accordance with the authorization of the Board of Directors; conducting periodic evaluation of management status of the Company's overall risks and various important risk, resolving problems in risk management, and reporting to the Board of Directors; establishing a performance appraisal system for all employees that reflects the effectiveness of risk management; establishing a complete information technology system and data quality control mechanism, etc.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

1. Overview (continued)

The Company establishes functional departments such as the Risk Management Headquarters to fulfill risk management responsibilities, including identifying, evaluating, monitoring, and reporting various risks in the Company's operations, and guiding and inspecting risk management work in all departments, branches, and subsidiaries. Main responsibilities of the Risk Management Headquarters include: promoting the construction and continuous improvement of the Company's comprehensive risk management system; establishing a corporate risk culture training, promotion, and corresponding supervision and assessment mechanism, and formulating and implementing a risk culture training and promotion plan covering all employees of the Company; organizing the formulation of risk appetite, risk tolerance, and risk limits to provide decision-making basis for the Company and monitoring and supervising their implementation; organizing the identification of risks in various business and management aspects of the Company, participating in the design and proposal evaluation of risk control mechanisms for new businesses; monitoring the risks in the Company's business and management activities, revealing the overall and various types of risk conditions and levels of the Company, and organizing the implementation of risk early-warning work; organizing and carrying out risk evaluation, qualitatively describing or quantitatively measuring the Company's risk level; establishing a smooth risk information communication and transmission mechanism, conducting risk reporting, and providing risk management recommendations for business decisions; guiding and inspecting the risk management work of various departments, branches and subsidiaries, and conducting risk management evaluations on various departments, branches and subsidiaries; advancing the construction of the risk management information technology system, etc.

Various departments, branches, and subsidiaries bear direct responsibility for risk management. Their main responsibilities include: implementing the Company's risk management systems, procedures, risk appetite, risk limits, and control standards; formulating and implementing risk management systems and operational procedures for key business activities related to the business and management activities of their respective units; comprehensively understanding and fully considering various risks related to business and management activities in decision-making, identifying, analyzing, evaluating and monitoring various risks of their units from the source, and responding to risks within the authorized scope, etc.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Market risk

Market risk is the risk that the fair value of financial instruments held will change due to unfavourable changes in market prices, including interest rate risk, price risk, and exchange rate risk. Since the Company's main positions are self-operated investments, the price risk and interest rate risk of stocks and derivatives have a greater impact on the investment business.

In terms of market risk, the Company follows the principles of soundness and prudence, accurately defines, uniformly measures, and prudently evaluates the market risk the Company bears. For the directional investment business, the Company adheres to a risk-controllable and moderate-scale risk management strategy, and assumes a moderate-scale risk position.

(1) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the financial status and cash flow of the Group due to changes in market interest rates. The interest-earning assets of the Group affected by changes in market interest rates are mainly bank deposits, clearing settlement funds, refundable deposits, and bond investments.

The Group utilizes sensitivity analysis as the main tool for monitoring interest rate risk. Under the assumption that other variables remain unchanged, sensitivity analysis is adopted to measure the possible impact on total profits and shareholders' equity when changes in interest rates occur. The currency and maturity structure of the Group's major interest rate-sensitive assets and liabilities are basically matched. The Group's bond investments are mainly based on the buy-and-hold prudent strategy and spread arbitrage strategy, with controls on the leverage multiples, bond ratings and durations of the proprietary business, in order to prevent and reduce the interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Market risk (continued)

(1) Interest rate risk (continued)

The table below presents the residual maturities of the Group's financial assets and liabilities before their contractual re-pricing dates or their maturity dates (whichever are earlier):

Expressed in RMB'0000

Item	June 30th, 2025						Total
	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Cash and bank balances	1,598,100.06					3.95	1,598,104.01
Clearing settlement funds	276,299.88						276,299.88
Margin accounts receivable	26,955.98	249,309.18	582,161.99				858,427.15
Derivative financial assets						89.64	89.64
Refundable deposits						103,222.67	103,222.67
Accounts receivable						18,135.03	18,135.03
Financial assets held under resale agreements	69,617.36	4,992.05	12,969.08				87,578.49
Financial assets held for trading	14,795.82	13,930.16	143,567.94	875,987.73	472,411.00	619,781.67	2,140,474.32
Debt investments	4,543.47						4,543.47
Other debt investments			5,109.79				5,109.79
Other assets						6,376.97	6,376.97
Subtotal of financial assets	1,990,312.57	268,231.39	743,808.80	875,987.73	472,411.00	747,609.93	5,098,361.42
Short-term loans							
Short-term financing instruments payable	808.67	594.92	260,213.32				261,616.91
Due to banks and other financial institutions	296,053.96						296,053.96
Financial liabilities held for trading	101,446.18	13,635.98		983.85			116,066.01
Financial assets sold under repurchase agreements	700,130.51						700,130.51
Accounts payable to brokerage clients	1,759,590.25						1,759,590.25
Derivative financial liabilities							
Bonds payable	4,403.51	1,611.78	1,921.97	652,275.77			660,213.03
Accounts payable						10,298.11	10,298.11
Other liabilities						28,526.05	28,526.05
Subtotal of financial liabilities	2,862,433.08	15,842.68	262,135.29	653,259.62		38,824.16	3,832,494.83
Interest rate sensitivity gap	-872,120.51	252,388.71	481,673.51	222,728.11	472,411.00	708,785.77	1,265,866.59

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Market risk (continued)

(1) Interest rate risk (continued)

Item	December 31st, 2024						Total
	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Cash and bank balances	1,440,091.07					7.33	1,440,098.40
Clearing settlement funds	453,132.53						453,132.53
Margin accounts receivable	28,379.06	176,083.30	727,231.97	981.85			932,676.18
Derivative financial assets						1,612.68	1,612.68
Refundable deposits						121,679.96	121,679.96
Accounts receivable						33,101.38	33,101.38
Financial assets held under resale agreements	115,981.55	8,465.61	20,053.01				144,500.17
Financial assets held for trading	14,903.00	8,518.88	519,359.04	335,168.41	345,025.25	539,950.16	1,762,924.74
Debt investments	4,984.67						4,984.67
Other debt investments				5,241.21	6,191.89		11,433.10
Other assets						5,904.19	5,904.19
Subtotal of financial assets	2,057,471.88	193,067.79	1,266,644.02	341,391.47	351,217.14	702,255.70	4,912,048.00
Short-term loans	0.83	700.00					700.83
Short-term financing instruments payable	19,655.19	290,741.90	79,251.87				389,648.96
Due to banks and other financial institutions	266,038.26		130,222.11				396,260.37
Financial liabilities held for trading	43,636.05		13,280.21		972.51		57,888.77
Financial assets sold under repurchase agreements	528,908.44						528,908.44
Accounts payable to brokerage clients	1,647,601.04						1,647,601.04
Derivative financial liabilities						199.66	199.66
Bonds payable	1,902.08	2,974.25	4,306.66	602,090.00			611,272.99
Accounts payable						20,533.90	20,533.90
Other liabilities						20,264.27	20,264.27
Subtotal of financial liabilities	2,507,741.89	294,416.15	227,060.85	602,090.00	972.51	40,997.83	3,673,279.23
Interest rate sensitivity gap	-450,270.01	-101,348.36	1,039,583.17	-260,698.53	350,244.63	661,257.87	1,238,768.77

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Market risk (continued)

(2) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to equity securities, investment funds, convertible bonds, derivatives, and collective asset management plans whose values will fluctuate as a result of changes in market prices.

The Group's price risk management policy requires setting and managing investment objectives. The Group manages price risk by holding an appropriately diversified investment portfolio, setting limits for investments in different securities, and closely monitoring the portfolio of investments to reduce the risk of concentration in any one specific industry or issuer. The Group uses derivatives contracts to economically hedge against certain exposures arising from its investment portfolio.

