

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.



中信建投証券股份有限公司 CSC FINANCIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6066)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2025

The board of directors of CSC Financial Co., Ltd. (the “**Company**”) hereby announces the consolidated annual results of the Group for the year ended December 31, 2025. The Audit Committee of the Board has reviewed such annual results. This announcement, containing the full text of the 2025 annual 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 annual results. The Company’s 2025 annual report will be published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.csc108.com by the end of April 2026.

By order of the Board
CSC Financial Co., Ltd.
Liu Cheng
Chairman

Beijing, the PRC
March 26, 2026

As at the date of this announcement, the Executive Directors of the Company are Mr. LIU Cheng and Mr. JIN Jianhua; the Non-executive Directors of the Company are Mr. LI Min, Mr. ZHU Yong, Mr. YAN Xiaolei, Mr. WANG Guanglong, Mr. YANG Dong, Ms. HUA Shurui, Ms. WANG Hua and Mr. DAI Bo; and the Independent Non executive Directors of the Company are Mr. PO Wai Kwong, Mr. LAI Guanrong, Mr. ZHANG Zheng, Mr. WU Xi and Mr. ZHENG Wei.

IMPORTANT NOTICE

- I. **The Board of Directors of the Company, the Directors and the senior management warrant the truthfulness, accuracy and completeness of this annual report and that there is no misrepresentation on, misleading statement in, or material omission from this annual report, and will assume joint and several liabilities.**
- II. **This report was considered and approved at the 22nd meeting of the third session of the Board of Directors of the Company. All the Directors of the Company attended the board meeting, and no Director raised any objection to this report, while YAN Xiaolei, the Director attended the board meeting by proxy due to work reasons.**
- III. **KPMG Huazhen LLP and KPMG issued the auditor's reports with standard unqualified audit opinion.**
- IV. **Mr. LIU Cheng (Chairman of the Company), Mr. JIN Jianhua (the General Manager and Chief Financial Officer (acting) of the Company) and Mr. ZHANG Hexin (head of the Accounting Department (Chief Accountant)) warrant that the financial statements set out in this annual report are true, accurate and complete.**
- V. **The plan for profit distribution or capital reserve capitalization for the Reporting Period has been resolved and approved by the Board of Directors**

On November 21, 2025, the 2025 interim dividend distribution plan (namely, cash dividends of RMB1.65 (tax inclusive) for every 10 Shares) was considered and approved at the 2025 Fourth Extraordinary General Meeting of the Company. The plan was completed.

The 2025 final profit distribution plan of the Company is as follows: the Company plans to distribute in the form of cash dividends, on the basis of 7,756,694,797 Shares in the total share capital as at December 31, 2025, RMB1.75 (tax inclusive) for every 10 Shares to all the Shareholders. The proposal still needs to be submitted at the General Meeting of the Company for consideration and approval.

As of the end of the Reporting Period, the parent company had no uncovered losses.

VI. Risk statement for forward-looking statements

Forward-looking statements, including future plans and development strategies, contained in this report do not constitute a substantive commitment of the Company to its investors. Investors should be aware of investment risks.

- VII. There was no appropriation of funds of the Company by the controlling shareholder(s) and other related parties for non-operating purposes.**
- VIII. There was no guarantee of the Company provided to the external parties which violated the stipulated decision-making procedures.**
- IX. There was no instance of the Company where more than half of the Directors were unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company.**

X. Material risk warning

The major risks to which the Company may be exposed include market risk, credit risk, liquidity risk and compliance risk. Specifically, there are market risks brought by fluctuations in stock, bond, commodity and foreign exchange markets to the investment portfolio of the Company; credit risks brought by insufficient repayment capability of financiers in the financing business and counterparties in the OTC derivatives business or abnormal decline in the price of securities used as security (pledge or margin) to the Company, and credit risks brought by default or declined credibility of the bond issuer to the bond investment portfolio of the Company; liquidity risks brought by improper asset-liability allocation, tight liquidity or soaring funding prices at a specific time point, or erroneous financing operation in the general context of the expected reasonable and sufficient capital supply; and compliance risks brought by deficiencies in internal control, violations of regulatory requirements, etc. to the Company. In addition, the Company may be exposed to other risks, such as strategic risk, operational risk, legal risk, technical risk and reputational risk. The combined effect of the abovementioned risks will pose certain challenges to the operation of the Company.

The Company has described the relevant potential risks in this report in detail. Please refer to the contents of “Potential Risks” and “Risk Management” in Section 3 “Management Discussion and Analysis” of this report.

XI. Others

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

In this annual report, the amounts are denominated mainly in RMB or Hong Kong dollars. Unless it is specifically indicated, the amounts are denominated in RMB and calculated based on the exchange rate as of December 31, 2025; any discrepancies between totals and sums of amounts are due to rounding.

CHAIRMAN'S STATEMENT

Dear Shareholders,

As the years glide by, a splendid new chapter unfolds once more. 2025 marks the final year of the “14th Five-Year Plan”. Over the past five years, keeping the nation’s fundamental interests in mind, we have dedicated ourselves to the cause of building a financial powerhouse with the passion of serving our country through finance. We have achieved profitability while fulfilling our functional duties, and accomplished the tasks of the “14th Five-Year Plan” with high quality, as the Company’s business continues to thrive. 2025 also marks the 20th anniversary of the Company’s establishment. Under the leadership of the CPC, we have steadfastly fulfilled our mission and responsibilities as a state-owned financial enterprise. Successive leadership teams, along with all cadres and staff, have remained true to our original aspiration, strived to be pioneers, pursued reform and innovation, and devoted ourselves to hard work. Through deep cultivation and steadfast practice in the capital market, the Company has gradually grown into a leading large-scale comprehensive securities company in China, forging ahead and leaving the mark of our relentless striving on the new journey of Chinese modernization.

In 2025, amidst profound and complex domestic and global changes, the Company’s new leadership team calmly navigated market fluctuations. We calibrated our business strategies under the guidance of political building, profoundly integrated political foundations with business operations, improved management efficiency, and gathered momentum for progress. By promoting a group of young professionals to frontline leadership positions, we unlocked new organizational and managerial advantages. Building upon the record-high net profit attributable to the parent company at the beginning of the “14th Five-Year Plan” period, we proudly concluded the year with the third-best net profit attributable to the parent company performance in our history. Based on financial data audited under PRC Accounting Standards for Business Enterprises, for the full year, the Company achieved operating income of RMB23.322 billion and net profit attributable to equity holders of the parent company of RMB9.439 billion. The Company continuously strived for value creation, drove business toward high-quality development, and rewarded shareholders’ investments with commercial value. We implemented multiple profit distributions, issuing a total of RMB2.560 billion in 2024 final and 2025 interim cash dividends.

Finance bears a crucial responsibility for a nation’s prosperity. Over the past year, we have adhered to the fundamental purpose of finance serving the real economy, fulfilled our duty of serving social wealth management, and made significant efforts in the “Five Major Areas (五篇大文章)” in Finance. Deeply understanding the importance of the “industry-technology-finance” cycle, we have accelerated business innovation to align with industrial development and investors’ financial service requirements. We have proactively enhanced the adaptability of financial products and solutions to support technological innovation, industrial upgrading, and social wealth management, thereby fostering enterprises featuring new quality productive forces, promoting the real economy, and helping residents increase their wealth. Through these mutually reinforcing financial services, we have strengthened our sense of mission, enhanced our professional capacity to serve national strategies, the real economy and social wealth management, and at the same time solidified the Company’s core competitiveness.

Over the past year, we have proactively adapted to the economic transition from factor-driven to innovation-driven development, and enhanced a system of multi-dimensional financial services for technological innovation and green development. Throughout the year, we completed 22 equity financing projects for technology enterprises, with an underwriting amount exceeding RMB30.0 billion. Both the number and scale of our underwritten technology-innovation bonds ranked second in the market. We managed equity funds investing over RMB2.2 billion in more than 60 technology enterprises, and over 90% of new proprietary equity investments were directed toward projects featuring new quality productive forces. Advancing the “dual carbon (雙碳)” goals, we built an integrated equity and debt financing system for green development, completing nearly RMB40.0 billion in cumulative domestic and overseas green equity financing. We served as lead underwriter for 145 green bonds totaling RMB64.8 billion, effectively stimulating capital flows in green industries. Notably, we successfully sponsored the global new energy leader CATL’s listing in Hong Kong, raising HK\$41.0 billion, making it the largest IPO in the Hong Kong stock market in the past four years and the largest ever in the new energy sector.

Over the past year, we have successfully transformed from a traditional commission broker to a social wealth manager, creating an integrated service mechanism encompassing inclusive finance, pension finance, and social wealth management. Anchoring on wealth management, we have synergized our investment banking and asset management expertise, and established a comprehensive service framework covering small and medium investors and rural agriculture. We distributed 308 publicly offered individual pension fund products, achieving 100% market coverage. We served as lead underwriter for 13 rural revitalization bonds totaling RMB6.213 billion, providing stable funding for major agricultural and rural projects. Pioneering an industry first, we established a digital inclusive service architecture of “1 headquarter center + 3 regional sub-centers”, reaching out to 6.16 million small and medium investors. Our Entrepreneur Office launched the “Bainian Xiangshan (柏年向善)” charity project and served over 200 investors by providing public welfare. We launched the “Jiaxin Xiangchuan (家鑫相傳)” series of asset management products, contributing the “CSC Solution” to innovations in inclusive finance, pension finance and public welfare.

CHAIRMAN'S STATEMENT

Over the past year, we have embraced technological development, made vigorous efforts in digital finance, and solidly implemented the “AI Plus” initiative, making remarkable progress in empowering clients, staff and management. Throughout the year, we have received over 50 various awards within and outside the industry, achieving a dual leap in both quantity and quality. Among them, the “Investment Banking ‘Gatekeeper (看門人)’ Digital Intelligence Integrated Business Platform” project won the First Prize of the 2024 People’s Bank of China Fintech Development Award, making it the first investment banking system in the securities industry to receive this honor. Our AI innovations gained recognition at top-tier international academic conferences, earning international recognition. Our robust intellectual property portfolio ranked among the industry’s top, fully demonstrating sustained innovation vitality and solid technical strength. The “AI Plus” initiative has successfully established full-chain capabilities from computing power to vertical domain models, forming an AI empowerment system covering all business lines, and producing a batch of star platforms such as the “OctoX – An Intellectual FICC Integration Platform” and the “DeepTiming AI Intelligent Digital Platform (信諦聽AI智數平台)”.

Over the past year, all business segments of the Company have made concerted efforts toward building a first-class investment bank and investment institution. The investment banking business has maintained its industry leadership with consolidated advantages and prominent competitiveness. The brokerage business has progressed toward a dual transformation in wealth management and AI, enhancing business efficiency and service quality at once. The institutional business has seized the trend of investor institutionalization, achieving scale growth and capability upgrades. The research business has fully leveraged its think-tank function through internal and external synergies, received multiple accolades from government departments, and served as a new calling card for the Company. The buy-side business has generated diversified revenue streams, with robust market-making functions making outstanding contributions. The asset management business has steadily increased in scale, while optimizing the underlying asset allocation structure. The international business has grown rapidly, with China Securities International, the wholly owned subsidiary, achieving year-on-year growth in operating income and net profit exceeding 100% and 150% respectively, emerging as a new beacon for future development.

Those who start sharp must plan for the end; those who succeed must plan before they start. In 2025, the Fourth Plenary Session of the 20th CPC Central Committee outlined a grand blueprint for development in the next five years. Via thoroughly learning the guiding principles from the session, as well as systematically investigating the Company’s current circumstances and future directions, we have solidly advanced the formulation of the Company’s “15th Five-Year Plan”. We align national needs with CSC’s capabilities, draw upon grassroots experience and employee wisdom, and have preliminarily proposed the Company’s development strategy for the “15th Five-Year Plan” period: to be a value-oriented investment bank, a new-quality investment bank, and a digital-intelligent investment bank; to accelerate the establishment of a new client-driven development model; and to enhance our level of internationalization. Through these efforts, we will further build and strengthen our “first-class in domestic (國內一流)” comprehensive capabilities, and aim to achieve a leading position commensurate with top-tier investment banks by 2030.

Over the past two decades, CSC has forged ahead, growing through market tests and refining itself through client recognition, steadily increasing its impact in the industry. On behalf of the Board of Directors and the executive management of the Company, I extend our most sincere gratitude and highest respect to all shareholders for their unwavering trust, to people from all sectors of society for their continued support, and to all CSC staff for their enthusiastic devotion and hard work over the past twenty years!

What we must ride is the momentum; what we must not lose is opportunity. 2026 marks the inaugural year of the “15th Five-Year Plan”. Standing at a historical starting point, the Company will fully seize the strategic opportunities. Anchoring our goal on building a first-class investment bank, we will deepen our services for new quality productive forces as new momentum, enhance efficiency in social wealth management, and expand our international footprint. With unwavering determination and keen efforts, we will navigate challenges with steady development, embrace opportunities with innovation and openness, and create value with excelsior service. Hand in hand with our investors, we will grasp, master, and transcend market cycles to share a prosperous future together!

Chairman
LIU Cheng
March 26, 2026

Contents

Important Notice	i
Chairman's Statement	iii
Section 1 Definitions	1
Section 2 Company Profile and Key Financial Indicators	4
Section 3 Management Discussion and Analysis	29
Section 4 Report of Directors	89
Section 5 Significant Events	99
Section 6 Changes in Shares and Information on Shareholders.	110
Section 7 Directors, Senior Management and Employees	119
Section 8 Corporate Governance Report	142
Annex Independent Auditor's Report and Notes to the Consolidated Financial Statements	168



SECTION 1 DEFINITIONS

Unless the context otherwise requires, the following terms have the following meanings in this report:

“Group”	CSC Financial Co., Ltd. and its subsidiaries
“CSC”, “Company”, “our Company” or “parent company”	CSC Financial Co., Ltd. (中信建投証券股份有限公司)
“China Futures”	China Futures Co., Ltd. (中信建投期貨有限公司)
“China Capital”	China Capital Management Co., Ltd (中信建投資本管理有限公司)
“China Securities International”	China Securities (International) Finance Holding Company Limited (中信建投(國際)金融控股有限公司)
“China Fund”	China Fund Management Co., Ltd. (中信建投基金管理有限公司)
“China Securities Investment”	China Securities Investment Co., Ltd (中信建投投資有限公司)
“Beijing Financial Holdings Group”	Beijing Financial Holdings Group Limited (北京金融控股集團有限公司)
“Central Huijin”	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司)
“CITIC Financial Holdings”	CITIC Financial Holdings Co., Ltd. (中國中信金融控股有限公司)
“CITIC Securities”	CITIC Securities Co., Ltd. (中信証券股份有限公司)
“Glasslake Holdings”	Glasslake Holdings Limited (鏡湖控股有限公司)
“Director(s)”	the director(s) of our Company
“Board” or “Board of Directors”	the Board of Directors of our Company
“Supervisor(s)”	the supervisor(s) of the Company
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Ministry of Finance”	Ministry of Finance of the People’s Republic of China
“Shanghai and Shenzhen Stock Exchanges”	Shanghai Stock Exchange and Shenzhen Stock Exchange
“SSE”	Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (as amended from time to time)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

SECTION 1 DEFINITIONS

“HKEX”	Hong Kong Exchanges and Clearing Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“SZSE”	Shenzhen Stock Exchange
“BSE”	Beijing Stock Exchange
“SAC”	Securities Association of China
“AMAC”	Asset Management Association of China
“Articles of Association” or “Articles”	the articles of association of the Company
“A Share(s)”	listed domestic shares in the share capital of our Company with a nominal value of RMB1.00 each, listed on the SSE and traded in RMB
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, listed on the Hong Kong Stock Exchange and traded in HKD
“IPO”	Initial Public Offering
“NEEQ”	the National Equities Exchange and Quotations
“NEEQ Co. Ltd.”	National Equities Exchange and Quotations Corporation Limited (全國中小企業股份轉讓系統有限責任公司)
“related party transaction(s)”	has the same meaning ascribed to it under the SSE Listing Rules
“connected transaction(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules
“related party/connected transaction”	related party transaction(s) and connected transaction(s)
“QFI”	Qualified Foreign Investor
“WFOE”	Wholly Foreign-Owned Enterprise(s)
“FICC”	Fixed-income securities, currencies and commodities
“ESG”	a collective term of Environmental, Social and Governance
“ETF”	Exchange Traded Fund
“AI”	Artificial Intelligence
“De-SPAC”	De-Special Purpose Acquisition Company

SECTION 1 DEFINITIONS

“Company Law”	Company Law of the People’s Republic of China
“Securities Law”	Securities Law of the People’s Republic of China (《中華人民共和國證券法》)
new “Nine Guidelines of the State Council”	Several Opinions on Strengthening Regulation, Forestalling Risks and Promoting the High Quality Development of the Capital Market (《關於加強監管防範風險推動資本市場高質量發展的若干意見》)
“Five Major Areas” in Finance	technology finance, green finance, inclusive finance, pension finance and digital finance
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Reporting Period” or “2025”	the period from January 1, 2025 to December 31, 2025
“the end of the Reporting Period” or “the end of 2025”	December 31, 2025
“Date of Disclosure of the Report”/“Date of Disclosure”	March 26, 2026
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“Wind Info”	Wind Information Co., Ltd. (萬得信息技術股份有限公司)

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. COMPANY INFORMATION

Name in Chinese	中信建投証券股份有限公司
Abbreviation in Chinese	中信建投証券
Name in English	China Securities Co., Ltd. CSC Financial Co., Ltd. (carrying on business in Hong Kong with such registered English name)
Abbreviation in English	CSC
Legal Representative	LIU Cheng
General Manager	JIN Jianhua
Authorized Representative	LIU Cheng, JIN Jianhua
Alternate Authorized Representative	LIU Naisheng
Joint Company Secretaries	LIU Naisheng, WONG Wai Ling

Registered Capital and Net Capital of the Company

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period (December 31, 2025)	As at the end of the previous year (December 31, 2024)
Registered Capital	7,756,694,797.00	7,756,694,797.00
Net Capital	79,598,680,087.45	74,674,773,535.87

The Business Scope and Qualifications for Each Individual Business of the Company

The Company has registered according to law. The business scope stipulated in our business license of the Company includes: securities business; foreign exchange settlement and sale business; foreign exchange business; securities investment consultancy; custodian services for securities investment fund; public securities investment fund sales; provision of intermediary business to futures companies as a securities company; and sale of gold and silver products.

License to Operate Securities and Futures Business (《經營證券期貨業務許可證》) obtained by the Company stipulates the scope of Securities and Futures business – securities brokerage, securities investment consultancy, financial advisory relating to securities trading and securities investment activities, securities underwriting and sponsoring, proprietary trading and investment of securities, securities asset management, sale of publicly offered securities investment funds, margin financing and securities lending, agency sale of financial products, market-making of stock options, custodian services for securities investment funds, and market-making trading business of listed securities.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

In addition, the Company possesses the qualifications for the following major individual business:

Qualifications for Business Approved by or Filed with CSRC and Local Office of CSRC

Qualification for direct investment, Stock Index Futures Trading License for Securities Companies, Collateralized Bond Repo Business Qualification, Qualification for Proprietary Interest Rate Swap Trading, qualification of contractual repurchase securities transaction business, Proprietary Trading License for Treasury Futures, Credit Risk Mitigation (CRM) Instruments Underwriting Qualification, qualification of agency business for precious metal spot contracts and proprietary business for spot gold contracts, qualification for qualified domestic institutional investor to conduct overseas securities investment and management business, Primary Market Maker for OTC Options, pilot qualification of cross-border business, Credit Derivatives Trading Qualification, qualification of market making business for stock index options, pilot qualification of fund investment advisory business, qualification of pilot business for optimizing account management function of securities companies, Treasury Futures Market-Making License, qualification for proprietary participation in carbon emissions trading business, Wealth Management Connect (WMC) Scheme Participation Qualification and qualification for swap facilities business

Qualifications for Business Approved by The People's Bank of China

Interbank Lending Membership and Eligibility for "Southbound Trading" ^{Note}

Qualifications for Business Approved by or Filed with State Administration of Foreign Exchange

Securities Business and Foreign Exchange Operating License (foreign currency negotiable securities brokerage, foreign currency negotiable securities underwriting), FX Settlement and Sale Pilot Business License, Client-based FX Trading Authorization and Non-Bank Financial Institutions for Client-based FX Settlement and Sale Pilot Business License

Qualifications for Business Approved by or Filed with Securities Association of China

OTC Trading Membership, Financial Derivatives License: IRS/CDS & OTC Options Market Maker, Internet Securities Business Pilot

Qualifications for Business Filed with Asset Management Association of China

Private fund business outsourcing service

Note: The Company obtained the qualification for conducting southbound trading business during the Reporting Period.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Qualifications for Business Approved by or Filed with Stock Exchanges/Trading Centers

Primary dealer of Integrated Electronic Platform of Fixed-income Securities of SSE, qualification of southbound trading business under the Shanghai-Hong Kong Stock Connect, participant for stock options trading of SSE, lead market maker of the listed fund on SSE, core dealer of credit protection contract on SSE, issuing institution of credit protection certificate on SSE, lead market maker for SSE 50ETF options, lead market maker of CSI 300ETF options, qualification for collateralized stock repurchase transaction business on the SSE and the SZSE, lead market maker for market making for bonds on the SSE and the SZSE, qualification of business for financing by exercising equity incentive of listed companies on the SZSE, qualification of southbound trading business under the Shenzhen-Hong Kong Stock Connect, core dealer of credit protection contract on SZSE, issuing institution of credit protection certificate on SZSE, qualification of stock options business on SZSE, qualification for inter-bank gold inquiry business from the Shanghai Gold Exchange, International Member of Shanghai Gold Exchange, Special Membership of Shanghai Gold Exchange, participant of the Chinese commercial paper trading system, qualification for market making of CSI 300 Index Options of China Financial Futures Exchange, lead market maker for treasury bond futures on China Financial Futures Exchange, qualification of member of Shanghai Environment and Energy Exchange, qualification of trading business in the National Inter-bank Bond Market, foreign currency lending membership of China Foreign Exchange Trade System, ADBC Standard Bond Forward Quoting Institution, “Northbound” quotation agency, member of the inter-bank foreign exchange market, member of inter-bank foreign currency market, member of the interest rate option market, interest rate option quotation agency, CFETS-SHCH-GTJA High-grade CDS index quotation institution, qualification of intermediary service institution of Beijing Equity Trading Center, qualification of institutional member of Guangzhou Carbon Emission Trading Centre, member of carbon financial services at Hubei Carbon Emission Exchange

Qualifications for Business Filed with National Equities Exchange and Quotations

Chief securities firm of National Equities Exchange and Quotations, qualification for market making business of National Equities Exchange and Quotations

Qualifications for Business Approved by or Filed with Shanghai Clearing House

Clearing Member of Shanghai Clearing House, qualification for participating in the mutual swap and central clearing business of Renminbi interest rates, qualification for participating in the bond transaction net clearing business, qualification for participating in the forward centralized clearing business for standard bonds, Class A General Clearing Member, qualification for participating in the proprietary clearing business from central counterparties in shipping and commodity financial derivatives, qualification for participating in the business of central clearing for credit default swap

Qualifications for Business Approved by or Filed with National Association of Financial Market Institutional Investors

Lead underwriter of debt financing instruments of non-financial enterprises, issuing institution of CRMW, core dealer of CRM instruments, issuing institution of credit-linked notes, trustee for debt financing instruments of non-financial enterprises, qualification for independently conducting the lead underwriting business of debt financing instruments of non-financial enterprises, cash bond market maker in Inter-bank Bond Market

Qualifications for Business Approved by China Securities Finance Corporation Limited

Qualification of refinancing business (securities refinancing and margin refinancing), qualification for market-making securities lending business on the STAR Market

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Other Business Qualifications

Class B clearing participant of the China Securities Depository and Clearing Corporation Limited, qualification for investor securities registration business agency, qualification of H-share full circulation business, issuing institution for the qualification of collateralized repurchase business of credit protected bonds, qualification of securities account opening agency; clearing member of the China Central Depository & Clearing Co., Ltd., participant of quotation and service system for inter-institutional private equity products of China Securities Capital Market Development Monitoring Center; ChinaBond valuation partner of ChinaBond Pricing Center Co., Ltd., member of Renminbi financial bond underwriting and market-making syndicates of China Development Bank; member of book-entry treasury bond underwriting syndicates of the Ministry of Finance

II. CONTACT PERSONS AND DETAILS

	Secretary to the Board	Representative for Securities Affairs
Name	LIU Naisheng	DU Ningning
Address	No. 10 Guanghua Road, Chaoyang District, Beijing	No. 10 Guanghua Road, Chaoyang District, Beijing
Telephone	010-56052830	010-56052830
Facsimile	010-56118200	010-56118200
Email	601066@csc.com.cn	601066@csc.com.cn

III. BASIC INFORMATION

Registered Address	Unit 4, No. 66 Anli Road, Chaoyang District, Beijing
Postal Code of Registered Address	100101
Historical Changes in the Company's Registered Address	Not applicable
Principal Office Address	No. 10 Guanghua Road, Chaoyang District, Beijing
Postal Code of Principal Office Address	100020
Place of Business in Hong Kong	18/F, Two Exchange Square, Central, Hong Kong
Company Website	www.csc108.com
Email	601066@csc.com.cn
National Customer Service Hotline	95587/4008888108
Investor Contact Hotline	010-56052830
Facsimile Telephone	010-56118200
Unified Social Credit Code	91110000781703453H

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

IV. INFORMATION DISCLOSURE AND AVAILABILITY PLACES

Media and websites for annual report disclosure designated by the Company	China Securities Journal (www.cs.com.cn) Shanghai Securities News (www.cnstock.com) Securities Times (www.stcn.com) Securities Daily (www.zqrb.cn)
Websites of the stock exchanges on which annual reports of the Company are disclosed	Website of SSE (www.sse.com.cn) HKExnews website of HKEX (www.hkexnews.hk)
Places where annual reports of the Company are available	No. 10 Guanghai Road, Chaoyang District, Beijing Unit 4, No. 66 Anli Road, Chaoyang District, Beijing 18/F, Two Exchange Square, Central, Hong Kong

V. BRIEF INFORMATION OF THE SHARES OF THE COMPANY

Class of Shares	Stock Exchange of Listing	Stock Name	Stock Code
A Shares	SSE	CSC	601066
H Shares	Hong Kong Stock Exchange	CSC	6066

VI. OTHER INFORMATION OF THE COMPANY

(I) History of the Company

1. Establishment of Company

China Securities Finance Limited (中信建投證券有限責任公司) (hereinafter referred to as CSF Limited), the Company's predecessor, was jointly invested in and established by CITIC Securities and China Jianyin Investment Limited (中國建銀投資有限責任公司) (hereinafter referred to as China Jianyin) in 2005 pursuant to the Approval for Commencing Operation of China Securities Finance Limited (Zheng Jian Ji Gou Zi [2005] No. 112) 《關於同意中信建投證券有限責任公司開業的批覆》(證監機構字[2005]112號) issued by the CSRC. On November 2, 2005, CSF Limited obtained the business license of corporate legal representative issued by the Administration for Industry and Commerce. The registered address is Unit 4, No. 66 Anli Road, Chaoyang District, Beijing, with a registered capital of RMB2,700,000,000, of which CITIC Securities and China Jianyin made cash contribution of RMB1,620,000,000 and RMB1,080,000,000, accounting for the proportion of 60% and 40%, respectively. CSF Limited's operation is conducted based on the acquisition of securities business and related assets originally owned by Huaxia Securities Co., Ltd. and in accordance with the standards of a comprehensive securities company.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

2. Change of Shareholding in 2010

(1) Beijing State-owned Capital Operation and Management Center Becomes a Shareholder

On November 9, 2010, the CSRC issued the Approval for the Change of Shareholders Holding More Than 5% Equity Interests by China Securities Finance Limited (Zheng Jian Xu Ke [2010] No. 1588) 《關於核准中信建投證券有限責任公司變更持有5%以上股權的股東的批覆》(證監許可[2010]1588號) to approve the eligibility of Beijing State-owned Capital Operation and Management Center (changed its name to Beijing State-owned Capital Operation and Management Company Limited in July 2021, hereinafter collectively referred to as the BSCOMC) as a Shareholder holding more than 5% equity interests of CSF Limited, with no objection to the lawful transfer of RMB1,215,000,000 equity interests of CSF Limited (representing 45% of the total capital contribution) originally held by CITIC Securities to BSCOMC. On November 15, 2010, CSF Limited completed the change of registration in relation to the change in shareholding with the Administration for Industry and Commerce.

(2) Central Huijin Investment Ltd. Becomes a Shareholder

Pursuant to the Approval of the Ministry of Finance for Asset Transfer by China Jianyin Investment Limited to Central Huijin Investment Ltd. (Cai Jin Han [2009] No. 77) 《財政部關於中國建銀投資有限責任公司向中央匯金投資有限責任公司劃轉資產的批覆》(財金函[2009]77號), China Jianyin, a Shareholder of CSF Limited originally holding 40% equity interests, transferred its equity interests in CSF Limited to Central Huijin at nil consideration. On November 18, 2010, the CSRC issued the Approval for the Change of Shareholders Holding More Than 5% Equity Interests by China Securities Finance Limited (Zheng Jian Xu Ke [2010] No. 1659) 《關於核准中信建投證券有限責任公司變更持有5%以上股權的股東的批覆》(證監許可[2010]1659號) to approve the eligibility of Central Huijin as a Shareholder holding more than 5% equity interests of CSF Limited, with no objection to the lawful transfer of RMB1,080,000,000 equity interests of CSF Limited (representing 40% of the total capital contribution) to Central Huijin. On December 16, 2010, CSF Limited completed the change of registration in relation to the change in shareholding with the Administration for Industry and Commerce.

(3) Century Jinyuan Investment Group Limited Becomes a Shareholder

On November 23, 2010, the CSRC issued the Approval for the Change of Shareholders Holding More Than 5% Equity Interests by China Securities Finance Limited (Zheng Jian Xu Ke [2010] No. 1693) 《關於核准中信建投證券有限責任公司變更持有5%以上股權的股東的批覆》(證監許可[2010]1693號) to approve the eligibility of Century Jinyuan Investment Group Limited (世紀金源投資集團有限公司) (hereinafter referred to as Century Jinyuan) as a Shareholder holding more than 5% equity interests of CSF Limited, with no objection to the lawful transfer of RMB216,000,000 equity interests of CSF Limited (representing 8% of the total capital contribution) originally held by CITIC Securities to Century Jinyuan. On December 16, 2010, CSF Limited completed the change of registration in relation to the change in shareholding with the Administration for Industry and Commerce.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

3. Conversion into a Joint Stock Limited Company in 2011

On June 30, 2011, the CSRC issued the Approval for the Conversion of China Securities Finance Limited into a Joint Stock Limited Company (Zheng Jian Xu Ke [2011] No. 1037) 《關於核准中信建投證券有限責任公司變更為股份有限公司的批覆》(證監許可[2011]1037號) to approve the conversion of CSF Limited into a joint stock limited company. Upon completion of the conversion, the Company was renamed CSC Financial Co., Ltd. with a registered capital of RMB6,100,000,000. On September 28, 2011, the Company completed the change of registration in relation to the conversion into a joint stock limited company with the Administration for Industry and Commerce.

4. Change of Shareholding in 2016

(1) Xizang Shannan Century Jinyuan Investment Management Limited Becomes a Shareholder

On March 8, 2016, Century Jinyuan entered into a Share Transfer Agreement with Xizang Shannan Century Jinyuan Investment Management Limited (hereinafter referred to as Shannan Jinyuan, later changed its name to Xizang Tengyun Investment Management Limited), pursuant to which Century Jinyuan shall transfer 300,000,000 shares of the Company it held to Shannan Jinyuan, representing 4.92% of the total share capital of the Company. The above transfer was completed in July 2016.

(2) Shanghai Shangyan Investment Center (Limited Partnership) Becomes a Shareholder

On August 22, 2016, Century Jinyuan entered into a Share Transfer Contract with Shanghai Shangyan Investment Center (Limited Partnership) (上海商言投資中心(有限合夥)) (hereinafter referred to as Shanghai Shangyan), pursuant to which Century Jinyuan shall transfer 150,624,815 shares of the Company it held to Shanghai Shangyan, representing 2.47% of the total share capital of the Company. The above transfer was completed in September 2016.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

5. IPO of H Shares in 2016

On November 3, 2016, the CSRC issued the Approval for Issuance of Overseas Listed Foreign Shares by CSC Financial Co., Ltd. (Zheng Jian Xu Ke [2016] No. 2529) 《關於核准中信建投證券股份有限公司發行境外上市外資股的批覆》(證監許可[2016]2529號)), which approved the overseas IPO of the Company of no more than 1,237,940,000 overseas listed foreign shares, with a par value of RMB1 per share, all of which were ordinary shares.

On December 9, 2016, the Company was listed and traded on the Main Board of the Hong Kong Stock Exchange, with an IPO of 1,130,293,500 H Shares (including 1,076,470,000 new shares) (stock code: 6066.HK). On December 30, 2016, the Company exercised the over-allotment option partially and issued 73,411,000 additional H Shares (including 69,915,238 new shares) totaling 1,203,704,500 H Shares issued (including 1,146,385,238 new shares) at an issue price of HKD6.81 per share.

According to the Approval for the Issues Concerning the Transfer of State-owned Shares Held by CSC Financial Co., Ltd. (Guo Zi Chan Quan [2016] No. 967) 《關於中信建投證券股份有限公司國有股轉持有關問題的批覆》(國資產權[2016]967號)) issued by the State-owned Assets Supervision and Administration Commission of the State Council, and the Letter on the Issues Concerning the Reduction and Transfer of Hong Kong-listed, State-owned Shares Held by CSC Financial Co., Ltd. (She Bao Ji Jin Fa [2016] No. 152) 《關於中信建投證券股份有限公司香港上市國有股減轉持問題的函》(社保基金發[2016]152號)) issued by the National Council for Social Security Fund of the PRC (hereinafter referred to as NSSF), state-owned Shareholders of the Company performed their obligations of state-owned share reduction and transferred an aggregate of 114,638,524 Shares to the NSSF based on 10% of the actual number of Shares issued. After state-owned Shareholders transferred the reduced shares to the NSSF, such Shares were converted into overseas listed foreign shares (H shares). According to the entrustment of the NSSF, the Company transferred 57,319,262 Shares out of the Shares for public offering, and the proceeds were transferred to the NSSF.

After the IPO and listing of H Shares by the Company, the total share capital changed from 6,100,000,000 Shares to 7,246,385,238 Shares, including 5,985,361,476 domestic Shares and 1,261,023,762 H Shares.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

6. IPO of A Shares in 2018

On May 18, 2018, the CSRC issued the Approval for the Initial Public Offering of Shares by CSC Financial Co., Ltd. (Zheng Jian Xu Ke [2018] No. 828) 《關於核准中信建投證券股份有限公司首次公開發行股票的批覆》(證監許可[2018]828號)) to approve the public offering of no more than 400 million A Shares by the Company.

On June 20, 2018, the Company was listed on the Main Board of the Shanghai Stock Exchange, with an IPO of 400,000,000 A Shares (stock code: 601066.SH) at an issue price of RMB5.42 per share.

After the IPO and listing of A Shares of the Company, the total share capital of the Company changed from 7,246,385,238 Shares to 7,646,385,238 Shares, including 6,385,361,476 A Shares and 1,261,023,762 H Shares.

7. Change of Shareholding in 2020

On October 19, 2020, the CSRC issued the Approval for the Change of Substantial Shareholder by CSC Financial Co., Ltd. (Zheng Jian Xu Ke [2020] No. 2619) 《關於核准中信建投證券股份有限公司變更主要股東的批覆》(證監許可[2020]2619號)) to approve Beijing Financial Holdings Group to become a substantial shareholder of the Company, with no objection to the lawful transfer of 2,684,309,017 shares of the Company (representing 35.11% of the total number of shares) originally held by BSCOMC to Beijing Financial Holdings Group. On November 30, 2020, the share transfer registration was completed, BSCOMC no longer directly held shares of the Company, and Beijing Financial Holdings Group became the largest shareholder of the Company.

8. Non-public Issuance of A Shares in 2020

On February 28, 2020, the CSRC issued the Approval for the Non-public Issuance of Shares by CSC Financial Co., Ltd. (Zheng Jian Xu Ke [2020] No. 345) 《關於核准中信建投證券股份有限公司非公開發行股票的批覆》(證監許可[2020]345號)) to approve the non-public issuance of no more than 1,277,072,295 A Shares of the Company.

On December 28, 2020, the share registration procedures for the non-public issuance of the 110,309,559 new A shares were completed at the Shanghai branch of China Securities Depository and Clearing Corporation Limited. After the completion of the non-public issuance, the total share capital of the Company changed from 7,646,385,238 Shares to 7,756,694,797 Shares, including 6,495,671,035 A Shares and 1,261,023,762 H Shares.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

9. Increase in Shareholding by the Shareholder in 2023

From May 18 to November 20, 2023, Beijing Financial Holdings Group increased its shareholding in the Company by a total of 93,080,000 H Shares (representing 1.20% of the total number of Shares) by way of centralized bidding through SSE southbound trading system. When the increase in shareholding was completed, Beijing Financial Holdings Group held a total of 2,777,389,017 Shares in the Company (representing 35.81% of the total number of Shares), including 2,684,309,017 A Shares and 93,080,000 H Shares.

(II) Organizational Structure of Company

In strict compliance with the requirements such as the Company Law, the Securities Law, the Guidance for the Internal Control of Securities Companies 《證券公司內部控制指引》, the relevant rules and regulations of CSRC, the SSE Listing Rules, the Hong Kong Listing Rules, the various requirements of the competent authorities on the governance of state-owned financial enterprises, the Articles of Association and internal system of the Company, the Company regulates its operation, constantly improves the operation mechanism and system establishment for its Party Committee, General Meetings, the Board of Directors and the executive management. The Company has established a standardized and scientific corporate governance structure and set up an organizational structure that meets its development needs.

In March 2025, the 13th meeting of the third session of the Board of the Company considered and approved the Proposal on Adjusting the Department Names and Core Responsibilities of the Brokerage Business Management Committee 《關於調整經管委部門名稱與核心職責的議案》, agreeing to change the name of the former Brokerage Business Management Committee to the Wealth Management Committee, and to optimize and adjust its functions and responsibilities.

Subsequent events

In January 2026, the 20th meeting of the third session of the Board of Directors of the Company considered and approved the Resolution on the Establishment of the Strategic Development Department, and approved the establishment of the Strategic Development Department.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(III) Number and Network of Securities Branches of the Company

1. Securities Branches

As of the end of the Reporting Period, the Company had a total of 45 securities branches, the details of which were as follows:

No.	Branch	Date of establishment	Registered address	Head	Contact number
1	Hubei Branch	February 6, 2012	3/F, Block A, Longyuan Building, 24 Zhongbei Road, Wuchang District, Wuhan City	LIANG Jun	027-87890128
2	Shanghai Branch	February 6, 2012	Nos. 01, 02, 06, 07, 18/F, Block T2, No. 398 Huoshan Road, Yangpu District, Shanghai	MOU Chun	021-55137961
3	Shenyang Branch	February 7, 2012	No. 1, 12/F, 61 Beizhan Road, Shenhe District, Shenyang City	WU Lili	024-22556761
4	Jiangsu Branch	February 13, 2012	1/F and 2/F, Huanghe Building, 58 Longyuan West Road, Gulou District, Nanjing City	LI Yinghu	025-83156571
5	Hunan Branch	March 1, 2013	No. 9, Furong Middle Road Section 2, Furong District, Changsha City	MAO Xiaohu	0731-82229568
6	Fujian Branch	April 16, 2013	3/F, Wuyi Center, 33 East Street, Gulou District, Fuzhou City	XIE Jianfeng	0591-87612358
7	Zhejiang Branch	April 18, 2013	Room 604, 6/F, 225 Qing Chun Road, Shangcheng District, Hangzhou City, Zhejiang Province	LIU Ao	0571-87067245
8	Northwest Branch	April 19, 2013	No. 56 Nanda Street, Beilin District, Xi'an City, Shaanxi Province	MA Pinliang	029-87265999-202
9	Guangdong Branch	April 24, 2013	Rooms 6804 and 6805, No. 233 Tianhe North Road, Tianhe District, Guangzhou City	MA Jun	020-38381917
10	Chongqing Branch	April 14, 2014	2-2, Block 2, Yijing Fenghao, 195 Longshan Road, Longshan Subdistrict, Yubei District, Chongqing City	ZHOU Chaobing	023-63624398
11	Shenzhen Branch	April 21, 2014	35E, Radio and Television Financial Center, No. 9 Pengcheng No. 1 Road, Fuxin Community, Lianhua Avenue, Futian District, Shenzhen City	TIAN Ye	0755-23953860
12	Sichuan Branch	April 25, 2014	No. 25, South Third Section, First Ring Road, Wuhou District, Chengdu City	KUANG Wenqiang	028-85576963
13	Shandong Branch	May 23, 2014	11/F, Block 4, 8 Long'ao North Road, Lixia District, Jinan City	CHEN Xiang	0531-68655601
14	Jiangxi Branch	May 28, 2014	Unit 05, 30/F, Block 2#, Heping International Hotel, 69 Yanjiang North Road, Donghu District, Nanchang City, Jiangxi Province	LI Wenchao	0791-86700091

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Branch	Date of establishment	Registered address	Head	Contact number
15	Henan Branch	June 3, 2014	No. 802, 803, 804, 8/F, Building 1, 88 Jinshui East Road, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone	WU Xiaoju	0371-69092409
16	Shanghai Pilot Free Trade Zone Branch	September 26, 2014	Room 2206, North Building, 528 South Pudong Road, China (Shanghai) Free Trade Zone	JIANG Wei	010-56050584
17	Tianjin Branch	November 10, 2014	5-1-201, Tianhui Center, Junction of Nanshi Street and Fu'an Street, Nanshi Subdistrict, Heping District, Tianjin	GUO Shihai	022-23660571
18	Beijing Hongyi Branch	March 19, 2019	801 and 802, 8/F, Inside 101, -5/F to 45/F, Building 1, Courtyard No. 16, Jinghui Street, Chaoyang District, Beijing	LI Jingyi	010-65726085
19	Hainan Branch	December 29, 2020	1/F and 2/F, Yindu Building, No. 38 Haifu Avenue, Haikou City	LIU Yunning	0898-65357208
20	Ningxia Branch	December 30, 2020	Room 101 (Maisonette), No. 25 Commercial Building, Zhongying Yujing Phase II, No. 515 Fenghuang North Street, Xingqing District, Yinchuan City, Ningxia	SUI Chuanzhe	0951-6737057
21	Guizhou Branch	December 31, 2020	No. 2, 1-8/F, No. 13 Yan'an Middle Road, Yunyan District, Guiyang City, Guizhou Province	TAN Ting	0851-83879300
22	Jilin Branch	January 5, 2021	2/F, Podium Building, Zhengrong Building, No. 621 Changchun Street, Nangan District, Changchun City	MA Wenrui	0431-81939388
23	Shanxi Branch	January 7, 2021	7/F, Crown Tower, 252 Xinjian Road, Xing Hua Ling District, Taiyuan City	LI Weiguo	0351-4073321
24	Heilongjiang Branch	January 8, 2021	No. 99, Zhongyi Street, Daoli District, Harbin City, Heilongjiang Province	FAN Hongwei	0451-87536666
25	Xinjiang Branch	January 12, 2021	No. 446, Nanhu North Road, Shuimogou District, Urumqi City, Xinjiang	XU Rongrong	0991-4165678
26	Gansu Branch	January 12, 2021	Room 001, 2/F, Block B, Yongli Building, No. 58 Gaolan Road, Chengguan District, Lanzhou City, Gansu Province	QU Jianping	0931-8826000
27	Inner Mongolia Branch	January 12, 2021	Room 101, Building 105, Yuan Yi Xin Jia Yuan, Wulanchabu East Road, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	WU Xing	0471-6248166
28	Guangxi Branch	January 14, 2021	Units 05, 06-01, 22/F, East Office Building, Nanning China Resources Center, No. 136-1 Minzu Avenue, Qingxiu District, Nanning	DENG Linwei	0771-8022233
29	Beijing Dongcheng Branch	January 15, 2021	No. 6 Dongzhimen South Street, Dongcheng District, Beijing	WANG Ying	010-64156666

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

No.	Branch	Date of establishment	Registered address	Head	Contact number
30	Anhui Branch	January 15, 2021	Rooms 113 & 114, Buildings 1 and 2, Fengle Century Apartment, No. 499 Changjiang West Road, Shushan District, Hefei City, Anhui Province	LIU Yong	0551-65501717
31	Qinghai Branch	January 18, 2021	No. 26-2, Building 1, No. 126 Xiguan Street, Chengxi District, Xining City, Qinghai Province	SUN Yu	0971-8276771
32	Beijing Chaoyang Branch	January 20, 2021	Building 4, No. 66 Anli Road, Chaoyang District, Beijing	QIN Hongliang	010-56326080
33	Beijing Haidian Branch	January 20, 2021	Room 108 on 1/F, and the entire second floor of No. 18 Danling Street, Haidian District, Beijing	LIU Zihui	010-82666923
34	Beijing Jingnan Branch	January 26, 2021	Meiyuan Market South Section, No. 15 Nanda Hongmen Road, Fengtai District, Beijing	WANG Shi	010-68759957
35	Beijing Jingxi Branch	January 29, 2021	No. 39 Sanlihe Road, Haidian District, Beijing	MENG Qingfeng	010-58739666
36	Yunnan Branch	February 2, 2021	2/F, Hydropower Technology Building, No. 115 Renmin East Road, Panlong District, Kunming City, Yunnan Province	HUANG Jun	0871-63117584
37	Hebei Branch	February 9, 2021	Room 601 and Shops 101 and 102, Office Building 1, Wufang Building, 88 West Street, Chang'an District, Shijiazhuang City	CHEN Gang	0311-86682430
38	Ningbo Branch	October 9, 2021	Room (3-1), No. 562 Zhenming Road, Haishu District, Ningbo City, Zhejiang Province	JU Fengliang	0574-87705128
39	Xiamen Branch	June 8, 2022	Units 01, 02 and 03, 8/F, Xiamen Century Center, No. 50 Minzu Road, Siming District, Xiamen City	CHEN Ling	0592-2075995
40	Suzhou Branch	June 13, 2022	Rooms 101 & 501, Xinghai International Business Plaza, No. 200 Xinghai Street, Suzhou Industrial Park	HUANG Zhijun	0512-67152188
41	Qingdao Branch	July 1, 2024	No. 49 Nanjing Road, Shinan District, Qingdao	YANG Kai	0532-82650714
42	Changzhou Branch	July 10, 2024	Nos. 23, 25, 27 and 29, Yanling West Road, Changzhou	GAO Bo	0519-88854580
43	Wuxi Branch	July 10, 2024	No. 88-1, Xinjiangnan Garden, Wuxi City	HUANG Yao	0510-81811155
44	Quanzhou Branch	July 12, 2024	1/F, West Podium, Huangxing Building, Middle Section of Fengze Street, Fengze District, Quanzhou	LIN Zhefu	0595-28391976
45	Dalian Branch	August 15, 2024	No. 1-1, No. Yue 1-1-1 and Nos. 07 and 08, 6/F, Nova International Center, No. 20 Yide Street, Zhongshan District, Dalian City, Liaoning Province	PIAO Yi	0411-82658669

Note: For the date of establishment of the above branches, the date of obtaining the "License to Operate Securities and Futures Business" (《經營證券期貨業務許可證》) shall prevail for any occurrence after January 1, 2020.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

2. Securities Business Departments

As of the end of the Reporting Period, the Company had a total of 272 securities business departments. The network of the securities business departments was as follows:

Districts	Number of securities business departments
Beijing	50
Guangdong	32
Jiangsu	19
Shanghai	18
Hubei	16
Zhejiang	16
Jiangxi	15
Fujian	14
Hunan	12
Shandong	12
Chongqing	11
Shaanxi	10
Sichuan	9
Henan	8
Hebei	6
Tianjin	6
Liaoning	5
Hainan	3
Anhui	2
Gansu	2
Heilongjiang	2
Jilin	1
Shanxi	1
Guangxi	1
Xinjiang	1
Total	272

(IV) Number and Network of Other Branches

As of the end of the Reporting Period, China Futures, a wholly-owned subsidiary of the Company, had a total of 30 branches, including three branches in Shanghai, three branches in Beijing, three branches in Chongqing and two branches in Guangzhou; and one branch in each of Jinan, Changsha, Dalian, Nanchang, Zhengzhou, Langfang, Zhangzhou, Hefei, Xi'an, Chengdu, Shenzhen, Hangzhou, Ningbo, Wuhan, Nanjing, Taiyuan, Hainan, Fuzhou and Suzhou.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VII. OTHER RELEVANT INFORMATION

Accounting firm engaged by the Company (domestic)	Name	KPMG Huazhen LLP
	Office address	8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing
	Names of signing accountants	GUAN Yiming and WANG Guobei
Accounting firm engaged by the Company (overseas)	Name	KPMG
	Office address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Name of signing accountant	Lee Lok Man
Share Registrar	A Share Registrar	China Securities Depository and Clearing Corporation Limited
	H Share Registrar	Computershare Hong Kong Investor Services Limited

VIII. KEY ACCOUNTING DATA

Unit: RMB million

Items	2025	2024	Increase/ decrease as compared to the same period last year (%)	2023
Total revenue and other income	34,985	30,140	16.07	31,730
Operating profit	11,733	8,682	35.14	8,364
Profit before income tax	11,737	8,690	35.06	8,372
Net profit attributable to equity holders of the Company	9,439	7,223	30.68	7,034
Net cash flow from operating activities	42,720	1,065	3,911.27	-10,127

Unit: RMB million

Items	December 31, 2025	December 31, 2024	Increase/ decrease as compared to the end of last year (%)	December 31, 2023
Total assets	676,816	566,418	19.49	522,752
Total liabilities	557,665	459,899	21.26	425,226
Equity attributable to equity holders of the Company	119,102	106,469	11.87	97,478
Total share capital	7,757	7,757	-	7,757

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

IX. KEY FINANCIAL INDICATORS

Items	2025	2024	Increase/ decrease as compared to the same period last year (%)	2023
Basic earnings per Share (RMB Yuan/Share)	1.09	0.79	37.97	0.78
Diluted earnings per Share (RMB Yuan/Share)	1.09	0.79	37.97	0.78
Return on weighted average equity (%)	10.53	8.24	Increase by 2.29 percentage points	8.61

Note: Return on weighted average equity above is calculated in accordance with the International Accounting Standards, and is different from that calculated in accordance with the relevant regulations stipulated under the Rules for the Compilation and Reporting of Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (2010 Revision) from the CSRC.