The sensitivity analysis below shows the impact on profit before income tax and other comprehensive income before income tax due to changes in the prices of stocks, funds, convertible bonds, derivatives, and collective asset management plans by 10%, assuming all other variables remain unchanged. A positive result indicates an increase in profit before income tax and other comprehensive income before income tax, while a negative result indicates otherwise.

Expressed in RMB'0000

Item	June 30th, 2025		December 31st, 2024	
	Total profit	Other comprehensive income	Total profit	Other comprehensive income
Increase by 10%	11,173.09		9,083.01	
Decrease by 10%	-11,173.09		-9,083.01	

(3) Exchange rate risk

The fluctuation of the exchange rate will bring certain exchange risks to the Group. As of June 30th, 2025, the Group's foreign currency assets and foreign currency liabilities accounted for less than 5% of total assets and total liabilities, respectively. Due to the low proportion of foreign currency in the Group's assets, liabilities, and income structure, the Group believes that exchange rate risk has little impact on operations.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Credit risk

Credit risk refers to the risk of losses due to defaults by financing parties, counterparties, or issuers. The Company's credit risks mainly come from financial assets which include bank deposits, clearing settlement funds, other debt investments, financial assets held under resale agreements, debt investments, margin accounts receivable, entrusted loans, other current assets, and refundable deposits.

The Group's bank deposits are mainly deposited with state-owned commercial banks or joint-stock commercial banks, while clearing settlement funds are deposited in the China Securities Depository and Clearing Corporation Limited, with a relatively low level of credit risk.

In terms of proprietary trading, if the transaction is through a stock exchange or China Securities Depository and Clearing Corporation Limited, the default risk of counterparty is low, but for inter-bank market transactions, the Group will assess the counterparties and only select those with an accepted credit rating. The Company invests in debt securities with acceptable credit ratings and monitors the operations and credit ratings of the issuers.

Margin financing assets include advances to margin accounts receivable and securities lent to customers. Credit risks associated with these financial assets mainly relate to customers' inability to repay the principal, interest, or securities borrowed. The Group supervises finance trading accounts on an individual customer basis and would require additional margin, cash collateral, or securities if necessary. Margin accounts receivable are monitored based on collateral rates to ensure that the value of collateral assets is sufficient to cover the advance. As of June 30th, 2025 and December 31st, 2024, the collateral value of the Group's customers is sufficient to resist the credit risk of financing business.

The Group's credit risk also arises from the securities and futures brokerage business. If a customer fails to deposit sufficient trading funds, the Group may use its own funds to complete the settlement. The Group requires customers to deposit all cash required for trading before it settles on behalf of customers, so as to mitigate and manage the credit risk properly.

The Group invests in financial products, trust plans, and asset management plans with a proper approval process.

The credit risk control of the Company's stock pledge repurchase business is mainly realized through customer risk education, customer credit and creditworthiness assessment, credit management, risk assessment of collateral securities, reasonable setting of limit indicators, day-to-day market surveillance, customer risk alerts, mandatory liquidation of positions, and judicial recourse. In addition, the Company makes provision for impairment on a prudent basis for defaulting customers, customers with insufficient collateralized securities, and normal customer financing in accordance with the provisions of ASBE No. 22.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Credit risk (continued)

Expected credit loss measurement

Since the first implementation of the new financial instrument standards on January 1st, 2018, for financial assets measured at amortized cost (including margin accounts receivable, financial assets held under resale agreements, debt investments) and other debt investments, the Group uses general methods to measure its expected credit losses, models and assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the likelihood of customer default and associated losses). The Group uses a simple method to measure the expected credit losses of accounts receivable and other receivables. According to the simple method, the Group measures the loss provision based on the expected credit losses of the entire duration.

For financial assets that use general methods to measure expected credit losses, the Group uses an impairment model in which the credit quality of the financial assets has changed in three stages since the initial recognition of the financial assets to measure the expected credit losses, respectively, including:

- A financial instrument whose credit risk has not increased significantly since initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, but it will not be regarded as an instrument with credit impairment, the Group will transfer it to “Stage 2”.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”.

Stage 1: The Company measures the loss allowance for a financial instrument at an amount equal to the next 12 months’ ECL; Stages 2 and 3: The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition and the Company has measured the loss allowance for such financial instruments at an amount equal to the lifetime ECL.

For such financial assets classified under Stages 1 and 2, management considered forward-looking factors and assessed credit loss allowances using the risk parameter modeling approach that incorporates key parameters, including probability of default (“PD”), loss given default (“LGD”), and exposure at default (“EAD”). For credit-impaired financial assets classified under Stage 3, management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets.

The measurement of ECL adopted by management according to China Accounting Standards for Business Enterprises involves judgement, assumptions, and estimations, including: determination of the criteria for SICR; selection of the appropriate models and assumptions; establishment of the number and relative weightings of forward-looking scenarios for each type of product.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Credit risk (continued)

Measuring ECL — parameters, assumptions, and estimation techniques

Depending on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Group measures the provision for impairment on different financial assets by the expected credit losses over 12 months or the entire duration of the assets, respectively.

The Group takes full account of forward-looking information when measuring ECL. ECL is the result after discounting the product of PD, LGD, and EAD that takes into account the forward-looking impact:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation. For margin loan financing, the Group determines the PD by borrower, based on factors including the coverage ratio of margin loans to underlying collateral value and, the volatility of such collateral's valuation. For debt securities investments, the external credit rating and related PD are taken into consideration.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. For margin loan financing, the Group determines LGD, based on factors including the realizable value of collateral upon forced liquidation taking into consideration the estimated volatility over the realization period. For debt securities investments, LGD is determined based on assessed publicly available information from credit rating agencies, and the type of securities.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

Judgment criteria of significant increase in credit risk

The Group evaluates the financial instruments at each balance sheet date after considering whether SICR has occurred since initial recognition. An ECL allowance for financial assets is recognized according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking. The Group considers a financial instrument to have experienced SICR when one or more of the following quantitative, or qualitative criteria have been met.

For financing-type business, if the recovery measures are taken to maintain the guarantee ratio below the close-out line, it indicates that the value of the collateral pledged as security or the quality of the third-party guarantee has significantly decreased, and the Group considers that the credit risk of this type of financing-type business has significantly increased.

A financial instrument is considered to have experienced SICR if the borrower or the debtor is overdue for more than 30 days after the contract payment date.

On June 30th, 2025, the Group has used the low credit risk exemption for financial instruments, such as cash and bank balances, clearing settlement funds, refundable deposits, and financial assets held under resale agreements, and no longer compared whether the credit risk on the balance sheet date increased significantly compared with that at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Credit risk (continued)

Definition of credit-impaired assets

The Group considers whether a financial instrument is credit-impaired according to the new financial instrument standards, and its criteria are consistent with the internal credit risk management practice. The consideration includes quantitative criteria and qualitative criteria. The Group defines a financial instrument as credit-impaired, which is fully aligned with the definition of in default, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For margin financing or stock-pledged repurchase agreements, a forced liquidation of a client's position is triggered when the collateral valuation falls short of the related loan amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor is in significant financial difficulty;
- An active market for that financial asset has disappeared because of the debtor's financial difficulty;
- Concessions have been made by the lender relating to the debtor's financial difficulty;
- It is probable that the debtor will enter bankruptcy or other financial restructuring.

When a financial asset is considered to be credit-impaired, it may be from multiple events, not due to a separately identifiable event.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Credit risk (continued)

Forward-looking information

The assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group analyzes historical data to identify key economic indicators that affect the credit risk and expected credit losses of each asset portfolio, primarily including the Business Climate Index. Using regression analysis, the Group has determined the historical relationship between these economic indicators and probability of default, exposure at default, and loss given default, and determined the expected probability of default, exposure at default, and loss given default by predicting future economic indicators.

In addition to the base economic scenario, the Group also identifies other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure that non-linearity is captured. The number of scenarios and their attributes are reassessed at each balance sheet date.

As at June 30th, 2025 and December 31st, 2024, for all portfolios, the Group concluded that 3 scenarios appropriately captured the non-linearity of economic variables. The scenario weightings are determined by a combination of statistical analysis and experts' judgement, taking account of the range of possible outcomes represented by each scenario.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and quantitative indicators. The Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stage 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore, the actual outcomes may be significantly different from those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Credit risk (continued)

Sensitivity Analysis

The allowance for credit losses is sensitive to the parameters used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting and other factors considered when applying expert judgment. Changes in these parameters, assumptions and judgments impact the assessment of SICR and the measurement of ECL.

Collateral and other credit enhancements

The Group employed a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral for funds advanced or guarantees. The Group determined the type and amount of collaterals according to the credit risk evaluation of counterparties. The collaterals under margin accounts receivable and purchase and resale agreements are primarily stocks, debt securities, funds etc. Management will exercise margin calls according to related agreements based on the market value fluctuation of collaterals, and monitor the changes in the market value of the collateral during the adequacy review of loss provisions.

Credit risk exposure analysis

The Group's financing business customers have considerable asset quality. Most of the financing activities maintain guarantee ratios above the liquidation line, and there is sufficient collaterals for bond reverse repurchase transactions so the assets are not expected to default.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Credit risk (continued)

Credit risk exposure analysis (continued)

The maximum credit risk exposure of the Group is as follows:

Expressed in RMB'0000

Item	June 30th, 2025	December 31st, 2024
Cash and bank balances	1,598,104.01	1,440,098.40
Clearing settlement funds	276,299.88	453,132.53
Margin accounts receivable	858,427.15	932,676.18
Derivative financial assets	89.64	1,612.68
Refundable deposits	103,222.67	121,679.96
Accounts receivable	18,135.03	33,101.38
Financial assets held under resale agreements	87,578.49	144,500.17
Financial assets held for trading	1,633,209.27	1,332,513.31
Debt investments	4,543.47	4,984.67
Other debt investments	5,109.79	11,433.10
Investments in other equity instruments	140.00	140.00
Other assets	6,376.97	5,904.19
Total	4,591,236.37	4,481,776.57

Credit quality analysis

As of June 30th, 2025, the credit quality of each financial asset item is as follows:

Expressed in RMB'0000

Item	Stage 1	Stage 2	Stage 3	Total
Loans and entrusted loans			1,439.74	1,439.74
Margin accounts receivable	860,978.31		5,225.85	866,204.16
Other debt investments	5,109.79			5,109.79
Debt investments			45,431.48	45,431.48
Financial assets held under resale agreements	87,611.03		19,755.42	107,366.45
Subtotal	953,699.13		71,852.49	1,025,551.62
Less: Provision for impairment	2,615.11		67,277.61	69,892.72
Total	951,084.02		4,574.88	955,658.90

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

4. Liquidity risk

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds in time at a reasonable cost to pay its due debts, fulfill other payment obligations, and meet the capital needs of normal business.

In order to prevent liquidity risk, the following measures are taken: first, strengthen the management of capital position and cash flow, adopt the advance reservation mode of large amount of funds, strengthen the monitoring and management of large amount of funds, scientifically predict the cash flow gap in different time periods in the future, and ensure the consistency of financing arrangement and business capital utilization rhythm; Second, actively expand financing channels, comprehensively use a variety of financing methods, balance the distribution of debt maturity, improve the diversification and stability of financing, and avoid the repayment risk due to too single financing channels or concentrated debt maturity; Third, establish the operation and management mechanism of liquidity reserve funds, reasonably set the minimum holding scale of liquidity reserve funds and the allocation proportion of high-quality liquidity assets, hold sufficient high-quality liquidity assets, and ensure that the Company can realize sufficient funds in time to deal with the capital gap under normal and pressure situations; Fourth, adopt the risk monitoring system with net capital and liquidity as the core to monitor the risk control indicators, and use stress test to evaluate the impact of business activities on the Company's liquidity; Fifth, establish and continuously improve the liquidity risk emergency mechanism, and regularly conduct emergency drills on liquidity risks to ensure the timeliness and effectiveness of the Company's liquidity crisis response.

The financial liabilities held by the Group are analyzed as follows, according to the maturity of undiscounted remaining contractual obligations:

Expressed in RMB'0000

	June 30th, 2025							Total
	Current	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	
Non-derivative financial liabilities								
Short-term loans								
Short-term financing instruments payable		809.15	596.98	264,819.99				266,226.12
Due to banks and other financial institutions		296,060.14						296,060.14
Financial liabilities held for trading		101,446.18	13,635.98		983.85			116,066.01
Financial assets sold under repurchase agreements		700,130.51						700,130.51
Accounts payable to brokerage clients	219,500.16	1,540,090.09						1,759,590.25
Bonds payable		4,452.16	1,860.14	9,200.68	678,209.98			693,722.96
Accounts payable							10,298.11	10,298.11
Other liabilities							28,526.05	28,526.05
Total	219,500.16	2,642,988.23	16,093.10	274,020.67	679,193.83		38,824.16	3,870,620.15

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

4. Liquidity risk (continued)

Non-derivative financial liabilities	December 31st, 2024							Total
	Current	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Indefinite	
Short-term loans		2.28	704.55					706.83
Short-term financing instruments payable		19,675.61	292,356.31	81,074.32				393,106.24
Due to banks and other financial institutions		266,054.45		131,448.99				397,503.44
Financial liabilities held for trading		43,636.05		13,280.21		972.51		57,888.77
Financial assets sold under repurchase agreements		528,945.34						528,945.34
Accounts payable to brokerage clients	229,705.97	1,417,895.07						1,647,601.04
Bonds payable		2,041.12	3,700.16	8,758.99	628,267.80			642,768.07
Accounts payable							20,533.90	20,533.90
Other liabilities							20,264.27	20,264.27
Total	229,705.97	2,278,249.92	296,761.02	234,562.51	628,267.80	972.51	40,798.17	3,709,317.90

5. Operational risk

Operational risk is the risk of loss resulting from inadequate or faulty internal processes, personnel, information technology systems, and external events.

The Group emphasizes the matching of business scale, profit, and risk management ability, and does not sacrifice the control of operational risk for the pursuit of profit. The Group emphasizes carrying out the business of various securities companies under the premise of sound control of operational risks. In the case of cost permitting, the Group will continue to strengthen the operational risk management system and implement the internal control system to achieve the controllability of operational risk under the established business income.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

6. Compliance risk

Compliance risk refers to the risk that the Company will be investigated for legal responsibility, face regulatory measures, be given disciplinary actions, and suffer property loss or business reputation loss due to the violation of laws, regulations, and norms by the Company or its staff's business management or practice behavior.