Items	December 31, 2025	December 31, 2024	Increase/ decrease as compared to the same period last year (%)	December 31, 2023
Net assets per Share attributable to equity holders of the Company (RMB Yuan/Share)	15.35	13.73	11.80	12.57
Gearing ratio (%)	76.21	75.49	Increase by 0.72 percentage point	76.81

Notes:

- (1) The net assets per Share attributable to equity holders of the Company shown in the table above included the perpetual subordinated bonds issued by the Company. After excluding such impact, the net assets per Share attributable to ordinary equity holders of the Company as at the end of Reporting Period was RMB10.69 (December 31, 2024: RMB9.88).
- (2) 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)

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

X. NET CAPITAL AND RELEVANT RISK CONTROL INDICATORS OF THE COMPANY

Items	December 31, 2025	December 31, 2024
Net capital (<i>RMB million</i>)	79,599	74,675
Net assets (<i>RMB million</i>)	111,881	100,964
Total risk capital reserves (<i>RMB million</i>)	33,658	35,687
Risk coverage ratio (%)	236.50	209.25
Capital leverage ratio (%)	15.46	15.78
Liquidity coverage ratio (%)	266.44	423.26
Net stable funding ratio (%)	190.75	216.29
Net capital/net assets (%)	71.15	73.96
Net capital/liabilities (%)	24.49	25.50
Net assets/liabilities (%)	34.42	34.47
Proprietary equity securities and securities derivatives/ net capital (%)	22.43	24.22
Proprietary non-equity securities and securities derivatives/ net capital (%)	306.44	306.33

Note: The CSRC revised the Requirements on Calculation Standards for Risk Control Indicators of Securities Companies (CSRC Announcement [2024] No. 13) in September 2024, and the new calculation standards came into effect on January 1, 2025. According to these requirements, the Company restated net capital and various risk control indicators as at December 31, 2024.

XI. FINANCIAL POSITION FOR THE LAST FIVE YEARS

Profit Status

Unit: RMB million

Items	2025	2024	2023	2022	2021
Total revenue and other income	34,985	30,140	31,730	29,877	32,497
Total expenses	23,252	21,458	23,366	20,419	19,478
Share of profits of associates	3	8	7	14	2
Profit before income tax	11,737	8,690	8,372	9,472	13,021
Net profit attributable to equity holders of the Company	9,439	7,223	7,034	7,519	10,239

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Assets Status

Unit: RMB million

Items	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Share capital	7,757	7,757	7,757	7,757	7,757
Total equity	119,150	106,519	97,526	93,296	80,006
Equity attributable to equity holders of the Company	119,102	106,469	97,478	93,251	79,818
Total liabilities	557,665	459,899	425,226	415,910	372,785
Accounts payable to brokerage clients	175,840	130,642	100,924	109,294	93,083
Accounts payable to underwriting clients	95	1,137	1,263	607	478
Total assets	676,816	566,418	522,752	509,206	452,791

Key Financial Indicators

Items	2025	2024	2023	2022	2021
Dividends per Share (RMB Yuan/Share)	0.340 (Budget)	0.255	0.250	0.270	0.395
Basic earnings per Share (RMB Yuan/Share)	1.09	0.79	0.78	0.86	1.25
Diluted earnings per Share (RMB Yuan/Share)	1.09	0.79	0.78	0.86	1.25
Return on weighted average equity (%)	10.53	8.24	8.61	10.05	15.86
Gearing ratio (%)	76.21	75.49	76.81	76.64	77.73

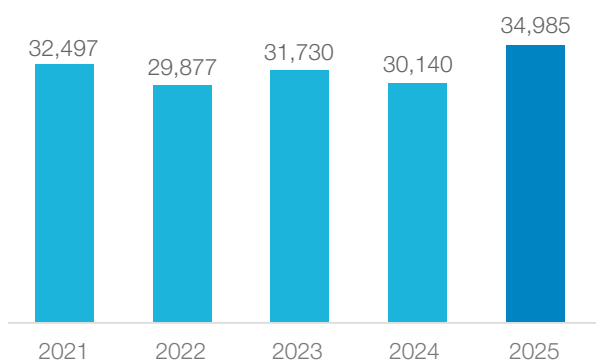
Notes:

- (1) The above accounts payable to brokerage clients represent the amounts received from and repayable to clients arising from securities trading conducted by the Group on behalf of clients in the normal course of business. Such amounts are subject to regulation of third-party depository institutions.
- (2) The budget for dividends per share for 2025 includes RMB0.165 Yuan/Share cash dividends distributed in the interim period.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

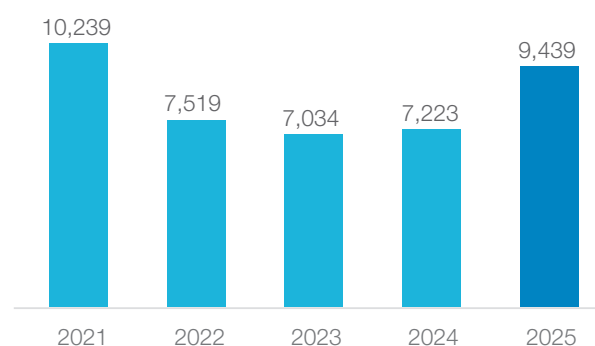
Total revenue and other income

(Unit: RMB million)



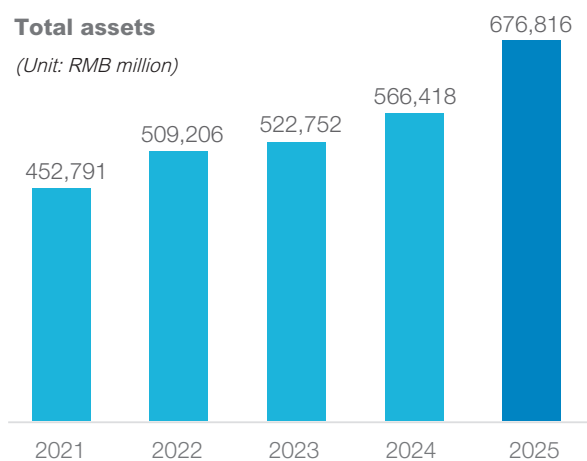
Net profit attributable to equity holders of the Company

(Unit: RMB million)



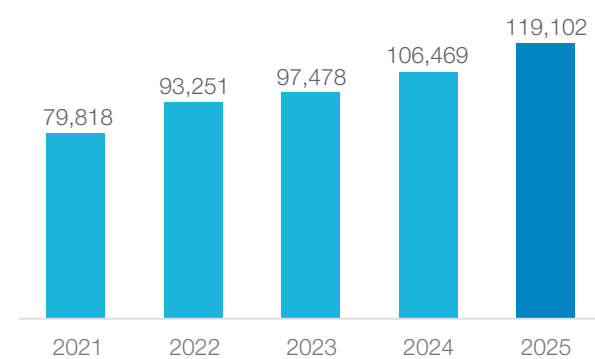
Total assets

(Unit: RMB million)

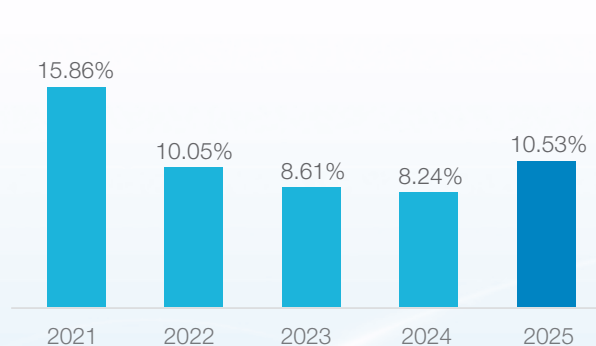


Equity attributable to equity holders of the Company

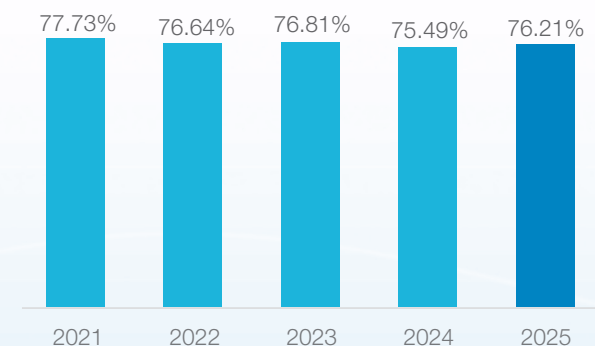
(Unit: RMB million)



Return on weighted average equity



Gearing ratio



SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

XII. HONORS RECEIVED BY THE GROUP IN 2025

Category of Award	Awarding Organization	Name of Award
	The People's Bank of China	2024 Fintech Development Award (First Prize)
		2025 Best Practice Case of Board of Public Companies
		2025 Best Practice Case of Board Offices of Public Companies
	China Association for Public Companies	2025 Best Practice Case of Sustainable Development of Public Companies
		2025 Outstanding Practice Case of Internal Control of Public Companies
		2024 Best Practice Case of Investor Relations Management of Public Companies
		2024 Outstanding Practice Case of Annual Results Briefings of Public Companies
	China Securities Journal	2025 Golden Bull Awards for Securities Companies: Golden Bull Securities Company, Golden Bull Award for ESG in Securities Industry
Comprehensive Awards	China Federation of Electronics and Information Industry	2025 Top 100 Outstanding Cases in Data Management, Second Prize in the "Data Intelligence Cup" Data Management Innovation Application Competition
	Securities Times	2025 Junding Awards for China Futures Industry: Outstanding Futures Company for Serving the Real Economy (China Futures)
	Futures Daily and Securities Times	The 18th China Best Futures Institutions & Best Futures Research Teams Awards: Best Futures Company in China, China Futures Company Gold Medal Management Team, Outstanding Contribution Award for Green Financial Services, Best Comprehensive Rural Revitalization, Social Responsibility & Public Welfare Award, Best Practice Award for Cultural Construction in the Futures Industry, Best Public Opinion Management and Corporate Brand Building Award (China Futures)

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Category of Award	Awarding Organization	Name of Award
Investment Banking Segment	Securities Times	2025 Junding Award for China Securities Industry Investment Bank: Full-service Investment Bank, Equity Financing Investment Bank, Bond Financing Investment Bank, M&A Restructuring Financial Advisor, and Overseas Investment Bank
		Outstanding Cases of “14th Five-Year Plan” Financial Innovation – Synergistic Innovation Cases
	New Fortune	New Fortune Magazine Best Investment Bank Selection (2025): Best Local Investment Bank, Best Equity Underwriting Investment Bank, Best IPO Investment Bank, Best Refinancing Investment Bank, Best Investment Bank in the Consumption-related Industry, Best Investment Bank in Health Industry, Best Investment Bank in the Technology and Intelligent Manufacturing Industry, Best Investment Bank in the New Energy Industry, Best Debt Underwriting Investment Bank, Best M&A Investment Bank, Best Investment Bank in Overseas Market Capability, Best ESG Practice Investment Bank, Best Corporate Bond Investment Bank, Best Investment Bank for Asset-backed Securitization (ABS)
	National Business Daily	2025 Jinding Award of the Securities Industry: Best Manager of Securities Firms’ Investment Banking of the Year
	CNR News of China Media Group	CNR Network Finance Center’s 2025 “Golden Pinnacle” Excellent Case
	Wind Info	2025 Wind Best Investment Bank Selection: Best Investment Bank for the Year, Best Equity Underwriter for A Shares, Best IPO Underwriter for A Shares, Best Re-financing Underwriter for A Shares, Best STAR Market Equity Underwriter, Best NEEQ Chief Securities Firm, Best Equity Underwriter for A-Shares in Intelligent Manufacturing Industry, Best Equity Underwriter for A-Shares in Information Technology Industry, Best IPO Sponsor for H Shares, Best China M&A and Restructuring Financial Advisor, Best Bond Underwriter, Best Credit Bond Underwriter, Best Med – to Long-Term Bond Underwriter, Best ABS Underwriter, Best Credit ABS Underwriter, Best Enterprise ABS Underwriter, Best ABN Underwriter, Best Financial Bond Underwriter, Best Corporate Bond Underwriter, Best Enterprise Bond Underwriter, Best Convertible Bond Underwriter, Best Green Bond Underwriter, Best Industrial Bond Underwriter, Best Science and Technology Innovation Bond Underwriter, Best Underwriter of Offshore Bond Issued by Chinese Enterprises

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Category of Award	Awarding Organization	Name of Award
Wealth Management Business Segment	Shanghai Stock Exchange Shenzhen Stock Exchange Beijing Stock Exchange Securities Association of China	Grade A in Investor Education Work Assessment
	Securities Times	2025 Junding Award for China Securities Industry Wealth Broker: Full-service Wealth Broker, APP Pioneer, APP Operational Team, Institutional Service Provider, 2025 Full-service Junding Award for Digital Practice of China Securities Industry
	Sina Finance	2025 Jinqilin Best Wealth Management Institution Selection: Pioneer Award for Best Global Traffic Operation
	New Fortune	The 8th New Fortune Best Investment Advisor Selection: Best Investment Advisory Team, Outstanding Organization Award
	Cailian Press	The 2nd Huazun Award for Wealth Management: Best Wealth Management Institution, Best ETF Ecosystem Award
	Chinafund	The 9th China Securities Firms Yinghua Demonstration Cases: Demonstration Institution for Excellent Wealth Management of Securities Firms, Outstanding Fintech Demonstration Institution Among Securities Firms, APP Demonstration Cases for Excellent Securities Firms
		The 10th China Securities Private Fund Yinghua Demonstration Cases: Outstanding Securities Firm for Private Fund Distribution
	National Business Daily	2025 Best Securities Firm APP, Best Organization Award for Investor Education Activities, Most Influential Investor Education Base of Securities Firm Entities
	China Futures Association	2024 Case for Excellent Futures Trader Education, 2024 Outstanding Case of Futures Institutions Serving the Real Economy (China Futures)

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Category of Award	Awarding Organization	Name of Award
Trading and Institutional Client Services Business Segment	China Foreign Exchange Trade System	Excellent RMB Foreign Exchange Non-Bank Member, Excellent RMB Foreign Exchange Member, Excellent RMB Foreign Exchange Spot Member, Outstanding RMB Foreign Exchange Options Member, Outstanding FX Pair Member and Improved FX Pair Member
	China Central Depository & Clearing Co., Ltd.	2025 CCDC Member Business Development Quality Evaluation: Top 100 in Proprietary Settlement
	Bond Connect Company Limited	2025 Excellent Bond Connect Institutions: Northbound Top Market Maker, Excellent Institution for Primary Market – Underwriter
	China Securities Journal	2025 Sixteenth Golden Bull Award for Securities Industry Analyst: Golden Bull Research Institute, Best Industry Analyst Teams (Pharmaceuticals & Biotechnology, Non-ferrous Metal, Textiles & Apparel)
	Securities Times	2025 Securities Times Best Analyst Awards: Most Influential Research Institute, Best Research Team-SSR, Best Industry Research Team (Finance, Technology), Best Analyst (Pharmaceuticals & Biotechnology, Banking, New Energy & Power Equipment, Metal & New Metal Materials, Real Estate, Overseas Market Research)
	Sina Finance	The 7th Sina Finance “Jinqilin” Best Analyst Awards in 2025: Best Research Institution, Best Frontier Technology Research Institution, Most Honorable Research Institution, etc.
	Shanghai Securities News	2025 Shanghai Securities News Best Analyst Awards: Most Influential Securities Research Institute, Best Analyst Teams (Pharmaceuticals & Biotechnology, Real Estate, New Energy Power Equipment, Materials, Research on BSE, etc.)
	Securities Market Weekly	The 19th (2025) Crystal Ball Awards For Chinese Sell-Side Analysts: Most Influential Institute, Best Analyst Teams (Pharmaceuticals & Biotechnology, New Energy, Power Equipment, Non-ferrous Metal, Small-cap Stocks and Emerging Industry, etc.)
	Chinafund	The 10th China Securities Private Fund Yinghua Demonstration Case: Outstanding Securities Firm for Private Fund Custody
	The Asset Benchmark Research	“G3 Bonds Top Investment House” – First Place Among Securities Firms in Hong Kong, “Local Currency Bonds (Renminbi - Offshore) Top Investment House” – First Place Among Securities Firms in Hong Kong (China Securities International)

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Category of Award	Awarding Organization	Name of Award
Asset Management Business Segment	China Securities Journal	2025 Golden Bull Awards for Collective Asset Management Plans of Securities Firms: One-year Hybrid Bond (Secondary) Golden Bull Asset Management Plan, Three-year Hybrid Bond (Primary) Golden Bull Asset Management Plan
		The 9th Equity Investment Golden Bull Awards: Outstanding Golden Bull Equity Investment Institution of Securities Firms, Golden Bull Award for Investment Institutions in the Field of Artificial Intelligence (China Capital)
	Securities Times	2025 Jinding Awards for Asset Management of China Securities Industry: Full-service Asset Management Institution, Asset Management Quantitative Team, Asset Management Equity Team
	Cailian Press	The 3rd Cailian Press "Gold Hazelnut" Asset Management Institution Excellent Case Selection: Excellent Asset Management Institution for Securities Firms, Excellent Fixed-Income Asset Management Team for Securities Firms; Best Futures Asset Management, Star Yield Multi-Asset Hybrid Strategy Product (China Futures)
	Chinafund	The 9th Yinghua Demonstration Cases for Securities Firms in China: Outstanding Securities Firm Asset Management Demonstration Institution 2025 Yinghua Typical Cases for the Asset Management Industry in China: ESG Development Asset Management Institution
	National Business Daily	2025 Jinding Award of the Securities Industry: Best Equity Asset Management Team of the Year
	ChinaVenture	TOP 20 Best State-owned Investment Institutions, TOP 10 Private Equity Investment Institutions in China Getting the Most Attention from LP, TOP 30 Best Limited Partners in Venture Capital in China (China Capital)
	Zero2IPO Group	2025 China Equity Investment Annual Ranking: Top 50 Institutional Limited Partners in Equity Investment in China, Top 50 Private Equity Investment Institutions in China, Top 50 "Specialized, Refined, Differential and Innovative" Investment Institutions in China, Top 20 Investment Institutions in New Materials in China (China Capital)
	China REITs 50 Forum, Zhuhai Real Estate Investment Trust Fund Association, China Financial Advanced Forum	2025 Real Estate Securitization "Frontier Award" Evaluation: Best Fund Manager of the Year, Outstanding Team of the Year, and Most Investment-Worthy listed REITs (China Fund)

Note: All of the awards and honors not specifically marked above are received by the parent company.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

I. DISCUSSION AND ANALYSIS OF OPERATIONS

As of December 31, 2025, the total assets of the Group were RMB676,816 million, representing an increase of 19.49% as compared to December 31, 2024; equity attributable to equity holders of the Company was RMB119,102 million, representing an increase of 11.87% as compared to December 31, 2024; during the Reporting Period, total revenue and other income of the Group amounted to RMB34,985 million in aggregate, representing a year-on-year (“YoY”) increase of 16.07%; total expenses amounted to RMB23,252 million, representing a YoY increase of 8.36%; net profit attributable to equity holders of the Company amounted to RMB9,439 million, representing a YoY increase of 30.68%.

The principal businesses of the Group comprise four segments: investment banking business segment, wealth management business segment, trading and institutional client services business segment, and asset management business segment. During the Reporting Period, total revenue and other income of the investment banking business segment amounted to RMB3,277 million in aggregate, representing a YoY increase of 22.41%; total revenue and other income of the wealth management business segment amounted to RMB12,494 million in aggregate, representing a YoY increase of 20.53%; total revenue and other income of the trading and institutional client services business segment amounted to RMB16,746 million in aggregate, representing a YoY increase of 13.23%; total revenue and other income of the asset management business segment amounted to RMB1,453 million in aggregate, representing a YoY increase of 12.90%.

(I) Investment Banking Business Segment

The Group’s investment banking business segment primarily includes equity financing business, debt financing business, and financial advisory business.

1. Equity Financing Business

In 2025, a total of 255 equity financing projects were issued in the primary market for domestic equity financing, representing a YoY increase of 15.91%, and the funds raised amounted to RMB856.101 billion, representing a YoY increase of 308.26%. Among them, IPO projects amounted to 112, representing a YoY increase of 9.80%, and the funds raised amounted to RMB130.835 billion, representing a YoY increase of 97.40%; equity refinancing projects amounted to 143, representing a YoY increase of 21.19%, and the funds raised amounted to RMB725.266 billion, representing a YoY increase of 405.71%. (Sources: Wind Info, based on the statistics on the issuance date. IPO projects included listing projects on the BSE, and refinancing projects excluded asset-based issuance of shares to specific targets and convertible bonds)

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

In 2025, a total of 450 equity financing projects were issued in the Hong Kong market, representing a YoY increase of 89.87%, and the funds raised amounted to HK\$740.789 billion, representing a YoY increase of 174.62%. Among them, IPO projects amounted to 114¹, representing a YoY increase of 70.15%, and the funds raised amounted to HK\$286.462 billion, representing a YoY increase of 226.15%. 336² refinancing projects were issued, representing a YoY increase of 97.65%, and the funds raised amounted to HK\$454.327 billion, representing a YoY increase of 149.74%. (Sources: Dealogic, based on the statistics on the issuance date)

In 2025, the Company responded to challenges positively, and remained among the top market players in terms of equity financing business. For domestic business, the Company completed 33 A-Share equity financing projects, with the lead underwriting amount of RMB91.773 billion, ranking No. 3 and No. 5 in the industry, respectively. Among them, there were 12 IPOs in which the Company served as the lead underwriter, with a lead underwriting amount of RMB19.661 billion, ranking No. 3 and No. 2 in the industry, respectively. The Company also completed 21 equity refinancing projects, with the lead underwriting amount of RMB72.112 billion, ranking No. 3 and No. 5 in the industry, respectively. The Company actively implemented national strategies, and, acting as the sponsor or lead underwriter, assisted Bank of China, China Construction Bank, Bank of Communications and Postal Savings Bank of China in completing the issuance of A-shares to specific targets, assisting the first batch of four large state-owned commercial banks in successfully completing their core tier 1 capital supplementation projects. The Company deepened its commitment to serving the national innovation system, serving 22 equity financing projects for technology-based enterprises with an underwriting amount exceeding RMB30.0 billion, and successfully completing IPO projects for companies including China National Uranium, Tianyouwei, Qiangyi Shares, OnMicro and Hengkun New Materials. In full response to the requirements of national defense and military modernization, the Company served AVIC Shenyang Aircraft, a key enterprise in the research and manufacturing of aviation defense equipment in China, in its equity refinancing projects. In addition, the Company completed three convertible bond projects for listed companies, with the lead underwriting amount of RMB4.249 billion. (Sources: Wind Info and statistics of the Company)

¹ The statistical scope of IPO projects in Hong Kong stock market only includes IPOs issued on the Hong Kong Main Board, excluding GEM Transfer, Listing by Introduction or De-SPAC, etc.

² The statistical scope of refinancing projects in Hong Kong stock market includes equity financing (such as placement, allotment of shares, non-public issuance, etc.) and hybrid financing instruments (such as convertible bonds and exchangeable bonds, etc.).

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For domestic project reserves, as of the end of the Reporting Period, the Company had 30 IPO projects under review, ranking No. 3 in the industry; 14 equity refinancing projects (including convertible bonds) under review, ranking No. 4 in the industry. (Sources: CSRC, Shanghai and Shenzhen Stock Exchanges, Beijing Stock Exchange, Wind Info and statistics of the Company)

Details of the domestic equity financing business sponsored and underwritten by the Company on the Shanghai Stock Exchange, Shenzhen Stock Exchange and Beijing Stock Exchange in 2025 are shown in the table below:

Items	2025		2024	
	Amount of lead underwriting (RMB'00 million)	Number of offerings	Amount of lead underwriting (RMB'00 million)	Number of offerings
IPO	196.61	12	61.77	12
Refinancing issuance	721.12	21	88.83	15
Total	917.73	33	150.60	27

Source: Statistics of the Company

Note: The statistical scope of refinancing includes rights issue, public placement, financing-oriented private placement (inclusive of issuance of shares to specific targets and reorganization ancillary financing) and preference shares, but excludes asset-oriented issuance of shares to specific targets.

In 2025, the Company completed the listing of 22 companies on the NEEQ, and completed the private placement projects for 7 enterprises listed on the NEEQ with total proceeds of RMB832 million (including one self-underwritten issuance). As of the end of the Reporting Period, the Company had continuously supervised 70 innovative enterprises listed on the NEEQ. (Sources: NEEQ Co. Ltd. and Choice Financial Terminal)

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For international business, in 2025, China Securities International participated in and completed a total of seven IPO sponsorship projects for H Shares in the Hong Kong market, including one De-SPAC project, with funds raised from equity financing of HK\$45.839 billion. In particular, as a joint sponsor, China Securities International provided services for the IPO project for H Shares of CATL, a global leader in new energy, raising HK\$41.006 billion and being the largest Hong Kong IPO in recent four years and the largest Hong Kong IPO project in the new energy industry in history, and provided services for the IPO project for H Shares of CiDi Inc., being the largest Hong Kong IPO project listed pursuant to Chapter 18C³ in 2025. In addition, China Securities International participated in and completed three refinancing projects in the Hong Kong market, raising a total of USD2.35 billion. In particular, as a placing agent, China Securities International provided services for the refinancing projects of Laopu Gold, a heritage gold jewelry brand, and China Hongqiao, a global leader in the aluminum industry. As a joint global coordinator, China Securities International provided services for the convertible bond project of ZTE Corporation, a provider of communication and information technology solutions. (Sources: Dealogic and statistics of the Company)

Outlook for 2026

In 2026, the investment banking business of the Company will face both opportunities and challenges. With the continuous improvement of the inclusiveness and adaptability of the domestic capital market system, the development of investment banking business has gained favorable external conditions. The Company will prioritize the functional role of its investment banking business, actively contributing to the construction of the modern industrial system and the achievement of sci-tech self-reliance and self-strengthening at higher levels, thereby accelerating the growth of new quality productive forces. In the field of equity financing, the Company will keep on focusing on clients' needs, deepen the matrix layout of "industry + region + products", continuously improve the quality and efficiency of service to the real economy, fully commit to building a value-oriented, new-quality and digital-intelligent investment bank, establish a new client-driven development model, and focus on enhancing its international presence. At the same time, the Company will remain committed to its role as "Gatekeeper" (看門人) of the capital market by continuously improving quality of practice through intensified quality control efforts. The Company will keep a close eye on the market developments to optimize valuation and distribution capabilities. The Company will support the two-way opening-up of the capital market to promote the steady development of the equity financing business in Hong Kong; and will continuously strengthen the synergistic development of investment and other businesses of the Company to enhance the capability to provide comprehensive services for our clients.

For international business, China Securities International will continue to expand its business scope in the Hong Kong market, realize the diversified development of various business areas, such as the homecoming of China-concept stocks, privatization of Hong Kong stocks and cross-border acquisitions, and further enhance the capability to provide comprehensive services to clients.

³ Hong Kong Stock Exchange Chapter 18C Projects refer to equity financing initiatives by specialized technology companies seeking listing under Chapter 18C of the Hong Kong Listing Rules.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Debt Financing Business

In 2025, yield rate in the domestic bond market fluctuated in general. The total issuance scale of credit bonds and local government bonds in the whole market amounted to RMB32.52 trillion, representing a YoY increase of 7.70%. In particular, the total underwriting scale by securities companies amounted to RMB15.97 trillion, representing a YoY increase of 12.97%. In terms of overseas bond market, the offshore bond issuance volume of Chinese-funded enterprises amounted to approximately US\$285.69 billion in 2025, representing a YoY increase of 45.14%. (Sources: Wind Info, Bloomberg)

In 2025, the Company continued to maintain a leading position in the industry for its domestic debt financing business, and completed a total of 5,131 lead underwriting projects, with a lead underwriting amount of RMB1,733.490 billion, ranking No. 2 in the industry. Among them, there were 1,497 corporate bond projects under the lead underwriting, with a lead underwriting amount of RMB552.353 billion, both ranking No. 3 in the industry. (Source: Wind Info)

In 2025, the Company actively followed national strategies and delivered good performance in the “Five Major Areas” in Finance. The Company ranked No. 3 in the industry in terms of the number and amount of the lead underwriting of green bonds, and ranked No. 2 in the industry in terms of the number and amount of the lead underwriting of science and technology innovation corporate bonds. (Source: Wind Info) The Company actively responded to the strategic deployment outlined at the Central Financial Work Conference regarding the advancement of the “technology finance”. As the lead underwriter and bookrunner, the Company assisted the Industrial and Commercial Bank of China in launching the first batch of science and technology innovation bonds, with an issuance scale of RMB20 billion. The Company served China Gezhouba Group in successfully issuing the first bond in the whole market for the development of the Yangtze River Economic Belt, with an issuance scale of RMB2 billion. As the scheme administrator and sales agency, the Company assisted SPIC in launching a blue carbon-neutrality REITs project. This project achieved an annual carbon reduction of approximately 500,000 tons, being one of the first batch of offshore wind power demonstration projects in Shandong Province and serving as an excellent example of actively advancing the development of new energy and promoting green and low-carbon transition.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The domestic debt financing business of the Company in 2025 is shown in the table below:

Items	2025			2024		
	Amount of lead underwriting (RMB'00 million)	Total project scale (RMB'00 million)	Number of offerings	Amount of lead underwriting (RMB'00 million)	Total project scale (RMB'00 million)	Number of offerings
Corporate bonds	5,523.53	16,821.76	1,497	4,728.24	12,913.58	1,160
Financial bonds	3,277.05	30,189.60	355	3,335.63	25,885.20	299
Debt financing instruments	1,835.04	6,149.24	617	2,017.98	7,323.75	614
Asset-backed securities	1,613.48	4,089.73	955	1,490.67	3,289.49	753
Local government bonds	4,913.73	71,749.49	1,693	4,333.86	61,743.25	1,234
Others	172.07	730.00	14	10.00	100.00	2
Total	17,334.90	129,729.82	5,131	15,916.38	111,255.27	4,062

Source: Wind Info

Note 1: To present the debt financing business in detail, the statistical item categories were adjusted in the Reporting Period based on the public information of Wind Info and the information of the same period last year was adjusted accordingly.

Note 2: The “Corporate bonds” category includes enterprise bonds, and “Others” category includes international institution bonds and government-backed agency bonds.

For international business, in 2025, China Securities International participated in and completed 222 bond underwriting projects in offshore market, with an underwriting amount of HK\$459.127 billion, among which, there were a total of 81 global coordinator projects, with an underwriting amount of HK\$166.381 billion.

Outlook for 2026

In the process of developing bond financing business, the Company will deliver good performance in the “Five Major Areas” in Finance, serve the real economy and support national strategies. The Company will further promote the matrix layout of “industry + region + products”, steadfastly uphold the strategy of developing high-quality clients, continuously strengthen the prevention and control of business risks, continuously deepen its businesses related to heavy asset customers, further promote the Company’s internal business synergies and provide clients with comprehensive and high-quality financial services.

For international business, China Securities International will continue to focus on and serve core clients in offshore bond projects, leverage its professional strengths in international credit ratings, ESG advisory, and other areas, and expand areas of cooperation with enterprises; continue to enhance the quality of coordinated services between domestic and overseas operations, leverage the resource advantage of integrated strategic cooperation, provide diversified debt financing products, and strengthen full-chain service capability for offshore bonds, continuously enhancing its market influence in the offshore bond financing sector.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Financial Advisory Business

In 2025, A-share listed companies completed a total of 80 projects of acquisition of assets through issuance of shares and major asset restructuring, with a transaction amount of RMB470.571 billion. Among those projects, the Company completed 12 projects, ranking No. 1 in the industry; the transaction amount was RMB104.446 billion, ranking No. 2 in the industry. The Company actively supported the optimization of state-owned capital layout through merger and acquisition and restructuring services. In the transaction where CSSC absorbed and merged CSIC through the share swap, the Company served as the independent financial advisor to the absorbed party, which stands as the largest merger and acquisition and restructuring project under administrative approval completed in the A-share capital market to date. Meanwhile, the Company remained committed to supporting the high-quality development of listed companies through merger and acquisition and restructuring services, actively advancing “Five Major Areas” in Finance. In the field of green finance, serving as the independent financial advisor, the Company assisted Yuanda Environmental Protection in its share issuance and cash payment to acquire new energy assets from SPIC, helping SPIC build a hydroelectric asset integration platform. The Company also assisted SERES in its share issuance to acquire Longsheng New Energy, efficiently advancing the integration of new energy vehicle assets. In the field of technology finance, the Company assisted Huahai Chengke in its share issuance, convertible bond issuance and cash payment to acquire Hengsuo Huawei, facilitating the intra-industry integration of semiconductor packaging materials. This project is a representative project of mergers and acquisitions of new quality productive forces. (Sources: Wind Info and statistics of the Company)

For international business, China Securities International participated in and completed three financial advisory projects in the Hong Kong market. Among these projects, China Securities International fully leveraged its integrated domestic and international advantages to assist ORG, a leading enterprise in the metal packaging industry, in acquiring COFCO Packaging and completing its privatization and delisting.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for 2026

In 2026, the Company will continue to uphold a customer-centric approach, leveraging the synergistic mechanism of “investment banking-investment-investment and research” to provide professional services for clients’ merger and acquisition transactions. This will contribute to driving industrial upgrading, supporting enterprises in strengthening and extending their supply chains, and building the second growth curve. The Company will serve national strategies and commit more resources to mergers and acquisitions of central state-owned enterprises and leading private enterprises, thereby supporting enterprises in achieving high-quality development. The Company will enhance transaction matching capabilities to promote the continuous growth of market-oriented merger and acquisition business. In addition, the Company will vigorously develop cross-border merger and acquisition business to serve the “going global” strategy of Chinese enterprises and the “bringing in” strategy of foreign capital. Further efforts will be made to consolidate advantages in the financial advisory field of bankruptcy restructuring of listed companies in order to achieve balanced development of various types of merger and acquisition businesses, thus continuously enhancing the market influence and brand awareness of the Company’s merger and acquisition business.

For international business, China Securities International will continue to explore businesses such as cross-border acquisitions, pre-IPO strategic financing and privatization in 2026 to enhance its competitiveness in global merger and acquisition business.

(II) Wealth Management Business Segment

The Group’s wealth management business segment primarily includes brokerage and wealth management businesses, margin financing and securities lending business, and repurchase business.

1. Brokerage and Wealth Management Business

In 2025, the A-share market experienced a significant increase in trading activity, characterized by a simultaneous rise in both trading volume and price, with market transaction scale expanding substantially. The average daily stock and fund trading volume across the entire market amounted to approximately RMB2.07 trillion, representing a YoY growth of 70.34%. Major market indices delivered impressive performance: the Shanghai Composite Index rose by 18.40% during the year, reaching its highest level in nearly a decade, while the Shenzhen Component Index rose by 30.38% during the year, reflecting a positive overall trend in the capital market. (Sources: SSE, SZSE and Wind Info)

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For the securities brokerage and wealth management business, the Company adhered to its customer-centric philosophy, and leveraged its comprehensive and multi-category financial service platform to accurately meet the diverse and multi-layered wealth management needs of mass customers, retail customers and high-net-worth customers. This approach drove steady business expansion while simultaneously enhancing service quality and efficiency. The Company continuously optimized its integrated online and offline customer acquisition channel system, achieving leading industry performance in digital channel user engagement and experiencing synchronized growth in customer retention and trading activity. In 2025, the Company developed 1.7325 million new customers for securities brokerage business. As of the end of the Reporting Period, the total number of customers was 17.1231 million. The Company continuously enriched its financial product portfolio and improved its end-to-end wealth management service system, focusing on building professional buy-side investment advisory capabilities. Incremental scales of financial products exceeded RMB410 billion, representing a YoY increase of 60.27%; the non-monetary mutual funds held by the Bank recorded RMB143.2 billion, ranking No. 5 in the industry, and the increment of the non-monetary mutual funds held by the Bank recorded RMB60.6 billion, ranking No. 2 in the industry. Investment advisory service covered 1,085,200 customers, representing a YoY growth of 71.95%. The Company launched 308 publicly offered personal pension fund products for agency sale, with the coverage rate reaching 100%. The buy-side business scale amounted to RMB11.039 billion, representing a YoY growth of 189.81%. The Company continued to iteratively upgrade the customer experience and functional system of its “Qingting Dianjin” APP, with the scale of monthly active users of the APP ranking seventh in the industry. For the first time in the industry, we explored and established a digital inclusive service architecture of “1 headquarter inclusive center + 3 regional sub-centers”, covering 6.16 million small and medium investors. The Entrepreneur Office created the “Bainian Xiangshan (柏年向善)” charity project, serving over 200 caring investors focusing on public welfare. (Sources: statistics of the Company, AMAC, Qianfan.tech) The Company independently developed the “DeepTiming (信諦聽) AI Intelligent Digital Platform”, with AI technology as the core driver, to provide distinctive product tools such as development and validation of intelligent investment research strategies for users ranging from beginners to professionals. By connecting clients, empowering employees and driving business growth, the Company continuously promotes the transformation of wealth management and the deepening of inclusive finance practices.

For futures business, in 2025, the global commodity market underwent profound restructuring on both the supply and demand sides, with the acceleration of technological revolution and green transformation driving a YoY increase of both the cumulative trading volume and trading value in China’s futures market. As of the end of the Reporting Period, the cumulative trading volume of the futures market in China was approximately 9.074 billion lots, representing a YoY increase of 17.40%, while the cumulative trading value was approximately RMB766.25 trillion, representing a YoY increase of 23.74%. China Futures focused on leveraging the functions of the futures market, prioritizing its role in serving the real economy, and deeply implementing four core strategies: “talent-driven development, digital transformation, stringent risk management and international expansion”. All business segments demonstrated sustained positive growth. In 2025, China Futures achieved an agency transaction amount of RMB32.60 trillion, representing a YoY increase of 25.73%; and at the end of the period, the scale of customer equity increased 35.47% YoY. As of the end of the Reporting Period, China Futures had set up 30 branches and established a risk management subsidiary in Chongqing, laying a solid foundation for the development of its futures brokerage and risk management business. (Sources: China Futures Association and statistics of the Company)

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For overseas business, in 2025, the aggregate stock agency transaction amount of China Securities International was HK\$178.346 billion. As of the end of the Reporting Period, the aggregate number of customers was 15,401, and the total market value of the shares of customers under custody amounted to HK\$23.119 billion. In 2025, China Securities International further deepened its comprehensive financial service capabilities by enhancing its financial product offerings and optimizing its layout. Through initiatives such as “Cross-boundary Wealth Management Connect (跨境理財通)” business and corporate financing collaborations, the Company diversified the base of customers and precisely addressed the overseas investment needs of various clients, achieving significant growth in total trading volume.

Outlook for 2026

For brokerage and wealth management business, the Company will firmly anchor its efforts around the core theme of high-quality development, comprehensively build a new client-driven growth model, and adapt to the trends of industry change and transformation. Centered on clients’ needs, the Company will deepen its focus on core business areas and comprehensively enhance its integrated service capabilities. First, the Company will continue to promote the dual-engine customer acquisition model of “cooperation with the third party+ independent channels”, deepen the cooperation with core Internet channels, expand the coverage of independent channels, and consolidate the customer base. Taking clients’ needs as the starting point, the Company will build and refine a full-cycle, bidirectional empowerment system covering “acquisition-service-retention”. Leveraging digital operation tools, the Company will implement precise client segmentation and refined operations, expand the breadth and depth of client services, expand the coverage of inclusive financial services, and continue to strengthen distinctive service brands such as the “Entrepreneurs’ Office (企業家辦公室)”, “Bainian (柏年)” and “Light Up China Tour (點亮中國行)”. This approach will drive sustained business growth through client value creation. Second, addressing the clients’ core demand for asset preservation and growth, the Company will improve the full lifecycle service mechanism for investment advisory and financial products. The Company will focus on enhancing professional capabilities in major asset allocation and steadily expanding the scale of buy-side investment advisory business such as “Fortune 50” and “Fund Investment Advisory Institution”. Third, centered on clients’ experience and service needs, the Company will accelerate its digital and intelligent transformation, continuously optimize core digital service platforms such as the “Qingting Dianjin” APP, and build a client-centric, intelligent and one-stop wealth management service ecosystem. Fourth, anchored in clients’ comprehensive financial service needs, the Company will strengthen cross-business collaboration to develop integrated and comprehensive financial service capabilities. Fifth, focusing on key regional markets, the Company will optimize its regional business layouts, and continuously enhance its competitiveness and brand influence in key regional markets.

For futures business, China Futures will leverage the functions of the futures market to enhance the quality and efficiency of serving the real economy, and integrate into the overall regional economic development. Adhering to balanced development, comprehensively deepening synergy and strengthening technological empowerment, China Futures will build and refine its international business service system, solidify the talent foundation for high-quality development, firmly uphold the bottom line of risk prevention, pursue steady progress while maintaining integrity and innovation, and strive to build a first-class derivative investment bank.

For international business, China Securities International will continue to expand its regional investment coverage, optimize its overseas investment product matrix, and precisely meet the diversified cross-border investment needs of clients, and is committed to leveraging professional and international comprehensive services to build a financial services platform that provides two-way empowerment for both “bringing in” and “going global”.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Margin Financing and Securities Lending Business

In 2025, market demand for margin financing and securities lending business continued to expand, with the overall industry exhibiting the characteristics of scale expansion and risk control enhancement. As of the end of the Reporting Period, the balance of margin financing and securities lending of the whole domestic market was RMB2,540.682 billion, representing a YoY increase of 36.26%.

As of the end of the Reporting Period, the balance of margin financing and securities lending of the Company was RMB85.112 billion, with a market share of 3.35%; there were 216.5 thousand margin financing and securities lending accounts, representing a YoY increase of 11.08%; the market share of net new credit accounts was 3.35%, representing a YoY increase of 24.96%; the margin financing and securities lending businesses achieved an integral maintenance margin ratio of 261.38%, the overall business risk of which was controllable. (Sources: Wind Info and statistics of the Company)

The Company continued to optimize its intelligent risk control and investment adviser product, the “Polaris Account Diagnosis Product”, to build a full-chain diagnostic service system for margin financing and securities lending clients, providing comprehensive alerts on potential market risks, diagnosing risks in individual stocks held in positions, and analyzing risks arising from irrational behaviours. The Company continued to advance the development of a standard account version of the product. As of the end of the Reporting Period, the product had nearly 30,000 cumulative signed margin financing and securities lending clients. The proportion of risk underlying positions and yield among active users of the product showed positive trends, helping clients manage investment risks.

For international business, in 2025, China Securities International strictly complied with various risk management requirements for financing business formulated by regulatory agencies and the Company, and did a good job in managing and controlling customers’ credit and securities held, so as to strictly control the risks while meeting the financing needs of the customers. As of the end of the Reporting Period, the balance of margin financing business of China Securities International was HK\$299 million.

Outlook for 2026

In 2026, the Company’s margin financing and securities lending businesses will implement the “basic account opening strategy”, continuously strengthen the development of institutional and high-net-worth clients, and consistently enhance service capabilities, advancing towards a new stage of high-quality development and high-quality service. To this end, the Company will establish a multi-tiered customer service system based on customer segment characteristics to provide refined services for clients. Concurrently, it will further widen the moat in financial technology, striving to build the “Polaris Account Diagnosis Product” into a first-class intelligent risk control and investment advisory product in the industry, better meeting clients’ risk management needs.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For international business, China Securities International will strictly adhere to the “three lines of defense” compliance requirements in daily operations, solidly fortify the business’s “first line of defense”, and firmly practice the core principle of “providing financing businesses to serve actual trading needs”, while strictly screening high-quality projects so as to promote the healthy and orderly development of financing businesses.

3. Repurchase Business

In 2025, the Shanghai and Shenzhen Stock Exchanges revised and issued business rules such as the Measures for Stock-Pledged Repurchase Transaction and Registration and Settlement Business, further improving the default disposal mechanism for stock-pledged repurchase transaction business, clarifying requirements for contract extensions under special circumstances, encouraging securities companies to relieve liquidity pressure for shareholders of high-quality listed companies through diversified means, and effectively guiding market standardized development while preventing risks and serving the real economy.

The Company stably and prudently carried out stock-pledged repurchase transaction business, in which the overall business risks were controllable. As of the end of the Reporting Period, the balance of principal of the Company’s stock-pledged repurchase transaction business was RMB5.791 billion. Among them, the balance of principal of investment (on-balance sheet) stock-pledged repurchase transaction business amounted to RMB1.899 billion, with an average collateral coverage ratio of 339.50%; and the balance of principal of management (off-balance sheet) stock-pledged repurchase transaction business amounted to RMB3.892 billion. (Source: Statistics of the Company)

Outlook for 2026

In 2026, on the premise of ensuring that risks are measurable, controllable, and bearable, the Company will stably and prudently advance the development of stock-pledged repurchase transaction business. Focusing on high-quality listed company client groups, it will integrate internal resources such as investment research and investment bank to provide one-stop comprehensive financial services. By applying AI large models in business risk control processes, it will further strengthen risk identification and control capabilities. Actively responding to regulatory guidance, the Company aims to enhance both business quality and social benefits in serving the development of the real economy.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(III) Trading and Institutional Client Services Business Segment

The trading and institutional client services business segment of the Group mainly comprises stock sales and trading businesses, fixed-income products sales and trading businesses, investment research business, prime brokerage business, QFI and WFOE businesses, and alternative investment business.

1. Stock Sales and Trading Businesses

The stock sales and trading businesses of the Company mainly provide trading, advisory and research services, and sell stocks underwritten by the Company to institutional clients. The Company is also engaged in proprietary trading, market-making and over-the-counter derivatives activities of stocks, funds, ETFs, and financial derivatives including stock index futures, commodity futures, options and income swaps, among which over-the-counter derivatives provide clients with customized options and income swaps products linked to various types of assets to meet the risk management and asset allocation demands of institutional clients.

In respect of the equity trading business, the overall level of volatility in the domestic equity market increased in 2025. With the continuous advancement of domestic macroeconomic structural adjustments and the ongoing optimization of capital market policies, the long-term steady and positive trend of the market has been further strengthened. The Company maintained the business positioning of absolute gains. Based on managing market risks effectively, it closely tracked market and industry dynamics, proactively capturing trend and structural investment opportunities when positive market signals emerged. In terms of derivatives trading business, as one of the industry's first primary dealers of OTC options, the Company steadily promoted OTC derivatives business such as OTC options and income swaps, further enriching the types of underlying asset subjects and income structure to meet the needs of both domestic and foreign clients in respect of individualized risk management and asset allocation, which provided investors with diversified global derivatives asset allocation solutions. Based on the derivative instruments, the Company continued to promote application of "CSC Chinese Assets Risk Parity Index 2.0", the "CSC World Asset Risk Parity Long Short Index2.0", the compound strategic index "CSC World Assets Risk Parity Long-Short Strategy Index 2.0" and "CSC World Asset Risk Parity Macro Hedge Index 2A" in the wealth management and asset allocation. On the basis of the existing strategy index product system, the Company further diversified the product structure and strategy system to provide multi-asset derivative product solutions for the wealth management market. Moreover, the Company continuously expanded the scope and scale of its market-making business, consistently enhancing its market competitiveness.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

In terms of stock sales business, the Company's stock sales business continued to maintain its dominant position and market influence amid market volatility. In 2025, the Company completed the sales of 33 stock projects of A shares as a lead underwriter, including 12 IPO projects and 21 projects for issuing shares to specific targets, and completed 3 convertible bond projects, with a cumulative sales amount of RMB96.022 billion. (Sources: statistics of the Company and Wind Info)

For international business, the institutional sales and trading businesses of China Securities International mainly provided trading, advisory and research services, and sold stocks underwritten by the Company to institutional clients. China Securities International formed a cross-industry, cross-market and cross-asset class research service matrix, constantly improving the service system for institutional clients, further enhancing the Company's influence in the secondary stock market in Hong Kong and gradually solidifying brand awareness. China Securities International continued to improve its equity derivative business service system, in order to effectively stimulate business vitality and enhance market competitiveness, and achieved remarkable results and new breakthroughs in every aspect including model innovation, risk management and infrastructure construction.

Outlook for 2026

In 2026, the Company will continue to adhere to the business orientation of absolute gains, focus on building the capabilities of its investment research team, closely track the domestic and foreign macro-economic situation and policy changes, conduct in-depth research on the industry and individual stock opportunities, adhere to the value investment philosophy for the allocation of sectors and individual stocks, and actively focus on phased and structural investment opportunities on the basis of strictly controlling risk exposure of securities held. The Company will also gradually enlarge the scale of cross-border businesses, increase the proportion of its integrated revenue, actively enhance its capabilities and qualities of market-making services, expand the scope of its market-making business varieties, and provide quality liquidity services to the market to continuously enhance the Company's influence and competitiveness in the market.

For international business, China Securities International will make all efforts to advance stock research, sales and trading business, and continue to expand famous buy-side institutional clients in order to further consolidate our customer base. Equity derivatives business provides customer-oriented service, focusing on product innovation and committing to building a business ecosystem featuring abundant products, efficient transactions and stable returns, and enhances market liquidity through digitalized operations. By continuously expanding the coverage of overseas markets and enriching product lines, China Securities International provides customers with one-stop global investment and trading service across time zones and markets.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Fixed-income Products Sales and Trading Businesses

The fixed income products sales and trading business of the Company covers, among others, proprietary trading, market making, sales, investment advisory and related cross-border businesses in the FICC field, providing all-round, multi-level and one-stop comprehensive services for domestic and foreign customers, and the scope of service covers fields such as interest rates, credits, exchange rates, commodities, structured products and related derivatives. The Company is committed to becoming a reliable product provider, strategy provider and transaction service provider for domestic and overseas clients.

In 2025, under the guidance of solidly advancing “Five Major Areas” in Finance, the Company continued to improve its domestic and overseas FICC business layout and support the high-quality development of capital markets. The Company actively engaged in the sales business of science and technology innovation bonds and green bonds, deepened its presence in the Shanghai and Hubei carbon markets, and was awarded the “Carbon Finance Practice Award” by the Shanghai Carbon Market and the “Carbon Finance Innovation Award” by the Hubei Carbon Market. With a focus on strengthening investment capability development, the Company enhanced market analysis, actively explored new varieties and new strategies, scaled up and strengthened internationalized investments, actively seized opportunities in overseas markets, and was awarded Top Investment House in Bonds by “The Asset” magazine for two consecutive years. By strengthening client service capabilities and broadening the boundaries of market-making business, the Company was honored the “Northbound Top Market Maker” by Bond Connect Company Limited for four consecutive years. The Company solidified the foundation of bond sales business, the bond sales volume of which consistently ranked 2nd in the market (Source: Wind Info); and further innovated service models and continuously enriched the toolkit of client-oriented products linked to domestic and overseas FICC assets across all categories by launching “fixed income + OTC derivatives” investment advisory strategy services. The Company steadily expanded the scale of its customer service business and precisely matched the diversified needs of domestic clients “going global” and “bringing in” high-quality international capital, and enhanced its comprehensive client service levels. The Company persistently promoted business digitalization and intelligent transformation, deepening the application of artificial intelligence in scenarios such as investment research, trading, risk control, and client service. The Company’s self-developed “OctoX – An Intellectual FICC Integration Platform” achieved breakthroughs in AI explainability, and related research papers were accepted by ACM SIGKDD (ACM Special Interest Group on Knowledge Discovery and Data Mining), an A-class international top-tier academic conference recognized by the China Computer Federation (CCF), marking the first time a domestic securities firm published research results in the field of financial technology intelligence at such a conference.

For international business, China Securities International continued to improve the FICC product matrix and service ecosystem, achieving the steady growth in business scale and maintaining good returns on the premise of controllable risks. Leveraging a diversified sales and service system, China Securities International continuously expanded customer coverage and enhanced customer stickiness. In particular, driven by the stable output in overseas primary market underwriting business, sustained development of back-to-back trading business, significant breakthroughs in market-making trading business, and continuous enhancement of the ability to customize structured products based on customer needs, the overall sales scale of FICC business of China Securities International reached a new level.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for 2026

In 2026, the Company will continue to anchor its goal of building a first-class investment bank, and leverage its professional advantages in the FICC business to better serve the high-quality development of the real economy. Adhering to the business philosophy of “professionalism, customer first, international vision and pursuit of excellence”, the Company will continue to strengthen its investment capabilities building. By “strengthening its advantages and addressing its weaknesses”, the Company will explore new opportunities, new models and new strategies to solidify its core competitiveness rooted in value creation, driven by innovation, and supported by digital-intelligent transformation. The Company will accelerate its international layout, expand its global business footprint and enhance domestic and overseas collaborations to increase its global market visibility and influence. The Company will deepen its focus on the client market, make concrete efforts in strengthening its customer service system to diversify service scenarios for clients and enhance its client service capabilities across the chain.

For international business, China Securities International will further increase trading volume of various fixed income assets. On the basis of consolidating existing overseas primary bond and back-to-back trading businesses, it will vigorously expand market-making trading, structured note, foreign exchange and commodity customer demand business, etc., provide strong cross-market liquidity support for domestic and foreign customers and one-stop cross-border FICC business solutions, and build a service coordination platform for multi-asset sales. China Securities International will further expand the boundaries of asset classes under stable risk control, continue to optimize the currency allocation, regional distribution and the product structure of its asset portfolios, and build a more resilient global asset allocation system.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Investment Research Business

The investment research business of the Company mainly provides domestic and foreign institutional clients with research consultation services covering macroeconomics, fixed income, economic and industrial policies, asset allocation, market strategy, financial engineering, and research on industry, companies and other fields. Major clients include public funds, insurance asset management institutions, private funds, National Social Security Fund, banks and bank wealth management subsidiaries, securities firms and asset management subsidiaries, trust companies and other domestic and foreign financial institutions.

2025 marked the first full year of implementation of important policies and regulations such as the new “Nine Guidelines of the State Council” for the capital market and new public fund commission rules. These regulatory policies have effectively harmonized the relationship between the industry’s functional role and its profit orientation, expediting its return to the core mission of research. The Company focused on leveraging its full-industry research advantages, concentrated on research in key areas such as the “Five Major Areas” in Finance and the development of new quality productive forces, continuously increased research investment, and deepened synergistic research along industrial chains. As of the end of the Reporting Period, the Company had 181 analysts for securities investment research, covering over 1,600 domestic A-share listed companies and Hong Kong and overseas listed companies. In 2025, the Company released 5,083 securities research reports in total, of which 920 research reports were released to the Hong Kong market (including those solely released to the Hong Kong market or both to the mainland market and the Hong Kong market). The Company continued to deepen the digital transformation of its investment research business, and successfully built an industry-leading integrated intelligent investment research platform covering “intelligent research, intelligent inquiry and intelligent digitalization” using large model technology. The Company established a global research team, continuously deepened the integration domestic and overseas research businesses, expanded research coverage of overseas listed companies, hosted distinctive conferences such as the Global Investor Conference and China-Saudi Arabia Investment Cooperation Forum, and organized joint research activities in manufacturing, logistics, and finance sectors in Southeast Asia and the Middle East, taking solid steps in internationalizing research. It improved the investment research service system for different types of clients, and endeavored to provide professional and in-depth research services for various institutional clients. Throughout the Reporting Period, the Company steadily enhanced its presence and influence in terms of research service industry, and was fully recognized by the market and institutional clients. The Company won the prestigious awards such as Best Local Research Institute or Most Influential Research Institution granted by authoritative media, such as the China Securities Journal, the Securities Times and the Shanghai Securities News. At the same time, the Company attached importance to its role as a think tank, provided robust intelligence support to national strategies, government departments, etc., and offered comprehensive research support to all business lines of the Company, effectively fulfilling its role as an advisor and assistant.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for 2026

In 2026, the Company's investment research business will adhere to the strategy of "rooted externally, serving internally", stay focused on the core mission of research, continuously enhance research professional capabilities, asset pricing capabilities, and market influence, further expand the research coverage of listed companies and service coverage of institutional clients, and continuously improve research service quality. It will commit more resources to internationalized research, continuously improve the globalized research and service system, and provide higher-quality global comprehensive research services to domestic and overseas clients. It will further leverage its think tank function, continuously provide high-quality think tank research for government departments, strengthen research support for various business lines of the Company, strive to create the Company's "top calling card", and continuously enhance the Company's brand influence and market recognition.

4. Prime Brokerage Business

The Company provides market-leading full-chain prime brokerage services to institutional clients, including trading service, account service, product design and agency sales, institutional investment and financing service, asset custody service, product operating service, research service, financing solution and value-added services.

The Company's institutional business has built a multi-dimensional integrated trading service system for institutional clients encompassing Prime Brokerage (PB) services, institutional connect services, strategic algorithm bus services and institutional dedicated counter services. As one of the securities companies that possesses and undertakes the widest range of businesses, and supports most types of prime brokerage systems, the Company has currently supported markets and types of transactions including SSE, SZSE, BSE, margin financing and securities lending, stock index futures, commodity futures, stock options, Southbound Trading and over-the-counter public funds to provide its clients with convenience and favorable experience in carrying out various businesses at the same time. The self-developed algorithmic trading platform embedded in the prime brokerage system of the Company maintains an industry-leading algorithmic trading execution efficiency, which is widely recognized and trusted by clients such as banks, insurance companies, public funds, private funds, enterprises and high-net-worth individuals, including clients for QFI business. New services such as commodity futures and options algorithm trading have also satisfied customers' diversified trading needs. The Company's self-developed special counter for institutional transactions provides financial institutions with independent and more functional trading channels, which is widely recognized by institutional clients such as banks, public funds and insurance asset management institutions. In 2025, the Company's turnover for the prime brokerage business continued to grow, the trading effect of algorithmic trading continued to optimize, and the types and scale of customers continued to expand. As of the end of the Reporting Period, the number of existing customers served in the Prime Brokerage (PB) of the Company was 23,394, representing a YoY increase of 25.34%; a total of 30 public fund companies and 13 insurance asset management companies used the company's algorithmic trading services in their portfolios, and 239 customers used the securities trading agency services for increasing or decreasing their shareholdings, involving 329 securities.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For custody services, as of the end of the Reporting Period, as 122 public funds were in the custody of CSC, the Company ranked among the top three in the industry in terms of its public fund custody scale and quantity. The Company's total size of asset custody and operation services was RMB1,404.429 billion, increasing 45.03% YoY. Among them, custody products scale reached RMB599.020 billion and outsourcing products scale reached RMB805.408 billion, increasing 28.10% and 60.83% YoY, respectively.

Outlook for 2026

In 2026, with the aim to constantly satisfy professional and institutional investors' trading needs, the Company will continue to improve its various types of prime brokerage systems and special counter services for institutions, and improve the transaction performance, the transaction completion and the transaction automation through the embedded algorithmic platform, so as to provide more convenient trading experience for clients. The Company will keep abreast of the changes in the market environment and regulatory policy to further build a diversified and personalized professional trading service system, so as to further meet the trading needs of various clients. For custody services, the Company will innovate its customer service approach by building a "Digital Custody" platform to provide clients with tailored solutions. Through cross-departmental collaboration, it will optimize the dynamic cycle of "sales, trading, investment and custody", thereby enhancing the Company's overall value. By closely following policy developments, it will strengthen the compliance and risk control defense line of the custody services and serve national strategies.

5. QFI and WFOE Businesses

In 2025, as the State continues to comprehensively deepen reform and opening up, the investment scope for QFIs has been expanded and processes simplified, continuously attracting medium to long-term foreign capital allocation. As a domestic broker of QFIs and WFOEs, the Company has accumulated many years of experience in serving foreign clients and has always been committed to providing a full range of one-stop financial services for foreign institutions such as QFIs and WFOEs. In 2025, the Company has deepened its cross-border integrated operations, restructured its domestic and overseas sales layout, and continuously and deeply explored business opportunities with foreign institutions including QFIs and WFOEs. The Company enhances client stickiness by leveraging first-class securities research and corporate relationship services, continuously upgrades and improves the trading system and trading algorithm, continuously optimizes the trading and operational processes, and strives to enhance the investment and trading experience of foreign clients. Currently, the Company has established a professional foreign institutional investment and trading service system characterized by rich securities research services, Beijing-Shanghai dual trading centers, advanced trading systems and intelligent trading algorithms.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for 2026

In 2026, against the backdrop of China's capital market continuing its high-quality opening-up, the Company will leverage the gateway advantage of China Securities International in Hong Kong to deepen its cross-border integrated presence. It will continue to expand its diversified network of foreign clients and strengthen coverage and services for leading foreign institutions. The Company will continuously enhance its research service capabilities, focusing on advancing the internationalization of its research business, upgrading trading system functionalities, optimizing trading processes, and accelerating the digital transformation of its business to better meet the needs of clients with diversified trading strategies, providing industry-leading securities research and trading services to QFIs and WFOEs and other foreign clients. Meanwhile, the Company will integrate its advantageous resources, dedicating itself to providing high-level, all-round, diversified and differentiated comprehensive financial solutions to foreign institutional clients. With professional services as the core and research business as the backbone, it will comprehensively enhance full-product sales capabilities and full-chain service capabilities covering derivatives, margin financing and securities lending, and block trading, etc., to help clients maximize returns, further enhance the Company's international influence and promote the coordinated development of domestic and international business.

6. Alternative Investment Business

In 2025, driven by emerging investment themes such as artificial intelligence and embodied intelligence, and supported by proactive State policies for industry and capital markets, domestic equity investment and financing activity has significantly increased. Amid a rapidly evolving macroeconomic and capital market environment, China Securities Investment has focused on technological innovation and new quality productive forces as its core strategies. It has continuously strengthened investment research capabilities in key areas aligned with national strategies, actively sought out high-quality enterprises, and expanded support and coverage for strategic emerging and future industries, thereby steadily enhancing performance. During the Reporting Period, China Securities Investment completed 26 project investments with an investment amount of RMB1.067 billion, over 90% of which was allocated to projects targeting new quality productive forces.

Outlook for 2026

2026 marks the opening year of the "15th Five-Year Plan". Benefiting from policy support and industrial upgrading, China's equity investment market will embrace multiple development opportunities. China Securities Investment will seize the new opportunities in the capital market, actively implement the requirements for building a financial powerhouse, strengthen the functional positioning of its strategic investment platform, and deeply embed investment business into the national innovation system. In 2026, China Securities Investment will further focus on strategic emerging industries and future industries, actively expand its investment layout, fully serve the development of new quality productive forces, and promote steady growth in asset scale and continuous optimization of the asset structure.

(IV) Asset Management Business Segment

The asset management business segment of the Group mainly includes asset management business of the securities companies, fund management business and private equity investment business.

1. Asset Management Business of the Securities Companies

In 2025, the comprehensive reform of the capital market continued to deepen. The asset management industry consistently adhered to its origin of serving the real economy, focused on the core demands of medium to long-term capital entering the market and residents' wealth management, and maintained a steady development trend. Against this backdrop, the asset management business of the securities companies needs to concentrate on its primary responsibilities and core businesses, continuously strengthen professional capability building, and forge differentiated competitive advantages.

During the Reporting Period, the Company's asset management business actively integrated into the broader context of building a financial powerhouse, solidly advanced the "Five Major Areas" in Finance. Particularly in the field of pension finance, the Company, relying on its professional strengths, independently developed the "Jiixin Xiangchuan (家鑫相傳)" series of asset management products, actively participated in the entrusted investment management of commercial pensions in endowment insurance and pension wealth management, and contributed to the development of pension finance with innovative practices such as "CSC Solution". Meanwhile, the Company anchored long-term value creation, focused on enhancing investment research capabilities and active management capabilities, continuously strengthened risk identification capabilities and asset allocation capabilities, strived to build an asset management service system covering all products, all clients, and the entire lifecycle; improved product line layout, enriched differentiated product supply; deepened cross-border integration and internationalization layout, enhanced professional capabilities in overseas asset allocation to meet clients' needs for efficient global asset allocation; empowered business development comprehensively by relying on digital and intelligent transformation.

As of the end of the Reporting Period, the scale of entrusted funds for the Company's client asset management reached RMB524.508 billion, representing a YoY increase of 5.99%. Specifically, the scale of collective asset management business was RMB104.563 billion, the scale of single asset management business was RMB179.947 billion, and the scale of specialized asset management business was RMB239.998 billion. There were a total of 1,041 products under management.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The scale of the Company's asset management business is shown in the table below:

Unit: RMB'00 million

Category	Scale	
	December 31, 2025	December 31, 2024
Collective asset management business	1,045.63	1,120.57
Single asset management business	1,799.47	1,796.05
Specialized asset management business	2,399.98	2,031.96
Total	5,245.08	4,948.58

Source: SAC

For international business, the asset management business of China Securities International achieved leapfrog development. As of the end of the Reporting Period, its management scale exceeded HK\$10 billion. In 2025, China Securities International issued for the first time fund products listed on the Cayman Islands Stock Exchange, actively expanded its products such as equity and fixed-income separately managed accounts business, covering many large domestic commercial banks, regional banks, central state-owned enterprises and other high-quality client groups, resulting in a more diversified and balanced client structure. Meanwhile, leveraging its professional investment management capabilities, China Securities International served as the investment advisor for multiple products. The performance of managed products remained stable and excellent, winning widespread recognition from clients and injecting strong momentum for the sustained growth of the asset management business.

Outlook for 2026

In 2026, the Company's asset management business will continue to strengthen its functional positioning, adhere to a client-centric approach, be guided by synergy effectiveness and value creation, focus on enhancing active management capabilities, and center on the optimization of the investment research system as the core lever, so as to continuously develop a diversified product portfolio to meet the diverse asset management needs of clients; accelerate cross-border business layout, improve the cross-border product supply system, enhance global multi-asset allocation capabilities; deepen digital and intelligent transformation, empower the entire chain of investment research decision-making, risk management, and client service with technology, systematically build an intelligent and lean operation ecosystem, and comprehensively promote the Company's asset management business to achieve higher quality development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For international business, China Securities International will continue to advance its asset management business towards a stage of high-quality growth, with the core goal of synergistic improvement in management scale and revenue, and is committed to becoming a significantly competitive asset management platform among its Chinese peers in Hong Kong. On one hand, it will actively expand Chinese Mainland high-net-worth clients and institutional funds through channels such as the Cross-boundary Wealth Management Connect Scheme and Mutual Recognition of Funds. On the other hand, it will closely grasp the overseas asset allocation needs of Chinese enterprises and institutions, continuously enrich its multi-asset, multi-strategy product system, enhance global resource allocation capabilities and service efficiency, optimize cross-border service processes, strengthen active management capabilities, and create sustained, stable, and long-term returns for clients.

2. Fund Management Business

In 2025, the public fund industry saw an intensive rollout of regulatory policies. Guided by the “Action Plan for Promoting High-Quality Development of Public Funds” issued by the CSRC, the industry shifted from a “scale-oriented” to an “investor-return-oriented” approach, reshaping the interest alignment mechanism between fund companies and investors. With the reversal of the equity market trend, the market recovery led to rising performance of equity funds, gradually restoring investor confidence. Benefiting from policy guidance, market environment, and improved product performance, the industry’s total asset management scale continued to climb, repeatedly reaching new highs. Among these, stock funds, money market funds, and hybrid funds have witnessed significant growth, with passive index funds emerging as the primary driver of scale expansion.

In 2025, China Fund strived to enhance investment research capabilities, improve product investment performance, continuously enriched its product lines in line with client needs, broadened and deepened various sales channels, improved its customer service capabilities, and worked hard to create favorable returns for investors. As of the end of the Reporting Period, assets under management of China Fund amounted to RMB175.989 billion, representing an increase of 23.78% as compared with the end of 2024. Among them, assets of public funds under management amounted to RMB107.257 billion, representing an increase of 13.87% as compared with that at the end of 2024; assets under management under special account products of China Fund and its fund subsidiaries amounted to RMB68.732 billion in aggregate, representing an increase of 43.24% as compared with that at the end of 2024. China Fund thoroughly implemented the regulatory requirements for high-quality development of public funds and focused on medium and long-term income. As of the end of the Reporting Period, China Fund managed 68 public funds, with 47 funds eligible to participate in market ranking within a three-year period. Among them, 28 funds ranked among the top 50% of the market in terms of overall returns in the past three years, 22 funds among the top 30%, 16 funds among the top 20% and 5 funds among the top 10%. (Sources: Wind Info and statistics of the Company)

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for 2026

In 2026, China Fund will thoroughly implement the “Action Plan for Promoting High-Quality Development of Public Funds”, uphold the principle of “investor-centric”, place the practical protection of investor interests in the foremost position, continuously enhance investment research capabilities and product investment performance, further optimize product layout, enrich the product supply system, strengthen the client service system, strive to improve investors’ sense of gain, trust, and long-term holding experience, and achieve win-win symbiosis with investors on the path of high-quality development.

3. Private Equity Investment Business

In 2025, China’s equity investment market accelerated its march towards high-quality development. Hard technology became the main theme of market investment, with strategic emerging fields such as semiconductors, artificial intelligence, and biomedicine attracting high capital focus. The scale of state-owned guidance funds continued to expand, RMB-denominated funds gradually dominated the fundraising landscape, and diversified exit channels saw significant improvement. Driven by both policy support and industrial upgrading, market vitality was effectively unleashed, providing strong support for cultivating new quality productive forces and building a modern industrial system.

In 2025, China Capital focused on frontier technology fields such as artificial intelligence, commercial aerospace, future materials, and future energy, systematically laid out future industries and hard technology tracks, continued to leverage the leading role of state-owned financial capital in promoting a virtuous cycle of “technology-industry-finance”, and contributed professional strength to advancing Chinese modernization and building a financial powerhouse. During the Reporting Period, China Capital completed project investment of RMB3.5 billion, including investments in more than 60 technology-based enterprises with an investment amount exceeding RMB2.2 billion, and among its previously invested projects, 2 completed IPO listings; it added 6 newly registered funds and completed 1 fund expansion, with a total new scale of RMB7.781 billion, ranking 5th among private equity subsidiaries of brokers (sources: AMAC and statistics of the Company). As of the end of the Reporting Period, China Capital managed 83 registered funds with a management scale exceeding RMB78 billion.

Outlook for 2026

In 2026, China Capital will base itself on the mission of serving the real economy and technological innovation, take investment as the core, empowerment as the means, and synergy as the characteristic, actively integrate into the national future industrial system. It will focus on cultivating new quality productive forces, increase support for strategic emerging industries, “Specialized, Refined, Differential and Innovative (專精特新)” enterprises, and key links in the industrial chain, and strengthen the virtuous cycle of “technology-industry-finance”. Meanwhile, it will continuously optimize its capabilities across the entire chain of “fundraising, investment, management, and exit (募投管退)”, broaden diversified exit paths, and contribute professional strength to high-quality development.

II. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

1. Comprehensive Financial Service Platform with Distinctive Investment Banking Advantages and Balanced Development of Various Businesses

The Company is a large-scale comprehensive securities company with a full range of securities business licenses. Its investment banking business ranks among the top in the industry with excellent capabilities, and its equity and debt financing businesses have long maintained leading positions in the market. With a balanced business structure, the Company has formed a business ecosystem where the investment banking is prominently competitive, featuring complete service chains and closed-loop value chains across all businesses, which provides clients with one-stop integrated financial services. Centering on the enterprise life cycle and individual life cycle, the Company has realized an integrated domestic and overseas service system to satisfy the one-stop solution needs for corporate and retail business, investments and investment banking, and asset management and wealth management, covering investment research, value identification, financing support, asset allocation, investment and trading, wealth management, risk hedging and a series of other services. Focusing on clients' needs, the Company strives for "Single-point access, all-domain linkage", and takes characteristics into full consideration to provide customized models and solutions such as the "four-in-one linkage" of "investment research + investment + investment banking + investment advisory", the "three-financial service integration" of "wealth management + asset management + investment management", and the "two-way access" to "FICC + equity investment". The innovative and leading business models and the healthy and balanced business system enable the Company to help clients seize opportunities, resist fluctuations, and traverse cycles. The comprehensive, steady and balanced business development system has become the cornerstone for satisfying customer value and achieving its own high-quality development.

2. Solid Client Base and Integrated Service Network with Mutually Facilitated Online and Offline Channels

The Company has built a deep and solid base of high-quality clients, with its physical branches spanning 30 provinces, autonomous regions, and municipalities in the Chinese Mainland and Hong Kong. Headquartered in Beijing, with Shanghai and Shenzhen as two regional centers and Hong Kong serving as its international business platform, the Company has an integrated service network that provides trading services across international mainstream markets such as A shares, Hong Kong equities, US equities and Japanese equities. The Company has strategically and extensively positioned itself in the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Chengdu-Chongqing Economic Circle, so as to provide more convenient and higher-quality services for governments, enterprises, financial institutions, and individuals. By providing planning, industrial layout and financing services for various regions, as well as investment guidance and support, while providing integrated financial services for corporate and financial institutional clients, the Company has established long-term, mutually trusted partnerships with many local governments, numerous high-quality enterprises and financial institutions, becoming a strategic companion in regional development and corporate growth. Furthermore, the Company provides professional, inclusive, intelligent and convenient asset allocation and wealth management services for the majority of investors. The service network, which coordinates headquarters with regional centers, interconnects between online and offline channels, and integrates of domestic and overseas operations, has become the most effective foundation for the Company to expand client reach, enhance customer service, strengthen client recognition, and provide long-term client companionship.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Leading Technology Applications, Reflected in Technology System Emphasizing Both Hard Foundation of Technological Innovation and Soft Power of Business-Technology Integration

The Company has built an independent, market-leading and controllable Fin-Tech capability system that prioritizes security, and is deeply integrated into the business. In strict compliance with national requirements for graded protection of cyber security, and based on ISO20000 and ISO27001 standards, the Company has built a comprehensive and in-depth protection mechanism covering network security, data security and personal information protection, effectively safeguarding the safe and stable operation of information systems. Under the premise of security and controllability, the Company actively embraces technological transformation, and systematically applies technologies such as artificial intelligence, cloud computing, and big data to various fields such as investment research, intelligent investment advisory, client service, risk management and operational management. With both its own business capabilities and its ability to serve client empowered by technology, the Company is the proposer and firm practitioner of “Digital-Intelligent Investment Bank”. The Company has launched a group of intelligent benchmark products, including the “Qingting Dianjin” (蜻蜓點金) APP, the “Youwen” (優問) service platform, the “DeepTiming AI Intelligent Digital Platform (信諦聽AI智數平台)”, the “OctoX – An Intellectual FICC Integration Platform” and “Trident” (三叉戟) platforms, the institutional business “Institutional Connect” (機構通), the investment banking business “DCM Six Gates” (DCM六扇門) and “Gatekeeper” (看門人) platforms, the “intelligent research-intelligent digitalization-intelligent inquiry” systems in the research field, and the “Polaris” (北極星) system for securities finance. These constitute a digital product and service matrix covering front-end, middle-end, and back-end offices across multiple business lines. The Company has obtained the quantitative management level certification of the national Data Management Capability Maturity Assessment Model (DCMM). During the Reporting Period, the Company won a total of 55 Fin-Tech awards, the highest number in its history. Among them, the “Investment Banking ‘Gatekeeper’ Digital Intelligence Integrated Business Platform” won the First Prize of the 2024 Financial Technology Development Award granted by the People’s Bank of China. Notably, this is the first time in history that a first-prize is awarded to the project for investment banking business in the securities industry. The scenario-based, digital and intelligent technology applications empower clients service, talent development, and management improvement, and are rapidly becoming the main core competitiveness that supports the Company’s next stage of high-quality development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

4. Adhering to Long-termism and Continuously Building a Professional and Formidable Financial Team

The Company is unwaveringly dedicated to build a professional financial team with excellent political integrity, conduct, capability, and performance. Guided by the fundamental principles of valuing honesty and trustworthiness, earning profit through righteousness, acting with steadiness and prudence, upholding integrity in financial innovation and complying with laws and regulations. The Company adheres to the “three-do” work style of “taking responsibility, acting immediately, and handling well”, and vigorously advocates five kinds of new spirit of “pursuing excellence, seeking truth and being pragmatic, innovation, unity and collaboration, and hard work and plain living”. Supported by a professional and formidable financial team, the Company implements the Party Central Committee’s guidelines, principles and policies, fulfils regulatory requirements, and advances steadily on the broad road toward becoming a first-class investment bank. The Company follows market principles, balances the functional role of finance with commercial viability, pursuing a path of high-efficiency development. It strengthens risk control and compliance management to ensure secure and stable operations. Adhering to the guiding principle of seeking progress while maintaining stability, the Company advances high-quality development that is both efficient and sustainable. The Company’s new leadership team combines forward-looking vision, extensive experience, and diverse professional expertise, with a well-balanced structure across senior, mid-career, and younger members, guiding the development toward a new stage during the “15th Five-Year Plan”. The Company broadens the channels for talent selection, strengthens employer brand-building, carries out talent introduction in an orderly manner, and constantly absorbs and cultivates professional, international and technical talents. Persistently committed to “investing in people”, the Company provides employees with multi-dimensional development space and a broad development platform, while ensuring that the scale, quality and development strategy of the workforce are compatible. In adherence to the principle of keeping the nation’s fundamental interests in mind and upholding a long-termism business philosophy, the Company fosters an environment in which talent thrives, and this shapes a strong corporate mindset and ethos that empowers the Company to accompany a broad base of investors in understanding and navigating economic cycles and striving for sustained success across market cycles.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

5. Adhering to Healthy Development with Industry-leading Compliance and Risk Control and Prudent and Steady Business Philosophy

Being one of the first six pilots to consolidate supervisory undertakings and one of the first companies on the regulatory “whitelist” in the domestic securities industry, the Company has always placed compliance and risk control at the core of its operation and development, adhered to the principle of “substance over form”, and built an industry-leading comprehensive risk management system. It achieves effective oversight of subsidiaries at all levels and on and off-balance-sheet items, domestic and overseas operations, and local and foreign currency businesses, ensuring no risk blind spots. By coordinating development and security from a strategic perspective, the Company continues to promote the adoption and implementation of the core principle of “ensuring effective risk prevention while driving strong development” among all employees, upholds the strict rule of “no business without rules”, and builds a comprehensive risk management safeguard. The Company continuously refines its internal control mechanism, and conducts regular internal control audits and special inspections to ensure the effectiveness and adaptability of the internal control mechanism, strictly guarding the “entrance” of the capital market. The Company has built a relatively systematic risk control system for new businesses, effectively covering new risk types, new products, and new institutions. This has created an industry-leading example of unified risk management for the same business and the same client, while firmly safeguarding the bottom line to prevent systemic financial risks. Adhering to the business ideas of prudence, steadiness, and healthy development, the Company is committed to achieving a long-term dynamic balance among scale, efficiency, and risk, while prioritizing long-term value post risk adjustment. The healthy development over the past 20 years has forged a highly recognized, prudent corporate image, serving as the fundamental guarantee for the Company’s sustainable, high-quality development.

6. Strong Shareholder Background Ensuring Scientific Corporate Governance and Possessing Both Strategic and Business Synergy Value

The Company’s main contributors are Beijing Financial Holdings Group Limited, Central Huijin Investment Ltd., and CITIC Financial Holdings Co., Ltd. The strong state-owned shareholder base has fundamentally defined the Company as a state-owned financial enterprise and built a solid cornerstone for forming a modern corporate governance system characterized by “clear rights and responsibilities, smooth operations, effective checks and balances, and efficient synergy”. The composite shareholder base has endowed the Company with unique resource advantages. At the macro level, the shareholders’ foresight and profound grasp of national policies provide directional guidance for the Company, ensuring that the Company’s development resonates with national strategies. At the business level, the rich physical industrial ecosystem, integrated financial ecosystem, and resources of channels, clients, and partners within the shareholders’ systems provide abundant scenarios for the Company’s main securities business. As large state-owned enterprises with strong capital strength, mature experiences in capital operation, extensive market resources, and strong public recognition, the three main contributors are important implementers of national strategies and important pioneers in financial reform. The strong state-owned shareholder base will provide effective endorsement and substantial support for the Company to eventually become a first-class investment bank and investment institution.

III. FINANCIAL STATEMENT ANALYSIS

Profitability Analysis

In 2025, the Group realized total revenue and other income of RMB34,985 million, representing a YoY increase of 16.07%; net profit attributable to equity holders of the Company amounted to RMB9,439 million, representing a YoY increase of 30.68%; basic earnings per Share amounted to RMB1.09, representing a YoY increase of 37.97%; return on weighted average equity was 10.53%, representing a YoY increase of 2.29 percentage points.

Asset Structure and Asset Quality

During the Reporting Period, the Company recorded growth in both total assets and total liabilities.

As of December 31, 2025, the Group's total assets amounted to RMB676,816 million, representing an increase of RMB110,398 million, or 19.49%, as compared with December 31, 2024; after deducting accounts payable to brokerage clients and accounts payable to underwriting clients, the Group's total assets amounted to RMB500,880 million, representing an increase of RMB66,241 million, or 15.24%, as compared with December 31, 2024. Among which, investment assets, mainly including investments in associates and investments in financial assets, accounted for 66.81% of the total assets; margin accounts and financial assets held under resale agreements accounted for 18.14% of the total assets; cash and bank balances accounted for 10.92% of the total assets; and other assets in aggregate accounted for 4.13% of the total assets.

As of December 31, 2025, the Group's total liabilities amounted to RMB557,665 million, representing an increase of RMB97,766 million, or 21.26%, as compared with December 31, 2024; after deducting accounts payable to brokerage clients and accounts payable to underwriting clients, the Group's total liabilities amounted to RMB381,730 million, representing an increase of RMB53,610 million, or 16.34%, as compared with December 31, 2024. Among which, financial assets sold under repurchase agreements accounted for 35.50% of the total liabilities; short-term borrowings, placements from banks and other financial institutions, short-term financing instruments payable and bonds in issue with maturity within one year accounted for 25.39% of the total liabilities; bonds in issue accounted for 24.64% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities accounted for 4.75% of the total liabilities; and other liabilities in aggregate accounted for 9.72% of the total liabilities.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As of December 31, 2025, the Group's equity attributable to equity holders of the Company amounted to RMB119,102 million, representing an increase of RMB12,633 million, or 11.87%, as compared with December 31, 2024.

As of December 31, 2025, after deducting accounts payable to brokerage clients and accounts payable to underwriting clients, the gearing ratio of the Group was 76.21%, representing an increase of 0.72 percentage point, as compared with December 31, 2024.

Cash Flow Status

After deducting the impact of changes in accounts payable to brokerage clients, the Group's net increase in cash and cash equivalents was RMB8,435 million in 2025, representing a YoY decrease of RMB1,933 million, which was mainly attributable to the YoY increase in net cash outflows from investing activities.

Net cash inflow from operating activities in 2025 was RMB42,720 million, representing a YoY increase of RMB41,655 million, which was mainly attributable to the YoY increase in net cash inflow from operating activities arising from changes in financial assets sold under repurchase agreements.

Net cash outflow from investing activities in 2025 was RMB50,173 million, representing a YoY increase of RMB36,851 million, which was mainly attributable to the YoY increase in cash outflow arising from the increase in financial assets at fair value through other comprehensive income.

Net cash inflow from financing activities in 2025 was RMB15,889 million, representing a YoY decrease of RMB6,736 million, which was mainly attributable to the YoY increase in cash outflows from repayments of debts.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

IV. ANALYSIS ON INCOME STATEMENT

Financial Highlights:

In 2025, the Group accomplished a profit before income tax of RMB11,737 million, representing a YoY increase of 35.06%. Major financial highlights of the Group are as below:

Unit: RMB million

Items	2025	2024
Fee and commission income	17,068	13,336
Interest income	8,856	8,683
Net investment gains	8,691	7,763
Other income	370	358
Total expenses	23,252	21,458
Share of profits of associates	3	8
Profit before income tax	11,737	8,690
Income tax expense	2,283	1,455
Net profit attributable to equity holders of the Company	9,439	7,223

Structure of Total Revenue and Other Income

In 2025, the total operating revenue and other income of the Group amounted to RMB34,985 million, representing a YoY increase of 16.07%. The structure of revenue remained relatively stable. The revenue structure of the Group in the past five years is as follows:

Items	2025	2024	2023	2022	2021
Fee and commission income	48.79%	44.25%	45.39%	52.02%	47.26%
Interest income	25.31%	28.81%	31.89%	31.91%	27.65%
Net investment gains	24.84%	25.76%	21.61%	15.18%	24.77%
Other income	1.06%	1.18%	1.11%	0.89%	0.32%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

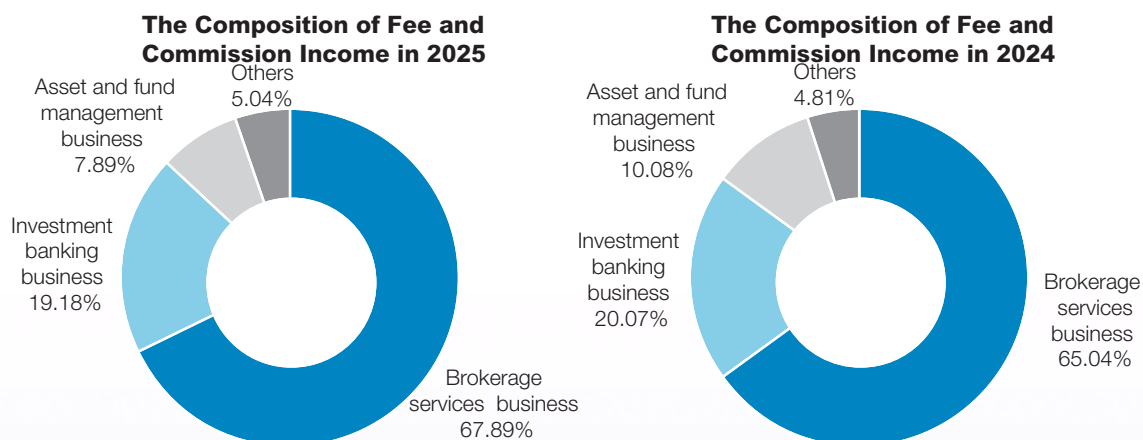
Fee and Commission Income

In 2025, the net fee and commission income of the Group amounted to RMB13,167 million, representing a YoY increase of 29.84%, which was mainly due to the increase in fee and commission income from brokerage services business. Changes in fee and commission income of the Group during 2024 and 2025 are as follows:

Unit: RMB million

Items	2025	2024	Change	Change in percentage (%)
Fee and commission income				
– Brokerage services business	11,588	8,673	2,915	33.61
– Investment banking business	3,274	2,677	597	22.30
– Asset and fund management business	1,346	1,344	2	0.15
– Others	860	642	218	33.96
Fee and commission expenses	3,901	3,195	706	22.10
Net fee and commission income	13,167	10,141	3,026	29.84

The Composition of Fee and Commission Income during 2024 and 2025



The fee and commission income from brokerage services business increased by RMB2,915 million, or 33.61% YoY, which was mainly due to the YoY increase in the income of securities brokerage services business.

The fee and commission income from investment banking business increased by RMB597 million, or 22.30% YoY, which was mainly due to the YoY increase in the income of stock underwriting business.

The fee and commission income from asset and fund management business increased by RMB2 million, or 0.15% YoY, which was mainly due to the YoY increase in the income of asset management business.

Other fee and commission income increased by RMB218 million, or 33.96% YoY, which was mainly due to the YoY increase in the income of investment consultation business.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Interest Income

In 2025, the net interest income of the Group amounted to RMB1,095 million, representing a YoY increase of 39.31%. The table below sets out the major composition of the net interest income of the Group during the indicated periods:

Unit: RMB million

Items	2025	2024	Change	Change in percentage (%)
Interest Income				
– Margin financing and securities lending	3,449	3,070	379	12.35
– Financial assets held under resale agreements	293	366	-73	-19.95
– Deposits in financial institutions	2,740	3,080	-340	-11.04
– Financial assets at fair value through other comprehensive income	2,344	2,133	211	9.89
– Others	30	34	-4	-11.76
Interest expenses				
– Accounts payable to brokerage clients	416	472	-56	-11.86
– Financial assets sold under repurchase agreements	2,404	2,677	-273	-10.20
– Placements from banks and other financial institutions	107	318	-211	-66.35
– Borrowings	146	45	101	224.44
– Bonds in issue and short-term financing instruments payable	4,598	4,218	380	9.01
– Others	90	167	-77	-46.11
Net interest income	1,095	786	309	39.31

Interest income from margin financing and securities lending increased by RMB379 million, or 12.35% YoY, which was mainly due to the increase in the corresponding interest income arising from the increase in average scale of margin accounts during the year.

Interest income from deposits in financial institutions decreased by RMB340 million, or 11.04% YoY, which was mainly due to the decrease in the corresponding interest income arising from the decrease in average interest rate of deposits in financial institutions.

Interest income from financial assets at fair value through other comprehensive income increased by RMB211 million, or 9.89% YoY, which was mainly due to the increase in the corresponding interest income arising from the increase in average scale of financial assets at fair value through other comprehensive income during the year.

Interest expenses decreased by RMB136 million, or 1.72% YoY, which was mainly due to the YoY decrease in the interest expense of financial assets sold under repurchase agreements and placements from banks and other financial institutions.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Net investment gains

In 2025, net investment gains of the Group amounted to RMB8,691 million, representing a YoY increase of 11.95%. The table below sets out the major composition of the net investment gains of the Group during the indicated periods:

Unit: RMB million

Items	2025	2024	Change	Change in percentage (%)
Financial instruments at fair value through other comprehensive income	880	472	408	86.44
Financial instruments at fair value through profit or loss	16,335	7,787	8,548	109.77
Derivative financial instruments	-8,648	-600	-8,048	N/A
Others	124	104	20	19.23
Total	8,691	7,763	928	11.95

Net investment gains from financial instruments at fair value through other comprehensive income increased by RMB408 million, or 86.44% YoY. Among them, the net investment gains from holding financial instruments at fair value through other comprehensive income increased by RMB606 million YoY; the net investment gains from disposal of financial instruments at fair value through other comprehensive income decreased by RMB198 million YoY.

Net investment gains from financial instruments at fair value through profit or loss increased by RMB8,548 million or 109.77% YoY. Among them, the net investment gains from disposal of financial instruments at fair value through profit or loss increased by RMB7,325 million YoY; the net investment gains from holding financial instruments at fair value through profit or loss increased by RMB1,223 million YoY.

Net investment losses from derivative financial instruments decreased by RMB8,048 million YoY, among them, the net investment losses from disposal of derivative financial instruments decreased by RMB6,266 million YoY; the net investment losses from holding derivative financial instruments decreased by RMB1,782 million YoY.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Total Expenses

In 2025, the expenses of the Group (excluding fee and commission expenses and interest expenses) amounted to RMB11,590 million, representing a YoY increase of 11.80%. The table below sets out the major composition of the expenses of the Group during the indicated periods:

Unit: RMB million

Items	2025	2024	Change	Change in percentage (%)
Staff costs	7,044	6,309	735	11.65
Tax and surcharges	163	121	42	34.71
Other operating expenses and costs	4,080	3,827	253	6.61
Credit impairment losses	299	91	208	228.57
Impairment losses on other assets	4	19	-15	-78.95
Total	11,590	10,367	1,223	11.80

Staff costs for the year increased by RMB735 million, or 11.65% YoY, which was mainly due to the YoY increase in employee remuneration.