The Company's management of compliance risk mainly includes: first, timely tracking of laws, regulations and standards, and continuous improvement of the compliance management system in conjunction with the actual situation of the Company; at the same time, supervising each division to formulate and revise its internal management system in a timely manner and improve its business processes; actively carrying out the development of a compliance culture, and improving the self-restraint mechanism; second, reviewing the compliance of the Company's systems, major decisions, new products, new business plans, and so on; third, providing suggestions and consultation on compliance for the management and each division, and supervising and checking the compliance of operational and management activities; fourth, strictly implementing the compliance assessment and accountability mechanism, and effectively playing the roles of assessment-oriented, accountability and warning; fifth, fulfilling the obligations of internal and external reporting according to the regulations; sixth, according to the Company's anti-money laundering system, organizing and promoting the divisions to carry out the work of preventing and controlling the risk of money laundering; and seventh, enhancing the training and management of compliance administrators, and continuously building a compliance administrator team with strong compliance awareness and excellent professional abilities. Through various approaches such as compliance consulting, compliance review, compliance inspection and compliance monitoring, the Company identifies, assesses and manages compliance risks related to its operation and management in a timely manner, and integrates compliance management throughout all aspects of decision-making, implementation, supervision and feedback, and into the entire process of the Company's operation and management.

7. Capital management

The Group's objectives of capital management are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a solid capital base to support the business development;
- To comply with the capital requirements under the PRC regulations.

In accordance with "Administrative Measures for Risk Control Indicators of Securities Companies" (Revision 2020) were issued by the China Securities Regulatory Commission and became effective on March 20th, 2020. According to the above management strategies, the Group is required to meet the following standards for risk control indicators on a continual basis:

The risk coverage ratio shall be no less than 100%;

The capital leverage ratio shall be no less than 8%;

The liquidity coverage ratio shall be no less than 100%;

The net stable funding ratio shall be no less than 100%.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES

1. Amounts of assets and liabilities measured at fair value and the fair value measurement hierarchy

The following table presents information about the fair value of the Group's assets and liabilities measured at fair value at each balance sheet date at the end of the current reporting period and the hierarchy of their fair value measurement. The level at which fair value measurement is categorized is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong. The three levels of inputs are defined below:

Level 1 inputs:	unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date;
Level 2 inputs:	inputs other than Level 1 inputs that are either directly or indirectly observable for related assets or liabilities;
Level 2 inputs include:	1) quotation of similar assets or liabilities in the active market; 2) Quotation of the same or similar assets or liabilities in the inactive market; 3) Other observable input values other than quotation, including observable interest rate and yield curve, implied volatility and credit spread during normal quotation interval; 4) Inputs for market validation, etc.
Level 3 inputs:	inputs that are unobservable for related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

1. Amounts of assets and liabilities measured at fair value and the fair value measurement hierarchy (continued)

The following table presents the book value of the Group's financial instruments measured at fair value at the balance sheet date by the three levels of the fair value hierarchy.

Item	Fair value as at June 30th, 2025			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading	711,446,458.93	19,331,315,631.56	1,361,981,148.64	21,404,743,239.13
(1) Bond investment		15,023,532,388.85	33,645,419.93	15,057,177,808.78
(2) Equity investment	470,447,268.58		308,630,176.05	779,077,444.63
(3) Public offering of funds	240,999,190.35	4,037,312,941.37		4,278,312,131.72
(4) Others		270,470,301.34	1,019,705,552.66	1,290,175,854.00
Other debt investments		51,097,876.71		51,097,876.71
Investments in other equity instruments			1,400,000.00	1,400,000.00
Derivative financial assets	896,398.00			896,398.00
Total	712,342,856.93	19,382,413,508.27	1,363,381,148.64	21,458,137,513.84

Financial liabilities held for trading		748,323,941.07	412,336,170.88	1,160,660,111.95
Derivative financial liabilities				
Total		748,323,941.07	412,336,170.88	1,160,660,111.95

Item	Fair value as at December 31st, 2024			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading	603,763,221.79	15,659,567,905.76	1,365,916,242.87	17,629,247,370.42
(1) Bond investment	3,786,003.29	11,980,907,497.55	35,345,400.00	12,020,038,900.84
(2) Equity investment	419,212,081.68		321,577,692.54	740,789,774.22
(3) Public offering of funds	180,765,136.82	3,352,428,810.57		3,533,193,947.39
(4) Others		326,231,597.64	1,008,993,150.33	1,335,224,747.97
Other debt investments		114,330,970.55		114,330,970.55
Investments in other equity instruments			1,400,000.00	1,400,000.00
Derivative financial assets	883,600.00		15,243,160.68	16,126,760.68
Total	604,646,821.79	15,773,898,876.31	1,382,559,403.55	17,761,105,101.65
Financial liabilities held for trading		223,811,867.81	355,075,799.85	578,887,667.66
Derivative financial liabilities	1,996,580.00			1,996,580.00
Total	1,996,580.00	223,811,867.81	355,075,799.85	580,884,247.66

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

2. Basis for determining the market value of items measured at fair value on a continuous and non-continuous Level 1 basis

The fair value of financial instruments traded in an active market shall be determined according to the market quotation on the date of the financial report. If quotations are obtained from exchanges and dealers on a timely and regular basis, and such quotations reflect actual and regular market transactions based on fair negotiation, a market is deemed to be active. Fair value is determined by the closing price on the financial reporting date. Such instruments are included in Level 1. Instruments included in Level 1 mainly consist of stocks and public offering of funds on the Securities Exchange.

3. For items measured at fair value in the continuing and discontinued Level 2 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters

The fair value of financial instruments purchased in an inactive market is determined using valuation techniques. These valuation techniques make full use of available observable market data and do not rely on entity-specific estimates as much as possible. An instrument is included in Level 2 if all of the key inputs required to measure it at fair value are observable.

Bond investment:

Bond investment shall be quoted by the valuation system of bond registration and settlement institutions. Relevant quoting institutions have adopted observable input values that reflect market conditions in the process of formulating the quotations.

Public offering of funds:

The fair value of the public offering of funds shall be determined according to the net asset value of the fund on the balance sheet date. The net asset value of the fund is usually determined based on the fair value and related expenses of the underlying investment (debt instruments in the portfolio or publicly traded equity instruments) or valued by a third party (such as a registrar and clearing institution) according to the discounted cash flow model.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

3. For items measured at fair value in the continuing and discontinued Level 2 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters (continued)

Others:

Other financial assets invested by the Group are mainly collective asset management products, fund financial products, private equity funds, and bank financial products. The fair value is determined by the net value of the product corresponding to its share or by using valuation techniques. The observable inputs required by the valuation technique include the market price and interest rate of the investment target. These are observable inputs.

The following table presents the relevant valuation techniques and input parameters for the main Level 2 financial instruments:

Financial instruments	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Impact of unobservable inputs on fair value
Financial assets held for trading				
— Bonds	Level 2	Quotations from the valuation system of the bond registration and settlement institutions	Not applicable	Not applicable
— Public offering of funds	Level 2	Net asset value of the fund on the balance sheet date	Not applicable	Not applicable
— Collective asset management products, fund financial products, private equity funds, and bank financial products	Level 2	Net product value corresponding to its share, or using valuation techniques	Not applicable	Not applicable
Other debt investments				
— Bonds	Level 2	Quotations from the valuation system of the bond registration and settlement institutions	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

4. For items measured at fair value in the continuing and discontinued Level 3 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters

If one or more of the main input parameters are not based on observable market data, the instrument is included in Level 3. For unlisted equity investment, bond investment, trust products, and financial liabilities, the Group uses valuation techniques to determine their fair values, including the discounted cash flow method and market comparison method. Their fair value measurements use important unobservable parameters such as liquidity discounts, volatility and market multipliers. The fair values of unlisted equity investments, bond investments, other investments, and financial liabilities are not significantly sensitive to the reasonable changes of these unobservable inputs. Investments in other equity instruments are futures memberships that do not have an active market and are determined at cost.

From January to June 2025, there were no changes to the valuation techniques used in the Group's continuing Level 3 fair value measurements as described above.