Other operating expenses and costs for the year increased by RMB253 million, or 6.61% YoY, which was mainly due to the YoY increase in electronic equipment operating expenses and membership fees of exchanges.

The credit impairment losses for the year increased by RMB208 million or 228.57% YoY, which was mainly due to the increase in the credit impairment losses of financial assets at fair value through other comprehensive income.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets out the composition of the credit impairment losses of the Group during the indicated periods:

Unit: RMB million

Items	2025	2024	Change	Change in Percentage (%)
Financial assets at fair value through other comprehensive income	184	-99	283	N/A
Margin accounts	250	298	-48	-16.11
Financial assets held under resale agreements	-116	-111	-5	N/A
Others	-19	3	-22	-733.33
Total	<u>299</u>	<u>91</u>	<u>208</u>	<u>228.57</u>

V. ANALYSIS ON FINANCIAL POSITION

Assets

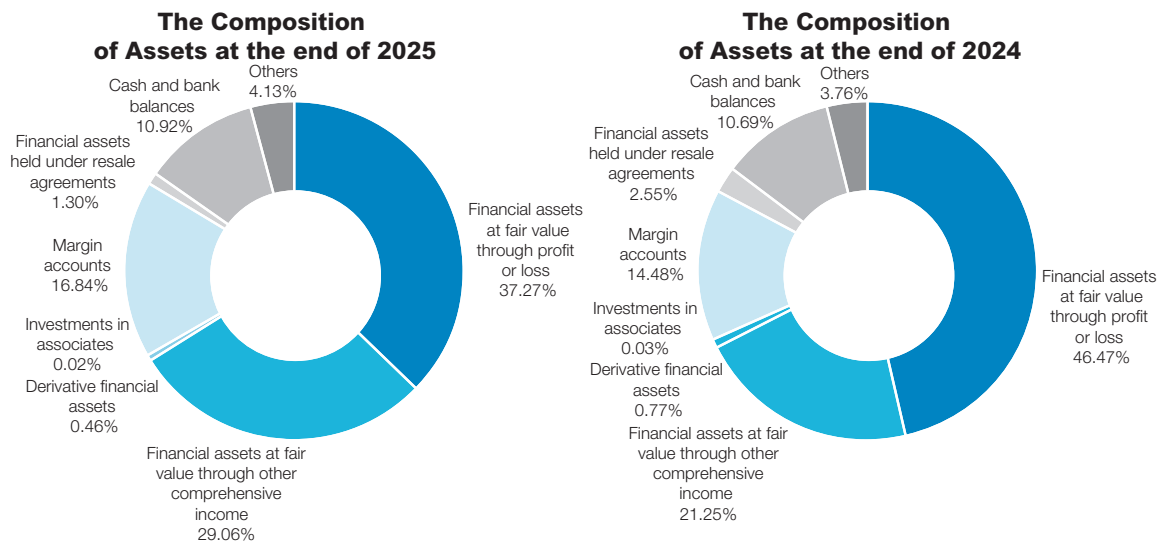
As of December 31, 2025, the total assets of the Group amounted to RMB676,816 million, representing an increase of RMB110,398 million, or 19.49% as compared with December 31, 2024. Excluding the impact of accounts payable to brokerage clients and accounts payable to underwriting clients, the total assets of the Group amounted to RMB500,880 million as at December 31, 2025, representing an increase of RMB66,241 million, or 15.24%, as compared with December 31, 2024. The changes in major assets of the Group are as follows:

Unit: RMB million

Items	December 31, 2025	December 31, 2024	Change	Change in percentage (%)
Financial assets at fair value through profit or loss	186,665	201,971	-15,306	-7.58
Financial assets at fair value through other comprehensive income	145,571	92,381	53,190	57.58
Derivative financial assets	2,282	3,358	-1,076	-32.04
Investments in associates	103	123	-20	-16.26
Margin accounts	84,384	62,949	21,435	34.05
Financial assets held under resale agreements	6,494	11,103	-4,609	-41.51
Cash and bank balances	54,686	46,473	8,213	17.67
Others	20,695	16,281	4,414	27.11
Total	<u>500,880</u>	<u>434,639</u>	<u>66,241</u>	<u>15.24</u>

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Composition of Assets during 2024 and 2025



Investments

The investments of the Group comprise financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivative financial assets, investments in associates.

As of December 31, 2025, the total external investments of the Group amounted to RMB334,621 million, representing an increase of RMB36,788 million, or 12.35%, as compared with December 31, 2024. The following table sets out the investments of the Group by category and their percentages of total assets (excluding accounts payable to brokerage clients and accounts payable to underwriting clients) as of the dates indicated:

Unit: RMB million

Items	December 31, 2025		December 31, 2024	
	Amount	Percentage to total assets (%)	Amount	Percentage to total assets (%)
Financial assets at fair value through profit or loss	186,665	37.27	201,971	46.47
Financial assets at fair value through other comprehensive income	145,571	29.06	92,381	21.25
Derivative financial assets	2,282	0.46	3,358	0.77
Investments in associates	103	0.02	123	0.03
Total	334,621	66.81	297,833	68.52

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Financial assets at fair value through profit or loss

As of December 31, 2025, financial assets at fair value through profit or loss of the Group amounted to RMB186,665 million, representing a decrease of RMB15,306 million, or 7.58%, as compared with December 31, 2024, which was mainly due to the YoY decrease in the investment of debt instruments. Changes in financial assets at fair value through profit or loss of the Group are as follows:

Unit: RMB million

Items	December 31, 2025	December 31, 2024	Change	Change in percentage (%)
Debt instruments	65,339	102,420	-37,081	-36.20
Equity investments	22,514	26,590	-4,076	-15.33
Fund investments	41,978	21,480	20,498	95.43
Others	56,834	51,481	5,353	10.40
Total	186,665	201,971	-15,306	-7.58

Financial assets at fair value through other comprehensive income

As of December 31, 2025, financial assets at fair value through other comprehensive income of the Group amounted to RMB145,571 million, representing an increase of RMB53,190 million, or 57.58%, as compared with December 31, 2024, which was primarily due to the YoY increase in equity investments. Changes in financial assets at fair value through other comprehensive income of the Group are as follows:

Unit: RMB million

Items	December 31, 2025	December 31, 2024	Change	Change in percentage (%)
Debt instruments	93,348	77,559	15,789	20.36
Equity investments	52,223	14,822	37,401	252.33
Total	145,571	92,381	53,190	57.58

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Investments in Associates

As of December 31, 2025, the Group's investments in associates amounted to RMB103 million, representing a decrease of RMB20 million, or 16.26%, as compared with December 31, 2024, which was mainly due to the dividend distribution of associates during the Reporting Period.

Unit: RMB million

Items	December 31, 2025	December 31, 2024	Change	Change in percentage (%)
Investments in associates	<u>103</u>	<u>123</u>	<u>-20</u>	<u>-16.26</u>

Cash and Bank Balances

As of December 31, 2025, cash and bank balances amounted to RMB54,686 million, representing an increase of RMB8,213 million or 17.67%, as compared with December 31, 2024, which was mainly due to the sum of net cash inflow from operating activities and financing activities exceeding the net cash outflow from investing activities.

Unit: RMB million

Items	December 31, 2025	December 31, 2024	Change	Change in percentage (%)
Cash and Bank Balances	<u>54,686</u>	<u>46,473</u>	<u>8,213</u>	<u>17.67</u>

Status of Major Restricted Assets as of the End of the Reporting Period

As of December 31, 2025, please refer to "Financial assets at fair value through profit or loss" in Note 22, "Financial assets at fair value through other comprehensive income" in Note 23 and "Cash and bank balances" in Note 32 to the Consolidated Financial Statements of this annual report for details of the major restricted assets.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Liabilities

As of December 31, 2025, total liabilities of the Group amounted to RMB557,665 million, representing an increase of RMB97,766 million, or 21.26%, as compared with December 31, 2024. Excluding the impact of accounts payable to brokerage clients and accounts payable to underwriting clients, total liabilities of the Group amounted to RMB381,730 million as at December 31, 2025, representing an increase of RMB53,610 million, or 16.34%, as compared with December 31, 2024. The following table sets out changes in the total liabilities of the Group as of the dates indicated:

Unit: RMB million

Items	December 31, 2025	December 31, 2024	Change	Change in percentage (%)
Accounts payable to brokerage clients	175,840	130,642	45,198	34.60
Accounts payable to underwriting clients	95	1,137	-1,042	-91.64
Short-term borrowings, placements from banks and other financial institutions, short-term financing instruments payable and bonds in issue with maturity within one year	96,942	70,203	26,739	38.09
Financial liabilities at fair value through profit or loss	11,610	9,105	2,505	27.51
Derivative financial liabilities	6,529	4,072	2,457	60.34
Financial assets sold under repurchase agreements	135,496	113,713	21,783	19.16
Bonds in issue	94,043	97,859	-3,816	-3.90
Others	37,110	33,168	3,942	11.88
Total	557,665	459,899	97,766	21.26

As of December 31, 2025, total accounts payable to brokerage clients of the Group amounted to RMB175,840 million, accounting for 31.53% of the total liabilities of the Group, and representing an increase of RMB45,198 million, or 34.60%, as compared with December 31, 2024. The following table sets out the Group's accounts payable to brokerage clients by geographical locations and types of customers as of the dates indicated:

Unit: RMB million

Items	December 31, 2025	December 31, 2024	Change	Change in percentage (%)
Chinese Mainland	173,706	128,578	45,128	35.10
– Individual	102,468	80,892	21,576	26.67
– Institutions	71,238	47,686	23,552	49.39
Outside Chinese Mainland	2,134	2,064	70	3.39
Total	175,840	130,642	45,198	34.60

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As of December 31, 2025, short-term borrowings, placements from banks and other financial institutions, short-term financing instruments payable and bonds in issue with maturity within one year amounted to RMB96,942 million in aggregate, representing an increase of RMB26,739 million, or 38.09%, as compared with December 31, 2024, which was mainly due to the YoY increase in short-term financing instruments payable.

As of December 31, 2025, financial assets sold under repurchase agreements amounted to RMB135,496 million, representing an increase of RMB21,783 million, or 19.16%, as compared with December 31, 2024, which was mainly due to the YoY increase in the ending balance of collateralized repurchase business.

As of December 31, 2025, the Group's bonds in issue amounted to RMB94,043 million, representing a decrease of RMB3,816 million, or 3.90%, as compared with December 31, 2024, which was mainly due to the YoY decrease in the ending balance of subordinated bonds in issue.

Equity

As of December 31, 2025, the total equity of the Group amounted to RMB119,150 million, representing an increase of RMB12,631 million, or 11.86%, as compared with December 31, 2024, which was mainly attributable to the issuance of other equity instruments and the profits for the year. The following table sets out the composition of the Group's total equity as of the dates indicated:

Unit: RMB million

Items	December 31, 2025	December 31, 2024
Share capital	7,757	7,757
Other equity instruments	36,145	29,826
Capital reserve	12,328	12,371
Surplus reserve	8,767	7,874
General reserve	18,582	16,893
Investment revaluation reserve	1,587	1,028
Foreign currency translation reserve	364	481
Retained earnings	33,571	30,239
Non-controlling interests	49	50
Total	119,150	106,519

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

VI. ANALYSIS ON MAJOR CONTROLLED COMPANIES AND INVESTEE COMPANIES

Unit: RMB'00 million

Company name	Company type	Date of establishment	Principal business	Registered address	Person in charge	Contact number	Registered capital
China Futures	Subsidiary	March 16, 1993	Commodity futures brokerage, financial futures brokerage, futures investment consultation, asset management and fund sales	27/F and 30/F, Hilton Business Center, No. 131, Zhongshan 3rd Road, Yuzhong District, Chongqing (重慶市渝中區中山三路131號希爾頓商務中心27樓·30樓)	WANG Guangxue	023-86769605	14.00
China Capital	Subsidiary	July 31, 2009	Project investment, investment management, asset management and financial advisory (excluding intermediaries)	Room 2, East Side, 6/F, 188 Chaoyangmen Inner St, Dongcheng District, Beijing (北京市東城區朝陽門內大街188號6層東側2間)	LI Tiesheng	010-56121567	35.00
China Securities International	Subsidiary	July 12, 2012	Holding and investment, and its subsidiaries may engage in businesses including securities brokerage, asset management, corporate finance, investment consultation, futures trading, proprietary investment and insurance brokerage	18/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong	JIANG Yueqin	+852-34655600	Paid up capital of HK\$4,000 million
China Fund	Subsidiary	September 9, 2013	Fund raising, fund sales, specific customer asset management, asset management and other businesses approved by the CSRC	Room 1, Building No. 3, Balongqiao Yayuan, Qiaozi Town, Huairou District, Beijing (北京市懷柔區橋梓鎮八龍橋雅苑3號樓1室)	HUANG Ling	010-59100288	4.50
China Securities Investment	Subsidiary	November 27, 2017	Investment management, equity investment and management, investment consultation (excluding intermediaries) and project investment	Unit 109, Block C, Beijing Fund Town Center, No. 1 Jinyuan Avenue, Changgou Town, Fangshan District, Beijing (北京市房山區長溝鎮金元大街1號北京基金小鎮大廈C座109)	LI Xudong	010-56014168	61.00

Note 1: As the Company completed a capital increase to China Securities International in February 2026, as of the date of disclosure of this report, the registered capital of China Securities International has been changed to "Paid up capital of HK\$5,500 million".

Note 2: As of the date of disclosure of this report, the person in charge of China Securities International has been changed to Wu Chaoze.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

1. China Futures

As of December 31, 2025, total assets and net assets of China Futures amounted to RMB52,116 million and RMB4,631 million, respectively; in 2025, China Futures realized a total revenue and other income of RMB3,318 million and a net profit of RMB651 million.

2. China Capital

As of December 31, 2025, total assets and net assets of China Capital amounted to RMB4,799 million and RMB2,728 million, respectively; in 2025, China Capital realized a total revenue and other income of RMB294 million and a net profit of RMB100 million.

3. China Securities International

As of December 31, 2025, total assets and net assets of China Securities International amounted to RMB60,168 million and RMB5,130 million, respectively; in 2025, China Securities International realized a total revenue and other income of RMB2,955 million and a net profit of RMB891 million.

4. China Fund

As of December 31, 2025, total assets and net assets of China Fund amounted to RMB1,146 million and RMB933 million, respectively; in 2025, China Fund realized a total revenue and other income of RMB373 million and a net profit of RMB70 million.

5. China Securities Investment

As of December 31, 2025, total assets and net assets of China Securities Investment amounted to RMB6,225 million and RMB5,552 million, respectively; in 2025, China Securities Investment realized a total revenue and other income of RMB669 million and a net profit of RMB473 million.

VII. EXPLANATION IN SCOPE OF STATEMENT CONSOLIDATION

As of December 31, 2025, the Company had a total of 12 structured entities included in the first-level consolidation scope of the financial statements. There were 17 first-level entities included in the consolidation scope of the financial statements of the Company.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

VIII. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(I) Industry Landscape and Trends

Looking ahead to 2026, the securities industry is poised to advance toward a new stage of high-quality development by serving national strategies and strengthening its own foundations.

From a macroeconomic perspective, the global economy is expected to maintain moderate growth in 2026, with further easing of global liquidity anticipated. At the same time, major-power dynamics and geopolitical risks may continue to introduce uncertainty and instability into international markets. A new round of technological revolution and industrial transformation, represented by artificial intelligence, commercial aerospace, biomedicine, and green energy, is accelerating, and technological competition will become a key factor in the international competition landscape. Amid a complex and evolving external environment, the resilience and potential of China's economy remain unchanged, with the foundational conditions and long-term positive trend remaining firmly in place. Macroeconomic policies will adhere to the general principle of "seeking progress while maintaining stability and improving quality and efficiency," continuing to implement more proactive fiscal policies and a moderately accommodative monetary policy, and guiding financial institutions to enhance support for key areas such as expanding domestic demand, technological innovation, and micro, small, and medium enterprises.

From the perspective of the capital market, reforms will continue to deepen in 2026. Regulatory authorities will focus on the core tasks of "preventing risks, strengthening regulation, and promoting high-quality development." By continuously improving the institutional environment for long-term investment, precisely targeting support for technological innovation enterprises, empowering the development of new quality productive forces, accelerating the cultivation of top-tier investment banks and institutions, and further enhancing the precision and effectiveness of regulatory enforcement, they will better drive the high-quality development of the capital market. The securities industry is on a steady and positive trajectory, expected to evolve in three key directions: first, accelerated mergers and consolidation, leading to further increases in industry concentration; second, deepening international expansion, with global business emerging as a second growth engine; and third, innovation driven by technology, as cutting-edge technologies such as AI are increasingly integrated into business and service ecosystems, vigorously advancing the digital-intelligent transformation in the industry.

The new development landscape presents both opportunities and challenges for the Company. Policy guidance on channeling capital markets to serve new quality productive forces has provided enduring space for the Company's investment banking business to solidify and expand its market edge. The institutional environment promoting long-term investment has injected fresh momentum into the transformation of the Company's wealth management business. The stock market is expected to sustain a "slow-bull" trend amid fluctuations, offering abundant investment and service opportunities for the Company's buy-side and asset management operations. The high-standard two-way opening of China's capital market has created favorable conditions for deepening the Company's international business. At the same time, intensifying industry competition, continuously strengthened regulatory requirements, volatility in the external macroeconomic environment, and the accelerating integration of fintech are driving the industry toward greater specialization, standardization, and digital intelligence. This demands that the Company consistently enhances its comprehensive financial service capabilities, strengthens risk and compliance management, and advances the effectiveness of digital and intelligent transformation, thereby building a future-proof sustainable competitive edge.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Development Strategies of the Company

Under the new landscape, China Securities aims to develop and strengthen its comprehensive capabilities as a “first-class in domestic” institution. By 2030, it seeks to comprehensively achieve a leading position commensurate with top-tier investment banks. In the subsequent five years, by 2035, it strives to fully attain first-class domestic standards and endeavors to become a premier investment bank and investment institution with international competitiveness and market leadership. To this end, China Securities will thoroughly implement the requirements of “focusing on the core business, improving governance, and pursuing differentiated development”. Also, it will center on value creation, oriented toward new quality productive forces, and driven by digital-intelligent transformation, the Company will build itself to be a Value-Oriented Investment Bank, a New-Quality Investment Bank and a Digital-Intelligent Investment Bank. It will accelerate the establishment of a client-driven new development model, enhance its internationalization level, and integrate all aspects of its work into the broader context of building a strong financial country.

To realize the aforementioned strategic vision, the Company will strengthen comprehensive supporting safeguards by fortifying five guarantee systems of corporate governance, compliance and risk control, organizational structure, foundational management, and digital-intelligent technology. It will forge a professional financial team with excellent political integrity, conduct, capability, and performance.

(III) Business Plan

The year 2026 marks the beginning of the “15th Five-Year Plan” and represents a critical period for the Company to advance the initiative of a “first-class investment bank” with full effort. The Company will persistently strengthen and enhance the strategic guiding of national interests; accelerate the establishment of a client-driven new development model to connect the business value chain cycle; focus on serving new quality productive forces to build an “industrial integration-focused investment bank”; promote the transformation of the wealth management business and deepen its integration with asset management; refine the regional management framework to fully explore regional value; enhance the competitiveness of international operations and increase the proportion of international business revenue; advance the “AI Plus” initiative to develop a “Digital-Intelligent Investment Bank”; strengthen human resource support and improve talent incentive mechanisms; consolidate the compliance and risk control management structure and reinforce the safeguards for compliance and risk control.

For specific operating plans of each business segment, please refer to the “Management Discussion and Analysis” in this section.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(IV) Potential Risks (Including Implementation of Comprehensive Risk Management and Compliance Risk Control, and Investment in Information Technology)

1. Potential Risks

The major risks to which the Company may be exposed include market risk, credit risk, liquidity risk and compliance risk. Specifically, they include: market risk brought by fluctuations in stock, bond, commodity and foreign exchange markets to investment portfolio of the Company; credit risk brought by insufficient repayment capability of financiers in financing business and counterparties in OTC derivatives business or abnormal decline in the price of securities used as security (pledge or margin) to the Company, and credit risk brought by default or declined credibility of the bond issuer to bond and investment portfolio of the Company; liquidity risk brought by improper asset-liability allocation or cash flow management, inadequate financing channels or insufficient facilities, tight liquidity or soaring funding prices at a specific time point, financing operation errors or significant negative public opinion faced by the Company in the expected context of overall accommodative capital supply; and compliance risk brought by internal control loopholes, violations of regulatory requirements, etc. to the Company. In addition, the Company may be exposed to other risks including strategic risk, operational risk, legal risk, technical risk and reputational risk. The combined effect of above risks will pose certain challenges to the operation of the Company.

2. Implementation of Comprehensive Risk Management of the Company

The Company has attached great importance to risk management. Over more than a decade of exploration and practices, and pursuant to the requirements of regulation rules and self-regulatory rules, the Company has established a relatively complete and comprehensive risk management system and has been officially included in the pilot program for consolidated supervision by CSRC in March 2020. In 2025, in accordance with the newly promulgated self-discipline rules, the Company has revised the Comprehensive Risk Management Measures 《全面風險管理辦法》 and formulated the Consolidated Management Measures 《併表管理辦法》 to further improve its comprehensive risk management system, optimize and improve the working mechanism and process of various risk management; continued to promote refined capital management to promote capital growth and enhance the efficiency of capital utilization; strengthened early warning collaborative research and system construction to improve risk early warning capability; continued to strengthen international business risk management under the integrated management framework; standardized the process of impairment write-off mechanism and improved risk disposal mechanism, continued to strengthen the investigation, prevention and resolution of risks of customers and projects in key areas, such as local government debt and real estate. Please refer to “Risk Management” in this section for details of the Company’s comprehensive risk management.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Establishment of Dynamic Monitoring System for Risk Control Indicators

In order to implement the requirements under the Measures for the Risk Control Indicators Management of Securities Companies 《證券公司風險控制指標管理辦法》 issued by the CSRC, the Company has formulated the Management Measures of Risk Control Indicators 《風險控制指標管理辦法》 and the Regulations on Dynamic Monitoring of the Risk Control Indicators 《風險控制指標動態監控細則》, which improved the dynamic monitoring mechanism of the risk control indicators. The Company has established a dynamic monitoring and evaluation system for net capital, and designated personnel in charge of daily measuring, monitoring of various risk control indicators and risk warnings, in order to timely report and handle various exceptions. Based on the regulatory standards and early warning standards of risk control indicators prescribed by the regulatory authorities and through adding more stringent corporate standards as the monitoring threshold, the Company has formed a three-level early warning (control) standard of risk control indicators primarily based on the early warning line of the Company, the early warning line of the regulatory authorities as well as supervision line of the regulatory authorities, and established and improved the corresponding reporting approaches and response plans to ensure that net capital and other risk control indicators continuously meet the requirements of the regulatory authorities.

The Company has issued the Implementation Plan for Normalized Management of Net Capital 《淨資本常態化管理實施方案》 in 2025 to carry out comprehensive and forward-looking monitoring and management of net capital, establish a net capital replenishment mechanism, clarify the division of responsibilities among relevant departments, and refine the initiation and decision-making procedures for capital replenishment. The Company may replenish its net capital through means including, but not limited to, equity financing, and issuance of subordinated debt and convertible bonds, as well as scientifically managing net capital deductions such as injecting capital to and providing guarantees for subsidiaries. The Company has established a forward-looking adjustment mechanism for risk control indicators to ensure that the risk control indicators are continuously maintained at a robust and compliant level through, among others, replenishing net capital, adjusting the structure of assets and liabilities, as well as reducing the scale of business when abnormal changes or early warnings are shown in the risk control indicators.

In 2025, the Company's net capital and other risk control indicators continued to meet the regulatory standards, and the major risk control indicators were at a healthy level and no warning standards were triggered.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

4. Investments in Corporate Compliance Risk Control and Information Technology

The Company attaches great importance to compliance management and risk management, continuously optimizes and improves the construction of compliance management and comprehensive risk management systems, continuously refines the structure of risk control and compliance personnel, and strengthens internal and external training and exchanges, so as to enhance its personnel professional literacy; the Company promotes the construction of compliance risk control systems through a combination of self-development and outsourced procurement, and continuously increases the investment, sets up the “Key Projects” so as to effectively promote the improvement of the timeliness, professionalism and intelligence of compliance risk control. The Company’s investment in compliance risk control mainly includes: investment in compliance risk control personnel, investment in the construction of relevant compliance risk control system and operating expenses of the relevant compliance risk control departments. In 2025, in terms of the parent company, the Company’s total investment in compliance risk control amounted to RMB742.29 million.

The Company has continued to commit more resources to information technology. The Company has continued to invest in areas such as construction and transformation of the environmental infrastructures, continuous improvement and innovative development of system functions on the one hand, and has accelerated the promotion of digital transformation on the other hand. The Company has continued to put more efforts in the introduction of information technology talents, focused on cultivating more talents for both self-development and new technologies, and gradually formed the Company’s core information technology competitiveness. The Company’s investment in information technology mainly includes: capital expenditure related to information technology, daily operation and maintenance expenses, leasing and depreciation expenses, and remunerations for information technology personnel. In 2025, in terms of the parent company, the Company’s total investment in information technology amounted to RMB1,694.2857 million.

(V) Access to and Ability of Financing of the Company

The Company has diversified financing channels and may conduct short-term and medium-to-long-term financing in accordance with market conditions and its own demands through means approved by the competent authorities, including bond repurchases, inter-bank lending, short-term commercial papers, corporate bonds, financial bonds, subordinated bonds, perpetual subordinated bonds, placements and rights issues.

The Company’s operating conditions are stable, with sound profitability and debt-servicing capacity. It has been granted ample credit lines by large state-owned and joint-stock commercial banks, providing strong support for the Company to raise funds in a timely manner. In 2026, the Company will, in light of its business development needs, scientifically arrange the scale and structure of liabilities, maintain a reasonable and prudent leverage level, and properly manage liabilities and liquidity.

IX. RISK MANAGEMENT

(I) Overview

The Company attaches great importance to the formation of a risk management system all the time. The Company adheres to the strategic policy of healthy development and establishes the business philosophy of putting risk management in an important position and “risk management as priority, risk management by all”. The Company’s risk management is in line with the Company’s general operating strategic goal, ensures that the risks are measurable, controllable and bearable, and obtains reasonable risk returns. The Company continues to enhance its comprehensive risk management system in accordance with the needs arising from its business development, market condition changes and the regulatory requirements, so as to enhance integrated risk management capability. During the Reporting Period, the Company’s comprehensive risk management mechanism remained sound and operated effectively, and the overall risk was measurable, controllable and bearable.

(II) Structure of Risk Management

The Board of Directors is the Company’s ultimate decision-making body for risk management. The executive management is the executive body, while different units are responsible for directly managing the risks in their business or management. The Company has three dedicated risk control departments, namely the Risk Management Department, the Legal and Compliance Department and the Audit Department, which independently exercise risk control and supervision functions from pre-event to during-event and post-event, according to their respective roles and responsibilities.

The Board of Directors makes decisions with respect to, among others, strategies and policies on the Company’s risk management, basic risk management rules and procedures, internal control arrangements, and other significant risk management events of the Company.

The Risk Management Committee under the Board of Directors is responsible for supervising the overall risk management of the Company in general and keeping it under a reasonable control so as to ensure that the Company can carry out effective risk management for various risks related to its operating activities. The Risk Management Committee under the Board of Directors considers and advises the overall objectives and basic policies of compliance management and risk management; clarifies the strategic arrangements and resource allocation for risk management and consolidated management, so that they are compatible with the risk management and consolidated management policies of the Company; formulates tolerance level for major risks; and supervises and reviews the relevant risk management policies and makes recommendations to the Board.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Audit Committee under the Board of Directors bears the supervision and evaluation responsibility of overall risk management of the Company, and is responsible for supervising and inspecting the performance of duties of the Board of Directors and Executive Committee of the Company in risk management, and urges rectification.

The Executive Committee reviews and makes decisions on the specific risk management events in its business management and makes decisions on, among others, rules and control measures on improving the Company's risk management and internal control in accordance with the risk management strategy and policies determined by the Board.

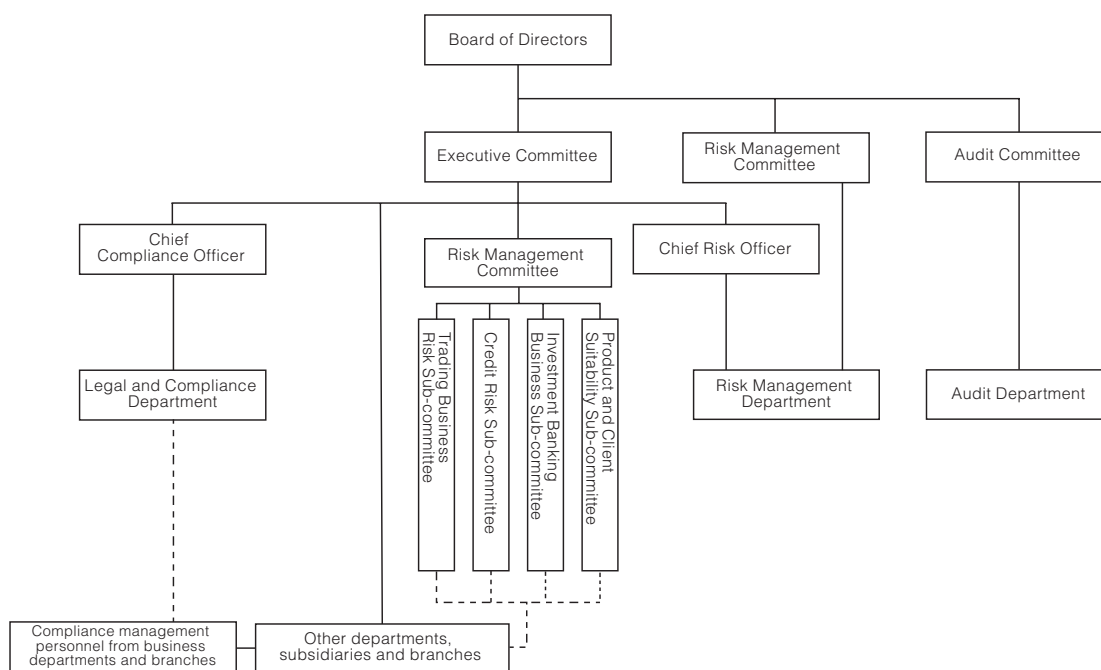
The Risk Management Committee under the Executive Committee is responsible for organizing the determination of the Company's risk appetite, risk tolerance level and overall risk limits, reviewing and approving the risk limits and risk control standards specific to each business line; formulating and promoting the implementation of the Company's risk management rules and procedures; reviewing new business and new products; conducting research on risk control strategies and plans for major business matters.

The Chief Risk Officer of the Company is responsible for leading the overall risk management work, organizing the formulation of risk management rules and procedures, risk preference and other significant risk management policies, improving the Company's overall risk management systems, and guiding the Risk Management Department in the identification, evaluation, monitoring, reporting and other work of various risks.

Each and every department and branch of the Company, within their respective roles and responsibilities, is responsible for following the rules and procedures, and risk management and internal control policies of the Company, and implementing risk-control measures and engaging in direct risk control efforts in their business activities, and the person in charge is the primary person responsible for risk management of the unit; each employee of the Company is responsible for the effectiveness of risk management through diligence, prudence and timely reporting.

The Company has specifically established the Risk Management Department responsible for risk management, the Legal and Compliance Department responsible for legal affairs and compliance management, and the Audit Department responsible for internal audit activities. The aforementioned three departments are independent from other business departments and management departments, establish their own working systems, standardize the business processes, operate independently, and perform their respective risk management functions. Specifically, the Risk Management Department is responsible for risk management before and during the event through risk monitoring and assessment, the Legal and Compliance Department takes the lead in managing the legal and compliance risks of the Company, and the Audit Department is responsible for conducting independent, objective review and appraisal of the sufficiency and effectiveness of the overall risk management and urging rectification.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS



In addition, the Company has set up the Investment Banking Internal Inspection Department. Through company-level review, the Company conducts exit management and terminal risk control of investment banking projects, performs ultimate approval and decision-making functions for the materials and documents submitted, reported, issued or disclosed in the name of the Company, and strengthens risk management for investment banking business.

(III) Risk Management Mechanism

The Company's Risk Management Department works with business and management departments to identify major risks during the course of different business and management activities, specifies key control measures, issues and continues to improve the Risk Catalogue in light of business changes and monitoring findings.

The Company establishes a before-the-event risk control mechanism. It focuses on each of the main business lines to formulate specific risk limits and risk control standards, and has explicit procedures of risk control; the Risk Management Department and the Legal and Compliance Department participate in the review of new business and new products, and participate in the pre-event review and evaluation of important projects and business systems, and express their opinions independently; important risk control parameters in the business system are directly under the management and control of the Risk Management Department, which conducts independent verification for valuation models of financial instruments before launch.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Risk Management Department formulates the risk monitoring processes and monitoring indicators for key business and management. The Risk Management Department has established real-time monitoring and day-end monitoring mechanisms by using the risk management information technology systems to dynamically monitor the key risk indicators; independently and continuously monitors the risks in each business and management activity by using business tracking and on-site inspections. Main businesses of subsidiaries fall within the scope of monitoring.

The Company formulates operational process for risk assessment, and determines main assessment methods and risk assessment rating criteria for various types of risks. The Risk Management Department rates and assesses the risk matters on an ongoing basis, evaluates the control of major business risks on a regular basis, and conducts comprehensive year-end assessments for the risk control process, risk events and risk incidents, and the risk-adjusted income level of the departments and branches, with the assessment results as a key component of their performance assessment.

The Company has formulated guidelines for managing and controlling various types of risk, including market risk, credit risk, operational risk, liquidity risk, reputation risk and information technology risk, in order to guide and regulate the response to risks in various business lines. The Company has established crisis management mechanism and programs, formulated effective contingency measures and plans for various businesses, especially establishing an emergency response mechanism for key risks and emergencies such as liquidity crisis and failures on transaction system, and conducted regular and irregular drills.

The Company has built a risk information communication mechanism, and conducted risk information transmission, management and significant risk warning work. The Risk Management Department formulates operational procedures for risk information submission and risk warnings, and the departments and branches report or issue warnings on risks identified by themselves to the Risk Management Department, the head of each division and the Chief Risk Officer. The Risk Management Department then conducts a centralized analysis of the risk information it has monitored and of those reported by each department to produce various risk reports, and submits them in a given way within the given time. The Risk Management Department continuously monitors risks and the risk control status by following up on the implementation of risk control recommendations proposed by relevant departments on the risk reports.

The Legal and Compliance Department participates in the pre-event and during-event management for business lines, and controls legal and compliance risks through a series of compliance management methods, including compliance consultation, compliance review, compliance inspection, compliance supervision, compliance reporting, complaint and dispute handling, compliance accountability, information segregation wall and anti-money laundering, as well as contracts, litigation management and other methods.

The Audit Department detects material defects in key rules and procedures and processes or internal control weaknesses through audits, reports these issues to the Audit Committee of the Board, executive management, the Legal and Compliance Department and the Risk Management Department, and urges rectification.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, as a pilot securities firm to implement supervision over consolidated statements, the Company improved the integrated management of overseas subsidiaries, and in accordance with the latest developments of the self-discipline rules, formulated the Consolidated Management Measures, made amendments to various risk management policies and administrative rules, such as the Management Measures for Overall Risks, and the Management Guidelines for Market Risks. Moreover, the Company continued to optimize risk management and control for new business and products, the ESG risk and country risk management mechanism and other aspects, and improved risk warning system, as well as enhanced risk handling mechanism, hereby rendering further improvement of risk identification and management and control capabilities of the Company.

(IV) Details of the Major Risks and Management Associated with the Operation of the Company

The risks in the daily operating activities of the Company primarily include strategic risk, credit risk, liquidity risk, market risk, operational risk, information technology risk, legal risk and compliance risk, reputation risk and other risks. The Company has established corresponding policies and procedures to identify and analyse these risks, and set out appropriate risk limits and internal control processes, in order to effectively monitor and control risks above through sound control mechanisms and information technology systems. The major risks and risk management of the Company during the Reporting Period are as follows:

1. Strategic Risk Management

Strategic risks refer to the risks that affect the Company's overall development direction, corporate culture, information and capability of survival or corporate effectiveness.

Based on serving the real economy and serving national strategies, the Company implements national financial policies, relies on the development environment of the capital market with Chinese characteristics, and takes the Company's core values, development vision and goals as the internal guidelines for formulating various strategic plans, practices the political and people-oriented nature of financial work, gives full play to its functions, practices and implements relevant requirements of the financial culture with Chinese characteristics and pursues high-quality development; the Company establishes rational organizational structure of strategic management, improves the strategic management mechanism, and clarifies the procedures and methods for formulating and executing the strategic planning; the Company establishes assessment mechanism for strategic risk, pays close attention to the macroeconomic situation at home and abroad, the status of the industry, national industrial policies, scientific and technological progress, technological innovation, strategic partners, competitors and market demand, and identifies, analyses and evaluates strategic risks; based on the assessment on the implementation of strategic planning, the Company will make adjustments or take targeted measures to effectively prevent and control strategic risks when necessary.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Credit Risk Management

Credit risks refer to the risks arising from the economic loss caused by failure of performing the obligations in the contract by counterparties, issuers of debt financing instruments (or financing parties).

The Company has established a relatively complete credit risk management system, improved management processes covering various aspects such as due diligence, credit rating, credit management, collateral management, follow-up management and asset classification, and strengthened the management of the same customer as well as the concentration control of industry, region and specific products.

Credit risks in the Company's securities financing business primarily include risks from customers' failure to repay debts in full in a timely manner due to insufficient repayment ability of counterparties, decline in value or insufficient liquidity of collateral provided by counterparties, involvement in legal disputes of collateral assets and other reasons, and credit risks arising from fraudulent credit data, violation of contracts and regulatory requirements in transaction actions and other reasons. Control of credit risk from securities financing business is realized primarily through risk education for customers, credit investigation and creditability verification on customers, credit management, risk assessment on collateralized (pledged) securities, reasonable setting of limit indicators, marking to market, customer risk warnings, forced position liquidation, legal recourse and other methods. In addition, for the financing of defaulting customers, customers with insufficient guaranteed securities and normal customers, the Company will make provisions for impairment by complying with the requirements of accounting standards, and actively recover debts from defaulting customers.

Credit risks related to bond investments primarily include risks such as defaults from bond financing instrument issuers or decline in the creditworthiness of issuers, and defaults of counterparty to bond trade. The Company conducts necessary due diligence for issuers and counterparties, establishes an internal rating system for implementing internal rating on issuers, debts and counterparties, and executes access control and limit management based on internal and external rating, so as to control credit risk of bond investment by periodic and non-periodic risk screening, post-investment tracking and other methods. In order to control credit risks relating to over-the-counter derivative transactions, the Company has set counterparty ratings and credit systems, and controlled the counterparty's trading limits and credit risk exposures before transactions can take place. The Company conducts a daily check and measurement on the credit risk exposures of counterparties. The Company has adopted mark-to-market practices to monitor the contracts of derivative transactions and for valuation of collateral, and established the forced position liquidation system to control the credit risk exposures of its customers within the credit limits.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

In order to control the settlement risk arising from the brokerage and the custodian business, securities brokerage transactions in Chinese Mainland are all settled on a fully pledged basis, which enables settlement risks associated with brokerage business to be well under control. The Company strictly complies with relevant trading and settlement rules and procedures to eliminate non-compliant financing operations for clients and implement the classification management for repurchase financing clients at the same time, and prevents its clients from overdraft or negative balance through conducting due diligence for clients and establishing reasonable trading limits with customers, implementing the internal discount rate standard of equivalent securities, standardizing emergency response procedures and other measures. For option trading clients, the Company controls the credit risk of clients by implementing margin management, position limit system, forced position liquidation system and other measures.

Furthermore, the Risk Management Department monitors credit risk and issues a risk alert, including tracking the changes in credit qualification of counterparties and bond issuers and giving a risk alert, monitoring coverage of collateral for securities financing business, requiring the business department to effectively fulfill its duty of post-investment management, as well as measuring and assessing the credit risk of major business lines through stress tests, sensitivity analysis and other methods.

3. Liquidity Risk Management

Liquidity risks refer to the risks that the Company is unable to acquire sufficient funds in a timely manner at a reasonable cost to repay due debts, fulfill other payment obligations and meet the funding needs during normal course of business.

The Company has established the hierarchical decision-making and authority mechanism, along with centralized management by specialized departments and hierarchical control mechanism, and has clearly defined the duties and authorities of the Board of Directors, executive management, Treasury Department and business departments in terms of liquidity risk management. The Company implements management on liquidity risk limits and establishes a liquidity risk limit indicator system covering three levels of the Company, business lines and products, as well as parent company and subsidiaries. The Company establishes a daily position analysis and monthly liquidity analyses mechanism to manage liquidity movements in a timely manner, and evaluates the impact of asset and liability allocation and adjustment on liquidity risk on a regular or irregular basis. The Company has established a securities centralized management system in securities investment and securities financing business, and bond credit rating standards for fixed income securities investments, in order to effectively control the market liquidity risk of its securities. The Company has also established a liquidity reserve asset management system to cope with potential capital needs by holding sufficient high-quality liquidity assets that can be realized at any time; implemented internal funds transfer pricing (FTP) system to guide the rational allocation of assets and liabilities. In addition, the Company has continuously optimized its daily liquidity risk management and control mechanism by implementing stress tests and emergency drill programs, improving liquidity emergency plans and other methods.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company, based on its development strategy and market environment, rationally planned the scale of assets and liabilities, maintained a reasonable debt maturity structure, maintained adequate liquidity reserve, and improved the mechanism for providing liquidity support to overseas subsidiaries. The liquidity coverage ratio and the net stable funding ratio were within the compliant and stable range, and the liquidity risk was measurable and controllable.

4. Market Risk Management

Market risks refer to the risks of losses in the Company's on-and-off balance sheet business due to adverse changes in the market price (interest rate, exchange rate, securities price and commodity price).

The Company's investment portfolio primarily comprises equity securities, fixed income securities and their derivatives business, so the Company is mainly exposed to stock price risk and interest rate risk. For market risks, the Company has established an integrated market risk management structure, implemented stage-by-stage authorization, clarified the duties and authorities of the Board of Directors, executive management and business department in market risk control, built risk management processes that enable coverage of activities before, during and after making investments, and fully implemented the risk limit management. The Company annually reviews and approves risk limits for the entire Company as well as each proprietary business line, including exposure limits, stop-loss limits, value-at-risk limits, limits of sensitive indicators and stress testing limits, with the Risk Management Department monitoring and supervising their implementation. The Company has established various financial instruments valuation methods, and valuation model verification and evaluation mechanisms, established daily mark-to-market practices, and implemented stop-loss procedures which are commensurate with its trading strategies. On a regular basis, the Company assesses the risk tolerance level of its proprietary business lines, the effectiveness of risk control and income level after risk adjustment, and includes the assessment results in the performance evaluation of these business lines. The Company makes ongoing efforts to improve its proprietary business management system, steadily realizing front-end controls over relevant limit indicators.

The Company adopts value at risk (VaR) as a tool to measure the market risk of the investment portfolio of the Company comprising securities and its derivatives. VaR is a method used to estimate the maximum possible loss on the portfolio due to movements in interest rates or market prices such as stock price over a designated period and within a given confidence interval. As this method mainly relies on relevant information of historical data, it has certain limitations. To complement, the Company also implements daily and specific stress tests to assess the impact of extreme adverse changes of risk factors on the risk control indicators such as net capital of the Company, profit or loss of proprietary portfolio and other aspects, and proposes relevant recommendations and measures and prepares emergency plans in accordance with the assessment results.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Company uses sensitivity analysis as a primary instrument to monitor the interest rate risk. Sensitivity analysis is used to measure the impact on the total income and shareholders' equity interests arising from fair value changes of various financial instruments held at the end of the period when there are reasonable and possible changes in interest rates, on the assumptions that other variables remain constant, overall market interest rates shift in a parallel manner, and risk management activities which may be taken by the Company to reduce interest rate risks are not taken into consideration.

With regard to foreign currency assets and assets of overseas subsidiaries, the Company established a foreign exchange risk management mechanism and managed its foreign exchange risk by, among others, limiting the size of assets and liabilities denominated in foreign currencies and general position management on foreign exchange settlement and sale, assigning stop-loss limits for proprietary investment and risk exposure limits for the Company, and making use of risk hedging instruments for foreign exchange derivatives. The majority of the Company's income-generating business activities under the current structure are conducted in RMB, while the assets and liabilities denominated in foreign currencies were primarily held by China Securities International, an overseas subsidiary. The Company was of the view that the foreign exchange rate risk did not have a significant impact on the Company's current operations as a whole.

With regard to other investments such as gold, commodity and its derivatives trading, the Company assumes other price risks arising from the decrease in fair value of the Company's investment portfolio due to fluctuations in market prices other than stock prices, interest rates, and foreign exchange rates. During the Reporting Period, the Company primarily focused on providing liquidity services, arbitrage strategies and hedging transactions in this type of business, with small risk exposures. Accordingly, other price risks do not have a significant impact on the Company's current operations.

5. Operational Risk Management

Operational risks refer to the risks of losses caused by incomplete or defective internal procedures, employees and IT systems and external events.

Concerning the potential operational risks in each business and management activity of the Company, the Company has carried out mutual segregation for different businesses, and established three lines of defense for each business line – a mechanism for segregated checks and balances with a front office, a middle office and a back office; put in place sound license management and accountability system, as well as the management system, procedures and risk control measures for each business; transferred and mitigated operational risks by way of personnel or operation outsourcing and purchase of insurance where necessary within the scope of authority of the Company; improved the mechanisms for information exchange, major events reporting and information feedback.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Risk Management Department monitors and assesses the operational risks of the brokerage business and other businesses, and conducts regular risk control evaluation; examines the key risk points of various business and management lines, and establishes and implements key control measures in practical business procedures; develops and improves the internal control matrix; organizes business departments for conducting self-evaluation of risk and control to identify new material risks and take corresponding risk control measures; and performs statistical analysis on various types of operational risk events at least once on an annual basis to calculate the frequency of their occurrence and the level of losses, as well as to assess the changing trend and distribution of risks. During the Reporting Period, the Company continued to carry out various risk warnings and risk education, held trainings on risk management topics, regulated business internal control matrix requirements for the same business, strengthened business continuity management, and actively responded to various emergencies and maintained stable business operation.

6. Information Technology Risk Management

Information technology risks refer to the operational, legal and reputational risks incurred from natural factors, human factors, technical defects and management flaws in the course of application of the information technology by the Company.

The IT Department of the Company is responsible for the management of planning, establishment, and operation and maintenance of the information technology system. The Company carries out centralized management and backup of the data in transaction system; implements mutual separation among the positions in charge of development, testing, and operation and maintenance of information technology system, as well as mutual separation among the positions in charge of operating data management and application system, and implements strict control of access authority and track records; controls the choice of relevant software, hardware and external suppliers in information technology system; enhances external system management; performs real-time and automatic monitoring of the connection of important communication network and operation of the significant business system. The Data Management Department of the Company takes the lead in the development of the data governance system, promotes the implementation of data-related rules and standards, coordinates data management efforts, and improves the Company's data quality and the application effectiveness of information technology. Regarding the risks associated with artificial intelligence services and models, the Company continues to conduct safety assessments, including the legality of training data, the compliance of model architecture design, and the effectiveness of content filtering mechanisms. The Company also diligently fulfills procedures related to algorithm filing, modifications, and deregistration. In addition, the emergency management for business continuity of the Company is organized by the Risk Management Department, with the technical support provided by the IT Department and the involvement from all relevant business departments. During the Reporting Period, the Company continued to attach great importance to the safe and stable operation of its information systems, and there were no major information system network security incidents and material data security incidents.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

7. Legal Risk and Compliance Risk Management

Legal risks refer to the risk arising from failure to perform contracts due to invalidity within the law, or improper entering into of the contracts and other reasons; compliance risks refer to the risk that the Company may be exposed to legal sanction or regulatory punishment, major financial loss or reputation loss as a result of its non-compliance with the laws and regulations, regulatory rules, self-regulatory rules as well as code of conduct applicable to the Company's own business activities.

The Legal and Compliance Department uniformly manages legal affairs of the Company and controls legal risks. The Legal and Compliance Department leads to review all agreements and contracts of the Company, provides legal opinions on major business matters of the Company, and uniformly manages and guides to handle litigations and arbitrations. Meanwhile, as a department responsible for compliance management, the Legal and Compliance Department is under the leadership of the Chief Compliance Officer to independently carry out the compliance management of the Company. The main compliance management responsibilities of the Legal and Compliance Department are: tracking, analyzing and publicizing laws and regulatory rules currently in effect; timely identifying, evaluating and managing compliance risk in business operation and business innovation of the Company through methods such as compliance consultation, compliance review, compliance inspection and compliance supervision. Specific or part-time compliance management officers are engaged by the Company in all functional departments, business lines and branches, and are responsible for daily compliance management in their own departments. The compliance management of the Company has permeated all aspects, such as decision-making, implementation, supervision and feedback, and has been included in the whole process of the operation management of the Company. The Company proactively cultivates a culture of compliance and improves the self-restraint mechanisms in order to ensure compliant operations and standardized development.

8. Reputation Risk Management

Reputation risks refer to the risks of negative comments to the Company from stakeholders as a result of operations, management and other activities of the Company or external events. The Company has established a reputational risk management mechanism to clarify the framework, division of responsibilities and management requirements of the reputational risk management. The Company follows the management principle of prevention first, attaches great importance to the relationship management of stakeholders such as customers and investors, and formulates relevant complaint handling mechanisms and measures. The Company standardizes the information release process and establishes a spokesperson system. The Company implements public opinion monitoring and hierarchical management to timely detect, and actively and prudently respond to various reputational risk incidents. During the Reporting Period, the Company set up the Brand Management Department under its executive office to strengthen the daily management and control of reputational risk; the Company made efforts to discover, identify, alert and dispose of reputational risks at an early stage, effectively responded to public opinion, did not have any major reputational risk incidents and maintained a normal and good operating environment.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(V) Business Innovation

During the Reporting Period, the Company launched a southbound leg of the Bond Connect program to further expand the scope of investment targets for the Company's proprietary business and customers to improve the Company's allocation capability in the global bonds market; a number of new futures and options market-making varieties were added, thereby more fully performing the function of providing liquidity for the market.

During the Reporting Period, the Company continued to improve the management mechanism for new businesses and new products, optimize the approval process and intensify the preparation for the launch of new businesses. The Company attached great importance to the risk management of business innovation, incorporated new businesses and new products into the comprehensive risk management framework, and established a risk management system for new businesses and new products. Through prior assessment and approval, ongoing management during incidents and retrospective follow-up after incidents, the Company ensured that new risks were measurable, controllable and bearable, and the business innovation developed steadily.

X. ACCOUNT SPECIFICATIONS

In 2025, the Company continued to strengthen full life-cycle management of accounts, strictly implementing the regulatory requirements of the China Securities Regulatory Commission and China Securities Depository and Clearing Corporation Limited, and steadily advancing the daily operation of accounts. The Company strictly controlled account opening standards and resolutely eliminated the addition of non-compliant accounts. With respect to account compliance and daily account management, the Company established a dedicated incident control mechanism for dormant accounts, non-compliant accounts, judicially frozen accounts and accounts involved in historical risk disposal, continuously strengthening full-process daily account control. The Company strictly implemented real-name management requirements and enhanced the verification of investors' identity information through multi-dimensional means including facial recognition, identity card reader verification, public security network verification and comparison with telecom operator mobile phone numbers, and continuously improved the long-term management mechanism for account compliance. With respect to the account management system, focusing on the construction of the Company's comprehensive account management system, the Company continued to enhance its operational service capabilities; optimized the Company's unified management platform for customer accounts and basic information and the unified employee work platform, and deepened same-customer identification and company-level centralized operation management; and simultaneously upgraded the image management system to provide system support for the long-term compliant operation of accounts. As of the end of the Reporting Period, the total number of capital accounts under the Company's wealth management business was 17,698,782. Among these, 963 were non-compliant capital accounts, accounting for less than 0.01%, and 479 were judicially frozen capital accounts, accounting for less than 0.01%.

SECTION 4 REPORT OF DIRECTORS

I. BUSINESS REVIEW

Facing the complicated and ever-changing market environment in 2025, the Company actively took responsive measures and maintained steady development, ensuring the favorable development of all businesses. Please refer to “Section 3 Management Discussion and Analysis” of this annual report for the principal businesses, operating models and specific industry situations of the Group.

II. MAJOR RISKS AND UNCERTAINTIES

The major risks to which the Company is exposed include market risk, credit risk, liquidity risk as well as compliance risk. For the risk management objectives and policies of the Company, please refer to the content of “Risk Management” of this annual report. Please refer to “Potential Risks” of this annual report for the major risks and uncertainties to which the Company is exposed.

III. RELEVANT LAWS AND REGULATIONS OF SIGNIFICANT INFLUENCE

Adhering to the principle of operating in accordance with laws and regulations for a long time, the Company complies with the national laws and regulations, normative documents and various regulatory requirements. In order to control operational risks, the Company established a sound corporate system by setting up a basic system at the company level, under which each business line, department and branch shall establish a highly operable management system, operational process and standardized regulations. The system of the Company covers all its businesses and processes. In 2025, the Company formulated and amended over 230 internal management systems to enhance internal control level according to regulatory requirements and the needs for business management of the Company; the Legal and Compliance Department of the Company is the department for the management of the systems of the Company and shall be responsible for reviewing and approving the systems of the Company, and requiring the business and management departments of the Company to implement the requirements of the regulatory authorities and self-regulatory organizations in the business systems of the Company in a timely manner, so as to ensure that each internal system of the Company complies with the laws and regulations, normative documents and regulatory requirements, and guarantee the coordination and uniformity among the systems of the Company.

IV. PROFIT DISTRIBUTION AND PROPOSED DIVIDEND

Formulation, Implementation or Adjustment of Cash Dividend Policy

The Articles of Association has set out the basic principles of the profit distribution policy and specific policy and provided that “the Company shall give priority to the distribution of dividends in cash”, and “provided that the Company does not have material investment plans, major cash expenses, etc. and that the capital needs for normal operation of the Company are met, the profits distributed by the Company in cash shall not be less than 10% of the distributable profits of the same year, and within any consecutive three years, the accumulated profit distribution in cash shall not be less than 30% of the average annual distributable profit for those three years”.

The Company attaches much importance to providing reasonable returns to investors and maintaining the continuity and stability of the Company’s profit distribution policy, while taking into account the Company’s long-term interests, the overall interests of all Shareholders and the Company’s sustainable development. Development and execution of profit distribution policy of the Company, in particular cash dividend policy, are in strict compliance with relevant provisions of the Articles of Association and procedures of consideration, with clear standards and proportion of dividends and well-established decision-making procedures and mechanism.

SECTION 4 REPORT OF DIRECTORS

On June 27, 2025, 2024 final profit distribution plan of the Company was considered and approved at the 2024 Annual General Meeting of the Company, i.e., cash dividends of RMB1.65 (tax inclusive) distributed for every 10 Shares. This plan was fully implemented by August 21, 2025. The total amount of cash dividends distributed for 2024 (including the interim and final distributed amount) was RMB1,977,957,173.24 (tax inclusive), representing 32.13% of net profit (excluding interest on perpetual subordinated bonds) attributable to equity holders of the Company in the consolidated statements for 2024.

On November 21, 2025, the Company's 2025 Fourth Extraordinary General Meeting considered and approved the 2025 interim profit distribution plan, i.e., cash dividends of RMB1.65 (tax inclusive) for every 10 shares, amounting to RMB1,279,854,641.51 (tax inclusive) in total based on 7,756,694,797 shares, and the plan was completed.

2025 Profit Distribution Budget

Based on an overall consideration of the long-term development of the Company and the interests of Shareholders, the 2025 final profit distribution plan is as follows:

The Company proposes to distribute in the form of cash dividends, on the basis of 7,756,694,797 Shares in the total share capital as at December 31, 2025, RMB1.75 (tax inclusive) for every 10 Shares to all the Shareholders, amounting to RMB1,357,421,589.47 (tax inclusive) in aggregate. The total cash dividends distributed by the Company for the year (including the interim distributed cash dividends) is RMB2,637,276,230.98, representing 31.24% of the net profit (excluding interest on perpetual subordinated bonds) attributable to equity holders of the Company in the consolidated statements for 2025. Cash dividends are denominated and declared in RMB and payable in RMB to the A Shareholders and in Hong Kong dollars to the H Shareholders. The actual amount declared in Hong Kong dollars will be calculated based on the average of the intermediate exchange rate for conversion of Hong Kong dollars to RMB as announced by the People's Bank of China one calendar week prior to the date of convening the 2025 Annual General Meeting of the Company.

After the budget is considered and approved at the General Meeting, the Company will distribute cash dividends within two months after the date of convening the General Meeting. The dividend is expected to be paid by the Company around Thursday, August 20, 2026. The Company will make further announcements on equity registration date, specific date of distribution and other matters in relation to this dividend distribution.

V. TAX RELIEF

Tax Relief of A Shareholders

Pursuant to Notice on Relevant Issues Concerning Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) 《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)) and Notice on Relevant Issues Concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2012] No. 85) 《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) issued by the Ministry of Finance, the State Administration of Taxation and CSRC, for the dividends and bonuses derived by individual investors from listed companies, from the date when individual investors obtain the Company's shares to the equity registration date, if the term of shareholding exceeds one year, individual income tax will be temporarily exempted; if the term of shareholding does not exceed one year (including one year), the listed company will not withhold individual income tax temporarily, and will make corresponding adjustments in accordance with the above notification requirements when individual investors transfer shares.

For shareholders of resident enterprises, the income tax for dividends and bonuses are calculated and paid by themselves in accordance with regulations.

SECTION 4 REPORT OF DIRECTORS

For qualified foreign institutional investors (QFII), pursuant to the provisions of Notice on Relevant Issues Concerning the Payment of Dividends, Bonuses and Interests and Withholding the Enterprise Income Tax by Chinese Resident Enterprises to Qualified Foreign Institutional Investors (Guo Shui Han [2009] No. 47) (《關於中國居民企業向QFII支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函[2009]47號)) issued by the State Administration of Taxation, the listed company withholds enterprise income tax at a tax rate of 10%. If the income from dividends and bonuses derived by QFII shareholders is eligible for the treatments in the tax treaties (arrangements), they may apply for tax refunds to the competent tax authorities after deriving the dividends and bonuses in accordance with the regulations.

Pursuant to the provisions of Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) issued by the Ministry of Finance, the State Administration of Taxation and CSRC, for the income from dividends and bonuses derived by investors (including enterprises and individuals) in Hong Kong market by investing A shares listed on the SSE, before fulfilling the condition for providing detailed data such as identities of investors and period of shareholding to CSDC by Hong Kong Securities Clearing Company Limited, differential taxation collection policies are not implemented temporarily in accordance with the period of shareholding. Instead, the listed company withholds income tax at a tax rate of 10%, and handles the withholding declaration with its competent tax authorities. For Hong Kong investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with China stipulating an income tax rate for dividends and bonuses of lower than 10%, those enterprises and individuals may, on their own or by entrusting a withholding agent, apply to the competent tax authorities of the listed company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable by such enterprises and individuals based on the tax rate according to such tax treaty shall be refunded.

Tax Relief of H Shareholders

Pursuant to the provisions of Notice on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) issued by the State Administration of Taxation, the income from dividends and bonuses derived by overseas resident individual shareholders from the shares issued by domestic non-foreign invested enterprises in Hong Kong is subject to the individual income tax withheld by the withholding agents in accordance with laws according to the items of “interests, dividends and bonuses income”. Overseas resident individual shareholders who hold shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to relevant preferential tax treatments pursuant to the provisions in the tax treaties signed between the countries where they are residents and China, and the tax arrangements between the Chinese Mainland and Hong Kong (Macau). The applicable tax rate in treaties in relation to dividends and bonuses derived by individuals as required by the relevant tax treaties and tax arrangements is generally 10%, and for the purpose of simplifying tax collection and management, domestic non-foreign invested enterprises issuing shares in Hong Kong may, when distributing dividends and bonuses, generally withhold individual income tax at the tax rate of 10%, and are not obligated to file an application. In circumstances where the tax rate in treaties in relation to dividends and bonuses derived by individuals is not equal to 10%, the following provisions shall apply: (1) for citizens from countries falling under treaties subject to tax rates lower than 10%, the withholding agents may file applications on their behalf to seek entitlement to the preferential treatments in such treaties, and upon being reviewed and approved by the competent tax authorities, excessive withheld tax amounts will be refunded; (2) for citizens from countries falling under treaties subject to tax rates higher than 10% but lower than 20%, the withholding agents shall withhold individual income tax at the agreed effective tax rate upon distribution of dividends and bonuses, and are not obligated to obtain the approval on the application; (3) for citizens from countries without tax treaties or under other circumstances, the withholding agents shall withhold individual income tax at a tax rate of 20% upon distribution of dividends and bonuses.

SECTION 4 REPORT OF DIRECTORS

Pursuant to the provisions of Circular Concerning Questions on Withholding and Payment of Enterprise Income Tax when PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Corporate Shareholders of H Shares (Guo Shui Han [2008] No. 897) 《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the State Administration of Taxation, any PRC resident enterprises distributing dividends for the years from 2008 (inclusive) to overseas non-resident corporate shareholders shall withhold enterprise income tax at a uniform tax rate of 10%.

Pursuant to the provisions of Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), the Announcement on the Continued Implementation of Individual Income Tax Policy for Interconnection Mechanism for Transactions in the Shanghai and Hong Kong as well as Shenzhen and Hong Kong Stock Markets and Mutual Recognition of Funds between the Chinese Mainland and Hong Kong (MOF Announcement No. 93 in 2019) 《關於繼續執行滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2019年第93號)) and the Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) issued by the Ministry of Finance, the State Administration of Taxation and CSRC, for dividends and bonuses derived by Chinese Mainland individual investors from investing in H-shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20%. For income from dividends and bonuses derived by Chinese Mainland securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the individual income tax shall be calculated and paid in accordance with above provisions. Income from dividends and bonuses derived by Chinese Mainland enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total revenue, and the enterprise income tax thereon shall be calculated and paid according to laws. Among them, for income from dividends and bonuses derived by Chinese Mainland resident enterprises where the relevant H shares have been continuously held for no less than 12 months, the enterprise income tax thereon may be exempt according to laws.

VI. ANALYSIS AND EXPLANATION OF THE COMPANY ON REASONS FOR AND IMPACT OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, OR RECTIFICATION ON SIGNIFICANT ACCOUNTING ERRORS

The Group made a change in accounting policy related to physical settlement of contracts to buy or sell bulk commodities that fail the own-use exception, considering the practical guidance issued by the relevant regulatory authority, comparative figures in the financial statements have been adjusted retrospectively. Such retrospective adjustment has no impact on neither the profit before income tax, net profit, nor the total equity of the Company for each period.

VII. SIGNIFICANT FINANCING

Please refer to the section headed “Issuance and Listing of Securities” of this annual report for material financing of the Company during the Reporting Period.

VIII. REPURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the Reporting Period, “23 Xintou F1”, “22 Xintou F1” and “22 Xintou F3” issued by the Company on the SSE triggered the redemption option to the investors of the issuer, the details of which are as follows:

(I) 23 Xintou F1

“23 Xintou F1” of the Company is attached with the option for the issuer to adjust the coupon rate, under which the Company has the option to decide whether to adjust the coupon rate for the subsequent interest-accruing period at the end of the second year of the duration of “23 Xintou F1”; and attached with the redemption option to the investors, under which investors have the option to sell all or part of “23 Xintou F1” held by them back to the Company at the end of the second year of the duration of “23 Xintou F1”. On 13 December 2024, the Company announced that it would adjust the coupon rate of “23 Xintou F1” to 1.50% on 17 January 2025. Investors chose to sell all “23 Xintou F1” back to the Company during the redemption registration period, with a redemption amount of RMB0.5 billion. The Company did not conduct any resale of the repurchased “23 Xintou F1”. On 17 January 2025, the Company completed the full redemption of “23 Xintou F1”.

(II) 22 Xintou F1

“22 Xintou F1” of the Company is attached with the option for the issuer to adjust the coupon rate, under which the Company has the option to decide whether to adjust the coupon rate for the subsequent interest-accruing period at the end of the third year of the duration of “22 Xintou F1”; and attached with the redemption option to the investors, under which investors have the option to sell all or part of “22 Xintou F1” held by them back to the Company at the end of the third year of the duration of “22 Xintou F1”. On 28 August 2025, the Company announced that it would adjust the coupon rate of “22 Xintou F1” to 1.50% on 26 September 2025. Investors chose to sell all “22 Xintou F1” back to the Company during the redemption registration period, with a redemption amount of RMB1.0 billion. The Company did not conduct any resale of the repurchased “22 Xintou F1”. On 26 September 2025, the Company completed the full redemption of “22 Xintou F1”.

(III) 22 Xintou F3

“22 Xintou F3” of the Company is attached with the option for the issuer to adjust the coupon rate, under which the Company has the option to decide whether to adjust the coupon rate for the subsequent interest-accruing period at the end of the third year of the duration of “22 Xintou F3”; and attached with the redemption option to the investors, under which investors have the option to sell all or part of “22 Xintou F3” held by them back to the Company at the end of the third year of the duration of “22 Xintou F3”. On 12 September 2025, the Company announced that it would adjust the coupon rate of “22 Xintou F3” to 1.55% on 19 October 2025. Investors chose to sell all “22 Xintou F3” back to the Company during the redemption registration period, with a redemption amount of RMB1.0 billion. The Company did not conduct any resale of the repurchased “22 Xintou F3”. On 20 October 2025, the Company completed the full redemption of “22 Xintou F3”.

During the Reporting Period, save as disclosed above, the Company or any of its subsidiaries did not repurchase, sell, or redeem securities of the Company (including treasury shares). As of the end of the Reporting Period, the Company or any of its subsidiaries did not hold any treasury shares.

SECTION 4 REPORT OF DIRECTORS

IX. BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Company, along with details of changes in their positions and the reasons for such changes are set out in “Section 7 Directors, Senior Management and Employees” of this annual report.

X. SERVICE CONTRACTS OF DIRECTORS

The Company has entered into service contracts with all Directors, stipulating their terms of office, compensation, rights and obligations, and undertakings. The terms of office of the Directors commence from the date of approval of the resolution on their appointment at the General Meeting or the employee representative meeting, and conclude at the end of the term of office of the current Board of Directors. Independent non-executive Directors are also subject to the requirements for the length of their term limits for re-election as prescribed by laws and regulations.

In addition, the Directors did not enter into any service contract with the Company or its subsidiaries which could not be terminated within one year without any compensation (other than statutory compensation).

XI. PERMITTED INDEMNITY PROVISIONS

The Company has purchased liability insurance for Directors and former Supervisors to cover legal liabilities arising from the performance of their duties, with the relevant policy being governed by Chinese law. The Company reviews the scope of the insurance coverage annually. There have been no claims against the Directors or former Supervisors during the Reporting Period.

XII. MANAGEMENT CONTRACTS

During the Reporting Period, apart from employment contracts of employees, no management or administrative contracts were entered into by the Company or subsisting in the Company in respect of the whole or a substantial part of any business of the Company.

XIII. REMUNERATION POLICIES

The details of the remuneration policies of the Company’s Directors and senior management are set out in “Section 7 Directors, Senior Management and Employees”.

The details of the Company’s employee remuneration policies and remunerations of employees are set out in “Section 7 Directors, Senior Management and Employees” and “Notes to the Consolidated Financial Statements” of this annual report.

XIV. DIRECTORS’ AND FORMER SUPERVISORS’ INTERESTS IN MATERIAL CONTRACTS

During the Reporting Period, the Company or its subsidiaries did not enter into any transaction, arrangement or contract of significance in which the Directors or former Supervisors of the Company or their respective connected entities had a material interest, whether directly or indirectly.

SECTION 4 REPORT OF DIRECTORS

XV. DIRECTORS' INTERESTS IN BUSINESSES COMPETING WITH THE COMPANY

During the Reporting Period, save as disclosed in this report, the Directors of the Company did not hold any interests in businesses competing with the Company.

XVI. INTERESTS AND SHORT POSITIONS REQUIRED TO BE DISCLOSED BY THE SHAREHOLDERS, DIRECTORS AND CHIEF EXECUTIVES PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE

Details of interests and short positions required to be disclosed by the Shareholders, Directors and chief executives of the Company pursuant to the Securities and Futures Ordinance are set out in "Section 6 Changes in Shares and Information on Shareholders" of this annual report.

XVII. PRE-EMPTIVE RIGHTS

The Company currently has no arrangement regarding the pre-emptive rights.

XVIII. RESERVES AND RESERVES OF DISTRIBUTABLE PROFITS

Please refer to "Consolidated Statement of Changes in Equity" and "Note 46 to the Consolidated Financial Statements" of this annual report for changes in the reserves and reserves of distributable profits.

XIX. PROPERTY, PLANT AND EQUIPMENT

Please refer to "Note 17 to the Consolidated Financial Statements" of this annual report for information about property, plant and equipment of the Group as of December 31, 2025.

XX. CONTINGENT LIABILITIES

As of December 31, 2025, the Group has no material contingencies that need to be disclosed.

XXI. MAJOR CLIENTS AND SUPPLIERS

The Company has a high-quality and diversified client base (primarily consisting of leading corporations, institutional investors and high-net-worth individuals in various industries). The Company develops and maintains long-term cooperation with various types of clients and is dedicated to providing them with a comprehensive suite of products and services. The Company has gained the trust of numerous clients through the deep engagement with the clients and a thorough understanding of their businesses.

In 2025, fee and commission income from the top five clients of the Company accounted for 3.07% of the operating revenue of the Company (calculated in accordance with the PRC Accounting Standards for Business Enterprises). By virtue of the nature of our business, the Company had no major suppliers.

XXII. RELATIONSHIP WITH EMPLOYEES, CLIENTS, SUPPLIERS AND PERSONS WHO ARE MATERIALLY RELATED

Remuneration for employees of the Company consists of fixed salary, performance-based bonuses, and insurance benefits. The Company continues to promote and implement staff training programs featuring comprehensive planning, implementation by levels and clear purposes. For details about the remuneration and training plans for employees of the Company, please refer to "Remuneration Policies" and "Training Program" in "Section 7 Directors, Senior Management and Employees" of this annual report.

SECTION 4 REPORT OF DIRECTORS

For the relationship between the Company and securities brokers, please refer to “Information of Securities Brokers” in “Section 7 Directors, Senior Management and Employees” of this annual report. For the relationship between the Company and major clients and suppliers, please refer to “Major Clients and Suppliers” of this section.

XXIII. SUFFICIENT PUBLIC FLOAT

Based on the public information available to the Company and to the knowledge of the Directors as at the Latest Practicable Date before the publishing of this annual report, the Company satisfies the public float requirements.

Details of the public float requirements are set forth in “Section 6 Changes in Shares and Information on Shareholders” of this annual report.

XXIV. AUDITORS AND AUDIT COMMITTEE

Please refer to “Engagement or Dismissal of Accounting Firms” in “Section 5 Significant Events” of this annual report for the engagement or dismissal of accounting firms.

XXV. ENVIRONMENTAL POLICY AND PERFORMANCE

The Company fully implemented the new development concept, pursued its development in accordance with the deployment requirements of national “dual carbon (雙碳)” strategy and the “Five Major Areas” in Finance. We provided financial support for green and low-carbon industries such as energy conservation and environmental protection, clean energy and ecological environment through conducting equity financing, debt financing, financial advisory, industrial investment and carbon finance and other businesses, and further promoted the development of “green finance”. The Company established an integrated green financing service system of “equity + bonds”, completed cumulative domestic and overseas green equity financing equivalent to nearly RMB40 billion, and acted as a lead underwriter for 145 green bonds, with the lead underwriting amounted to RMB64.811 billion, effectively revitalizing the capital flow in the green industries. The Company actively practiced green investment, and continued to operate the “biodiversity” asset management product, the CSC China CITIC Bank Diversity No. 1 Single Asset Management Plan (中信建投信銀多樣性1號單一資產管理計劃), which innovatively adopted a green environmental protection index as its investment theme. In response to the call for green finance under the “Five Major Areas”, it enhanced its green finance service capabilities and boosted the green and low-carbon transformation of the economy while serving clients, with the outstanding scale of the product reaching RMB516 million. The Company established a carbon finance service system, and continued to conduct carbon trading in Shanghai and Hubei. By utilizing tools such as bilateral quotation, carbon borrowing and carbon repurchase to enhance market liquidity, it supported the national “dual carbon (雙碳)” goal. In 2025, the trading volume of various products in the carbon market reached RMB9.08 million, with a cumulative carbon quota trading volume of 239,500 tonnes.

As a financial enterprise, the Company’s energy consumption and carbon emissions mainly stem from day-to-day business operations, including the use of electricity, natural gas, and gasoline for Company-owned vehicles. The water we use for daily operations comes from municipal water supplies, which involves no issues in water sourcing. The waste we generate mainly includes non-hazardous waste such as office and kitchen waste, as well as hazardous waste such as discarded electronic products.

The Company strictly complies with the Energy Conservation Law of the People’s Republic of China, the Environmental Protection Law of the People’s Republic of China, and other relevant laws, regulations, and provisions. It launched the Green and Low-carbon Initiative themed Energy Conservation and Carbon Reduction, Together We Move Forward, integrating the concept of green operations into all aspects of the Company’s business and office operations. This includes measures such as standardizing resource use management, promoting paperless office, advocating for green travel, advancing the construction of green data centres, and practicing green procurement, all aimed at reducing the Company’s carbon footprint and contributing to the construction of a beautiful China.

SECTION 4 REPORT OF DIRECTORS

For details of the Company's environmental policy and performance in 2025, please refer to the 2025 Sustainable Development & Environmental, Social and Governance (ESG) Report of CSC Financial Co., Ltd., which is disclosed simultaneously with this annual report.

XXVI. PERFORMANCE OF SOCIAL RESPONSIBILITIES

The Company has a deep understanding of politically oriented and people-centered financial work and actively practices the mission and responsibility of a state-owned financial enterprise. The Company has played to its strength of comprehensive financial profession in order to serve the national strategy and real economy, and has focused on the field of sustainable development. Efforts to comprehend and implement the essence of the "Five Major Areas" in Finance are made by the Company. It has also promoted the high-quality development of the economy and society and strived to create long-term, sustainable and shared value for stakeholders.

In 2025, the Company constantly served customers well and improved investor protection. The physical investor education base "Jingxin Academy" recorded over 55,000 offline visits and online visits (via livestreaming) throughout the year, held multiple investor education activities for economic and diplomatic personnel from countries along the "Belt and Road", and was awarded the highest rating of "Class A for Investor Education Work of Securities Companies" (證券公司投資者教育工作A等) by the SAC, SSE, SZSE and BSE for four consecutive years. The Company actively engaged in public welfare initiatives and sought to bring together social forces for the common good. The Company had an external public welfare expenditure of RMB12.7389 million, with a donation of HK\$4 million to Wang Fuk Court, Tai Po, Hong Kong for the serious fire accident, specifically for fire rescue and post-disaster reconstruction. The Company's Entrepreneur Office created the "Bainian Xiangshan (柏年向善)" public welfare and charity project, serving over 200 caring investors and closely linking wealth management with social responsibility. In addition, the Company actively promoted the standardized development of volunteer activities and encouraged young employees to participate in public welfare activities. It registered the "CSC Financial Youth Volunteer Service Team" on the "Volunteer Beijing" platform and organized more than 80 young employees to carry out the 2025 voluntary tree-planting activity themed "Practising Financial Responsibility and Supporting Green Development (踐行金融責任 助力綠色發展)" at the Changyang Farm Training Base in Fangshan District, Beijing. Focusing on areas such as child care, assistance for vulnerable groups, public health and environmental protection, the Company organized various volunteer activities, including visits and care programs for children with intellectual disabilities under the "Party Heart Warms People's Hearts — Accompanying You with Care (黨心暖人心與關愛同行)" initiative, donation programs for children with blood disorders at the "Healing Home for Mask Angels (口罩天使中途宿舍)", and voluntary blood donation campaigns under the theme "Pass on Warmth with Blood and Fulfil Our Original Aspiration through Dedication (熱血傳真情奉獻踐初心)", promoting the volunteer spirit of dedication, friendship, mutual assistance and progress.

In 2025, the Company demonstrated commitment in practicing social responsibility and received multiple ESG honors. Its MSCI ESG rating was upgraded to AA, maintaining its leading position in the industry.

For details of the Company's social responsibility performance in 2025, please refer to the 2025 Sustainable Development & Environmental, Social and Governance (ESG) Report of CSC Financial Co., Ltd., which is disclosed simultaneously with this annual report.

XXVII. CORPORATE GOVERNANCE

The details of the corporate governance of the Company are set out in "Section 8 Corporate Governance Report" of this annual report.

SECTION 4 REPORT OF DIRECTORS

XXVIII. PENSION SCHEMES

The Group has provided its full-time employees in Chinese Mainland and jurisdictions outside Chinese Mainland with relevant pension insurance plans as required by the government authorities or by local labor laws (including the basic pension insurance in Chinese Mainland and the Mandatory Provident Funds in Hong Kong), and there are no forfeited contributions for the Group under these pension insurance plans.

The Group has also provided another defined contribution plan, i.e. corporate annuity scheme in Chinese Mainland, to some of its employees in Chinese Mainland. According to the requirements of the scheme, when an employee resigns, part of the amounts of the Company's contributions not vested in the employee may be reallocated to the Company's corporate annuity account based on the employee's actual working time. Such reallocated contributions will not affect the annuity contribution level of existing employees. No forfeited contributions are used to reduce the current contribution levels.

XXIX. MATERIAL SUBSEQUENT EVENTS

As at the disclosure date of this report, save as disclosed in this report, there were no other material subsequent events.

XXX. FUTURE DEVELOPMENT/PROSPECT

Please refer to "Discussion and Analysis on Future Development of the Company" in "Section 3 Management Discussion and Analysis" of this annual report for the Company's future development and prospect.

By order of the Board
LIU Cheng
Chairman

Beijing, the PRC,
March 26, 2026

SECTION 5 SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

Undertaking background	Type of undertaking	Undertaking party	Details of undertaking	Undertaking date	Whether there is a deadline for performance	Undertaking term	Whether strictly performed in a timely manner
Undertakings in relation to the A Shares initial public offering	Other	the Company	Undertakings that there were no false records, misleading statements or material omissions in the prospectus	June 5, 2018	Yes	long term	Yes
	Other	the Company's Directors and the senior management	Undertakings that there were no false records, misleading statements or material omissions in the prospectus	June 5, 2018	Yes	long term	Yes
	Other	Joint sponsors, accountants, issuer's lawyers, underwriters	Undertakings that there were no false records, misleading statements or material omissions in the prospectus	June 5, 2018	Yes	long term	Yes
	Other	the Company's Directors and the senior management	Undertakings to take remedial measures against dilution of immediate returns	June 5, 2018	Yes	long term	Yes
Undertakings in relation to the A Share refinancing	Other	the Company's Directors	Undertaking in relation to the truthfulness, accuracy and completeness of the contents contained in the listing application documents	December 29, 2020	Yes	long term	Yes
	Other	the Company's Directors and the senior management	Undertakings to take remedial measures against dilution of immediate returns	December 29, 2020	Yes	long term	Yes
Undertakings in relation to change of shareholder	Other	Beijing Financial Holdings Group	Undertakings in relation to avoiding peer competition	December 1, 2020	Yes	long term	Yes
	Other	Beijing Financial Holdings Group	Undertakings on regulating and reducing related transactions	December 1, 2020	Yes	long term	Yes
	Other	Beijing Financial Holdings Group	Undertakings on guaranteeing the independence of listed companies	December 1, 2020	Yes	long term	Yes
	Other	Beijing Financial Holdings Group	Undertakings in relation to the intention of shareholding and reducing shareholding	December 1, 2020	Yes	long term	Yes

SECTION 5 SIGNIFICANT EVENTS

II. ANALYSIS AND EXPLANATION OF THE COMPANY ON REASONS FOR AND IMPACT OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, OR RECTIFICATION ON SIGNIFICANT ACCOUNTING ERRORS

Analysis and explanation of the Board of Directors of the Company on the reasons and impact of the changes in accounting policies, accounting estimates or accounting methods are set out in “Section 4 Report of Directors – VI. Analysis and Explanation of the Company on Reasons for and Impact of Changes in Accounting Policies and Accounting Estimates, or Rectification on Significant Accounting Errors” of this annual report.

III. ENGAGEMENT OR DISMISSAL OF ACCOUNTING FIRMS

Unit: RMB ten thousand

	Current appointment
Name of the domestic accounting firm	KPMG Huazhen LLP
Remuneration for the domestic accounting firm	152.5
Term of audit service of the domestic accounting firm	3 years
Name of certified public accountants of the domestic accounting firm	GUAN Yiming and WANG Guobei
Continued term of auditing services by certified public accountants of the domestic accounting firm	3 years
Name of the overseas accounting firm	KPMG
Remuneration for the overseas accounting firm	93
Term of audit service of the overseas accounting firm	3 years

Unit: RMB ten thousand

	Name	Remuneration
Accounting firm for internal control audit	KPMG Huazhen LLP	32

EXPLANATION OF ENGAGEMENT OR DISMISSAL OF ACCOUNTING FIRMS

As being considered and approved at the 2024 Annual General Meeting, the Company reappointed KPMG Huazhen LLP and KPMG, as the external auditors of the Company for 2025, which should be responsible for the provision of the relevant audit and review services in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively. KPMG Huazhen LLP was reappointed as the internal control auditor of the Company for 2025.

IV. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company was not subject to any major litigation, arbitration or other matters with an amount exceeding RMB10 million and accounting for more than 10% of the absolute value of the Company’s latest audited net assets which was required to be disclosed under the SSE Listing Rules.

SECTION 5 SIGNIFICANT EVENTS

V. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS, SANCTIONS AND RECTIFICATIONS IMPOSED ON THE LISTED COMPANY, AND ITS DIRECTORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

1. On January 10, 2025, Beijing CSRC imposed an administrative supervision measure ordering the Company to make rectifications, pointing out that there were deficiencies in the investor suitability management and internal control management of the Company's derivative business and brokerage business, reflecting inadequate coverage of the Company's compliance management.

In response to the penalty, the Company has actively implemented rectification measures by strengthening internal control management, intensifying suitability management, carrying out special training, optimizing business system and other ways, to further improve the management level and management standards of derivative business and brokerage business.

2. On September 23, 2025, Fujian Bureau of the CSRC took an administrative regulatory measure by issuing a warning letter against the Company. The letter specifies that the Company, as the lead sponsor of Sunshine Zhongke (Fujian) Energy Co., Ltd. (陽光中科(福建)能源股份有限公司) (the "Sunshine Zhongke"), have failed to fulfill our responsibilities diligently for not urging the Sunshine Zhongke to perform disclosure obligation.

In response to such penalty, the Company has proactively implemented corrective measures by enhancing specialized training, refining business requirements and constantly strengthening the continuous supervision work for NEEQ-listed companies. The Company will ceaselessly monitor significant changes in the operations, corporate governance, and financial status of its supervised listed companies, diligently guide and urge them to comply with information disclosure obligations, thereby fulfilling its continuous supervision duties with due diligence.

VI. RELATED PARTY/CONNECTED TRANSACTIONS

The Company conducts related party/connected transactions in strict compliance with the Hong Kong Listing Rules, the SSE Listing Rules and "Policy on Management of Related Party Transactions of the Company" (公司關聯交易管理制度). The Company's related party/connected transactions were conducted based on the principles of fairness, openness and impartiality, and the related party/connected transaction agreements were entered into based on the principles of equality, voluntariness, equivalent and compensation.

During the Reporting Period, the Company was in compliance with the requirements of connected transactions in Chapter 14A under the Hong Kong Listing Rules. During the Reporting Period, the Company did not have connected transaction which would be required to be disclosed under such rules. For details regarding connected transactions disclosed in accordance with the Shanghai Stock Exchange Listing Rules, please refer to the "Major Connected Transactions" under "Section 5 Significant Events" in the 2025 Annual Report of CSC Financial Co., Ltd. disclosed by the Company on the same date as this annual report on the Shanghai Stock Exchange. Details on related party transactions under the relevant accounting standards were set forth in Note 51 to the Consolidated Financial Statements as appended.

SECTION 5 SIGNIFICANT EVENTS

VII. MATERIAL CONTRACTS AND EXECUTION

During the Reporting Period, the guarantees disclosed by the Company in accordance with the requirements of the SSE Listing Rules are as follows:

Unit: RMB'00 million

External guarantees provided by the Company (excluding guarantees provided to subsidiaries)	
Total amount of guarantees provided during the Reporting Period (excluding guarantees provided to subsidiaries)	0
Total balance of guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)	0
Guarantees provided by the Company and its subsidiaries to subsidiaries	
Total amount of guarantees provided to subsidiaries during the Reporting Period	335.41
Total balance of guarantees provided to subsidiaries as at the end of the Reporting Period (B)	438.75
Total amount of guarantees of the Company (including guarantees provided to subsidiaries)	
Total amount of guarantees (A+B)	438.75
Percentage of total amount of guarantees to net assets attributable to owners of the parent (%)	36.84
Of which:	
Amount of guarantees provided to shareholders, actual controllers and their related parties (C)	0
Amount of debt guarantees provided directly or indirectly to guaranteed parties with an asset-liability ratio of over 70% (D)	305.28
Portion of total amount of guarantees exceeding 50% of net assets (E)	0
Total amount of the above three guarantee items (C+D+E)	305.28
Explanation on potential joint and several repayment liability for outstanding guarantees	–

Explanation on guarantees

(1) Guarantees of the Company

During the Reporting Period, the Company provided guarantees for the note issuance programmes of CSCIF Hong Kong Limited and CSCIF Asia Limited, the wholly-owned subsidiaries of China Securities International, all of which were provided to satisfy the course of ordinary business development needs of the above wholly-owned subsidiaries. As of the end of the Reporting Period, the balance of the above guarantees amounted to approximately RMB9.125 billion.

The aforementioned amount of debt guarantees provided directly or indirectly to guaranteed parties with an asset-liability ratio of over 70% amounted to approximately RMB9.125 billion, all of which were guarantees provided by the Company to the consolidated subsidiaries of China Securities International to satisfy their daily business development needs.

(2) Guarantees of controlling subsidiaries

During the Reporting Period, among the controlling subsidiaries of the Company, China Securities International had guarantee matters, and the relevant guarantees were all provided by China Securities International to its consolidated subsidiaries to satisfy their course of ordinary business development needs, which mainly included guarantees for note issuance programmes, guarantees for bank credit facilities, etc. As of the end of the Reporting Period, the balance of the above guarantees amounted to approximately RMB34.75 billion. Among which, the guarantees provided by China Securities International for the International Swaps and Derivatives Association (ISDA) Master Agreement and Global Master Repurchase Agreement (GMRA) entered into by its consolidated subsidiaries were made in accordance with the common practices of the international banking industry and capital markets and in line with Hong Kong industry practices, enabling other financial institutions trading with China Securities International and its subsidiaries to support a higher limit on market trading volume, and ensuring that the normal business of China Securities International and its subsidiaries was not affected. As of the end of the Reporting Period, the balance of such guarantees amounted to approximately RMB11.245 billion.

The aforementioned amount of debt guarantees provided directly or indirectly to guaranteed parties with an asset-liability ratio of over 70% amounted to approximately RMB21.403 billion, all of which were guarantees provided by China Securities International to the consolidated subsidiaries of China Securities International to satisfy their daily business development needs.

During the Reporting Period, save as disclosed above, the Company did not have custodian, contracting, lease or other material contracts which were required to be disclosed under the SSE Listing Rules, nor did it have any such arrangements carried forward to the Reporting Period from the previous period.

SECTION 5 SIGNIFICANT EVENTS

VIII. MATERIAL ACQUISITIONS AND DISPOSAL

During the Reporting Period, the Group did not have material acquisitions, disposals or swaps, and asset reorganizations of subsidiaries, associates, joint operations or joint ventures.

IX. MAJOR INVESTMENTS

During the Reporting Period, the Group did not make any major investments (including any investment in an investee company representing 5% or more of the Group's total assets as at 31 December, 2025). As of December 31, 2025, the Group had no any future plans for material investments or acquisition of capital assets.

X. CHANGE OF SECURITIES BRANCHES

(I) China Securities Co., Ltd.

1. Securities Branches

During the Reporting Period, the Company completed the changes of registered addresses of its four securities branches. The details are as follows:

No.	Name	Previous registered address	New registered address
1	Guangxi Branch	No. 07, Building 1, No. 1 Lingshijun, No. 10 Zhongwen Road, Qingxiu District, Nanning City	Unit 05 & 06-01, 22/F, East Office Tower, China Resources Tower, 136-1 Minzu Ave, Nanning Qingxiu District, Nanning City
2	Tianjin Branch	No. 389, Jiefang South Road, Hexi District, Tianjin	5-1-201, Tianhui Centre, Intersection of Nanshi Street and Fu'an Street, Nanshi Subdistrict, Heping District, Tianjin
3	Beijing Hongyi Branch	Room 920, Unit 05, 9/F, Block B, No. 2 Chaoyangmen Inner St, Dongcheng District, Beijing	801 and 802, 8/F, Inside 101, -5/F to 45/F, Building 1, Courtyard No. 16, Jinghui Street, Chaoyang District, Beijing
4	Henan Branch	2/F, Zhonghua Mansion, 3 Shangwu Outer Ring Road, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone	No. 802, 803, 804, 8/F, Building 1, 88 Jinshui East Road, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone

SECTION 5 SIGNIFICANT EVENTS

2. Securities Business Departments

- (1) During the Reporting Period, the Company changed the names of its 17 securities business departments. The details are as follows:

No.	Original name	New name
1	Jinbo Road Securities Business Department (Jiangning, Nanjing)	Tianyuan Zhonglu Securities Business Department (Nanjing)
2	Wenqing Road Securities Business Department (Ganzhou)	Dengfeng Avenue Securities Business Department (Ganzhou)
3	Nanjing Road Securities Business Department (Tianjin)	Gold Street Securities Business Department (Tianjin)
4	Jiangbeizui Securities Business Department (Chongqing)	Zhongshan 3rd Road Securities Business Department (Chongqing)
5	Shennan Central Road (Zhonghe Building) Securities Business Department (Shenzhen)	CITIC International Building Securities Business Department (Shenzhen)
6	Gongnong North Road Securities Business Department (Nantong)	Qingnian Zhonglu Securities Business Department (Nantong)
7	Shuanglong Road Securities Business Department (Qijiang District, Chongqing)	Qijiang Securities Business Department (Chongqing)
8	Shangwu West 7th Street Securities Business Department (Zhengzhou)	Jinshui East Road Securities Business Department (Zhengzhou)
9	Wuhang Road Securities Business Department (Changle District)	Chaoyang Zhonglu Securities Business Department (Changle District, Fuzhou)
10	Zhongshan North Road Securities Business Department (Guilin)	Fuxing Road Securities Business Department (Guilin)
11	Yuliang Avenue Securities Business Department (Tianjin)	Shuishang East Road Securities Business Department (Tianjin)
12	Daliang Securities Business Department (Shunde District, Foshan)	Dongle Road Securities Business Department (Shunde District, Foshan)
13	Hualing Road Securities Business Department (Shanghai)	Hualing Road Securities Business Department (Baoshan District, Shanghai)
14	Xujiahui Road Securities Business Department (Shanghai)	Xujiahui Road Securities Business Department (Huangpu District, Shanghai)
15	Wulian Road Securities Business Department (Shanghai)	Wulian Road Securities Business Department (Pudong New Area, Shanghai)
16	Kongjiang Road Securities Business Department (Shanghai)	Kongjiang Road Securities Business Department (Yangpu District, Shanghai)
17	Hengshan Road Securities Business Department (Suqian)	Hongzehu East Road Securities Business Department (Suqian)

SECTION 5 SIGNIFICANT EVENTS

- (2) During the Reporting Period, the Company completed the changes of registered addresses of its 20 securities business departments. The details are as follows:

No.	Name	Previous registered address	New registered address
1	Longyan Avenue Securities Business Department (Longyan)	Unit 101, 1st Floor, Building F Longyan Chamber of Commerce Building, No. 286 Longyan Avenue, Xinluo District, Longyan City, Fujian Province, China	Room 1401, No. 369 Longyan Avenue Middle, Xinluo District, Longyan City, Fujian Province
2	Tianyuan Zhong Road Securities Business Department (Nanjing)	Golden Coast Plaza, No. 1039 Jinbo Road, Dongshan Subdistrict, Jiangning District, Nanjing City	Unit F2-3-1, Building 55, 21st Century Modern International Apartment, No. 229 Tianyuan Zhong Road, Moling Subdistrict Jiangning District, Nanjing City (Jiangning Development Zone)
3	Dengfeng Avenue Securities Business Department (Ganzhou)	5th Floor, Tianyu Plaza No. 12 Wenqing Road, Zhanggong District, Ganzhou City, Jiangxi Province	18#-44# & 104#-115#, 4th Floor Hotel No. 1, Da Vinci City Center, No. 21 Dengfeng Avenue, Zhanggong District, Ganzhou City, Jiangxi Province
4	Gold Street Securities Business Department (Tianjin)	Units A-E, Ground Floor, Building A, World Trade Plaza, No. 129 Nanjing Road, Wudadao Street Heping District, Tianjin	5-1-202 Tianhui Centre Intersection of Nanshi Street and Fu'an Street, Nanshi Subdistrict, Heping District, Tianjin
5	Zhongshan 3rd Road Securities Business Department (Chongqing)	No. 58-1 Dongshengmen Road, Jiangbei District, Chongqing	Rooms 611 & 613, 6/F, No. 131 Zhongshan 3rd Road, Yuzhong District, Chongqing
6	CITIC International Building Securities Business Department (Shenzhen)	Room 618, 6/F Comprehensive Building, Weipeng Garden, Zhonghe Building, Shennan Middle Road, Futian District, Shenzhen	Unit 804, 8/F, Xinyun Building, No. 2001 Shennan Middle Road, Futian District, Shenzhen

SECTION 5 SIGNIFICANT EVENTS

No.	Name	Previous registered address	New registered address
7	Gaoshi Road Securities Business Department (Yichun)	1st Floor, Intime Tower, Intime Plaza No. 91 Gaoshi Road, Yuanzhou District, Yichun City, Jiangxi Province	Room 101, Building 19, No. 91 Gaoshi North Road, Yuanzhou District, Yichun City, Jiangxi Province
8	Qingnian Zhonglu Securities Business Department (Nantong)	Building 6 (Annex), No. 18 Gongnong North Road, Nantong City	Room 102, Building 3, Laiyin Haoting, Nantong City
9	Dongsan Road Securities Business Department (Dongying)	Room 110, Huatai Business Building, No. 176 Dongsan Road, Dongcheng District, Dongying City	Unit 101, Building 1, No. 176 Dongsan Road, Development Zone, Dongying City, Shandong Province
10	Wangjing Securities Business Department (Beijing)	Unit 20606, 5/F, Building 523 Wangjing Dongyuan, Chaoyang District, Beijing	Unit 14A, 1st Floor (within 101); Units 7A & 14, 2nd Floor (within 101) Building 119, Area 1, Wangjing Dongyuan, Chaoyang District, Beijing
11	Qijiang Securities Business Department (Chongqing)	No. 55 Shuanglong Road, Wenlong Subdistrict, Qijiang District, Chongqing	2/F, Office Building No. 1 Bailong Street, Wenlong Subdistrict, Qijiang District, Chongqing
12	Zhongshan South Road Securities Business Department (Wuhu)	Units A118, 3305 & 3306, Office Building Wuhu Golden Eagle World Center, Yijiang District, Wuhu City, Anhui Province	Rooms 3305 & 3306, Tower A, Office Building, Wuhu Golden Eagle World Center, No. 289 Zhongshan South Road, Zhongnan Subdistrict, Yijiang District, Wuhu City, Anhui Province
13	Jinshui East Road Securities Business Department (Zhengzhou City)	1st Floor, Zhonghua Building, No. 3 Shangwu Waihuan Road, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone	No. 302, 3/F, Building 1, No. 88 Jinshui East Road, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone

SECTION 5 SIGNIFICANT EVENTS

No.	Name	Previous registered address	New registered address
14	Chaoyang Zhonglu Securities Business Department (Changle District, Fuzhou)	Shops 4-6, Postal South Podium Building, Guofeng Xincun, Wuhang Subdistrict, Changle District Fuzhou City, Fujian Province	Unit 2F-01, 2nd Floor Liheng Building, No. 167 Hanghua Road, Wuhang Subdistrict, Changle District Fuzhou City, Fujian Province
15	Zhongshan 3rd Road Securities Business Department (Guangzhou)	Shop 1002 (Self-numbered: Shop 1002-A) & Rooms 1501, 1502 & 1503, Tower A No. 33 Zhongshan 3rd Road, Yuexiu District, Guangzhou	Rooms 1501 & 1502, Tower A, No. 33 Zhongshan 3rd Road, Yuexiu District, Guangzhou
16	Fuxing Road Securities Business Department (Guilin)	Area B1, First Floor & Area A5, Fifth Floor, Longhu Building, No. 35 Zhongshan North Road, Diecai District, Guilin City	Commercial Office Unit 1-2, Building 1 & Commercial Office Unit 8-1, Building 1, First Under Heaven Tourism & Leisure Center, No. 13 Fuxing Road, Qixing District Guilin City
17	Shuishang East Road Securities Business Department (Tianjin City)	South Building, International Exchange Center, Tianjin University of Technology, No. 26 Yuliang Avenue, Nankai District	Unit 1F-32, Luneng City Shopping Center & Unit 1009, Luneng International Center, Shuishang Park East Road, Nankai District, Tianjin
18	Dongle Road Securities Business Department (Shunde District, Foshan City)	No. 106, 2nd Floor; Shops 107-3, 108-1 & 108-2 Xishan Shangzhu, Dongcheng Garden, No. 2 Dongkang 3rd Street, Zhongqu Community, Daliang Subdistrict, Shunde District, Foshan City, Guangdong Province	Shop 1, Wanbang Commercial Plaza & Unit 2101-1 & 2102-2, Tower 1, No. 266 Dongle Road, Fuyou Community, Daliang Subdistrict, Shunde District, Foshan City, Guangdong Province
19	Yingbin Road Securities Business Department (Sanya)	Shop 1, Building D, Sunshine Mansion Yingbin Road, Jiyang District, Sanya City, Hainan Province	Shop 214, 2nd Floor, Minmetals International Plaza, No. 128 Yingbin Road, Jiyang District, Sanya City, Hainan Province
20	Shengli East Road Securities Business Department (Shaoxing)	No. 412-2 Shengli East Road, Yuecheng District, Shaoxing City, Zhejiang Province	Room 202 & Room 203-2, No. 410 Shengli East Road, Didang Subdistrict, Yuecheng District, Shaoxing City, Zhejiang Province

SECTION 5 SIGNIFICANT EVENTS

- (3) During the Reporting Period, the Company closed Chengshan Road securities business department (Pudong New Area, Shanghai), Minzhou East Road securities business department (Shaoyang City) and Chaoyang West Road securities business department (Huainan).