5. Changes in Level 3 financial instruments

Item	January 1st, 2025	Increase	Decrease	June 30th, 2025
Financial assets held for trading	1,365,916,242.87		3,935,094.23	1,361,981,148.64
Financial liabilities held for trading	355,075,799.85	57,260,371.03		412,336,170.88
Investments in other equity instruments	1,400,000.00			1,400,000.00
Derivative financial assets	15,243,160.68		15,243,160.68	
Derivative financial liabilities				

Item	January 1st, 2024	Increase	Decrease	December 31st, 2024
Financial assets held for trading	2,222,588,119.57		856,671,876.70	1,365,916,242.87
Financial liabilities held for trading	578,564,904.36		223,489,104.51	355,075,799.85
Investments in other equity instruments	1,400,000.00			1,400,000.00
Derivative financial assets	27,202,732.17		11,959,571.49	15,243,160.68
Derivative financial liabilities	15,850,099.39		15,850,099.39	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

5. Changes in Level 3 financial instruments (continued)

For Level 3 financial instruments, fair value is determined using valuation techniques (such as the discounted cash flow model and other similar techniques). The classification of fair value measurements in Level 3 is generally determined by the significance of unobservable input parameters to the measurement of the overall fair value. The following table presents the relevant valuation techniques and input parameters for the main Level 3 financial instruments:

Financial assets/ financial liabilities	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Relationship between unobservable input parameters and fair value
Financial assets held for trading				
— Bank financial products	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level;	— Expected future cash flow; — Expected recovery date; — The discount rate corresponding to the expected risk level;	— The higher the future cash flow, the higher the fair value; — The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value;
— Asset management products of securities companies				
— Trust plan	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level;	— Expected future cash flow — Expected recovery date — The discount rate corresponding to the expected risk level	— The higher the future cash flow, the higher the fair value; — The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value;
— Private placement convertible bonds	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level; — Option pricing model;	— Expected future cash flow — Expected recovery date — The discount rate corresponding to the expected risk level — Stock price volatility	— The higher the future cash flow, the higher the fair value; — The earlier the maturity date, the higher the fair value; — The lower the discount rate, the higher the fair value; — The greater the fluctuation of stock price, the higher the fair value;
— Unlisted equity	Level 3	— Adopt the comparable company method to select comparable companies in the same industry similar to the important financial indicators of the target company, and calculate the PE, PB and PS of comparable companies; Considering the liquidity discount, estimate the expected exit date of equity, calculate the volatility of comparable companies, and use the option model to calculate the liquidity discount of comparable companies;	— Expected recovery date — Stock price volatility	— The earlier the expected recovery date, the higher the fair value; — The greater the fluctuation of stock price, the higher the fair value;
Financial liabilities held for trading				
	Level 3	— Future cash flows estimated based on the amount payable are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level	— Expected future cash flow — Expected payment date — The discount rate corresponding to the expected risk level	— The higher the future cash flow, the higher the fair value; — The earlier the payment date, the higher the fair value; — The lower the discount rate, the higher the fair value;
Derivative financial instruments				
	Level 3	— The option pricing model is used for valuation, and the main input parameter is the volatility of the underlying instrument;	— Volatility of underlying instruments	— The higher the volatility of the underlying instrument, the higher the fair value;

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

6. For continuing fair value measurements, if a transition between levels occurred during the period, the reason for the transition and the policy for determining the point of transition

The Group's continuing fair value measurements described above were not materially transitioned between levels during the period.

7. Changes in valuation techniques that occurred during the period and the reasons for the changes

There were no changes in the fair value valuation techniques for the Group's financial instruments during the period.

8. Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: margin accounts receivable, financial assets held under resale agreements, accounts receivable, debt investments, short-term loans, accounts payable, short-term financing instruments payable, due to banks and other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, bonds payable and long-term loans.

There is little difference between the book value and fair value of the above financial assets and liabilities not measured at fair value.

XII. CONTINGENCIES

As of June 30th, 2025, the Group had no significant contingencies.

XIII. COMMITMENTS

1. Capital commitments

The Group's capital commitments that have been contracted for but not confirmed in the financial statements are set out below:

Item	June 30th, 2025	December 31st, 2024
Contracted but not paid	447,752,567.57	447,185,554.52
Total	447,752,567.57	447,185,554.52

In addition to the above undertakings, as of June 30th, 2025, the Group had no other capital commitments that should be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XIV. EVENTS AFTER THE BALANCE SHEET DATE

1. Profit distribution

The Company's Board of Directors, at its thirty-sixth meeting of the Seventh Session, approved the interim profit distribution plan for 2025 as follows: a cash dividend of RMB0.08 per 10 shares (including tax). As of June 30th, 2025, the Company's total issued share capital was 4,642,884,700 shares. Based on this, the total cash dividend to be distributed is RMB37,143,077.60 (including tax). The Company does not convert capital reserve to increase share capital and does not issue bonus shares.

2. Public issuance of corporate bonds to professional investors

The Company has received the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (CSRC Approval [2025] No. 1556), consenting to the Company's registration application for the public issuance of corporate bonds with a total face value not exceeding RMB2.5 billion to professional investors. This approval remains valid for 24 months from the date of consent, during which the Company may issue the bonds in tranches within the registration validity period.

3. Other events after the balance sheet date

As of the date of approval of the financial statement, the Group has no other significant events after the balance sheet date that need to be disclosed but have not been disclosed.

XV. SEGMENT INFORMATION

The Group's operating segments are determined on the basis of internal organizational structure, management requirements, and internal reporting system, and the Group's operating segments are those components that meet the following conditions at the same time:

- (1) The component is capable of generating revenue and incurring expenses in its ordinary activities;
- (2) The Company's management is able to periodically evaluate the component's results of operations in order to decide on the allocation of resources to it and to evaluate its performance;
- (3) The Group has access to relevant accounting information on the financial position, results of operations, and cash flows of the component.

According to the different business types, the Group's reporting segments are mainly divided into: securities brokerage business segment, proprietary business segment, investment banking business segment, credit business segment, investment management business segment, futures business segment, overseas business segment, headquarters, and other business segment.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XV. SEGMENT INFORMATION (continued)

1. Reporting segments (by business)

Expressed in RMB'0000

Item	Jan-June 2025									
	Securities brokerage business	Proprietary business	Investment banking business	Credit business	Investment management business	Futures business	Overseas business	Headquarters and others	Offset	Total
1. Operating income	45,946.03	7,309.20	321.73	22,147.50	11,023.53	3,799.09	940.42	1,047.51	-399.53	92,135.47
Net fee and commission income	36,318.74		326.29		2,099.22	2,842.25	323.37	663.26	-87.70	42,485.43
Investment income		29,827.88			-953.15	98.00	0.58	-1,496.59	54.35	27,531.07
Gains on changes in fair value		-10,399.28			9,633.58	261.25	-132.87	3,891.51	-16.07	3,238.12
Exchange gains	-1.77						225.56	-3.19		220.60
Other income	459.52	426.23		0.27	1.70	36.16	50.98	259.80	-64.29	1,170.38
Net interest income	9,169.54	-12,545.63	-4.56	22,147.23	242.19	561.43	472.80	-2,267.29	-285.82	17,489.88
2. Operating cost	29,353.14	3,324.71	3,758.08	1,608.87	2,692.41	3,366.40	1,271.78	17,530.48	-91.91	62,813.97
3. Operating profit	16,592.89	3,984.48	-3,436.35	20,538.63	8,331.12	432.70	-331.36	-16,482.98	-307.63	29,321.50
4. Total assets	3,052,157.78	2,017,637.14	677.75	1,007,818.45	321,213.67	273,813.23	79,233.18	1,964,931.29	-3,373,060.71	5,344,421.79
5. Total liabilities	3,023,334.55	2,013,789.74	4,114.43	987,363.91	40,109.99	227,701.49	35,315.35	943,783.64	-3,376,050.14	3,899,462.96
6. Supplementary information										
(1) Depreciation and amortization	3,819.46	622.14	114.01	74.90	219.45	334.06	104.40	3,356.97	-61.02	8,584.37
(2) Capital expenditure	1,612.88	22.60	20.58	69.17	136.34	33.69		3,897.22		5,792.48

Note: The data in the table needs to be rounded when calculating, and there may be rounding differences. Other similar disclosures in this report are the same.