(II) China Futures

During the Reporting Period, China Futures completed the change of registered address for one branch. The details are as follows:

No.	Name	Previous registered address	New registered address
1	Nanjing Branch	Units D1 & D2, 11/F, Huangpu Building, No. 2 Huangpu Road Nanjing City	Unit GHI-1, Room 2401, 24/F, No. 1 Hanzhong Road, Qinhuai District, Nanjing City

XI. MAJOR ADMINISTRATIVE LICENSING MATTERS

No.	Name of Approval	Approval Document	Approving Authority
1	Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts	Fa Gai Ban Wai Zhai [2025] No. 63	National Development and Reform Commission, the PRC
2	Approval for Registration of the Public Issuance of Science and Technology Innovation Corporate Bonds to Professional Investors by CSC Financial Co., Ltd.	Zheng Jian Xu Ke [2025] No. 1136	China Securities Regulatory Commission
3	Affirmative Decision on Administrative Approval	Yin Xu Zhun Yu Jue Zi [2025] No. 74	People's Bank of China
4	Approval on the Qualification of Qualified Foreign Investor of China Securities (International) Asset Management Co., Ltd	Zheng Jian Xu Ke [2025] No. 1245	China Securities Regulatory Commission
5	Approval for Registration of the Public Issuance of Perpetual Subordinated Corporate Bonds to Professional Investors by CSC Financial Co., Ltd.	Zheng Jian Xu Ke [2025] No. 1336	China Securities Regulatory Commission

Note: This table does not include material administrative approvals obtained by the Company as the manager of asset management plans.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

During the Reporting Period, there was no change in the total number of shares and the share capital structure of the Company. As of the end of the Reporting Period, the total share capital of the Company was 7,756,694,797 Shares, including 6,495,671,035 A Shares and 1,261,023,762 H Shares.

II. ISSUANCE AND LISTING OF SECURITIES

The issuance of securities of the Company during the Reporting Period was as follows:

Currency: RMB

Type of Securities	First Issue Date	Issue Price (or Interest Rate)	Issue Amount	Listing Date	Quantity Approved for Listing and Trading	Trading Termination Date
Ordinary Share Category						
-						
Convertible Corporate Bonds, Separately Traded Convertible Bonds						
-						
Bonds (including enterprise bonds, corporate bonds and debt financing instruments of non-financial enterprises)						
Perpetual Subordinated Bonds	2025-01-09	2.05%	RMB2.1 billion	2025-01-16	RMB2.1 billion	-
Corporate Bonds	2025-03-25	1.98%	RMB1.5 billion	2025-04-01	RMB1.5 billion	2027-03-26
Corporate Bonds	2025-03-25	2.01%	RMB2.0 billion	2025-04-01	RMB2.0 billion	2028-03-26
Perpetual Subordinated Bonds	2025-04-21	2.19%	RMB1.4 billion	2025-04-28	RMB1.4 billion	-
Technology Innovation Corporate Bonds	2025-05-12	1.69%	RMB1.0 billion	2025-05-19	RMB1.0 billion	2028-05-13
Perpetual Subordinated Bonds	2025-05-14	2.17%	RMB1.6 billion	2025-05-21	RMB1.6 billion	-
Short-term Corporate Bonds	2025-05-21	1.62%	RMB1.0 billion	2025-05-28	RMB1.0 billion	2025-06-22
Perpetual Subordinated Bonds	2025-07-18	2.03%	RMB3.0 billion	2025-07-24	RMB3.0 billion	-
Short-term Corporate Bonds	2025-07-22	1.54%	RMB1.5 billion	2025-07-29	RMB1.5 billion	2025-08-24
Short-term Corporate Bonds	2025-07-22	1.54%	RMB2.0 billion	2025-07-29	RMB2.0 billion	2025-09-27
Perpetual Subordinated Bonds	2025-08-08	2.10%	RMB1.0 billion	2025-08-14	RMB1.0 billion	-
Corporate Bonds	2025-09-12	2.00%	RMB3.5 billion	2025-09-19	RMB3.5 billion	2027-09-15
Corporate Bonds	2025-09-12	2.08%	RMB1.5 billion	2025-09-19	RMB1.5 billion	2028-09-15
Corporate Bonds	2025-10-17	2.03%	RMB3.3 billion	2025-10-24	RMB3.3 billion	2027-10-20
Corporate Bonds	2025-10-17	2.10%	RMB1.5 billion	2025-10-24	RMB1.5 billion	2028-10-20
Perpetual Subordinated Bonds	2025-11-19	2.25%	RMB2.2 billion	2025-11-26	RMB2.2 billion	-
Corporate Bonds	2025-11-21	1.91%	RMB3.0 billion	2025-11-27	RMB3.0 billion	2027-11-24
Other Derivative Securities						
-						

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Explanation of Securities Issuance during the Reporting Period

During the Reporting Period, the Company did not issue any shares or sell treasury shares. The issuance of bonds (including enterprise bonds, corporate bonds and debt financing instruments of non-financial enterprises) of the Company was as follows:

1. In January 2025, the Company publicly issued “25 Xintou Y1” perpetual subordinated bonds, with a par value of RMB2.1 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 2.05%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.
2. In March 2025, the Company publicly issued corporate bonds with a par value of RMB3.5 billion, of which the issuance scale of “25 Xintou G1” amounted to RMB1.5 billion, with a bond term of 2 years and a coupon rate of 1.98%; the issuance scale of “25 Xintou G2” amounted to RMB2.0 billion, with a bond term of 3 years and a coupon rate of 2.01%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
3. In April 2025, the Company publicly issued “25 Xintou Y2” perpetual subordinated bonds, with a par value of RMB1.4 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 2.19%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.
4. In May 2025, the Company publicly issued “25 Xintou K1” technology innovation corporate bonds with a par value of RMB1.0 billion, a bond term of 3 years, and a coupon rate of 1.69%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
5. In May 2025, the Company publicly issued “25 Xintou Y3” perpetual subordinated bonds, with a par value of RMB1.6 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 2.17%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.
6. In May 2025, the Company publicly issued “25 Xintou S1” short-term corporate bonds with a par value of RMB1.0 billion, a bond term of 31 days, a coupon rate of 1.62%, and the bullet repayment of the principal and interest. The bonds were unsecured bonds in the form of fixed interest rate.
7. In July 2025, the Company publicly issued “25 Xintou Y4” perpetual subordinated bonds, with a par value of RMB3.0 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 2.03%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

8. In July 2025, the Company publicly issued short-term corporate bonds with a par value of RMB3.5 billion, of which the issuance scale of “25 Xintou S2” amounted to RMB1.5 billion, with a bond term of 31 days, a coupon rate of 1.54%; the issuance scale of “25 Xintou S3” amounted to RMB2.0 billion, with a bond term of 65 days, a coupon rate of 1.54%. The bonds were unsecured bonds in the form of fixed interest rate, with the bullet repayment of the principal and interest.
9. In August 2025, the Company publicly issued “25 Xintou Y5” perpetual subordinated bonds, with a par value of RMB1.0 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 2.10%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.
10. In September 2025, the Company non-publicly issued corporate bonds with a par value of RMB5.0 billion, of which the issuance scale of “25 Xintou F1” amounted to RMB3.5 billion, with a bond term of 2 years, a coupon rate of 2.00%; the issuance scale of “25 Xintou F2” amounted to RMB1.5 billion, with a bond term of 3 years, a coupon rate of 2.08%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
11. In October 2025, the Company non-publicly issued corporate bonds with a par value of RMB4.8 billion, of which the issuance scale of “25 Xintou F3” amounted to RMB3.3 billion, with a bond term of 2 years, a coupon rate of 2.03%; the issuance scale of “25 Xintou F4” amounted to RMB1.5 billion, with a bond term of 3 years, a coupon rate of 2.10%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.
12. In November 2025, the Company publicly issued “25 Xintou Y6” perpetual subordinated bonds, with a par value of RMB2.2 billion and every 5 interest-accruing years being a repricing cycle. At the end of each repricing cycle, the Company has the option to extend the term of the bonds by a repricing cycle (or five years) or redeem the bonds in full. The coupon rate for the first repricing cycle of the bonds is 2.25%. The coupon rate is reset every 5 years from the sixth interest-accruing year if the Company chooses to exercise the extension option.
13. In November 2025, the Company non-publicly issued “25 Xintou F5” corporate bonds with a par value of RMB3.0 billion, a bond term of 2 years, and a coupon rate of 1.91%. The bonds were unsecured bonds with interest accrued per annum in the form of fixed interest rate and paid on a yearly basis.

For the issuance of other types of debt financing instruments, please refer to Note 41 “Short-term Financing Instruments Payable” and Note 43 “Bonds in Issue” to the consolidated financial statements.

III. PARTICULARS OF SHAREHOLDERS AND DE FACTO CONTROLLER

(I) Total number of shareholders

As of the end of the Reporting Period, the total number of Ordinary Share Shareholders of the Company was 122,318. Among them, 122,259 were A Shareholders and 59 were H Share registered Shareholders.

As of the end of February 2026, the total number of Ordinary Share Shareholders of the Company was 138,946. Among them, 138,889 were A Shareholders and 57 were H Share registered Shareholders.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

(II) Shareholdings of top ten shareholders as at the end of the Reporting Period

Unit: Share

Name of shareholders	Increase/ decrease during the Reporting Period	Shareholdings of top ten shareholders			Pledged, marked or frozen		
		Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Status of shares	Number of shares	Type of shareholder
Beijing Financial Holdings Group Limited (北京金融控股集團有限公司) <i>(Note 1)</i>	0	2,777,389,017	35.81	-	Nil	-	State-owned legal person
Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	0	2,386,052,459	30.76	-	Nil	-	State
Other Shares held under the name of HKSCC Nominees Limited (香港中央結算(代理人)有限公司) <i>(Note 2)</i>	4,300	816,041,728	10.52	-	Unknown	-	Overseas legal person
CITIC Securities Co., Ltd. (中信證券股份有限公司)	0	382,849,268	4.94	-	Pledged	189,401,000	State-owned legal person
CITIC Financial Holdings Co., Ltd. (中國中信金融控股有限公司) <i>(Note 3)</i>	351,647,000	351,647,000	4.53	-	Nil	-	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司) <i>(Note 4)</i>	-4,951,888	74,939,320	0.97	-	Nil	-	Overseas legal person
Century Jinyuan Investment Group Limited (世紀金源投資集團有限公司)	55,014,913	55,015,913	0.71	-	Nil	-	Domestic non-state- owned legal person
Fujian Gui'an Xintiandi Tourism Culture Investment Co., Ltd. (福建貴安新天地旅遊文化投資有限公司)	8,340,600	47,201,600	0.61	-	Pledged	22,000,000	Domestic non-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)	16,774,642	35,709,481	0.46	-	Nil	-	Other
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 – 華寶中證全指證券公司交易型 開放式指數證券投資基金)	9,097,500	24,875,265	0.32	-	Nil	-	Other

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Unit: Share

Particulars of shareholdings of top ten holders of shares not subject to trading moratorium			
Name of shareholders	Number of tradable shares held not subject to trading moratorium	Class and number of shares	
		Class of shares	Number
Beijing Financial Holdings Group Limited (北京金融控股集團有限公司)	2,684,309,017	RMB ordinary shares	2,684,309,017
	93,080,000	Overseas-listed foreign shares	93,080,000
Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	2,386,052,459	RMB ordinary shares	2,386,052,459
Other Shares held under the name of HKSCC Nominees Limited (香港中央結算(代理人)有限公司)	816,041,728	Overseas-listed foreign shares	816,041,728
CITIC Securities Co., Ltd. (中信證券股份有限公司)	382,849,268	RMB ordinary shares	382,849,268
CITIC Financial Holdings Co., Ltd. (中國中信金融控股有限公司)	351,647,000	Overseas-listed foreign shares	351,647,000
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	74,939,320	RMB ordinary shares	74,939,320
Century Jinyuan Investment Group Limited (世紀金源投資集團有限公司)	55,015,913	RMB ordinary shares	55,015,913
Fujian Gui'an Xintiandi Tourism Culture Investment Co., Ltd. (福建貴安新天地旅遊文化投資有限公司)	47,201,600	RMB ordinary shares	47,201,600
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)	35,709,481	RMB ordinary shares	35,709,481
China Construction Bank Corporation – Huabao CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 – 華寶中證全指證券公司交易型開放式指數證券投資基金)	24,875,265	RMB ordinary shares	24,875,265

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Note 1: “Number of shares held at the end of the Reporting Period” in the row includes 2,684,309,017 A Shares and 93,080,000 H Shares held by Beijing Financial Holdings Group.

Note 2: HKSCC Nominees Limited is the nominee holder of the H Shares held by non-registered shareholders, and the Shares listed in the above table are other H Shares held by HKSCC Nominees Limited other than Beijing Financial Holdings Group.

Note 3: In March 2025, Glasslake Holdings transferred all 351,647,000 H Shares of the Company it held (representing 4.53% of the total share capital) to CITIC Financial Holdings. Glasslake Holdings and CITIC Financial Holdings are both wholly-owned subsidiaries of CITIC Limited, and their de facto controller is CITIC Group Corporation.

Note 4: The Shares held by Hong Kong Securities Clearing Company Limited are A Shares held by non-registered Shareholders under Shanghai Stock Connect.

Note 5: The identification of the nature of shareholders is mainly based on the categories of holders as registered by China Securities Depository and Clearing Corporation Limited, Shanghai Branch, and by comprehensive reference to other publicly disclosed materials.

Explanation on the connected relationship or concerted actions among the aforesaid shareholders

1. According to 2025 Third Quarterly Report of CITIC Securities Co., Ltd., CITIC Financial Holdings Co., Ltd. holds more than 5% of the shares of CITIC Securities Co., Ltd., and there is a connected relationship between the two.
2. The Company learned from the shareholders that there was a connected relationship between Century Jinyuan Investment Group Limited and Fujian Gui'an Xintiandi Tourism Culture Investment Co., Ltd.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

IV. INFORMATION OF CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

As of the end of the Reporting Period, the Company had neither controlling shareholder nor de facto controller as defined in the SSE Listing Rules.

V. OTHER LEGAL PERSON SHAREHOLDERS HOLDING MORE THAN 10% OF THE SHARES

Unit: RMB'00 million

Name of legal person shareholder	Legal representative	General manager	Date of establishment	Organization Code	Registered capital	Main business or management activities, etc.
Beijing Financial Holdings Group Limited (北京金融控股集團有限公司)	FAN Yuanning	Han Xu	October 19, 2018	91110000MA01F60KX1	120.00	financial holding company business, and other businesses as approved in accordance with the law
Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	ZHANG Qingsong	Liu Jiawang	December 16, 2003	911000007109329615	8,282.09	accept the authorization by the State Council to conduct equity investment in key state-owned financial enterprises; and other related businesses approved by the State Council

VI. INTERESTS AND SHORT POSITIONS TO BE DISCLOSED BY THE DIRECTORS AND CHIEF EXECUTIVES

As of the end of the Reporting Period, no Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be recorded in the register to be kept by the Company, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

As of the end of the Reporting Period, no Directors or their respective spouses or children under 18 years of age had been granted the rights to gain benefits by way of purchasing Shares or debentures of the Company or exercise any aforesaid rights by themselves, nor had Directors or their respective spouses or children under 18 years of age been granted the aforesaid rights from any other corporate body due to the arrangement made by the Company or any of its subsidiaries.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

VII. INTERESTS AND SHORT POSITIONS TO BE DISCLOSED BY THE SUBSTANTIAL SHAREHOLDERS

Pursuant to Section 336 of the Securities and Futures Ordinance, shareholders are required to disclose their interests when they hold 5% or more of the voting shares of the Company's A shares or H shares, and are required to make further disclosure when the subsequent changes of their interest reached the prescribed threshold.

As of the end of the Reporting Period, to the knowledge of the Company and the Directors based on enquiries on the HKExnews website of HKEX, the following Shareholders (except Directors or chief executives) had interests or short positions in any Shares and underlying Shares of the Company required to be recorded in the register to be kept by the Company under Section 336 of the Securities and Futures Ordinance:

Unit: Share

No.	Name of Shareholders	Capacity	Class of Shares	Nature of Interest	Number of Shares ^(Note 1)	Percentage of the Total Share Capital (%)	Percentage of the Relevant Class of Shares (%)
1	Beijing Financial Holdings Group Limited	Beneficial owner	A Shares	Long positions	2,684,309,017	34.61	41.32
		Beneficial owner	H Shares	Long positions	89,249,500	1.15	7.08
2	Central Huijin Investment Ltd.	Beneficial owner	A Shares	Long positions	2,386,052,459	30.76	36.73
3	CITIC Securities Co., Ltd.	Beneficial owner	A Shares	Long positions	382,849,268	4.94	5.89
			A Shares	Short positions	250,000	Less than 0.01	Less than 0.01
		Approved lending agent	A Shares	Long positions (Shares available for lending)	250,000	Less than 0.01	Less than 0.01
4	CITIC Group Corporation ^(Note 2)	Interest of controlled corporation	H Shares	Long positions	351,647,000	4.53	27.89
5	E Fund Management Co., Ltd.	Investment Manager	H Shares	Long positions	113,965,500	1.47	9.04

Note 1: As the changes in interest are only subject to disclosure when the whole percentage level is crossed, the number of shares shown in the table above may not accurately reflect the latest shareholding of the respective shareholders as at the end of the Reporting Period.

Note 2: Pursuant to information provided by HKExnews website of HKEX and to the knowledge of the Company, in March 2025, Glasslake Holdings transferred all 351,647,000 H Shares of the Company it held to CITIC Financial Holdings. Glasslake Holdings and CITIC Financial Holdings are both wholly-owned subsidiaries of CITIC Limited, and their de facto controller is CITIC Group. Therefore, as at December 31, 2025, CITIC Group indirectly held 351,647,000 H Shares of the Company through its controlled corporation, CITIC Financial Holdings.

As of the end of the Reporting Period, save as disclosed in this report, to the knowledge of the Company, no other person had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required, pursuant to Section 336 of the Securities and Futures Ordinance, to be recorded in the register to be kept by the Company referred to therein.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

VIII. SUFFICIENT PUBLIC FLOAT

Upon listing of the H Shares, the Hong Kong Stock Exchange has granted a waiver to the Company, approving that the minimum public float of the Company shall be the highest of (1) 15% of the total issued Share capital of the Company; or (2) such percentage of H Shares to be held by the public immediately after the completion of the global offering (assuming that the over-allotment option is not exercised); and (3) such percentage of H Shares to be held by the public immediately after the completion of the global offering (as increased in the H Shares to be issued pursuant to the exercise of the over-allotment option). Upon the completion of the global offering (including the partial exercise of the over-allotment option) and based on the minimum public float granted by the Hong Kong Stock Exchange, the minimum public float for the H Shares of the Company is no lower than 17.40%.

Immediately after the completion of the initial public offering of A Shares in 2018, the number of H Shares held by the public is not less than 16.49% of the total issued Shares; immediately after the completion of the non-public issuance of A Shares in 2020, the number of H Shares held by the public is not less than 16.26% of the total issued Shares; immediately after the completion of the increase in the shareholding of H Shares by the largest Shareholder, Beijing Financial Holdings Group, in 2023, the number of H Shares held by the public is not less than 15.06% of the total issued Shares. Based on the public information available to the Company and to the knowledge of the Directors as at the Latest Practicable Date before the publishing of this annual report, the Company satisfies the public float requirements by continuously maintaining a total public float of A Shares and H Shares of not less than 17.40%, and a public float of H Shares of not less than 5%.

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

I. DIRECTORS AND SENIOR MANAGEMENT

(I) Changes in Shareholding and Remuneration of Current and Resigned Directors and Senior Management during the Reporting Period

Unit: Share

Name	Position	Gender	Date of birth	Commencement date of current term of office	Expiry date of current term of office	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Increase or decrease in the number of Shares for the year	Total remuneration before tax received from the Company during the Reporting Period (RMB ten thousand)	Whether to receive remuneration from related parties of the Company
LIU Cheng	Chairman, Executive Director, and Chairman of Executive Committee	Male	December 1967	March 2025	Upon expiry	0	0	0	147.94	No
LI Min	Vice Chairman of the Board and Non-executive Director	Male	September 1976	April 2024	Upon expiry	0	0	0	-	Yes
ZHU Yong	Vice Chairman of the Board and Non-executive Director	Male	June 1969	August 2025	Upon expiry	0	0	0	-	No
JIN Jianhua	Executive Director, General Manager, Member of Executive Committee	Male	January 1971	November 2024	Upon expiry	0	0	0	141.74	No
YAN Xiaolei	Non-executive Director	Male	July 1975	April 2024	Upon expiry	0	0	0	-	Yes
WANG Guanglong	Non-executive Director	Male	August 1984	August 2025	Upon expiry	0	0	0	-	Yes
YANG Dong	Non-executive Director	Male	July 1976	April 2024	Upon expiry	0	0	0	-	No
HUA Shurui	Non-executive Director	Female	June 1979	June 2024	Upon expiry	0	0	0	-	No
WANG Hua	Non-executive Director	Female	August 1976	April 2024	Upon expiry	0	0	0	-	No
DAI Bo	Non-executive Director and Employee Representative Director	Male	December 1971	November 2025	Upon expiry	0	0	0	20.20	No
PO Wai Kwong	Independent Non-executive Director	Male	January 1957	April 2024	Upon expiry	0	0	0	34.50	No
LAI Guanrong	Independent Non-executive Director	Male	December 1962	April 2024	Upon expiry	0	0	0	34.50	No
ZHANG Zheng	Independent Non-executive Director	Male	August 1972	April 2024	Upon expiry	0	0	0	34.50	No
WU Xi	Independent Non-executive Director	Male	November 1977	April 2024	Upon expiry	0	0	0	34.50	No
ZHENG Wei	Independent Non-executive Director	Male	March 1974	April 2024	Upon expiry	0	0	0	34.50	No
JIANG Yueqin	Member of Executive Committee	Male	December 1966	April 2024	Upon expiry	0	0	0	129.74	No
HUANG Ling	Member of Executive Committee	Male	October 1976	April 2024	Upon expiry	0	0	0	122.36	No
WU Chaoze	Member of Executive Committee	Female	September 1986	June 2025	Upon expiry	0	0	0	55.04	No

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Position	Gender	Date of birth	Commencement date of current term of office	Expiry date of current term of office	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Increase or decrease in the number of Shares for the year	Total remuneration before tax received from the Company during the Reporting Period (RMB ten thousand)	Whether to receive remuneration from related parties of the Company
LIU Naisheng	Member of Executive Committee and Secretary of the Board	Male	February 1971	April 2024	Upon expiry	0	0	0	122.42	No
LI Tiesheng	Member of Executive Committee	Male	July 1971	April 2024	Upon expiry	0	0	0	103.82	No
WANG Guangxue	Member of Executive Committee	Male	June 1972	April 2024	Upon expiry	0	0	0	125.18	No
ZHANG Xinfan	Member of Executive Committee	Male	December 1968	April 2024	Upon expiry	0	0	0	106.22	No
DING Jianqiang	Member of Executive Committee and Chief Compliance Officer	Male	May 1973	April 2024	Upon expiry	0	0	0	94.82	No
XIAO Gang	Member of Executive Committee and Chief Information Officer	Male	June 1969	April 2024	Upon expiry	0	0	0	112.82	No
PENG Wende	Member of Executive Committee and Chief Risk Officer	Male	June 1966	April 2024	Upon expiry	0	0	0	112.22	No
WANG Changqing (Resigned)	Former Chairman of the Board, an Executive Director and the Chairman of the Executive Committee	Male	June 1963	April 2024	March 2025	0	0	0	44.50	No
LIU Yanming (Resigned)	Former Non-executive Director	Male	September 1978	April 2024	August 2025	0	0	0	-	Yes
Total	/	/	/	/	/	<u>0</u>	<u>0</u>	<u>0</u>	1,611.52	/

Note 1: Both the “Commencement date of term of office” and “Expiry date of term of office” of current Directors and Senior Management listed in the table above refer to the dates of the current term of office. For Directors or Senior Management serving consecutive terms through re-election or reappointment, please refer to respective biographical details below for the starting date of their first term of office.

Note 2: If the abovementioned persons hold multiple positions, the “term of office” are marked depending on holding the positions of Directors or the senior management members for the first time.

Note 3: The above data on total remuneration before tax represents the remuneration accrued and distributed to Directors and Senior Management during their terms of office attributable to 2025. The final remuneration for the Directors and Senior Management who received remuneration from the Company during the Reporting Period is still in the process of confirmation, and the remaining portion will be disclosed after confirmation.

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(II) Biographical Details of Current Directors and Senior Management of the Company

Name	Main professional experience
LIU Cheng	<p>Mr. LIU is the secretary of the Party Committee, Chairman of the Board, an Executive Director and the Chairman of the Executive Committee of the Company. Mr. LIU joined the Company in January 2025, and has been serving as Chairman of the Board, an Executive Director and the Chairman of the Executive Committee since March 2025. Mr. LIU currently also serves as Vice Chairman of the Securities Association of China.</p> <p>Mr. LIU worked for the Finance Department of the Central College of Finance and Economics (now Central University of Finance and Economics), the National Planning Committee (now National Development and Reform Commission) and the General Office of the State Council. From April 2018 to January 2025, Mr. LIU served as a member of the Party Committee, deputy secretary of the Party Committee, Chairman of the Supervisory Committee, Executive Vice President of the Bank, President and Executive Director of China CITIC Bank Corporation Limited (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange), concurrently served as the director of CITIC International Financial Holdings Limited, CITIC Bank International Limited and CNCB (Hong Kong) Investment Co., Ltd.</p> <p>Mr. LIU obtained a bachelor's degree and a master's degree in Economics from the Finance Department of the Central College of Finance and Economics (now Central University of Finance and Economics) and a doctor's degree in Economics from the School of Finance of Renmin University of China. Mr. LIU is a research fellow.</p>
LI Min	<p>Mr. LI is the Vice Chairman of the Board and the non-executive Director of the Company. Mr. LI has been serving as a Director of the Company since May 2023 and the Vice Chairman of the Board of the Company since June 2023, and currently serves as the deputy general manager of Beijing Financial Holdings Group Limited.</p> <p>Mr. LI served as the deputy director of the sales management division of wealth management products in the personal banking department, and the deputy general manager of the expert team division in the private banking department at Industrial and Commercial Bank of China Limited, the deputy general manager of the personal banking department, the deputy general manager of the asset management department (presiding over the work), the general manager of the asset management department and the deputy president of Hua Xia Bank Co., Limited, and the head of the preparatory group and the chairman of the board of directors at Hua Xia Wealth Management Co., Ltd.</p> <p>Mr. LI obtained a bachelor's degree in International Finance from Shanxi University of Finance and Economics and a master's degree in Agricultural Economic Management from China Agricultural University, and was qualified as an economist.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
ZHU Yong	<p>Mr. ZHU is the Vice Chairman of the Board and the non-executive Director of the Company. Mr. ZHU has been serving as a Director and the Vice Chairman of the Board of the Company since August 2025, and currently serves as a dispatched director of Central Huijin Investment Ltd., and a director of China Export & Credit Insurance Corporation.</p> <p>Mr. ZHU worked for the department of monetary audit of the National Audit Office as the deputy divisional director, the general manager of the legal and audit department, the general manager of the human resources department and the director of organization department of the party committee of Tianjin Binhai Rural Commercial Bank, the divisional director of the supervision and audit department of China Export & Credit Insurance Corporation, the senior deputy manager, senior manager of the office of the board of supervisors/internal audit department and the leader of the working group of the board of supervisors of China Investment Corporation, and a supervisor dispatched to China Reinsurance (Group) Corporation (a company listed on the Hong Kong Stock Exchange) and a director dispatched to Hengfeng Bank Co., Ltd. by Central Huijin Investment Ltd.</p> <p>Mr. ZHU obtained his doctorate degree in economics from Peking University and is qualified as a senior auditor.</p>
JIN Jianhua	<p>Mr. JIN is the deputy secretary of the Party Committee, an Executive Director, the General Manager and a member of the Executive Committee of the Company. Mr. JIN joined the Company in November 2024, and has been serving as an Executive Director, the General Manager and a member of the Executive Committee since November 2024. Mr. JIN currently also serves as the chairman of the Subsidiary Committee of the Securities Association of China, the chairman of the Stock Issuance Standardization Committee of the Shenzhen Stock Exchange, and a member of the Securities Issuance and Underwriting Self-discipline Committee of the Beijing Stock Exchange.</p> <p>Mr. JIN previously served as the deputy general manager of the Investment Banking Department (Beijing), member of the Investment Banking Management Committee, head of the financial industry group, head of the equipment manufacturing industry group, head of the M&A business line and member of the Senior Management of CITIC Securities Co., Ltd., general manager of Goldstone Investment Co., Ltd., chairman of CITIC Private Equity Funds Management Co., Ltd., deputy general manager of CITIC Investment Holdings Limited, general manager of CITIC Private Fund Management Co., Ltd and previously served as a director of Shanghai Baosteel Packaging Co., Ltd. (a company listed on the Shanghai Stock Exchange).</p> <p>Mr. JIN obtained a Bachelor's degree in industrial foreign trade and a Master's degree in technical economics from Xi'an Jiaotong University, and obtained a Master's degree in business administration from China Europe International Business School.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
YAN Xiaolei	<p>Mr. YAN is a non-executive Director of the Company. Mr. YAN has been serving as a Director of the Company since May 2023, and currently serves as Chief Accountant of Beijing State-Owned Assets Management Co., Ltd. (北京市國有資產經營有限責任公司).</p> <p>Mr. YAN served as the secretary of the board of directors at BAIC Motor Corporation Limited, the director of securities and finance at Beijing Automotive Group Co., Ltd., a director of BAIC Motor Corporation Limited (a company listed on the Hong Kong Stock Exchange), a director of BAIC BluePark New Energy Technology Co., Ltd. (北汽藍谷新能源科技股份有限公司) (a company listed on the Shanghai Stock Exchange), a director of Bohai Automotive Systems Co., Ltd. (渤海汽車系統股份有限公司) (a company listed on the Shanghai Stock Exchange), the chairman of the board of directors of Jingquan Private Equity Fund Management (Beijing) Co., Ltd. (璟泉私募基金管理(北京)有限公司), the assistant to general manager and Chief Investment Officer of Beijing Financial Holdings Group Limited, the chairman of the board of directors of Beijing Beijin Futures Co., Ltd (北京北金期貨有限公司) and the chairman of the board of directors of Beijing Jinkong Capital Co., Ltd. (北京金控資本有限公司).</p> <p>Mr. YAN obtained a doctor's degree in Management Science majoring in Accounting from the Research Institute for Fiscal Science of the Ministry of Finance (currently known as Chinese Academy of Fiscal Sciences), had the title of senior economist, and was qualified as a Chinese certified public accountant and a chartered financial analyst (CFA).</p>
WANG Guanglong	<p>Mr. WANG is a non-executive Director of the Company. Mr. Wang has been serving as a Director of the Company since August 2025, and currently serves as the chairman of Beijing Jinkong Capital Co., Ltd. (北京金控資本有限公司), and concurrently serves as the executive director and general manager of Beijing Wealth Management Co., Ltd. (北京財富管理有限公司) and the chairman of Beijing Beijin Futures Co., Ltd (北京北金期貨有限公司).</p> <p>Mr. WANG previously served as deputy division director at the international research division of the Policy Research Bureau of the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會政策研究局國際研究處), deputy director (temporary post) of the Macprudential Policy Bureau of the People's Bank of China, deputy general manager of the strategic innovation department, general manager of the investment and M&A department and general manager of the financial investment department of Beijing Financial Holdings Group Limited.</p> <p>Mr. WANG holds both a Bachelor's degree and a Doctorate in Economics from Tsinghua University.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
YANG Dong	<p>Mr. YANG is a non-executive Director of the Company. Mr. YANG has been serving as a Director of the Company since October 2021, and currently serves as a Dedicated External Director of Central Huijin Investment Ltd.</p> <p>Mr. YANG worked at Tianjin Branch of the People's Bank of China, CBIRC Tianjin Office and other institutions, and successively served as the senior deputy manager and senior manager of the Banking Department of Central Huijin Investment Ltd.</p> <p>Mr. YANG obtained a doctor's degree in Economics from Renmin University of China, and had the title of senior economist.</p>
HUA Shurui	<p>Ms. HUA is a non-executive Director of the Company. Ms. HUA has been serving as a Director of the Company since June 2024, and currently serves as a Dedicated External Director of Central Huijin Investment Ltd.</p> <p>Ms. HUA was the deputy general manager of Jilin Province Trust Co., Ltd. (吉林省信託有限責任公司), the general manager of the Wealth Management Center of Everbright Securities Co., Ltd., the assistant to the general manager of China Huadian Capital Holdings Co., Ltd., the chairman of the board of directors of Yibin Development Holding Group Company (宜賓發展控股集團公司), the vice mayor of Yibin Municipal Government, and served as a director of China Fortune International Trust Co., Ltd. (華鑫國際信託有限公司), a director of CCB Principal Asset Management Co., Ltd. and a director of Yibin Tianyuan Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange), and served on a temporary basis as director of the Financial Services Bureau of Yibin City (宜賓市金融工作局).</p> <p>Ms. HUA obtained a bachelor's degree in Engineering from Jilin Institute of Technology (吉林工學院) (currently Changchun University of Technology (長春工業大學)), and a master's degree in arts and a doctoral degree in economics from Jilin University (吉林大學).</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
WANG Hua	<p>Ms. WANG is a non-executive Director of the Company. Ms. WANG has been serving as a Director of the Company since June 2021, and currently serves as the deputy director of the Party Committee Organization Department and the deputy general manager of the Human Resources Department of CITIC Group Corporation, and a director of CITIC Telecom International Holdings Limited (a company listed on Hong Kong Stock Exchange).</p> <p>Ms. WANG served as the director of the Tax Division of the Finance Department, the assistant to the general manager of the Finance Department and the director of the Tax Division, the deputy general manager of the Finance Department and the director of the Tax Division and the deputy general manager of the Finance Department of CITIC Group Corporation, a director of CITIC Heavy Industries Co., Ltd. (a company listed on the Shanghai Stock Exchange), a director of Zhonghai Trust Co., Ltd., a director of China Agriculture Industry Development Fund Co., Ltd. and a director of CITIC Urban Development & Operation Co., Ltd.</p> <p>Ms. WANG obtained a bachelor's degree and a master's degree in Accounting from Dongbei University of Finance & Economics.</p>
DAI Bo	<p>Mr. DAI is an employee representative director, the administrative head of the Trading Department and the administrative head of the Derivatives Trading Department of the Company. Mr. DAI joined the Company in June 2010 and has been serving as the administrative head of the Derivatives Trading Department since November 2012, concurrently as the administrative head of the Trading Department since July 2013, as an employee representative Director of the Company since November 2025, and also as a director of China Futures Co., Ltd., a director of China Securities (International) Finance Holding Company Limited, a director of China Securities (International) Investment Company Limited (建投(海外)投資有限公司) and a director of China Securities (International) Finance Company Limited.</p> <p>Mr. DAI was a senior researcher of the Research Department of CITIC Securities Co., Ltd., a research director of CITIC Fund Management Co., Ltd (中信基金管理有限責任公司), an executive general manager of the Asset Management Department of CITIC Securities Co., Ltd., an executive general manager and a managing director of the Trading Department of the Company, the chairman and general manager of China Securities Investment Co., Ltd, and an employee representative Supervisor of the Company.</p> <p>Mr. DAI obtained a bachelor's degree in Engineering and a bachelor's degree in Economics from Tsinghua University, a master's degree in Business Administration from China Europe International Business School and a doctor's degree in Engineering from Tsinghua University.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
PO Wai Kwong	<p>Mr. PO is an independent non-executive Director of the Company. Mr. PO has been serving as an independent Director of the Company since May 2021, and currently also serves as an independent Director of Citibank (Hong Kong) Limited and a member of the Hang Seng Index Advisory Committee in Hong Kong and an honorary advisor to the Hong Kong Investment Funds Association.</p> <p>Mr. PO served as the senior director of the Securities and Futures Commission (證券及期貨事務監察委員會) of Hong Kong, the executive director of the Insurance Authority (保險業監管局) of Hong Kong and a member of International Advisory Council of the CSRC, and an independent director of Everbright Securities Company Limited (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange).</p> <p>Mr. PO obtained a bachelor's degree and a master's degree in Business Administration from the Chinese University of Hong Kong (香港中文大學), and was also an accountant.</p>
LAI Guanrong	<p>Mr. LAI is an independent non-executive Director of the Company. Mr. LAI has been serving as an independent Director of the Company since May 2021. In addition, Mr. LAI has also been serving as an independent director of Chinasoft International Limited (a company listed on Hong Kong Stock Exchange), and an independent director of Dongxing Securities Co., Ltd. (a company listed on the SSE).</p> <p>Mr. LAI served as the deputy general manager (presiding over the work) of Min Fa Security Limited Company (閩發證券有限責任公司), the deputy chief officer of the office of Fujian Branch of People's Bank of China (中國人民銀行福建省分行), the general manager of Fujian Minnan Qiaoxiang Trust and Investment Company (福建省閩南僑鄉信託投資公司), the president of Huafu Securities Co., Ltd. (華福證券有限責任公司), the secretary of the Party Committee and president of Jiahe Life Insurance Co., Ltd. (嘉禾人壽保險股份有限公司), the vice chairman of ABC Life Insurance Co., Ltd. (農銀人壽保險股份有限公司), the chairman of the supervisory committee of Beijing Zhongguancun Science City Construction Holding Co., Ltd. (北京中關村科學城建設股份有限公司), the chief economist and member of the investment committee of Shenzhen CMAF Investment Management Co., Ltd. (深圳市遠致富海投資管理有限公司), an independent director of Xin Yuan Enterprises Group Limited (信源企業集團有限公司) (a company listed on Hong Kong Stock Exchange), a director of China Sciences Industrial Group Holdings Co., Ltd. (中科實業集團(控股)有限公司), and an independent director of New China Life Insurance Company Ltd. (a company listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange).</p> <p>Mr. LAI obtained a bachelor's degree in Economics from Xiamen University, a master's degree in Monetary Banking from the Graduate School of the People's Bank of China, and a doctor's degree in Economics from Xiamen University.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
ZHANG Zheng	<p>Mr. ZHANG is an independent non-executive Director of the Company. Mr. ZHANG has been serving as an independent Director of the Company since September 2022, and currently serves as a professor and deputy dean of Guanghua School of Management of Peking University, and an independent director of CCB Trust Co., Ltd. and an independent director of Poly Developments and Holdings Group Co., Ltd. (a company listed on the Shanghai Stock Exchange). Mr. ZHANG currently also serves as the director of National Centre for Financial Research at Peking University.</p> <p>Mr. ZHANG served as an external supervisor of China Cinda Asset Management Co., Ltd. (a company listed on the Hong Kong Stock Exchange) and an independent director of Harbin Bank Co., Ltd. (a company listed on the Hong Kong Stock Exchange).</p> <p>Mr. ZHANG obtained a bachelor's degree and a master's degree with a major in Applied Mathematics from Nankai University, and a doctor's degree in Finance from Peking University.</p>
WU Xi	<p>Mr. WU is an independent non-executive Director of the Company. Mr. WU has been serving as an independent Director of the Company since September 2022, and currently serves as a professor and dean of the School of Accountancy of Central University of Finance and Economics, as well as an independent director of Dajia Insurance Group Co., Ltd., an external supervisor of Trust Mutual Life Insurance Company. Mr. WU currently also serves as a member of the Industrial Talent Working Committee of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會行業人才工作委員會), and an executive director of the Council of the China Audit Society.</p> <p>Mr. WU served as the assistant dean and deputy dean of the School of Accountancy of Central University of Finance and Economics, an independent director of China Publishing & Media Co., Ltd. (a company listed on the Shanghai Stock Exchange) and an independent director of Henan Zhongfu Industrial Co., Ltd. (a company listed on the Shanghai Stock Exchange).</p> <p>Mr. WU obtained a bachelor's degree with a major in Accounting from Zhejiang Institute of Finance and Economics (currently known as Zhejiang University of Finance & Economics), and a master's degree and a doctor's degree with a major in Accounting from Central University of Finance and Economics.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
ZHENG Wei	<p>Mr. ZHENG is an independent non-executive Director of the Company. Mr. ZHENG has been serving as an independent Director of the Company since October 2023, and currently serves as a professor and director of department of risk management and insurance of School of Economics of Peking University, director of the China Center for Insurance and Social Security Research, Peking University, and concurrently serves as an independent director of Schroder Fund Management (China) Company Limited.</p> <p>Mr. ZHENG served as an assistant director and associate director of department of risk management and insurance of School of Economics of Peking University, an independent director of New China Life Insurance Company Ltd. (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange), an external supervisor of China CITIC Bank Corporation Limited (a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange) and an external supervisor of PICC Reinsurance Co., Ltd.</p> <p>Mr. ZHENG obtained a bachelor's degree, a master's degree and a doctor's degree in Economics from the School of Economics of Peking University.</p>
JIANG Yueqin	<p>Mr. JIANG is a member of the Party Committee and a member of the Executive Committee of the Company. Mr. JIANG joined the Company in January 2007, and has been serving as a member of the Executive Committee since May 2009. In addition, he also serves as a director of China Securities (International) Investment Company Limited (建投(海外)投資有限公司).</p> <p>Mr. JIANG worked at Shenzhen Shekou Xinxin Software Company, and served as the deputy general manager of Shenzhen Branch, the general manager of trading department and the chief dealer of CITIC Securities Co., Ltd., the general manager of Changsheng Fund Management Co., Ltd., the assistant to general manager, the administrative head of Institutional Business Department and the administrative head of Asset Management Department of the Company, the chairman of the board of directors of China Fund Management Co., Ltd. and the chairman of the board of directors and the chairman of the executive committee of China Securities (International) Finance Holding Company Limited.</p> <p>Mr. JIANG obtained a bachelor's degree in Engineering and a master's degree in Engineering from University of Electronic Science and Technology of China.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
HUANG Ling	<p>Mr. HUANG is a member of the Party Committee, a member of the Executive Committee and the chairman of the Wealth Management Committee of the Company. Mr. HUANG joined the Company in November 2005, and has been serving as a member of the Executive Committee since January 2014, and the chairman of Wealth Management Committee from December 2025. In addition, he also serves as the chairman of the board of directors of China Fund Management Co., Ltd.</p> <p>Mr. HUANG served as a senior business director of the general management department of Huaxia Securities Co., Ltd., and the assistant to the general manager of the Debt Business Department, the administrative head of the Bond Underwriting Department, the Co-Chairman of the Investment Banking Business Committee, and the Chairman of the Institutional Business Committee of the Company.</p> <p>Mr. HUANG obtained a bachelor's degree in Economics from China Institute of Finance, a master's degree in Economics from the Graduate School of the People's Bank of China (currently known as PBC School of Finance, Tsinghua University), and a doctor's degree in Economics from Hunan University, and had the title of senior economist.</p>
WU Chaoze	<p>Ms. WU is a member of the Party Committee, a member of the Executive Committee, the Chairman of the Institutional Business Committee, and the administrative head of the International Business Department of the Company. Ms. Wu joined the Company in July 2011, and has been serving as a member of the Executive Committee since June 2025 and the Chairman of the Institutional Business Committee since December 2025. In addition, she also serves as the chairman of the board of directors of China Securities (International) Finance Holding Company Limited.</p> <p>Ms. WU previously served as Assistant Analyst of the Research and Development Department, Chief Analyst of the Telecommunications Sector, Chief Analyst of the TMT Sector, and administrative head of the Company.</p> <p>Ms. WU obtained a bachelor's degree in Law from Dalian Maritime University and a master's degree in Law from Swansea University in the United Kingdom.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
LIU Naisheng	<p>Mr. LIU is a member of Party Committee, a member of the Executive Committee, the Secretary of the Board and the Chairman of the Investment Banking Business Management Committee of the Company. Mr. LIU joined the Company in March 2006, and has been serving as a member of the Executive Committee since January 2014, as the Chairman of the Investment Banking Business Management Committee since January 2021, and as the Secretary of the Board of the Company since July 2024. In addition, he also serves as a director of China Securities (International) Finance Holding Company Limited, a director of Beijing Equity Trading Center Co., Ltd. and a director of Beijing Shunlong Zhiyuan Enterprise Management Consulting Co., Ltd. Mr. LIU currently also serves as the vice chairman of Investment Banking Committee of the Securities Association of China, a member of the Mergers and Acquisitions Financing Professional Committee of the China Association for Public Companies, and a member of the Market Microstructure Professional Committee of the China Capital Market Society.</p> <p>Mr. LIU worked at China Xinxing Corporation (Group), China Science and Technology International Trust and Investment Co., Ltd. and China Science and Technology Securities Co., Ltd., and served as the administrative head of the Investment Banking Department, the director of the Investment Banking Business Committee and the administrative head of the Executive Office of the Company.</p> <p>Mr. LIU obtained a bachelor's degree in Engineering from Beijing Institute of Machinery (currently known as Beijing Information Science & Technology University) and a master's degree in Business Administration from Tsinghua University, and was qualified as a sponsor representative of A Shares.</p>
LI Tiesheng	<p>Mr. LI is a member of the Executive Committee of the Company. Mr. LI joined the Company in June 2013, and has been serving as a member of the Executive Committee since June 2013. In addition, he also serves as the chairman of the board of directors of China Capital Management Co., Ltd.</p> <p>Mr. LI served as the business manager of the securities department and the futures department of China People's Insurance Trust and Investment Company, the general manager of Shenzhen Zhongbaoxin Financial Consultant Co. Ltd, the deputy general manager of Hong Kong Jiangnan Finance Company Limited, the deputy director of Great Wall Securities Co., Ltd., the general manager of New Jiangnan Investment Company Limited, and a member of Party Committee and the vice-president of Beijing Branch of China Merchants Bank Co., Ltd.</p> <p>Mr. LI obtained a bachelor's degree in Engineering from Beijing Institute of Technology and a master's degree in Economics from Renmin University of China.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
WANG Guangxue	<p>Mr. WANG is a member of Party Committee, a member of the Executive Committee of the Company. Mr. WANG joined the Company in November 2005, and has been serving as a member of the Executive Committee since January 2014. In addition, he also serves as the chairman of the board of directors of China Futures Co., Ltd. Currently, Mr. WANG also serves as a member of the China Futures Association, the vice chairman of the Development Strategy Committee, the Chairman of the Information Technology Application Committee of the 4th Board of Directors and a member of the Strategic Advisory Committee of Dalian Commodity Exchange.</p> <p>Mr. WANG served as a staff of the foreign economic relations department of planning committee of Liyang City, Jiangsu Province (currently known as the development and reform commission of Liyang City), the business manager, senior business director and assistant to general manager of the investment banking department of Huaxia Securities Co., Ltd., the assistant to general manager and deputy general manager of the Investment Banking Department, the Administrative Head of the Executive Office, the Secretary of the Board and the chairman of Wealth Management Committee of the Company.</p> <p>Mr. WANG obtained a bachelor's degree in Science from Ocean University of Qingdao (currently known as Ocean University of China), and a master's degree in Economics and a doctor's degree in Economics from Fudan University, and had the title of senior economist.</p>
ZHANG Xinfan	<p>Mr. ZHANG is a member of the Executive Committee and the Administrative Head of the Securities Financing Department of the Company. Mr. ZHANG joined the Company in November 2005, and has been serving as a member of the Executive Committee since January 2014 and the Administrative Head of the Securities Financing Department since May 2025. In addition, he also serves as a director of China Futures Co., Ltd.</p> <p>Mr. ZHANG served as the director of securities business department of Dalian Branch of Industrial and Commercial Bank of China Limited, the manager of Dalian securities business department, the deputy general manager of Shenyang Branch and the deputy general manager of the brokerage business management headquarters of Huaxia Securities Co., Ltd., and the deputy general manager of the Brokerage Business Management Department, the manager of the Securities Business Department of Beijing Dongzhimen South Street, the Chairman of the Brokerage Business Management Committee and the Co-Chairman of the Institutional Business Committee of the Company.</p> <p>Mr. ZHANG obtained a bachelor's degree in Economics from Dongbei University of Finance and Economics, and a master's degree in Business Administration from Peking University, and had the title of senior economist.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
DING Jianqiang	<p>Mr. DING is a member of Executive Committee, the Chief Compliance Officer and the administrative head of the Legal and Compliance Department of the Company. Mr. DING joined the Company in November 2005, and has been serving as the administrative head of the Legal and Compliance Department since January 2007, a member of Executive Committee since April 2019, and the Chief Compliance Officer since May 2019. Mr. DING also serves as a member of Securities Compliance Management Committee of Securities Association of China, a member of Securities Industry Compliance Committee of the Securities Association of Beijing, and a member of the Rule of Law and Investor Protection Professional Committee of the China Capital Market Society.</p> <p>Mr. DING served as the assistant to the general manager of legal affairs department of Huaxia Securities Co., Ltd., and the assistant to the general manager of the Legal and Compliance Department and the Chief Lawyer of the Company.</p> <p>Mr. DING obtained a bachelor's degree in Law from China University of Political Science and Law, and was qualified as a lawyer.</p>
XIAO Gang	<p>Mr. XIAO is a member of Executive Committee, the Chief Information Officer and the administrative head of the IT Department of the Company. Mr. XIAO joined the Company in November 2005, and has been serving as the administrative head of the IT Department since August 2012, and a member of Executive Committee and the Chief Information Officer since April 2019. Mr. XIAO currently also serves as a member of Information Technology Committee of the Securities Association of China, the Chairman of the Fintech and Information Technology Committee of the Securities Association of Beijing, an expert in Fintech Research and Development Center (Shenzhen) of Securities and Futures Industry of SZSE, and a member of WG22 Working Groups and a chief expert of WG43 Working Group of Securities Subcommittee of China Financial Standardization Technical Committee.</p> <p>Mr. XIAO worked at Beijing Kangtaike Electronic Technology Co., Ltd. (北京康泰克電子技術有限公司), and served as a senior engineer of Computer Center of Huaxia Securities Co., Ltd., and a senior engineer and deputy general manager of IT Department of the Company.</p> <p>Mr. XIAO obtained a bachelor's degree in Computer Application from Beijing Union University, and had the professional qualification as a senior engineer.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Main professional experience
PENG Wende	<p>Mr. PENG is a member of the Executive Committee, the Chief Risk Officer and the administrative head of the Risk Management Department of the Company. Mr. PENG joined the Company in November 2005, and has been serving as a member of the Executive Committee of the Company since July 2019, the administrative head of the Risk Management Department since February 2023 and the Chief Risk Officer since March 2023. Mr. PENG also serves as the vice chairperson of Risk Management Committee of Securities Association of China, the vice chairperson of Risk Control Committee of Securities Association of Beijing, a member of Risk Management Committee of Shanghai Stock Exchange and a member of statistical analysis expert group of China Securities Investor Protection Fund Corporation Limited.</p> <p>Mr. PENG served as the head of engineering department of Shine Dew Industrial Limited (鑫達實業有限公司), the deputy general manager of Guangzhou Branch, the general manager of Beijing Sanlihe Securities Business Department and the general manager of Chongqing Branch of Huaxia Securities Co., Ltd., the general manager of Southwest Management Headquarters of the Company, the chairman of the board of directors of China Futures Co., Ltd., and a director, the general manager and the chairman of the Executive Committee of China Securities (International) Finance Holding Company Limited.</p> <p>Mr. PENG obtained a bachelor's degree in Engineering from Huazhong University of Science and Technology, a master's degree in Management Engineering from South China University of Technology, and a doctor's degree with a major in Enterprise Management from Sun Yat-sen University.</p>

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

II. POSITIONS HELD BY CURRENT AND RESIGNED DIRECTORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

1. Positions in the Shareholders

Name	Name of the Shareholders	Positions held in the Shareholders	Commencement date of term of office	Expiry date of term of office
LI Min	Beijing Financial Holdings Group	Deputy General Manager	February 2021	Upon expiry
ZHU Yong	Central Huijin	Dedicated External Director	September 2020	Upon expiry
YAN Xiaolei	Beijing Financial Holdings Group	Chief Investment Officer	July 2020	October 2025
WANG Guanglong	Beijing Financial Holdings Group	General Manager of Financial Investment Department	January 2025	January 2026
YANG Dong	Central Huijin	Dedicated External Director	October 2021	Upon expiry
HUA Shurui	Central Huijin	Dedicated External Director	June 2024	Upon expiry
LIU Yanming (Resigned)	Beijing Financial Holdings Group	General Manager of the Digital Economy Department	January 2025	Upon expiry

Explanations on positions in the Shareholders: Positions held by resigned employees in the Shareholders shall be presented in the position he/she held at the time of resignation.

2. Positions in Other Entities

Name	Name of other entities	Positions held in other entities	Commencement date of term of office	Expiry date of term of office
YAN Xiaolei	Beijing State-Owned Assets Management Co., Ltd.	Chief Accountant	October 2025	Upon expiry
WANG Guanglong	Beijing Jinkong Capital Co., Ltd.	Chairman	November 2025	Upon expiry
WANG Hua	CITIC Group	The Deputy Director of the Party Committee Organization Department and the Deputy General Manager of the Human Resources Department	March 2023	Upon expiry
ZHANG Zheng	Peking University	Professor and Deputy Dean of Guanghua School of Management	January 2020	Upon expiry
WU Xi	Central University of Finance and Economics	Professor and Dean of School of Accountancy	September 2019	Upon expiry
ZHENG Wei	Peking University	Professor and Director of Department of Risk Management and Insurance of School of Economics	September 2010	Upon expiry

Explanations on positions in other entities: Those who only serve as independent non-executive directors in other entities are not listed. See "Biographical Details of Current Directors and Senior Management of the Company" under this section in this report for other appointments.

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

III. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Decision-making Procedures in Relation to Remuneration of Directors and Senior Management	The Board of the Company established the Remuneration and Nomination Committee, which was responsible for formulating and reviewing the remuneration policies and plans for Directors and senior management of the Company and making recommendations. The Board and/or the General Meeting was responsible for conducting proceedings and making decisions in accordance with the Articles of Association and the Rules of Procedures for the Board of Directors. The Company established remuneration management systems to regulate decision-making procedures of remuneration.
Should Directors Abstain from the Discussion of the Board Regarding Their Own Remuneration	Yes
The Recommendations Made by the Remuneration and Nomination Committee and Special Meetings of Independent Directors Regarding Remuneration of Directors and Senior Management	To consider resolutions concerning the remuneration of the Company's Directors and senior management based on the Company's operating performance, and to consider matters related to the deferred payment of performance-based remuneration in accordance with the prudent remuneration system and other industry requirements.
Basis for Determining the Remuneration of Directors and Senior Management	The independent non-executive Directors of the Company received allowances with reference to the industry standards, while other non-executive Directors did not receive remuneration from the Company. The annual remuneration of the senior management is determined and allocated with reference to the overall performance of the Company, the division of responsibilities, individual annual assessment results, and market-related factors.
Actual Payment of Remuneration to Directors and Senior Management	For details, please refer to the section "Changes in Shareholding and Remuneration of Current and Resigned Directors and Senior Management during the Reporting Period".
Total Actual Remuneration Received by All Directors and Senior Management up to the End of Reporting Period	RMB16,115,200.
Basis for Assessment and Completion of the Actual Remuneration Received by All Directors and Senior Management at the End of the Reporting Period	Please refer to "Evaluation and Incentive Mechanism and Performance of Duties by Senior Management" of this section for details.
Deferred Payment Arrangements for Actual Remuneration Received by All Directors and Senior Management at the End of the Reporting Period	The Company has established a remuneration deferred payment system whereby more than 40% of the performance-based annual remuneration for senior management shall be deferred for a period not less than three years. The deferred payment of remuneration shall be divided equally.
Stop-payment Recourse for Actual Remuneration Received by All Directors and Senior Management at the End of the Reporting Period	No relevant circumstance occurred during the Reporting Period

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

IV. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Positions held	Changes	Reason
LIU Cheng	Chairman of the Board, Executive Director and Chairman of Executive Committee	Elected	Supplemented
ZHU Yong	Vice Chairman of the Board and Non-executive Director	Elected	Supplemented
WANG Guanglong	Non-executive Director	Elected	Supplemented
DAI Bo	Non-executive Director and Employee Representative Director	Elected	Supplemented
WU Chaoze	Member of Executive Committee	Appointed	Appointed
WANG Changqing	Former Chairman of the Board, Executive Director and Chairman of Executive Committee	Resigned	To the age of retirement
LIU Yanming	Former Non-executive Director	Resigned	Work change

V. RELATIONSHIPS AMONG DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in this report, there is no relationship among the Directors and senior management of the Company, including finance, business, family or other significant relationships.

VI. PERFORMANCE OF DUTIES BY DIRECTORS AND SENIOR MANAGEMENT

(I) Performance of Duties by Directors

In 2025, in accordance with the provisions under the domestic and overseas laws and regulations, regulatory requirements and the Articles of Association, all Directors of the Company diligently and responsibly performed their responsibilities and obligations in reviewing the issues of the Board and special committees under the Board carefully, provided valuable opinions and recommendations on strategic and development planning, governance system, business development, risk management and compliance management and other aspects, earnestly safeguarded the interests of Shareholders and promoted sustainable and healthy development of the Company.

During the year, the Executive Directors earnestly performed their dual duties in decision making and execution, actively implemented the resolutions of General Meetings and Board, and conducted in-depth study of the development and operating strategies of the Company to boost the Company to achieve outstanding operating results; the non-executive Directors attended the meetings of the Board and special committees under the Board pursuant to the requirements and made scientific and prudent decisions by way of, among others, considering meeting documents, receiving special reports, conducting investigations and surveys, and reviewing documents reporting the Company's operation to keep abreast of the Company's operation and development status timely; the independent non-executive Directors consistently expressed their personal opinions in an independent and objective manner, offered advice and recommendations on the Company's development by giving full play to their professional strengths, and faithfully performed their duties so as to safeguard the interests of the Company and its Shareholders, especially the legitimate interests of minority Shareholders.

For details of the performance of duties of Directors of the Company, please refer to "Section 8 Corporate Governance Report" of this annual report.

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(II) Evaluation and Incentive Mechanism and Performance of Duties by Senior Management

During the Reporting Period, the Company's Board of Directors served as the primary body responsible for the performance appraisal and compensation management of Senior Management. In accordance with relevant corporate systems and annual operational objectives, it conducted annual performance assessment of Senior Management. The assessment was closely aligned with the division of responsibilities among senior executives, focusing on key areas including operational performance, development of assigned fields, enhancement of market competitiveness, implementation of annual priorities, compliance risk management and control, and ethical conduct. It comprehensively evaluated their effectiveness in fulfilling duties and assuming responsibilities, with assessment outcomes closely tied to the Company's overall performance.

During the Reporting Period, the Company's Senior Management demonstrated diligence and professionalism in fulfilling their duties, delivering strong overall performance and successfully completing all tasks assigned by the Board of Directors with high quality. The Company continued to enhance its internal control and risk management systems, strengthen synergistic efficiency and specialized service capabilities, actively seize industry development opportunities, adhere to a prudent business orientation, optimize its business layout and talent structure, accelerate the implementation of corporate strategies, and achieve improved operational efficiency and high-quality development.

The annual remuneration of the Company's senior management is determined and allocated with reference to the overall performance of the Company, the division of responsibilities, individual annual assessment results, and market-related factors, and is executed after the consideration and approval of the Board.

For details regarding the key performance initiatives of the Company's executive management, please refer to "Section 3 Management Discussion and Analysis" of this annual report.

VII. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

(I) Employees

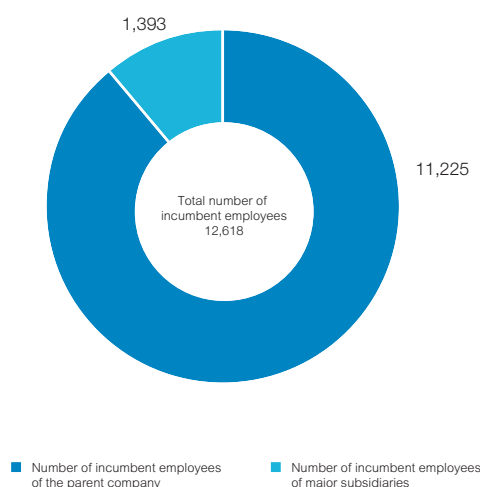
As of the end of the Reporting Period, the Group had a total of 12,618 employees (including labor outsourcing employees), and 540 resigned and retired employees for whom the parent company and major subsidiaries were required to undertake the expenses. The specific composition of incumbent employees was as follows:

(II) Remuneration Policies

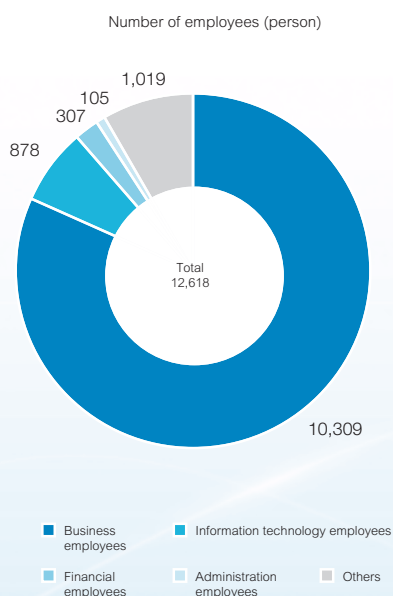
The Company has established a sound internal human resource management system in compliance with the provisions of the PRC's laws in relation to, among others, labor contracts and labor protections, formulated various rules and policies in relation to remunerations, positions and grades, performance assessments, benefits and holidays, etc., and stringently implemented such rules and policies, so as to effectively protect the employees' interest in various aspects such as labor protection, working environment, wages payment, social insurance, healthcare and vacation. Based on management of the gross salary of state-owned enterprises, the Company reasonably determines remuneration level for employees according to its annual operating performance and in compliance with the principles of marketization. The employees' remuneration includes basic salaries, bonuses, subsidies and allowances and insurance benefits. Basic salaries are determined according to the positions and grades, and the standard of positions and grades is determined taking overall consideration of factors such as post responsibilities, qualification, working capability, professional knowledge and experience of employees. Bonuses are determined comprehensively according to the strategy implementation, result performance, performance appraisal results,

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

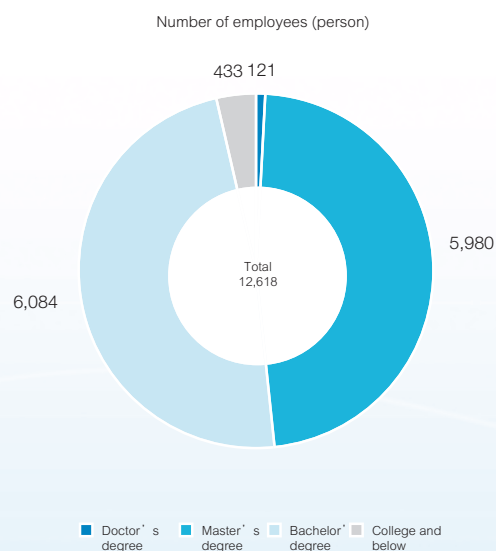
evaluation on compliance and risk control and honest practice evaluation, etc. of employees in the corresponding year. The Company has implemented the concept of stable operation and sustainable development, established a complete and stable remuneration management system, and set up a remuneration deferred payment mechanism, so as to avoid excessive incentives and short-term incentives. The Company has made full payment of social insurance and housing provident fund contributions for its employees and established a comprehensive benefit protection system, covering various aspects, including supplemental medical insurance, enterprise annuity, paid leave and medical examination.



Professional Composition



Education Level



SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

(III) Training Program

Building a high-quality, professional cadre and talent team with strong political integrity, fine work conduct and professional competence is the core driving force for the Company to continuously achieve new leaps and new development. In 2025, the Company continued to focus on the training and education of incumbent cadres, young cadres, Party affairs cadres and professional talents, continuously improved the talent development system, and refined the multi-tiered cadre and talent development system. On the basis of continuously studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company thoroughly studied the essence of the Eight-point Decision of the Central Committee and its implementation rules, and promoted the implementation of six cadre and talent development programmes, namely “Lighthouse”, “Voyage”, “Rosy Glow”, “Torch”, “Stars” and “Summit”, providing dedicated training support for middle-level and above cadres, heads of branches, young cadre echelons at headquarters and branch levels, management trainees and professional talents in key fields.

1. Carried out the “Lighthouse Program” for middle-level and above cadres of the Company and continuously conducted theoretical study of the Party, Party spirit education and the training on performance capacity, so as to improve the political literacy, strategic thinking and leadership.
2. Carried out the “Long Voyage Program” for the heads of the branches, and customized differentiated training curriculums for the branch’s general manager, business department managers at different development stages in order to help the heads of the branches enhance their political awareness, strengthen compliance, risk control and business awareness, and master advanced management concepts and methods.
3. Tiered and classified and carried out cultivation, programmes namely “Rosy Glow” and “Torch” for outstanding young cadres. Carried out the development plan for management talents at the headquarters of the Company, focusing on the competency that high quality financial management talents should possess, and on helping young cadres to strengthen the cultivation of their Party spirit and theoretical literacy. Assistance offered to team leaders at headquarters and subsidiaries to enhance their ability to “manage people and business” in daily team management. Carried out overall plan, unified selection and intensive cultivation and exercise initiatives for management trainees. To strengthen the ideals, beliefs and strategic execution for management talents of the branch offices and establish the concept of overall situation and systematic thinking, in order to improve the overall coordination and operation decision-making ability. To facilitate the role transition for the management talents from business department to establish a business operation awareness and management thinking, and to consolidate managerial skill for rapid growth from official of business department to management department cadres.

SECTION 7 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

4. Implemented the “Summit Programme” for professional talents. The Company advanced the cultivation of financial technology and digital talents by organizing two-way rotation and exchange between technology and finance, and holding general financial technology courses as well as basic and advanced practical training camps for data analysis; it continued to promote general training and practical training for investment research talents; it organized training camps for regional compliance personnel to further improve compliance management effectiveness at branch institutions, advance the forward positioning of risk and internal control checkpoints, and strengthen the cultivation of compliance teams in the wealth management business line and the construction of a business quality control middle platform; and it continued to organize pre-departure training courses for overseas assignments and business English enhancement training camps for international talents, helping employees participating in overseas secondment and exchanges broaden their international perspectives, improve their overseas working capabilities and awareness of safety and confidentiality, and promote the development of cross-border business.
5. Organized annual training for all Party members, arranged for all secretaries of primary-level Party organizations to participate in rotational training courses for Party affairs cadres and online training courses on current situation, policies and theoretical studies, held a series of professional competency enhancement training sessions for Party affairs staff, conducted annual training for applicants for Party membership, and organized training classes for candidates for Party membership of the year.
6. Attached great importance to compliance practice education, integrity education, confidentiality education and information security education for all employees, and regularly strengthened employees’ awareness and capabilities.
7. Attached great importance to campus recruitment, providing employment and internship opportunities for outstanding graduates and current students. During the Reporting Period, the Company provided more than 2,800 internship positions for students and offered 63 hours of pre-job online courses for newly recruited graduates, and organized centralized onboarding training for new employees.

(IV) Information of Securities Brokers

As of the end of 2025, the Company had a total of 5 branches that implemented the securities broker system, with a total of 26 brokers who obtained practicing qualifications as securities brokers as reviewed and approved by the SAC.

SECTION 8 CORPORATE GOVERNANCE REPORT

I. OVERVIEW OF CORPORATE GOVERNANCE

As a “A+H” share listed company, the Company has strictly complied with the requirements of laws, regulations and regulatory requirements of the domestic and overseas listing places, adhered to the concept of high-quality development and constantly improved the level of its corporate governance. The Company has deepened the organic integration of Party leadership with corporate governance, steadfastly upholding the political and people-oriented nature of financial work. The responsibilities and authorities of the General Meeting, the Board and management are clearly delineated, and operate in accordance with established norms; each special committee of the Board and independent Directors perform their duties with full effectiveness. The decision-making, execution and oversight functions of the Company coordinate and reinforce one another, resulting in continuously enhanced governance effectiveness. The Company has formulated the Articles of Association, and the corporate governance systems, including the Rules of Procedures for the General Meeting, the Rules of Procedures for Board of Directors and Rules of Procedures for Executive Committee, defining the scope of responsibilities and working procedures of the General Meeting, the Board and the executive management and strengthening an institutional foundations to the standardized operation of the Company. The Board has established the Development Strategy Committee, the Risk Management Committee, the Audit Committee and the Remuneration and Nomination Committee, developed rules of procedures for each special committee and clearly defined the scope of responsibilities and work procedures of each special committee to give full play to the role of each special committee in providing professional support for the Board’s decision-making. To improve the quality and effectiveness of the Independent Directors’ performance, the Company has developed the Work System for the Independent Directors, Rules of Procedures for the Special Meetings of the Independent Directors, as well as Work System for Annual Report of the Independent Directors, so as to ensure that the Independent Directors effectively fulfill the important roles of participation in decision-making, supervision and counterbalance, and professional advice in corporate governance.

During the Reporting Period, the Company and the Board strictly complied with relevant provisions of corporate governance of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Corporate Governance Code under Appendix C1 of the Hong Kong Listing Rules, and relevant requirements on securities regulatory authorities, to ensure the convening, holding and voting procedures of the General Meetings and the Board complied with the laws and regulations; strictly fulfilled information disclosure obligations and ensured timely and fair information disclosure with truthfulness, accuracy and completeness; attached great importance to the protection of the rights and interests of investors, and strived to continuously provide comprehensive and effective investor relations services; further enhanced the governance participation of independent Directors and fortified the protection of the legitimate rights and interests of minority Shareholders. The overall governance of the Company complied with the provisions of laws, regulations, and met the relevant regulatory requirements from securities regulatory authorities and stock exchanges. The Board has fully fulfilled its corporate governance responsibilities during the Reporting Period.

II. BOARD AND THE OPERATION MANAGEMENT

(I) Composition of the Board

The Company has a Board which is accountable to the General Meeting. In accordance with the provisions of the Articles of Association, the Board of the Company shall consist of 15 Directors, five of whom are independent non-executive Directors and one of whom is an employee representative director, and the number of internal Directors of the Board shall not exceed one-half of the total number of Directors. The Board shall have one chairman and two vice chairmen who shall be elected and removed by more than one half of all the Directors. The Directors of the Company shall serve a term of three years, and are eligible for re-election upon the expiration of their terms, except as otherwise provided in the relevant laws and regulations and the Articles of Association. The Company has adopted a Board diversity policy, and considered the diversity of the Board members in various aspects when nominating candidates for Directors, including factors such as age, gender, educational background and professional experience.

As of the end of the Reporting Period, the Board of Directors of the Company comprised 15 Directors, including two executive Directors (Mr. LIU Cheng and Mr. JIN Jianhua), eight non-executive Directors (Mr. LI Min, Mr. ZHU Yong, Mr. YAN Xiaolei, Mr. WANG Guanglong, Mr. YANG Dong, Ms. HUA Shurui, Ms. WANG Hua and Mr. DAI Bo) and five independent non-executive Directors (Mr. PO Wai Kwong, Mr. LAI Guanrong, Mr. ZHANG Zheng, Mr. WU Xi and Mr. ZHENG Wei), of which the number of internal Directors was far less than one-half of the total number of Directors, and the number of independent non-executive Directors exceeded one-third of the total number of Directors, therefore, the composition of the Board of Directors complied with the relevant laws and regulations as well as regulatory rules.

For information on the resignation and appointment of Directors during the Reporting Period, please refer to “Changes in Directors and Senior Management of the Company” in “Section 7 Directors, Senior Management and Employees” of this annual report.

(II) Executive Directors (Chairman and General Manager)

The two Executive Directors of the Company serve as Chairman and General Manager respectively. The Chairman serves as the Legal Representative of the Company, responsible for directing the Board's operations, ensuring the Board functions efficiently in a manner consistent with the best interests of the Company and all Shareholders, safeguarding that Directors receive information for their duties timely, accurately and clearly, promoting the refinement of corporate governance, and achieving the steady development of the Company. The General Manager presides over the operational management of the Company, implements resolutions passed by the Board, and reports to the Board. The specific responsibilities of the Chairman and the General Manager are detailed in the relevant provisions of the Articles of Association.

SECTION 8 CORPORATE GOVERNANCE REPORT

(III) Duties and Powers of the Board

In accordance with the provisions of the Articles of Association, the Board of the Company shall exercise the following duties and powers: (1) to convene General Meetings and submit work report to General Meetings; (2) to implement the resolutions of the General Meetings; (3) to decide on the operation plan and investment scheme of the Company; (4) to determine the compliance management objectives of the Company, assume responsibility for the effectiveness of compliance management of the Company and perform the corresponding duties of compliance management; (5) to set the objectives, strategies and policies for the Company's comprehensive risk management and consolidated statement management, and fulfill the corresponding responsibilities in these areas; (6) to prepare the budget and final financial accounts plans of the Company; (7) to prepare the profit distribution plan and the loss recovery plan; (8) to prepare the plan for the Company to increase or reduce its registered capital, issuance of corporate bonds or other securities and listing plans; (9) to prepare plans of the Company with respect to mergers, divisions, dissolution or changes of the form of the Company; (10) to prepare plans of the Company with respect to material acquisitions and acquisition of the Company shares; (11) to decide to appoint or remove the General Manager, the Chief Compliance Officer, the Chief Risk Officer and the Secretary of the Board of the Company nominated by the Chairman of the Board or special committees under the Board and decide the remunerations and rewards and punishments thereof; to appoint or remove the Chief Financial Officer, Chief Information Officer, members of the Executive Committee and other senior management members nominated by the Chairman of the Board, special committees under the Board or the General Manager, and decide the remunerations and rewards and punishments thereof; (12) to decide on the establishment of the internal management organizations of the Company; (13) to determine the composition of special committees under the Board, and the chairman (convener) of each special committee under the Board; (14) to establish a basic management system of the Company; (15) to prepare plans to amend these Articles of Association; (16) to file an application for bankruptcy on behalf of the Company; (17) to prepare plans of the Company with respect to, among others, the material external investments, material assets acquisition and disposal, material guarantees and material connected transactions; (18) to consider and approve the external investment matters that do not satisfy the approval authority of General Meetings as prescribed in these Articles of Association; (19) to consider and approve the assets acquisition and disposal matters that do not satisfy the approval authority of General Meetings as prescribed in the Articles of Association; (20) to consider and approve external guarantees that do not require approval at the General Meeting as specified in these Articles of Association; (21) to consider and approve the related party transactions that should be considered and approved by the Board as required by laws, regulations and the listing rules of the place where the Company's shares are listed; (22) to consider and approve the external donation matters of the Company with an accumulative donation amount not exceeding RMB twenty five million (RMB25,000,000) (inclusive) in one financial year; (23) to decide on the Company's external investments, acquisition and disposal of assets, pledge of assets, external guarantee matters, trust wealth management and other matters within the scope of authorization by General Meetings; (24) to decide on mergers, divisions, establishments or revocations of branches; (25) to manage the information disclosure matters of the Company; (26) to propose to General Meetings with respect to the engagement or replacement of the audit firms to audit the Company; (27) to receive the work report of the General Manager of the Company and examine his/her work; (28) to guide and urge the Company to strengthen cultural construction, establish and improve the cultural concept system that can effectively support the Company's strategy, and realize the integrated development of both the strategy and the culture of the Company; (29) to exercise any other duties and powers specified in relevant laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the Company's shares are listed or the Articles of Association of the Company, or authorized by the General Meeting.

SECTION 8 CORPORATE GOVERNANCE REPORT

During the Reporting Period, all Directors of the Company responsibly, diligently and faithfully performed their obligations, responsibilities and duties as Directors. The independent non-executive Directors continued to possess the independence required by relevant rules, and gave full play to their roles in participating in the decision-making, supervision and balance, and professional consultation in the Board, so as to safeguard the overall interests of listed companies, and the legitimate rights and interests of minority Shareholders.

(IV) Duties of the Executive Management

In accordance with the provisions of the Articles of Association, the Company established the Executive Committee to operate and manage its business. The Executive Committee of the Company shall, according to the resolutions of the Board of Directors or the relevant requirements, perform the following duties: (1) to carry out the operational guidelines of the Company, and determine major matters in relation to the operation and management of the Company; (2) to implement the objectives of the Company's compliance management, risk management and consolidated management, assume responsibility for the compliant operation, comprehensive risk management and consolidated management of the Company, and perform the corresponding duties to management; (3) to draft the financial budget plan of the Company, and submit the same to the Board of Directors for formulation; (4) to draft the final accounting plan, the profit distribution plan, and loss recovery plans of the Company, and submit the same to the Board of Directors for formulation; (5) to draft the plan to change the registered capital, and the plan to issue bonds, of the Company, and submit the same to the Board of Directors for formulation; (6) to draft the plan for the merger, division, alteration or dissolution of the Company, and submit the same to the Board of Directors for formulation; (7) to draft the plan for the operation, investment, financing or assets disposition of the Company, and submit the same to the Board of Directors for approval in accordance with corresponding rights; (8) to draft the plan for the establishment of an internal management organization of the Company, and submit the same to the Board of Directors for approval; (9) to decide the appointment and dismissal of the management (other than the Directors and senior management of the Company); (10) to draft and approve the remuneration plan and the award and punishment plan for employees (other than Directors and senior management of the Company); (11) to implement the requirements of cultural development in the industry, promote the close integration of the Company's culture development and operation management, and realize the integration of the Company's strategy and culture; (12) to exercise other powers granted by the Board of Directors.

During the Reporting Period, the executive management of the Company comprehensively implemented all resolutions and requirements of the Board. It played an important role in achieving outstanding operating results despite a severe market environment and intense competition in the industry, and accomplished the mission of operation and management assigned to it by the Board well.

SECTION 8 CORPORATE GOVERNANCE REPORT

(V) Board and Workforce Diversity Policy

Purpose of the policy: The purpose is to set out the approach to achieve Board diversity. With a view to achieving sustainable and balanced development, the Company regards the diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and sustainable development.

Board diversity policy statement: In designing the composition of the Board, the Company has considered the Board diversity from various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The appointment of all Board members will be based on the principle of meritocracy, and candidates will be considered and selected based on the diversity objective, taking into account the benefits of Board diversity, and determined in accordance with the advantages of candidates and their ability to provide professional support to the Board.

Measurable objectives: Selection of candidates will be based on various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the value and contribution that the selected candidates will bring to the Board. The Remuneration and Nomination Committee reviews and supervises the implementation of the Board diversity policy every year to ensure its effectiveness.

During the Reporting Period, the Board diversity policy has been well implemented. The Directors of the Company have a balanced portfolio of knowledge and skills, including knowledge and experience in the fields of finance, accounting, investment management and general corporate management. The Board has both male and female Directors, covering various age groups, including those aged 40 to 60, with work experience in different industries. During the Reporting Period, the Board newly appointed a female Director as a member of the Remuneration and Nomination Committee to better align with the diversity requirements of Board diversity policy set out in the Corporate Governance Code under Appendix C1 of the Hong Kong Listing Rules. As of the end of the Reporting Period, two out of fifteen of our Directors are female, representing approximately 13.33% of the total Directors. The Board will use its best endeavors to actively identify female individuals qualified to become our Board members, to ensure the effective implementation of gender diversity policy of the Board. The Company will continue to ensure gender diversity when recruiting staff at mid to senior level so that the female senior management and potential successors will join the Board in due course to ensure gender diversity of the Board. The Company will continue to focus on training female talent and providing long-term development opportunities for female staff. As of the end of the Reporting Period, the ratio of male to female employees of the Company was approximately 1.29:1.

With social progress and economic development intensifying the requirement for the Board diversity, the Company will further compare and strengthen the objective of corporate governance by adopting plenty of measures, including but not limited to increasing the number of trainings for female talents, enhancing young talents cultivation, encouraging the development of multi-technology and experienced staff and having more discussions with Shareholders on the Board diversity, seeking the advancement of the Board diversity.

SECTION 8 CORPORATE GOVERNANCE REPORT

(VI) Convening of Board Meetings

In 2025, the Company convened a total of 8 Board meetings, the details of which were as follows:

On February 20, 2025, the 12th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the Exemption of Prior Notice Period of Board Meetings, the Resolution on Nomination of Executive Director of the Company and Election of Chairman, Member of Special Committees of the Board, the Resolution on Appointment of Senior Management Member of the Company, the Resolution on Appointment of Authorized Representative, and the Resolution on Convening the Extraordinary General Meeting of the Company.

On March 27, 2025, the 13th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the 2024 Operation Report of the Executive Management, the Resolution on the 2024 Work Report of the Board of Directors of the CSC Financial Co., Ltd., the Resolution on the 2024 Work Report of Independent Non-Executive Directors and their Independence, the Resolution on the Report on the Performance of Duties by the Audit Committee of the Board of the CSC Financial Co., Ltd. for 2024, the Resolution on the 2024 Final Financial Accounts Plan, the Resolution on the Profit Distribution Plan in 2024, the Resolution on the 2024 Annual Report of the CSC Financial Co., Ltd., the Resolution on the 2024 Compliance Report of the CSC Financial Co., Ltd., the Resolution on the 2024 Anti-Money Laundering Work Report of the CSC Financial Co., Ltd., the Resolution on the 2024 Special Report on Information Technology Management of the CSC Financial Co., Ltd., the Resolution on the 2024 Internal Control Evaluation Report of the CSC Financial Co., Ltd., the Resolution on the 2024 Sustainability & Environmental, Social and Governance (ESG) Report of the CSC Financial Co., Ltd., the Resolution on the 2024 Appraisal of the Chief Compliance Officer, the Resolution on the Report on the Performance of Supervision Duties of Accounting Firms by the Audit Committee of the Board of the CSC Financial Co., Ltd. for 2024, the Resolution on Assessment Report on Accounting Firms' Performance of the CSC Financial Co., Ltd. for 2024, the Resolution on the 2024 Internal Audit Work Report and 2025 Work Plan, the Resolution on the 2025 Anti-Money Laundering Work Plan of the CSC Financial Co., Ltd., the Resolution on Renewal of Accounting Firms for 2025, the Resolution on Formulating a Market Value Management System, the Resolution on Adjusting the Names and Core Responsibilities of Brokerage Business Management Committee and the Resolution on Convening the Annual General Meeting.

On April 29, 2025, the 14th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the 2025 First Quarterly Report of the CSC Financial Co., Ltd., the Resolution on the 2024 Risk Report of the CSC Financial Co., Ltd., the Resolution on 2025 Work Plan, the Resolution on 2025 Financial Plan, the Resolution on the 2025 Risk Management Policies, the Resolution on the 2025 Self-Investment Quota and the Resolution on the Expected Daily Related Party Transactions/Continuing Connected Transactions in 2025, and heard reports including the Report on Special Audit of Anti-Money Laundering Work, the Report on Self-Assessment of Money Laundering and Terrorist Financing Risks for 2024, the Report on Protection of Investors' Rights and Interests in 2024, the Report on Issuance of Debt Financing Instruments in 2024 and the Report on the Use of Increased Capital Contribution of China Capital Management Co., Ltd in 2024.

On June 20, 2025, the 15th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the Additional Appointment of Non-executive Directors and Members to the Specialized Committees of the Board of Directors, the Resolution on Appointment of Senior Management and the Resolution on Convening the Extraordinary General Meeting.

SECTION 8 CORPORATE GOVERNANCE REPORT

On July 30, 2025, the 16th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the Additional Appointment of Non-executive Directors, the Resolution on the Election of Vice Chairman and the Resolution on Adjusting Members of the Specialized Committees of the Board of Directors.

On August 28, 2025, the 17th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the 2025 Semi-annual Report of the CSC Financial Co., Ltd., the Resolution on the 2025 Interim Profit Distribution Plan, the Resolution on the Capital Increase of China Securities (International) Finance Holding Co., Ltd., the Resolution on the Improving the Management of Bad Debt Write-Offs, the Resolution on Amending the CSC Financial Co., Ltd. Margin Trading and Securities Lending Business Management Measures and the Resolution on Convening the Extraordinary General Meeting, and heard reports including the Report on the Analysis of Business Performance and Financial Status for the First Half of 2025, the Report on 2025 Interim Risk Management Work, the Report on 2025 Interim Compliance Management Work, the Report on 2025 Interim Anti-Money Laundering Compliance Management Work, the Report on Notification of Typical Issues Regarding Money Laundering Risks and Anti-Money Laundering Performance in Securities Companies and the Report on 2025 Interim Internal Audit Work.

On October 30, 2025, the 18th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on 2025 Third Quarterly Report of the CSC Financial Co., Ltd., the Resolution on Discontinuing the Supervisory Committee and Related Matters, the Resolution on Amendments to the Articles of Association, the Rules of Procedure of the General Meeting and the Rules of Procedure of the Board of Directors, the Resolution on Amendments to the Rules of Procedures for the Special Committees under the Board of Directors and the Resolution on 2024 Gross Payroll Settlement Plan, and heard reports including the Report on the Analysis of Business Performance and Financial Status for the First Three Quarters of 2025 and the Report on the Application Status of Large AI Models.

On December 30, 2025, the 19th meeting of the third session of the Board of Directors of the Company considered and approved resolutions including the Resolution on the Additional Appointment of Members to the Specialized Committees of the Board of Directors, the Resolution on the Amendments to the Comprehensive Risk Management System, the Resolution on Formulation of the Consolidated Management System, the Resolution on the Amendments to Administrative System for Internal Audit, the Resolution on the Amendments to Information Disclosure Related Systems and the Resolution on Hiring External Professional Institutions to Conduct Effectiveness Evaluation of Compliance Management.

(VII) Implementation of Resolutions by the Board Approved at the General Meetings

During the Reporting Period, the implementation of resolutions by the Board approved at General Meetings were mainly as follows:

- (1) On June 27, 2025, the 2024 Annual General Meeting of the Company considered and approved the Resolution on the 2024 Profit Distribution Plan. The 2024 profit distribution of the Company was carried out in the form of a cash dividend, with a total cash dividend of RMB1,279,854,641.51 (tax inclusive), which was fully distributed on August 21, 2025.
- (2) On June 27, 2025, the 2024 Annual General Meeting of the Company considered and approved the Resolution on the Expected Daily Related Party Transactions/Continuing Connected Transactions in 2025. For details of the actual implementation of the Company's daily connected transactions during the Reporting Period, please refer to "Significant Events -Major Connected Transactions" of this report.

SECTION 8 CORPORATE GOVERNANCE REPORT

- (3) On June 27, 2025, the 2024 Annual General Meeting of the Company considered and approved the Resolution on the Reappointment of 2025 Accounting Firms. KPMG Huazhen LLP and KPMG have completed the audit work for the Company for 2025.
- (4) On November 21, 2025, the 2025 Fourth Extraordinary General Meeting of the Company considered and approved the Resolution on the 2025 Interim Profit Distribution Plan. The 2025 interim profit distribution of the Company was carried out in the form of a cash dividend, with a total cash dividend of RMB1,279,854,641.51 (tax inclusive), which was fully distributed within two months following the convening of that General Meeting.
- (5) On November 21, 2025, the 2025 Fourth Extraordinary General Meeting of the Company considered and approved the Resolution on Abolishment of the Supervisory Committee and Relevant Matters, the Resolution on Amendments to the Articles of Association, the Rules of Procedures for General Meetings and the Rules of Procedures for Board Meetings. The Company completed the relevant corporate registration filings in December 2025.

(VIII) Attendances of Board Meetings and General Meetings by Directors

Name of Director	Attendances of Board Meetings							Attendances of General Meetings	
	Whether Independent Director or not	Scheduled attendance meetings for the year	Attendance in person	Attendance			Whether the Director failed to attend two consecutive meetings in person or not	Attendance at General Meetings	
				by way of telecommunication	by proxy	Absence			
LIU Cheng	No	7	7	2	0	0	No	3/3	
LI Min	No	8	8	7	0	0	No	5/5	
ZHU Yong	No	2	2	0	0	0	No	1/1	
JIN Jianhua	No	8	8	3	0	0	No	5/5	
YAN Xiaolei	No	8	8	8	0	0	No	5/5	
WANG Guanglong	No	2	2	0	0	0	No	1/1	
YANG Dong	No	8	8	1	0	0	No	5/5	
HUA Shurui	No	8	8	2	0	0	No	5/5	
WANG Hua	No	8	8	4	0	0	No	5/5	
DAI Bo	No	1	1	0	0	0	No	0/0	
PO Wai Kwong	Yes	8	8	8	0	0	No	5/5	
LAI Guanrong	Yes	8	8	7	0	0	No	5/5	
ZHANG Zheng	Yes	8	8	8	0	0	No	5/5	
WU Xi	Yes	8	8	8	0	0	No	5/5	
ZHENG Wei	Yes	8	8	8	0	0	No	5/5	
WANG Changqing (Resigned)	No	1	1	0	0	0	No	2/2	
LIU Yanming (Resigned)	No	6	6	2	0	0	No	4/4	

Note: "Attendances" include on-site attendance and communication attendance. "Actual attendance" shall be listed in the form of "actual attendance/scheduled attendance"

SECTION 8 CORPORATE GOVERNANCE REPORT

Board meetings convened during the year	8
Including: On-site meetings	7
Meetings convened by way of telecommunication	1
On-site meetings with telecommunication	7

(IX) Training of Directors

The Company attached great importance to and continued to meet the training demands of each Director. By fully leveraging the training platforms of regulatory authorities, self-regulatory organizations and stock exchanges, the Company organized internal training, coordinated the participation of external trainings, and provided written materials to assist Directors in continuously receiving trainings related to the performance of their duties to ensure that they keep abreast of the latest developments of the Company and the latest requirements of relevant laws, regulations and regulatory rules.