XVI. OTHER IMPORTANT MATTERS

1. Margin trading and short selling business

As of June 30th, 2025 and December 31st, 2024, the scale of the Group's margin trading and short selling business is as follows:

Item	June 30th, 2025	December 31st, 2024
Margin accounts receivable	8,662,041,597.64	9,411,110,025.37
Securities lending	13,361,726.99	12,201,501.73
Total	8,675,403,324.63	9,423,311,527.10

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

2. Securities lending

The specific types and fair values of bonds borrowed by the Company on the trading platforms of the interbank and exchange bond markets are as follows:

Item	Fair value as at June 30th, 2025	Fair value as at December 31st, 2024
National bonds	1,584,726,220.00	1,014,038,040.00
Policy-based financial bonds	623,403,340.00	947,503,330.00
Total	2,208,129,560.00	1,961,541,370.00

As at June 30th, 2025, the bond fair value of the financial liabilities held for trading arising from the pledge or sale on the pledged repurchase business of bonds acquired by the Group by way of borrowing through the inter-bank and exchange markets was RMB2,168.5299 million.

3. Security of customer funds

As of June 30th, 2025, the Company has deposited customer transaction settlement funds in commercial banks with depository qualifications, which is in compliance with the requirements for the security of customer transaction settlement funds as set out in the *Customer Transaction Settlement Fund Management Measures* (China Securities Regulatory Commission Order No. 3), the third-party depository of customer transaction settlement funds, and other relevant regulations, to safeguard the safety of customer funds, and the misappropriation of customer funds does not exist.

4. Assets and liabilities measured at fair value

Item	December 31st, 2024	Gains and losses from changes in fair value for the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	June 30th, 2025
1. Financial assets held for trading (excluding derivative financial assets)	17,629,247,370.42	59,472,990.56			21,404,743,239.13
2. Derivative financial instruments	14,130,180.68	-30,775,805.71			896,398.00
3. Other debt investments	114,330,970.55		-6,910,193.13		51,097,876.71
4. Investments in other equity instruments	1,400,000.00				1,400,000.00
5. Financial liabilities held for trading	578,887,667.66	3,684,001.16			1,160,660,111.95

Note: There are no necessary articulation relationships in this table.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

5. Basic classification table for the measurement of financial assets

Financial assets items	Book value as of June 30th, 2025				
	Financial assets measured at amortized cost	Financial assets classified as at fair value through other comprehensive income	Investments in non-trading equity instruments designated at fair value through other comprehensive income	Measured at fair value through profit or loss	
				Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards
Cash and bank balances	15,981,040,079.30				
Clearing settlement funds	2,762,998,770.48				
Margin accounts receivable	8,584,271,532.59				
Derivative financial assets				896,398.00	
Refundable deposits	1,032,226,715.89				
Accounts receivable	181,350,303.92				
Financial assets held under resale agreements	875,784,920.54				
Financial assets held for trading				21,404,743,239.13	
Debt investments	45,434,749.78				
Other debt investments		51,097,876.71			
Investments in other equity instruments			1,400,000.00		
Other assets	63,769,679.70				
Total	29,526,876,752.20	51,097,876.71	1,400,000.00	21,405,639,637.13	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

5. Basic classification table for the measurement of financial assets (continued)

Financial assets items	Book value as of December 31st, 2024					
	Financial assets measured at amortized cost	Financial assets classified as at fair value through other comprehensive income	Investments in non-trading equity instruments designated at fair value through other comprehensive income	Measured at fair value through profit or loss		
				Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial assets designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Cash and bank balances	14,400,984,039.97					
Clearing settlement funds	4,531,325,343.18					
Margin accounts receivable	9,326,761,787.66					
Derivative financial assets				16,126,760.68		
Refundable deposits	1,216,799,648.55					
Accounts receivable	331,013,831.49					
Financial assets held under resale agreements	1,445,001,679.44					
Financial assets held for trading				17,629,247,370.42		
Debt investments	49,846,701.66					
Other debt investments		114,330,970.55				
Investments in other equity instruments			1,400,000.00			
Other assets	59,041,914.05					
Total	31,360,774,946.00	114,330,970.55	1,400,000.00	17,645,374,131.10		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

6. Basic classification table for the measurement of financial liabilities

Financial liabilities items	Book value as of June 30th, 2025			
	Measured at fair value through profit or loss			
	Financial liabilities measured at amortized cost	Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	
			Financial liabilities designated as at fair value through profit or loss in accordance with the Hedge Accounting standards	
Short-term loans				
Derivative financial liabilities				
Short-term financing instruments payable	2,616,169,129.14			
Due to banks and other financial institutions	2,960,539,577.52			
Financial liabilities held for trading		1,160,660,111.95		
Financial assets sold under repurchase agreements	7,001,305,124.40			
Accounts payable to brokerage clients	17,595,902,467.40			
Accounts payable	102,981,069.49			
Bonds payable	6,602,130,340.36			
Other liabilities	285,260,504.61			
Total	37,164,288,212.92	1,160,660,111.95		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

6. Basic classification table for the measurement of financial liabilities (continued)

Financial liabilities items	Book value as of December 31st, 2024			
	Financial liabilities measured at amortized cost	Measured at fair value through profit or loss		
		Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial liabilities designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Short-term loans	7,008,341.66			
Derivative financial liabilities		1,996,580.00		
Short-term financing instruments payable	3,896,489,565.69			
Due to banks and other financial institutions	3,962,603,712.35			
Financial liabilities held for trading		578,887,667.66		
Financial assets sold under repurchase agreements	5,289,084,372.35			
Accounts payable to brokerage clients	16,476,010,375.54			
Accounts payable	205,338,964.19			
Bonds payable	6,112,729,880.19			
Other liabilities	202,642,667.15			
Total	36,151,907,879.12	580,884,247.66		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) By details

Item	June 30th, 2025	December 31st, 2024
Stock-pledged repurchase receivable (Note 1)	58,195,327.68	626,241,864.08
Management fee receivable	15,759,126.63	19,579,354.18
Fees and commission receivable	8,495,057.44	11,927,007.60
Receivables from clients' financing	4,585,000.19	5,609,195.54
Receivables from over-the-counter transactions		31,441,313.58
Others	2,540,329.59	290,018.71
Less: Provision for bad debts (According to the simplified model)	79,396,060.56	655,857,734.95
Book value of accounts receivable	10,178,780.97	39,231,018.74

Note 1: Based on the result of court enforcement after the stock-pledged mortgage financing breached the contract, the Company transferred the unpaid repayment part to the accounts receivable. As of June 30th, 2025, the balance of the stock-pledged repurchase receivable is RMB58,195,327.68, and the amount of bad debt provision is RMB58,195,327.68, accounting for 100.00% of the balance of the stock-pledged repurchase receivable.

(2) By portfolio methods

Item	June 30th, 2025			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Accrual proportion (%)
Separate provision for bad debts	78,467,267.33	87.60	78,467,267.33	100.00
Subtotal	78,467,267.33	87.60	78,467,267.33	100.00
Combination provision for bad debts				
Including: Within 1 year	6,542,657.19	7.30	32,713.29	0.50
1-2 years	560,635.15	0.63	28,031.76	5.00
2-3 years	2,144,543.58	2.39	214,454.36	10.00
3-4 years	691,931.91	0.77	138,386.38	20.00
4-5 years	343,478.75	0.39	103,043.63	30.00
More than 5 years	824,327.62	0.92	412,163.81	50.00
Subtotal	11,107,574.20	12.40	928,793.23	
Total	89,574,841.53	100.00	79,396,060.56	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Accounts receivable (continued)

(2) By portfolio methods (continued)

Item	December 31st, 2024		Provision for bad debts	
	Book balance			Accrual
	Amount	Proportion (%)	Amount	proportion (%)
Separate provision for bad debts	654,858,979.31	94.21	654,858,979.31	100.00
Subtotal	654,858,979.31	94.21	654,858,979.31	100.00
Combination provision for bad debts				
Including: Within 1 year	35,808,394.64	5.15	179,041.97	0.50
1-2 years	619,366.89	0.09	30,968.34	5.00
2-3 years	2,269,555.30	0.33	226,955.53	10.00
3-4 years	628,129.93	0.09	125,625.99	20.00
4-5 years	80,000.00	0.01	24,000.00	30.00
More than 5 years	824,327.62	0.12	412,163.81	50.00
Subtotal	40,229,774.38	5.79	998,755.64	
Total	695,088,753.69	100.00	655,857,734.95	

- (3) Among the balance of accounts receivable at the end of the period, the amount receivable from shareholder units holding more than 5% (including 5%) of the voting shares of the Company was RMB2,384,833.89, which was the accrued receivable of asset management fee income.

(4) Accounts receivable of the top five closing balances, grouped by party in arrears

Name of entity	Balance as of June 30th, 2025	As a percentage of the balance of accounts receivable (%)	Balance of bad debt provision	Nature or content of payment	Aging
Entity 1	58,195,327.68	64.97	58,195,327.68	Stock-pledged repurchase receivable	2-3 years
Entity 2	10,052,807.86	11.22	10,052,807.86	Management fee receivable	3-4 years, 4-5 years, more than 5 years
Entity 3	2,868,093.16	3.20	14,340.47	Management fee receivable	Within 1 year
Entity 4	2,384,833.89	2.66	310,329.85	Management fee receivable	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years
Entity 5	2,203,020.43	2.46	2,203,020.43	Receivables from clients' financing	More than 5 years
Total	75,704,083.02	84.51	70,775,826.29		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other assets

(1) Details

Item	June 30th, 2025	December 31st, 2024
Other receivables	48,800,223.67	42,615,366.69
Deferred expenses	8,038,678.92	12,377,336.40
Long-term deferred expenses	29,954,955.88	33,830,328.52
Prepayment of enterprise income tax	38,182,046.23	39,238,242.60
Dividends receivable	18,578,379.60	
Others	543,699.33	508,347.71
Total	144,097,983.63	128,569,621.92

(2) Other receivables

1) By details

Item	June 30th, 2025	December 31st, 2024
Prepayments	41,822,082.23	35,548,083.61
Cash pledge	8,912,354.63	9,974,697.39
Others	15,547,022.58	16,324,399.01
Less: Provision for bad debts	17,481,235.77	19,231,813.32
Book value of other receivables	48,800,223.67	42,615,366.69

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other assets (continued)

(2) Other receivables (continued)

2) By portfolio methods

Item	Book balance	June 30th, 2025 Provision for bad debts	Accrual proportion (%)	Book balance	December 31st, 2024 Provision for bad debts	Accrual proportion (%)
Separate provision for bad debts	11,736,611.37	11,736,611.37	100.00	13,099,965.05	13,099,965.05	100.00
Subtotal	11,736,611.37	11,736,611.37	100.00	13,099,965.05	13,099,965.05	100.00
Combination provision for bad debts						
Including: Within 1 year	30,151,290.96	150,756.45	0.50	23,267,209.69	116,336.05	0.50
1-2 years	8,259,978.00	412,998.90	5.00	9,816,790.44	490,839.52	5.00
2-3 years	5,321,945.66	532,194.57	10.00	3,634,615.93	363,461.59	10.00
3-4 years	2,211,381.67	442,276.33	20.00	2,331,411.67	466,282.33	20.00
4-5 years	468,638.75	140,591.63	30.00	768,324.17	230,497.25	30.00
More than 5 years	8,131,613.03	4,065,806.52	50.00	8,928,863.06	4,464,431.53	50.00
Subtotal	54,544,848.07	5,744,624.40		48,747,214.96	6,131,848.27	
Total	66,281,459.44	17,481,235.77		61,847,180.01	19,231,813.32	

3) Other receivables with provision for bad debt in accordance with the general model of expected credit losses

Provision for bad debts	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit losses in lifetime (No credit impairment)	Stage 3 Expected credit losses in lifetime (Credit impairment)	Total
Balance as of January 1st, 2025	6,131,848.27		13,099,965.05	19,231,813.32
Current period balance as of January 1st, 2025	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Increase				
Transfer back	387,223.87			387,223.87
Write off			1,363,353.68	1,363,353.68
Translation differences of foreign currency financial statements				
Balance as of June 30th, 2025	5,744,624.40		11,736,611.37	17,481,235.77

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other assets (continued)

(3) Long-term deferred expenses

Item	December 31st, 2024	Increase	Amortized	Translation differences of foreign currency financial statements	June 30th, 2025
Decoration expenses, etc.	33,830,328.52	5,304,059.97	9,179,432.61		29,954,955.88
Total	33,830,328.52	5,304,059.97	9,179,432.61		29,954,955.88

3. Long-term equity investments

Item	Book balance	June 30th, 2025 Provision for impairment	Book value	Book balance	December 31st, 2024 Provision for impairment	Book value
Investment in subsidiaries	4,589,655,803.95	363,448,720.01	4,226,207,083.94	4,789,655,803.95	363,448,720.01	4,426,207,083.94
Total	4,589,655,803.95	363,448,720.01	4,226,207,083.94	4,789,655,803.95	363,448,720.01	4,426,207,083.94

(1) Investment in subsidiaries

Investee	December 31st, 2024	Increase	Decrease	June 30th, 2025	Provision for impairment in the current period	Balance of provision for impairment as of June 30th, 2025
Central China Futures Co., Ltd.	413,613,442.08			413,613,442.08		
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	300,530,961.87			300,530,961.87		
Central China International Financial Holdings Co., Ltd.	1,522,636,400.00			1,522,636,400.00		363,448,720.01
Central China Blue Ocean Investment Management Co., Ltd.	2,426,000,000.00		200,000,000.00	2,226,000,000.00		
Central China Equity Exchange Co., Ltd.	126,875,000.00			126,875,000.00		
Total	4,789,655,803.95		200,000,000.00	4,589,655,803.95		363,448,720.01

The parent company made no investments in associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Net interest income

Item	Jan-June 2025	Jan-June 2024
Interest income	391,725,101.46	355,637,260.85
Including: Interest income from cash and bank balances and clearing settlement funds	112,629,080.47	99,427,163.09
Interest income from margin trading business	264,214,148.44	230,073,371.22
Interest income from financial assets held under resale agreements	14,211,006.43	20,206,281.50
Including: Interest income from agreed repurchase		105,314.55
Interest income from stock pledge repurchase	5,896,736.66	16,102,016.54
Interest income from other debt investments	670,866.12	4,715,816.31
Others		1,214,628.73
Interest expenses	226,737,858.90	292,345,336.90
Including: Interest expenses of income securities issued certificates	17,648,022.03	11,428,811.62
Interest expenses of due to banks and other financial institutions	22,829,744.01	13,611,727.44
Including: Interest expenses of refinancing	12,359,083.34	5,646,092.86
Interest expenses of financial assets sold under repurchase agreements	74,949,742.07	120,663,873.39
Interest expenses of accounts payable to brokerage clients	7,013,736.19	10,397,125.06
Interest expenses of bonds payable	98,324,008.97	125,247,732.72
Including: Interest expenses of subordinated bonds	29,455,890.41	45,461,470.97
Interest expenses of bond lending	4,124,036.86	6,613,467.40
Others	1,848,568.77	4,382,599.27
Net interest income	164,987,242.56	63,291,923.95

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

5. Net fee and commission income

(1) Details

Item	Jan-June 2025	Jan-June 2024
Net income of securities brokerage business	329,241,590.34	216,477,371.25
Including: Securities brokerage business income	427,569,509.56	279,079,461.46
Including: Funds received as an agent of the stock exchange	421,963,498.73	272,149,871.18
Leasing of trading units and seats	61,869.59	24,706.09
Sales agent of financial products	5,147,772.82	6,343,457.30
Including: Securities brokerage business expenses	98,327,919.22	62,602,090.21
Including: Funds received as an agent of the stock exchange	98,289,996.75	62,568,930.41
Sales agent of financial products		573.27
Net income of investment banking business	3,433,703.78	22,472,530.42
Including: Investment banking business income	3,433,703.78	22,472,530.42
Including: Securities underwriting business	810,401.91	16,779,605.84
Securities sponsorship business		
Financial advisory business	2,623,301.87	5,692,924.58
Including: Investment banking business expenses		
Including: Securities underwriting business	15,101,558.70	13,659,261.49
Securities sponsorship business		
Financial advisory business		
Net income of asset management business		
Including: Asset management business income	15,101,558.70	13,659,261.49
Asset management business expenses		
Net income of investment consulting business	33,836,950.64	21,122,186.39
Including: Investment consulting business income	33,836,950.64	21,122,186.39
Investment consulting business expenses		
Net income of other fees	9,984,944.99	3,691,698.46
Including: Income of other fees	9,988,241.04	3,691,698.46
Other fee expenses	3,296.05	
Total	391,598,748.45	277,423,048.01
Including: Total fee and commission income	489,929,963.72	340,025,138.22
Total fee and commission expenses	98,331,215.27	62,602,090.21

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

6. Investment income

(1) By categories

Item	Jan-June 2025	Jan-June 2024
Income from long-term equity investments calculated by cost method	18,578,379.60	
Investment income from financial instruments	262,773,175.32	513,782,054.22
Including: Income generated during the holding period	169,374,363.21	261,834,664.41
Including: Financial assets held for trading	178,902,523.80	285,439,629.16
Financial liabilities held for trading	-9,528,160.59	-23,604,964.75
Income from disposal of financial instruments	93,398,812.11	251,947,389.81
Including: Financial assets held for trading	43,579,884.61	346,163,282.08
Other debt investments	7,103,967.22	557,818.94
Derivative financial instruments	34,440,617.08	-61,869,173.56
Financial liabilities held for trading	8,274,343.20	-32,904,537.65
Total	281,351,554.92	513,782,054.22

(2) Statement of investment income from financial instruments held for trading

Financial instruments held for trading	Jan-June 2025
Financial assets classified as at fair value through profit or loss	
Income during the holding period	178,902,523.80
Income from disposal	43,579,884.61
Financial assets designated as at fair value through profit or loss	
Income during the holding period	
Income from disposal	
Financial liabilities classified as at fair value through profit or loss	
Income during the holding period	-9,528,160.59
Income from disposal	8,274,343.20
Financial liabilities designated as at fair value through profit or loss	
Income during the holding period	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

7. Business and administrative expenses

Item	Jan-June 2025	Jan-June 2024
Employee expenses	394,847,140.83	458,003,103.79
Amortization of intangible assets	35,881,551.12	34,038,811.24
Electronic equipment operating fees	22,549,009.53	26,609,574.37
Depreciation of right-of-use assets	18,055,898.36	25,611,332.66
Depreciation of fixed assets	16,769,957.19	15,862,587.81
Amortization of long-term deferred expenses	9,179,432.61	8,793,731.91
Member fees	8,703,981.04	7,049,348.99
Securities Investor Protection Fund	7,705,889.76	9,533,593.01
Advertising fees	5,461,113.94	8,229,176.29
Communication fees	4,617,077.55	4,490,277.73
Information fees	4,064,697.89	4,978,722.44
Exchange facility usage fees	3,476,235.93	3,220,160.76
Rental fees	3,131,166.54	3,111,869.97
Others	18,713,041.52	24,658,016.08
Total	553,156,193.81	634,190,307.05

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

8. Supplementary information of cash flow statement of parent company

Item	Jan-June 2025	Jan-June 2024
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	203,005,548.19	309,678,451.34
Add: Provision for impairment of assets	-3,571,693.95	-10,134,088.90
Accumulated depreciation of investment properties and fixed assets	17,196,454.77	16,345,379.88
Right-of-use assets depreciation	18,055,898.36	25,611,332.66
Amortization of intangible assets	35,881,551.12	34,038,811.24
Amortization of long-term deferred expenses	9,179,432.61	8,793,731.91
Losses on disposal of fixed assets, intangible assets and other long-term assets (or revenue: "-")	-1,077,406.39	868,566.96
Gains and losses on changes in fair value (or revenue: "-")	67,456,313.53	-120,519,493.63
Interest expenses	115,972,031.00	138,862,552.74
Exchange losses (or revenue: "-")	49,580.39	-33,275.58
Investment losses (or revenue: "-")	-26,353,212.94	-5,273,635.25
Decrease in deferred tax assets (or increase: "-")	23,927,124.59	-9,972,488.95
Increase in deferred tax liabilities (or decrease: "-")	-1,604,955.98	8,288,469.79
Decrease of operating receivables (or increase: "-")	151,699,267.44	-860,639,241.10
Increase of operating payable (or decrease "-")	-82,475,677.50	865,712,539.72
Net cash flow from operating activities	527,340,255.24	401,627,612.83
2. Significant investing and financing business not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	16,562,641,577.77	11,417,484,370.85
Less: Opening balance of cash	16,097,515,104.49	11,203,798,588.51
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash and cash equivalents	465,126,473.28	213,685,782.34

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2025-June 30th, 2025 (Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. FINANCIAL REPORT APPROVAL

This financial report was approved for reporting on August 29th, 2025 by the Company's Board of Directors.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

1. Statement of non-recurring profit or loss for the period

In accordance with the China Securities Regulatory Commission's *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Gains and Losses (Revised in 2023)*, the Company's non-recurring gains and losses for the reporting period are as follows:

Item	Jan-June 2025	Jan-June 2024
Gains and losses on disposal of non-current assets	969,549.51	-676,240.71
Government grants included in current profit or loss	9,131,599.02	5,768,173.00
Other non-operating income and expenses other than the above items	-631,560.60	132,760.86
Subtotal	9,469,587.93	5,224,693.15
Less: Income tax impact	2,366,845.92	1,306,173.29
Influence amount of minority shareholders' equity (after tax)	16,362.97	-55,036.07
Non-recurring net profit or loss attributable to shareholders of the parent company	7,086,379.04	3,973,555.93

2. Return on net assets and earnings per share

In accordance with the China Securities Regulatory Commission's *Compiling Rule No. 9 on Information Disclosure for Companies Offering Their Securities to the Public — Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 Revision)*, the Company's weighted-average return on net assets and earnings per share for January-June 2025 are set out below:

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the parent company	1.84%	0.0561	0.0561
Net profit attributable to shareholders of the parent company after deducting non-recurring profits or losses	1.79%	0.0545	0.0545

Central China Securities Co., Ltd.

August 29th, 2025