In 2025, the training received by each of the Directors of the Company was rich and diverse in content, covering various thematic categories such as interpretation of domestic and foreign laws, regulations, policies, and market situations, artificial intelligence applications, analysis of and improvement directions for ESG policies, and case studies on administrative penalties against listed companies. Newly appointed Directors also received training related to their first appointment, covering topics such as regulatory concepts and practices for listed companies, key points on the performance of duties by key minority members and the management of shareholding changes, corporate governance, and norms for the performance of duties by directors. In addition, the Company provided “Daily Information Briefs” daily to assist Directors in staying abreast of policy developments and industry trends, and provided “Operation Updates” monthly to assist Directors in keeping abreast of the overall situation of the Company’s operations. During the Reporting Period, the training of Directors of the Company met the requirements of regulatory authorities and stock exchanges, and the average duration of training related to the performance of their duties exceeded 15 hours.

SECTION 8 CORPORATE GOVERNANCE REPORT

From the Reporting Period to the disclosure date, all newly appointed Directors of the Company have obtained the legal advice as stipulated in Rule 3.09D of the Hong Kong Listing Rules before taking office and understood their responsibilities as Directors of the Company. The dates on which new Directors of the Company obtained legal advice and the record of continuous professional development training relating to duties as well as regulatory and business development that have been received by the current Directors during the Reporting Period were summarized as follows:

Directors	Date of Obtaining Legal Opinion by Newly Appointed Directors	Type of training ^(Note)
Executive Directors		
LIU Cheng	March 4, 2025	A/B
JIN Jianhua	/	A/B
Non-executive Directors		
LI Min	/	A/B
ZHU Yong	August 13, 2025	A/B
YAN Xiaolei	/	A/B
WANG Guanglong	August 13, 2025	A/B
YANG Dong	/	A/B
HUA Shurui	/	A/B
WANG Hua	/	A/B
DAI Bo	November 19, 2025	A/B
Independent Non-executive Directors		
PO Wai Kwong	/	A/B
LAI Guanrong	/	A/B
ZHANG Zheng	/	A/B
WU Xi	/	A/B
ZHENG Wei	/	A/B

Note: Types of Training

- A: Attending training sessions, including but not limited to regulatory training, seminars, conference and workshops.
- B: Reading relevant newsletters, newspapers, periodicals, magazines and relevant publications.

SECTION 8 CORPORATE GOVERNANCE REPORT

(X) Directors Nomination Policy

Article 117 of the Articles of Association specifies the methods and procedures to nominate Directors: (1) the candidates for Directors may be nominated by the Board of Directors based on the number of Directors to be elected subject to the number specified by the Articles of Association; (2) Shareholder(s) individually or collectively holding more than one percent of the Shares of the Company may nominate the candidates for Directors, but the number of persons nominated shall comply with the provisions of the Articles of Association and shall not exceed the number of persons to be elected; (3) before the convening of General Meetings of the Company, candidates for Directors shall make written commitments stating their acceptance of the nomination, confirming that the information of candidates for Directors is true and complete, and undertaking to faithfully perform the duties of Directors if elected; (4) the written notices of the intention to nominate a candidate for election as a Director and the acceptance of nomination by such candidate, shall be given to the Company no less than seven days prior to the date of convening General Meetings; (5) the period given by the Company to relevant nominators and nominees to submit the aforesaid notices and documents (which period shall commence from the day following the date of despatch of the notice of General Meetings) shall be no less than seven days. In addition, the Board of Directors of the Company and Shareholders individually or collectively holding more than one percent (1%) of the issued Shares of the Company may nominate candidates for independent Directors provided that the number of persons nominated shall comply with the provisions of the Articles of Association and shall not exceed the number of persons to be elected. Also, Article 123 of the Articles of Association stipulates: The Company's Board of Directors shall include Independent Directors. There shall be no less than three Independent Directors and they shall constitute no less than one-third of the Board of Directors. At least one accounting professional shall be included among the Independent Directors, and one Independent Director shall reside in Hong Kong. Apart from the qualifications and obligations provided in the relevant provisions of the Articles of Association concerning relevant Directors, an Independent Director shall also have the independence required by the securities regulatory authorities and the stock exchanges in the places where the Company's Shares are listed.

The Remuneration and Nomination Committee will consider the following factors when evaluating Director candidates: including but not limited to personal reputation; achievements and experience in the financial services industry, especially in the securities industry; time availability; diversity of the Board in all aspects, including but not limited to regulatory requirements, gender, age, cultural and educational background, work experience, professional experience and years of service.

(XI) Dealing in Securities by Directors

The Company has adopted the Model Code contained in Appendix C3 to the Hong Kong Listing Rules in respect of the securities transactions entered into by the Directors. The Company has made specific inquiries to all Directors on any issues which are in non-compliance with the Model Code. All the Directors have completely complied with the provisions and standards set out in the Model Code during the Reporting Period and up to the disclosure date of this report.

References to Directors in this paragraph shall also include Supervisors who served during the Reporting Period.

III. SPECIAL COMMITTEES UNDER THE BOARD

(I) Development Strategy Committee

1. Duties of the Committee

The Development Strategy Committee is principally responsible for researching and advising the Company's long-term development strategy and major investment decisions. As of the end of the Reporting Period, the Development Strategy Committee comprises 9 Directors, namely Mr. LIU Cheng, Mr. LI Min, Mr. ZHU Yong, Mr. JIN Jianhua, Mr. WANG Guanglong, Ms. HUA Shurui, Ms. WANG Hua, Mr. DAI Bo and Mr. LAI Guanrong. Mr. LIU Cheng is the current Chairman of the Development Strategy Committee.

As specified in the Articles of Association, the primary duties of the Development Strategy Committee are as follows: (1) understanding and mastering the overall operations of the Company; (2) understanding, analyzing and mastering the current conditions of international and domestic markets; (3) understanding and mastering relevant policies of the State; (4) understanding the cultural construction of the Company, evaluating the operation status of the Company's cultural concept and strategy integration development mechanism, and improving the compatibility between the Company's culture and development strategy; (5) studying the short, medium and long-term development strategies of the Company or the relevant issues; (6) providing consultancy advice on the Company's major decisions on long-term development strategy and major investments, reform etc.; (7) reviewing and approving specific research reports on development strategies; (8) conducting research on the Company's sustainability/ESG management and providing decision-making consulting suggestions, urging the Company to strengthen communication with stakeholders on important sustainability/ESG matters, reviewing the Company's sustainability/ESG reports and providing suggestions to the Board of Directors; (9) issuing routine research reports regularly or from time to time; and (10) other duties determined by the Board of Directors and other duties required by the listing rules or regulatory requirements of the places where the Company's shares are listed.

2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Development Strategy Committee convened meetings and performed its duties in accordance with the Articles of Association, the Rules of Procedure of the Development Strategy Committee of the Board of Directors of the Company and other provisions and requirements. In 2025, a total of 4 meetings were held, the details of which were as follows:

Date of Meeting	Subject Matters
March 26, 2025	The Resolution on the 2024 Operation Report of the Executive Management was considered
April 28, 2025	The Resolution on the 2025 Work Plan of the Company and the Resolution on the 2025 Financial Plan of the Company were considered
August 27, 2025	The Resolution on the Report on the Analysis of Business Performance and Financial Status for the First Half of 2025 and the Resolution on the Capital Increase of China Securities (International) Finance Holding Co., Ltd. were considered
October 29, 2025	The Resolution on Amendments to the Rules of Procedure of the Development Strategy Committee of the Board of Directors was considered

SECTION 8 CORPORATE GOVERNANCE REPORT

3. Attendance of Meetings of the Development Strategy Committee

Name	Position in the Board and the Committee	Actual attendance/ Scheduled attendance
LIU Cheng	Chairman, Executive Director and Chairman of the Development Strategy Committee	4/4
LI Min	Vice Chairman of the Board, Non-executive Director and Member of the Development Strategy Committee	4/4
ZHU Yong	Vice Chairman of the Board, Non-executive Director and Member of the Development Strategy Committee	1/1
JIN Jianhua	Executive Director and Member of the Development Strategy Committee	4/4
WANG Guanglong	Non-executive Director and Member of the Development Strategy Committee	1/1
HUA Shurui	Non-executive Director and Member of the Development Strategy Committee	4/4
WANG Hua	Non-executive Director and Member of the Development Strategy Committee	4/4
DAI Bo	Non-executive Director, Employee representative director and Member of the Development Strategy Committee	0/0
LAI Guanrong	Independent Non-executive Director and Member of the Development Strategy Committee	4/4
WANG Changqing (Resigned)	Chairman, Executive Director and Chairman of the Development Strategy Committee	0/0
LIU Yanming (Resigned)	Non-executive Director and Member of the Development Strategy Committee	3/3
YANG Dong (Former)	Non-executive Director and Member of the Development Strategy Committee	3/3

Note: ZHU Yong and WANG Guanglong, all of whom are Directors, have served as Members of the Development Strategy Committee under the Board of Directors since August 29, 2025; DAI Bo, who is a Director, has served as Member of the Development Strategy Committee under the Board of Directors since December 30, 2025.

SECTION 8 CORPORATE GOVERNANCE REPORT

(II) Risk Management Committee

1. Duties of the Committee

The Risk Management Committee shall be mainly responsible to monitor the overall risk management of the Company and control such risks within reasonable limits, so as to ensure that the Company may implement effective risk management plans with respect to various risks related to the operating activities of the Company. As of the end of the Reporting Period, the Risk Management Committee comprises seven Directors, namely Mr. YANG Dong, Mr. JIN Jianhua, Mr. YAN Xiaolei, Ms. HUA Shurui, Ms. WANG Hua, Mr. ZHANG Zheng and Mr. ZHENG Wei. Mr. YANG Dong is the Chairman of the Risk Management Committee.

As specified in the Articles of Association, the primary duties of the Risk Management Committee are as follows: (1) to review and advise on the general objectives and basic policies of compliance management and risk management; (2) to define the strategic structures and resource allocation for the risk management and consolidated management of the Company, ensuring alignment with the risk management and consolidated management policies of the Company; (3) to review and advise on the establishment and duties of the institution for compliance management and risk management; (4) to evaluate the risks relating to major decisions to be considered by the Board and the solutions for such major risks, and to provide advice in this regard; (5) to define the limits of major risks; (6) to supervise, examine and make recommendation to the Board on relevant risk management policies; (7) to review the compliance reports and risk evaluation reports required to be considered by the Board, and providing advice in this regard; (8) other duties determined by the Board of Directors and other duties required by the listing rules or regulatory requirements of the places where the Company's shares are listed.

2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Risk Management Committee convened meetings and performed its duties in accordance with the Articles of Association, the Rules of Procedure for the Risk Management Committee of the Board of Directors of the Company and other provisions and requirements. In 2025, a total of 5 meetings were held, the details of which were as follows:

Date of Meeting	Subject Matters
March 26, 2025	The Resolution on the 2024 Compliance Report of CSC Financial Co., Ltd., the Resolution on the 2024 Anti-Money Laundering Work Report of the Company, the Resolution on the 2024 Internal Control Evaluation Report of CSC Financial Co., Ltd. and the Resolution on the 2025 Anti-Money Laundering Work Plan of CSC Financial Co., Ltd. were considered
April 28, 2025	The Resolution on the 2024 Risk Report of CSC Financial Co., Ltd., the Resolution on the 2025 Risk Management Policies and the Resolution on the 2025 Self-Operated Investment Quota were considered. The Report on the Special Audit of Anti-Money Laundering Work and the Report on the 2024 Self-Assessment of Money Laundering and Terrorist Financing Risks were heard

SECTION 8 CORPORATE GOVERNANCE REPORT

Date of Meeting	Subject Matters
August 27, 2025	the 2025 Interim Risk Management Work Report of the Company, the 2025 Interim Compliance Management Work Report of the Company and the 2025 Interim Anti-Money Laundering Compliance Management Work Report of the Company were considered
October 29, 2025	The Resolution on Amendments to the Rules of Procedure for the Risk Management Committee of the Board of Directors of the Company was considered. The Report on Risk Management for the 2025 First Three Quarters was heard
December 29, 2025	The Resolution on Amendments to the Comprehensive Risk Management System and the Resolution on the Formulation of the Consolidated Management System were considered

3. Attendance of Meetings of the Risk Management Committee

Name	Position in the Board and the Committee	Actual attendance/ Scheduled attendance
YANG Dong	Non-executive Director and Chairman of the Risk Management Committee	5/5
JIN Jianhua	Executive Director and Member of the Risk Management Committee	5/5
YAN Xiaolei	Non-executive Director and Member of the Risk Management Committee	5/5
HUA Shurui	Non-executive Director and Member of the Risk Management Committee	2/2
WANG Hua	Non-executive Director and Member of the Risk Management Committee	5/5
ZHANG Zheng	Independent Non-executive Director and Member of the Risk Management Committee	5/5
ZHENG Wei	Independent Non-executive Director and Member of the Risk Management Committee	5/5

Note: Ms. HUA Shurui has served as a Member of the Risk Management Committee under the Board of Directors since August 29, 2025.

(III) Audit Committee

1. Duties of the Committee

The Audit Committee is responsible for the review of the financial information of the Company and its disclosure, supervision and evaluation of the internal and external audit work and the internal control of the Company. As of the end of the Reporting Period, the Audit Committee comprises five Directors, namely Mr. WU Xi, Mr. ZHU Yong, Mr. YAN Xiaolei, Mr. PO Wai Kwong and Mr. ZHENG Wei. Mr. WU Xi is the Chairman of the Audit Committee.

SECTION 8 CORPORATE GOVERNANCE REPORT

As specified in the Articles of Association, the primary duties of the Audit Committee are as follows: (1) to supervise and evaluate the external audit work, propose to engage or change the external auditor, and supervise the practice of external auditors; (2) to supervise the annual audit and make judgment on the truthfulness, accuracy and completeness of the audited information contained in the financial reports before submitting the reports to the Board of Directors; (3) to supervise and evaluate the internal audit work, and be responsible for the coordination between the internal audit and the external audit; (4) to review the financial information of the Company and its disclosure; (5) to supervise and evaluate the internal control of the Company; (6) to supervise and inspect the performance of duties by the Board of Directors and senior management in risk management and consolidated statement management, and urge rectification; (7) to exercise the functions and powers of the Board of Supervisors stipulated in Article 78 of the Company Law; (8) other duties determined by the Board of Directors and other duties required by the listing rules or regulatory requirements of the places where the Company's shares are listed.

In addition, the following matters shall be submitted to the Board of Directors for consideration upon obtaining of approval from more than half of members of the Audit Committee: (1) disclosing financial information and internal control evaluation reports in financial and accounting reports and regular reports; (2) engagement or dismissal of the accounting firm that undertakes the audit business of the listing company; (3) engagement or dismissal of the Chief Financial Officer; (4) changes in accounting policies, accounting estimates or corrections of significant accounting errors resulting from reasons other than changes in accounting standards; (5) other matters as stipulated by laws, administrative regulations, regulations of securities regulatory authorities and the Articles of Association.

2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Audit Committee convened meetings and performed its duties in accordance with the Articles of Association, the Rules of Procedure for the Audit Committee of the Board of Directors of the Company and other provisions and requirements. In 2025, a total of 7 meetings were held, the details of which were as follows:

Date of Meeting	Subject Matters
January 14, 2025	The Report on the Financial and Accounting Statements in 2024 and the Report on the 2024 External Audit Work Plan of the Company were heard
February 20, 2025	The Report on the Financial and Accounting Statements Initially Audited by Annual Audit Accountants for 2024 was heard
March 25, 2025	The Resolution on the 2024 External Audit Work, the Resolution on the 2024 Final Financial Accounts Plan, the Resolution on the 2024 Annual Report of CSC Financial Co., Ltd., the Resolution on 2024 Internal Audit Work and 2025 Work Plan, the Resolution on the 2024 Internal Control Evaluation Report of CSC Financial Co., Ltd., the Resolution on the Report on the Performance of Duties by the Audit Committee of the Board of CSC Financial Co., Ltd. for 2024, the Resolution on the Report on the Supervision of the Performance of Duties of Accounting Firms by the Audit Committee of the Board of Directors of CSC Financial Co., Ltd. in 2024, the Resolution on the Evaluation Report on the Performance of Duties by Accounting Firms of CSC Financial Co., Ltd. in 2024 and the Resolution on the Renewing the Appointment of the Accounting Firms in 2025 were considered

SECTION 8 CORPORATE GOVERNANCE REPORT

Date of Meeting	Subject Matters
April 28, 2025	The Resolution on the 2025 First Quarterly Report of CSC Financial Co., Ltd. and The Resolution on the Expected Daily Related Party Transactions/Continuing Connected Transactions of the Company in 2025 were considered
August 27, 2025	The Resolution on the 2025 Interim Review Work Report, the Resolution on the 2025 Semi-annual Report of CSC Financial Co., Ltd. and the Resolution on the 2025 Interim Internal Audit Work Report were considered. The Report on the 2025 First Half Analysis of Business Performance and Financial Status was heard
October 28, 2025	The Resolution on the 2025 Third Quarterly Report of CSC Financial Co., Ltd. and The Resolution on Amendments to the Rules of Procedure for the Audit Committee of the Board of Directors were considered. The Report on the Analysis of Business Performance and Financial Status for the First Three Quarters of 2025 was heard
December 29, 2025	The Resolution on Amendments to the Administrative System for Internal Audit, the Resolution on Hiring External Professional Institutions to Conduct Effectiveness Evaluation of Compliance Management and the Resolution on Amendments to the Annual Report Work Procedures for the Audit Committee of the Board of Directors were considered

3. Attendance of Meetings of the Audit Committee

Name	Position in the Board and the Committee	Actual attendance/ Scheduled attendance
WU Xi	Independent Non-executive Director and Chairman of the Audit Committee	7/7
ZHU Yong	Vice Chairman of the Board, Non-executive Director and Member of the Audit Committee	2/2
YAN Xiaolei	Non-executive Director and Member of the Audit Committee	7/7
PO Wai Kwong	Independent Non-executive Director and Member of the Audit Committee	7/7
ZHENG Wei	Independent Non-executive Director and Member of the Audit Committee	7/7
HUA Shurui (Former)	Non-executive Director and Member of the Audit Committee	5/5

Note: Mr. ZHU Yong has served as a Member of the Audit Committee under the Board of Directors since August 29, 2025.

SECTION 8 CORPORATE GOVERNANCE REPORT

(IV) Remuneration and Nomination Committee

1. Duties of the Committee

As of the end of the Reporting Period, the Remuneration and Nomination Committee comprises nine Directors, namely Mr. LAI Guanrong, Mr. LIU Cheng, Mr. LI Min, Mr. YANG Dong, Ms. WANG Hua, Mr. PO Wai Kwong, Mr. ZHANG Zheng, Mr. WU Xi, and Mr. ZHENG Wei. Mr. LAI Guanrong is the Chairman of the Remuneration and Nomination Committee.

As specified in the Articles of Association, the Remuneration and Nomination Committee is mainly responsible for formulation of the appraisal standards of the Company's Directors and senior management, as well as conducting appraisal; formulation and examination of remuneration policy and proposal for the Company's Directors and the senior management (including but not limited to performance evaluation standards, procedures and major evaluation systems, major programs and systems of incentives and penalties); Formulate the selection criteria and procedures for Directors and senior management, select and review candidates for Directors and senior management and their qualifications, and make recommendations to the Board of Directors on the following matters: (1) remuneration of Directors and senior management; (2) formulate or change equity incentive plans, employee stock ownership plans, incentive objects to obtain authorized benefits, and the achievement of the conditions for exercising rights and interests; (3) Directors and senior management arrange stock ownership plans in the subsidiaries to be spun off; (4) nominate or appoint or remove Directors; (5) appoint or dismiss senior management; (6) other duties determined by the Board of Directors and other duties required by the listing rules or regulatory requirements of the places where the Company's shares are listed.

2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Remuneration and Nomination Committee convened meetings and performed its duties in accordance with the Articles of Association, the Rules of Procedure of the Remuneration and Nomination Committee under the Board of Directors of the Company and other provisions and requirements. In 2025, a total of 5 meetings were held, the details of which were as follows:

Date of Meeting	Subject Matters
February 19, 2025	The Resolution on Nomination of Executive Directors of the Company and the Resolution on Appointment of Senior Management of the Company were considered
March 26, 2025	The Resolution on the 2024 Appraisal of the Chief Compliance Officer was considered
June 19, 2025	The Resolution on the Additional Appointment of Non-executive Directors and the Resolution on Appointment of Senior Management were considered
July 29, 2025	The Resolution on the Additional Appointment of Non-Executive Directors was considered
October 29, 2025	The Resolution on Amendments to the Rules of Procedure for the Remuneration and Nomination Committee of the Board of Directors and the Resolution on 2024 Gross Payroll Settlement Plan were considered

SECTION 8 CORPORATE GOVERNANCE REPORT

3. Attendance of Meetings of the Remuneration and Nomination Committee

Name	Position in the Board and the Committee	Actual attendance/ Scheduled attendance
LAI Guanrong	Independent Non-executive Director and Chairman of the Remuneration and Nomination Committee	5/5
LIU Cheng	Chairman, Executive Director and Member of the Remuneration and Nomination Committee	4/4
LI Min	Vice Chairman of the Board, Non-executive Director and Member of the Remuneration and Nomination Committee	5/5
YANG Dong	Non-executive Director and Member of the Remuneration and Nomination Committee	5/5
WANG Hua	Non-executive Director and Member of the Remuneration and Nomination Committee	0/0
PO Wai Kwong	Independent Non-executive Director and Member of the Remuneration and Nomination Committee	5/5
ZHANG Zheng	Independent Non-executive Director and Member of the Remuneration and Nomination Committee	5/5
WU Xi	Independent Non-executive Director and Member of the Remuneration and Nomination Committee	5/5
ZHENG Wei	Independent Non-executive Director and Member of the Remuneration and Nomination Committee	0/0
WANG Changqing (Resigned)	Chairman, Executive Director and Member of the Remuneration and Nomination Committee	1/1

Note: Mr. LIU Cheng has served as Member of the Remuneration and Nomination Committee under the Board of Directors since March 13, 2025; Ms. WANG Hua, Mr. ZHENG Wei have served as Members of the Remuneration and Nomination Committee under the Board of Directors since December 30, 2025.

SECTION 8 CORPORATE GOVERNANCE REPORT

IV. REVIEW OF THE ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2025.

V. DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The following statement of directors' responsibilities for the financial statements shall be read in conjunction with the responsibility statement of the certified public accountants included in the audit report of this report. Each responsibility statement shall be understood separately.

The Directors of the Company confirm that they are responsible for preparing financial statements for each financial year that give a true and fair view of the Company's operating results. To the knowledge of the Directors, there are no events or conditions that shall be disclosed but have not been disclosed, which may have a material adverse impact on the Company's ability to continue as a going concern.

VI. COMPANY SECRETARIES

Mr. LIU Naisheng, as the secretary to the Board and a joint company secretary of the Company, is responsible for making recommendations to the Board on matters related to corporate governance and ensures that Board's policies and procedures as well as applicable laws, rules and regulations are strictly followed.

In order to maintain sound corporate governance and to ensure the Company strictly complies with the Listing Rules and applicable Hong Kong laws, during the Reporting Period, the Company has also appointed Ms. WONG Wai Ling of SWCS Corporate Services Group (Hong Kong) Limited, as the Company's joint company secretary, to assist Mr. LIU Naisheng in discharging the duties of a company secretary. Mr. LIU Naisheng has attended necessary trainings on, including laws and regulations of the place where the Shares of the Company are listed, the Listing Rules, Director and Board secretaries' duties, rules on information disclosure, rules on related party/connected transactions, notifiable transactions, securities dealings of Directors and senior management, disclosure of interests and rules on market misconduct, and the implementation of relevant internal policies. Meanwhile, Mr. LIU Naisheng has passed the examination for the secretary to the Board and subsequent training organized by the SSE and continuously possessed the qualification for acting as the secretary to the Board. Both Mr. LIU Naisheng and Ms. WONG Wai Ling confirmed that they received not less than 15 hours of relevant professional training for 2025 as of December 31, 2025.

During the Reporting Period, the secretary to the Board and a joint company secretary of the Company have fully performed their respective duties under the law and the Listing Rules, ensuring that the Company's corporate governance practices and operations remain in compliance with regulatory requirements.

SECTION 8 CORPORATE GOVERNANCE REPORT

VII. INVESTOR RELATIONS

The Company has paid attention to maintaining investor relations and promoted the standardized operation of the Company and protected the rights and interests of investors through comprehensive and effective investor relations management. The Company has actively performed the duties of a listed company, strengthened the investor relations management, established and improved the investor relations management system, established an investor relations management team led by the secretary of the Board of Directors, built effective communication channels between the Company and investors, promoted the positive relationship between the Company and investors, and made efforts to enhance the investors' sense of gain and satisfaction.

In 2025, after the publication of its annual, semi-annual and third-quarter results, the Company held performance briefings in a timely manner by way of live broadcast or online interaction, to extensively collect and actively respond to market concerns. The Company actively organized investor communication activities such as roadshows, invited analysts and institutional investors for research, continuously strengthened communication with the market, and worked to enhance the capital market's discovery and recognition of the Company's investment value. The Company also attached great importance to the communication with and maintenance of small and medium-sized investors and responded to the inquiries of investors through various means, such as the investor contact hotline, investor contact email and the "e-interactive platform" of the SSE, so that investors could understand the situation of the Company more conveniently and quickly. Meanwhile, the Company fully realized the importance of mutual growth of itself and the investors and submitted the investors' suggestions to the executive management and relevant departments in a timely manner, so as to promote the continuous improvement in the governance and value creation ability of the Company. In the management of investor relations, the Company strictly complied with various regulatory requirements in relation to information disclosure. During the Reporting Period, the Company assessed the implementation and effectiveness of its investor relations activities. After evaluating annual shareholder communication data, feedback and opinions, regulatory compliance requirements and market practices, it was indicated that the Company's shareholder communication policy has been implemented effectively overall, with timely and standardized information disclosure and diverse and effective channels for shareholder communication.

VIII. PROCEDURES FOR PROCESSING AND RELEASING INSIDE INFORMATION

The Company formulated the Information Disclosure Management Measures of the Company and the Insider Registration Management System for the Inside Information of the Company to set out the principles, division of duties and responsibilities on information disclosure, and the procedures for processing and disclosing inside information and determining other information required to be disclosed, as well as insiders management for the inside information. Pursuant to such policies, the Company must, as soon as reasonably practicable when any inside information has come to its knowledge or a false market may be formed, disclose such information to the public.

During the Reporting Period, the Company revised such policies and implemented them upon review and approval by the Board. The Company has truthfully, accurately and completely disclosed information strictly in compliance with the requirements of domestic and overseas laws and regulations, Listing Rules, Articles of Association and such policies without any false records, misleading statements or material omissions, to ensure investors will be able to receive the disclosed information in a timely, fair and effective manner. The Company conducted the registration and management of insiders with access to inside information in a compliant and orderly manner, and no violations of regulations such as inside information leakage have occurred.

SECTION 8 CORPORATE GOVERNANCE REPORT

IX. COMMUNICATION WITH SHAREHOLDERS

The General Meeting is the body exercising the authority of the Company, and Shareholders shall exercise the powers and duties in accordance with the laws and regulations, the Articles of Association and the Rules of Procedures for the General Meeting of the Company.

The rights of the Shareholders are specified in the Articles of Association. The Company has convened the General Meeting in strict compliance with the relevant rules and procedures such that all Shareholders, especially minority Shareholders, are treated equally and can fully exercise their own legitimate rights. Shareholder(s) that hold, individually or collectively, more than 10% of the Shares with voting rights in the Company shall have the right to request in writing the Board to convene an extraordinary General Meeting. When the Company convenes a General Meeting, the Board, the Audit Committee and Shareholder(s) that hold, individually or collectively, more than 1% of the Shares in the Company have the right to propose motions to the Company. The Shareholders may attend and vote at General Meetings in person or by proxy. The detailed applicable rules are set out in the Articles of Association. The Articles of Association are available on the official websites of the Company, the SSE and the Hong Kong Stock Exchange.

The General Meeting provides opportunities for communications between the Company and its Shareholders. The Company encourages Shareholders to attend General Meetings in person, or if they fail to attend such meetings, to appoint proxies to attend and vote at the meetings for and on their behalf. The Company welcomes all Shareholders to attend General Meetings and makes appropriate arrangements for General Meetings to encourage Shareholders to attend the meetings. The Company's Directors and relevant senior management will attend General Meetings. In accordance with the Corporate Governance Code of Hong Kong Stock Exchange, the Chairman of the Board and the chairperson of special committees under the Board shall attend the Annual General Meeting and answer questions at the meeting and shall ensure that the external auditors shall attend the Annual General Meeting and answer the relevant questions raised by Shareholders. The Company shall arrange Directors and senior management to answer questions raised by Shareholders during the 2025 Annual General Meeting. The detailed procedures of voting and details of the resolutions will be set out in the information or circular of General Meetings.

The Company highly values the opinions, suggestions and concerns of the Shareholders and has assigned dedicated persons to proactively carry out various types of investor relation activities to keep in contact with Shareholders and timely meet their reasonable demands.

The Company's official website (www.csc108.com) provides Shareholders with corporate information, such as major business activities and the latest development of the Company, the Company's corporate governance, and the structure and functions of the Board and each of the committees of the Company. To serve as a channel promoting effective communication with Shareholders, the "Investor Relations" section on the Company's website also publishes announcements, notices of General Meetings and circulars, financial information and other information of the Company required to be disclosed under the Listing Rules from time to time. We encourage Shareholders to make enquiries about relevant information directly by way of, among others, making calls or sending emails and sending letters to the office address of the Company, and deal with above enquiries appropriately in a timely manner. Please refer to the section headed "Company Profile and Key Financial Indicators" in this report for the contact details of the Company.

SECTION 8 CORPORATE GOVERNANCE REPORT

X. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to further improve corporate governance, the Company has made amendments to the Articles of Association during the Reporting Period in accordance with the requirements of the CSRC, the SSE, the Hong Kong Stock Exchange and other management organizations while also taking into account the governance practices of the Company. Such amendments were considered and approved at the 2025 Fourth Extraordinary General Meeting of the Company. The amended Articles of Association took effect on November 21, 2025. For details, please refer to the relevant announcement.

XI. RISK MANAGEMENT, COMPLIANCE MANAGEMENT AND INTERNAL CONTROL

The Board, upon reviewing the Company's risk management, compliance management and internal control efforts during the Reporting Period, was of the view that the risk management, compliance management and internal control systems of the Company were effective and adequate.

(I) Risk Management

For the objectives and policies of risk management of the Company, please refer to "Risk Management" of this annual report.

The Board confirms its responsibility for the risk management and internal control systems and reviews the effectiveness of such systems at least once a year. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

(II) Compliance Management

The Company has established a four-level compliance management structural system comprising the Board, Chief Compliance Officer, Legal and Compliance Department and the people in charge of compliance management across business departments, branches, and subsidiaries at all levels. The compliance management system with the Chief Compliance Officer as the core is independent from the operations management system of the Company and has the right to independently issue compliance reports.

The Board of the Company determines the objectives of compliance management and is responsible for the effectiveness of compliance management of the Company, the executive management is responsible for implementing the targets of compliance management and is responsible for compliance operation of the Company; heads of all departments, all branches and all subsidiaries at all levels of the Company are responsible for implementing the targets of compliance management of the entity and are responsible for compliance operation of the entity.

The Company's Chief Compliance Officer, a senior management personnel of the Company, is in charge of the Company's compliance, directly accountable to the Board, and responsible for reviewing, supervising and examining the compliance of the operations, management and business activities carried out by the Company and its employees.

SECTION 8 CORPORATE GOVERNANCE REPORT

The Company has established the Legal and Compliance Department as a specific department of compliance management, which is under the leadership of the Chief Compliance Officer and independently carries out the compliance management of the Company. The main responsibilities of the Legal and Compliance Department are to assist the Chief Compliance Officer in formulating and amending the compliance management system of the Company and facilitate its implementation; to provide compliance suggestions, compliance consultation and compliance training, and guide the staff of the Company to accurately understand the laws and regulations and standards; to provide compliance advice on review of new products and new businesses of the Company to identify and evaluate its compliance risks; to conduct compliance inspection, compliance accountability and compliance report, and organize to rationalize and evaluate the compliance of the system and procedures of the Company; to conduct compliance monitoring in terms of the compliance of, among others, suspicious transactions and employees' behaviors; to be responsible for specific compliance management of the Company such as anti-money laundering, management of compliance personnel, information isolation and conflicts of interests; to initiate and facilitate compliance cultural construction, and cultivate the compliance awareness of all staff.

The Company has appointed compliance management personnel as required by the regulatory requirements for all business departments and all branches, and the compliance management personnel are responsible for compliance management including daily monitoring, inspection, management and training in relation to compliance in their entities. The full-time and part-time compliance management personnel are assessed by the Company's Chief Compliance Officer in accordance with regulatory requirements.

The Company has integrated the compliance management of subsidiaries at all levels into a unified system, specified compliance management matters of the subsidiaries subject to reporting to the Company, conducted reviews on the compliance management system of subsidiaries, and supervised and inspected the compliance of behaviors of subsidiaries' management to ensure that the compliance management of the subsidiaries is in compliance with the requirements of the Company.

(III) Internal Control

The Company has established comprehensive corporate regulatory systems since its inception to strengthen its internal control management and control operational risks. Currently, the Company has formulated various business and functional management systems and procedures to regulate the Company's operation management and business operations. The Company's systems embody the principles of mutual restraint, checks and balances, and mutual connection and coordination among decision-making, execution, supervision, and other links, as well as the principles of hierarchical authorization and hierarchical management, which comprehensively cover all the businesses and processes of the Company. The Company's systems are classified into corporate governance systems, basic systems, implementation systems, and department management systems. The Company has established a dynamic tracking mechanism for new regulations and a system re-inspection mechanism to promptly improve its internal systems in accordance with laws, regulations, regulatory requirements, self-regulatory rules, etc. The Legal and Compliance Department and the Risk Management Department review the Company's systems to ensure that all systems comply with the requirements of laws and regulations.

SECTION 8 CORPORATE GOVERNANCE REPORT

In 2025, the Company promptly followed up on the latest external regulatory requirements and, based on internal business management needs, formulated and revised more than 230 items of internal management systems, including the Employee Handbook 《員工手冊》, the Intellectual Property Management Measures 《知識產權管理辦法》, the External Data Management Measures 《外部數據管理辦法》, the Procurement Administration Measures 《採購管理辦法》, the Market Value Management System 《市值管理制度》, the Administrative Measures for the Advisory Business of Publicly Offered Securities Investment Funds 《公開募集證券投資基金投資顧問業務管理辦法》, and the Administrative Measures for Margin Trading and Securities Lending Business 《融資融券業務管理辦法》. The formulation and revision of these measures ensure the smooth progress of the Company's business under the requirements of laws, regulations and regulatory rules, strengthen the Company's internal management processes, and protect the legitimate rights and interests of shareholders and investors. The Company has established internal control systems for all business and management matters, which have been effectively implemented, achieving the targets of the Company's internal control.

XII. APPOINTMENT OF AUDITORS

Please refer to “Engagement or Dismissal of Accounting Firms” of this annual report for the appointment of auditors.

The Directors of the Company are responsible for the preparation of the accounts, and the auditors are responsible for expressing audit opinions on the financial statements based on their audit work.

(I) Non-audit Work

During the Reporting Period, KPMG Huazhen was appointed by the Company and its subsidiaries to provide non-audit services, including agreed-upon procedures. Please refer to Note 10 to the consolidated financial statements of this annual report for the charges during the Reporting Period.

(II) Basis for Establishment of Internal Control for Financial Report

During the Reporting Period, the Company further established and improved the internal control for financial report in continuous compliance with the requirements under the Basic Norms of Internal Control for Enterprises and its ancillary guidelines, Guidance for the Internal Control of Securities Companies and other laws and regulations and rules, and in accordance with the actual situation of the Company.

SECTION 8 CORPORATE GOVERNANCE REPORT

During the Reporting Period, in strict compliance with the requirements under the Company Law, the Accounting Law, the Accounting Standards for Business Enterprises, the Standardization of Basic Work of Accounting, the Basic Norms of Internal Control for Enterprises and other relevant laws and regulations, and in accordance with the characteristics of the industry and the actual situation of the Company, the Company formulated, revised or improved the financial and accounting management systems of the Company such as the Implementation Rules for the Remuneration and Business Expenses of Enterprise Leader 《企業負責人履職待遇和業務支出實施細則》, the Bad Debt Write-Off Management Measures 《呆帳核銷管理辦法》 and the Leasing Management Rules for Business Premises 《經營用房租賃管理規則》, and other internal control systems. The Company ensured the financial reports prepared by the Company complied with the requirements of accounting standards, and could truthfully, accurately and completely reflect the relevant information of the Company, such as the financial position, operating results and cash flow, by setting up a scientific financial and accounting organization structure, engaging qualified financial and accounting professionals, adopting a standardized and strict financial and accounting management system, implementing proper accounting policies and reasonable accounting estimates and other methods. The Supervisory Committee of the Company and entities such as external auditors conducted effective examination and supervision over the finance of the Company, and expressed professional audit opinions on the financial reports of the Company pursuant to the Articles of Association and the relevant regulations.

During the Reporting Period, the sound and smoothly-operated internal control system relating to the Company's financial report could safeguard the quality of the financial report and ensure the high reliability of the financial information. During the Reporting Period, there was no material defect in the internal control relating to the Company's financial report, and the Company's annual financial report was true, accurate and complete.

XIII. INTERNAL AUDIT

During the Reporting Period, the Company, based on the completion of audit items required by the regulatory authorities, focused on business risks, prevented violations and corrupt conducts, improved the level of internal control and conducted audit and supervision work with due diligence.

During the Reporting Period, the Company completed a total of 190 audit projects. Among which: there were 39 audit projects for the headquarters of the Company and subsidiaries, and 151 audit projects for branches. Details were as follows: there were 38 audit projects for the headquarters of the Company, the departments involved in the business audit projects included, among others, the Investment Banking Business Management Committee, the Asset Management Department, the Fixed Income Department, the Trading Department, the Derivatives Trading Department, the Financial Planning Department, the Treasury Department, the Custodian Department, the Securities Financing Department, the Institutional Business Department, the IT Department and the Operation Management Department, and the audit scope involved in the effectiveness evaluation of compliance management, internal control evaluation, cultural construction quality evaluation, connected transaction audit projects and others covered each department and subsidiary of the Company; the subsidiary audit covered the audit on China Capital and the duty performance of some of its senior management personnel; there were 151 audit projects for branches, including 10 projects on branch manager mandatory off-post audit, 10 projects on branch manager resignation audit, 91 projects on business department head mandatory off-post audit, 39 projects on business department head resignation audit and 1 ongoing audit project.

Through the abovementioned audits, the Company examined and evaluated the integrity and effectiveness of the compliance management, risk management and internal control of audited units, and revealed the existing major risks, which effectively enhanced risk prevention awareness and risk management capabilities across all departments, subsidiaries and branches.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of CSC Financial Co., Ltd.
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of CSC Financial Co., Ltd. (the “Company”) and its subsidiaries (the “Group”) set out on pages 178 to 292, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Consolidation of structured entities

Refer to material accounting policies, significant accounting judgements and estimates in Note 3.2 (5), Note 48 to the consolidated financial statements and basis of preparation in Note 2.3.

The Key Audit Matter

Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuance or acquisition of shares.

In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposure to and ability to influence its own returns from the entity. In certain circumstances, the Group may be required to consolidate a structured entity even though it has no equity interest therein.

How the matter was addressed in our audit

Our audit procedures to assess the consolidation of structured entities included the following:

- making enquiries of management and inspecting relevant documents used by management relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has an appropriate process in this regard;
- selecting a sample of structured entities for each key product type and performing the following procedures for each item selected:
 - inspecting the related contracts and internal documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Consolidation of structured entities (Continued)

Refer to material accounting policies, significant accounting judgements and estimates in Note 3.2 (5), Note 48 to the consolidated financial statements and basis of preparation in Note 2.3.

The Key Audit Matter

The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively.

We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement could be significant.

How the matter was addressed in our audit

- evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity;
- evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with its economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity;
- evaluating management's judgement over whether the structured entity should be consolidated or not;
- assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments)

Refer to the material accounting policies, significant accounting judgements and estimates in Note 3.1 (5) (e) and Note 3.2 (1).

The Key Audit Matter

The determination of expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) using the expected credit loss ("ECL") model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and forward-looking adjustment. Management judgment is involved in the selection of those parameters and the application of the assumptions.

In particular, the determination of ECL model is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. When evaluating key parameters and assumptions, the expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) are derived from estimates whereby management takes into consideration of the historical losses, internal and external credit grading and other factors.

How the matter was addressed in our audit

Our audit procedures to assess expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments), the measurement of expected credit impairment allowances;
- with involvement of KPMG financial risk specialists, assessing the reliability of the ECL model and parameters used by management in determining expected credit impairment allowance, including the identification of loss stages, probability of default, loss given default, exposure at default and adjustments for forward-looking information, assessing the reasonableness of significant management judgement involved;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) (Continued)

Refer to the material accounting policies, significant accounting judgements and estimates in Note 3.1 (5) (e) and Note 3.2 (1).

The Key Audit Matter

Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. When listed stocks are involved as collateral, price volatility of the stock, the liquidity, the stock holding concentration of the borrower, the loan balances to collateral ratio and the operation of the issuer will also be taken into account in the judgement.

We identified expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) as a key audit matter because of the inherent uncertainty and management judgment involved and because of the respective significance to the financial results and capital of the Group.

How the matter was addressed in our audit

- assessing the completeness and accuracy of the key data used for the parameters in the ECL model. For parameters derived from key internal data relating to original agreements, we compared the total balance of the financial asset list used by management to assess the allowances for impairment of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) with the general ledger; on a sample basis, selecting financial assets and comparing investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the asset list. For parameters derived from key external data, we selected samples to inspect the accuracy of such data by comparing them with external sources;
- for parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) (Continued)

Refer to the material accounting policies, significant accounting judgements and estimates in Note 3.1 (5) (e) and Note 3.2 (1).

The Key Audit Matter

How the matter was addressed in our audit

- evaluating the validity of management's assessment on whether the credit risk of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) has, or has not, increased significantly since initial recognition and whether the financial assets is credit impaired. Checking the reasonableness of management's assessment on the risk stage of credit impaired financial assets by select risk-based samples. On a sample basis, we checked the financial assets overdue information, understanding the credit situation and the collateral to loan ratio of the borrowers;
- for selected samples of the financial assets that are credit-impaired, evaluating the reasonableness of loss given default. We also evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms;
- reviewing the accuracy of the amount of expected credit impairment allowance using the ECL model based on the above audit procedures for a sample of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments);
- evaluating whether the disclosures on expected credit impairment allowance of margin accounts, financial assets held under resale agreements and financial assets at fair value through other comprehensive income (debt instruments) meet the disclosure requirements of prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Valuation of financial instruments measured at fair value and classified as Level 3

Refer to Note 52 (1), (2), (3) to the consolidated financial statements and the material accounting policies, significant accounting judgements and estimates in Note 3.1 (5) (d) and Note 3.2 (3).

The Key Audit Matter

As at 31 December 2025, the Group's financial instruments included those classified under Level 3 in the fair value hierarchy, which were measured using valuation techniques that involve significant unobservable inputs.

We identified valuation of financial instruments measured at fair value and classified as Level 3 as a key audit matter because of the size of their amounts, the degree of complexity involved in valuing financial instruments and the significant degree of judgement exercised by management in determining the inputs used in the valuation models.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of financial instruments measured at fair value and classified as Level 3 included the following:

- understanding and assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments;
- reading investment agreements entered into during the current year, for a sample of level 3 financial instruments to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments;
- involving KPMG valuation specialists to assist us in evaluating the valuation models used by the Group to value certain level 3 financial instruments and to perform, on a sample basis, independent valuations of level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations;
- evaluating the reasonableness of the disclosures on the valuation of financial instruments measured at fair value and classified as Level 3 with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Lok Man.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2026

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

	Note	Year ended 31 December	
		2025	2024
Revenue			
Fee and commission income	6	17,067,873	13,335,952
Interest income	7	8,856,060	8,682,791
Net investment gains	8	8,691,455	7,763,057
		34,615,388	29,781,800
Other income	9	369,692	358,390
Total revenue and other income		34,985,080	30,140,190
Fee and commission expenses	10	(3,901,008)	(3,194,754)
Interest expenses	10	(7,761,045)	(7,897,001)
Staff costs	10	(7,044,220)	(6,308,855)
Tax and surcharges		(162,899)	(120,549)
Other operating expenses and costs	10	(4,079,353)	(3,827,931)
Credit impairment losses	13	(299,392)	(90,598)
Impairment losses on other assets		(3,729)	(18,582)
Total expenses		(23,251,646)	(21,458,270)
Operating profit		11,733,434	8,681,920
Share of profits of associates		3,263	8,318
Profit before income tax		11,736,697	8,690,238
Income tax expense	14	(2,282,674)	(1,454,710)
Profit for the year		9,454,023	7,235,528
Attributable to:			
Equity holders of the Company		9,439,424	7,223,220
Non-controlling interests		14,599	12,308
		9,454,023	7,235,528
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB yuan per share)			
– Basic and diluted	16	1.09	0.79

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

	Year ended 31 December	
	2025	2024
Profit for the year	9,454,023	7,235,528
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent years		
Net gains on investments in debt instruments measured at fair value through other comprehensive income	230,206	586,856
Net gains on investments in debt instruments measured at fair value through other comprehensive income reclassified to profit or loss on disposal	(401,903)	(145,924)
Income tax relating to these items	57,395	(100,082)
	(114,302)	340,850
Share of other comprehensive income of associates	5	7
Foreign currency translation differences	(117,284)	87,381
Items that will not be reclassified subsequently to profit or loss		
Net gains on investments in equity instruments designated as at fair value through other comprehensive income	937,049	222,488
Income tax relating to these items	(230,286)	(52,644)
	706,763	169,844
Other comprehensive income for the year, net of tax	475,182	598,082
Total comprehensive income for the year	9,929,205	7,833,610
Attributable to:		
Equity holders of the Company	9,914,606	7,821,302
Non-controlling interests	14,599	12,308
	9,929,205	7,833,610

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Non-current assets			
Property, plant and equipment	17	595,080	701,822
Right-of-use assets	18	880,281	1,141,474
Investment properties		40,778	39,761
Intangible assets	19	867,269	863,461
Investments in associates	21	102,588	122,782
Financial assets at fair value through profit or loss	22	9,979,099	8,589,334
Financial assets at fair value through other comprehensive income	23	52,162,155	14,742,205
Refundable deposits	24	20,552,895	12,829,143
Deferred tax assets	25	557,083	80,410
Other non-current assets	26	207,602	267,672
Total non-current assets		85,944,830	39,378,064
Current assets			
Margin accounts	27	84,384,373	62,948,804
Accounts receivable	28	9,807,004	9,139,736
Financial assets at fair value through profit or loss	22	176,685,752	193,382,082
Financial assets at fair value through other comprehensive income	23	93,408,671	77,639,092
Derivative financial assets	29	2,282,312	3,358,209
Financial assets held under resale agreements	30	6,494,291	11,103,213
Cash held on behalf of clients	31	162,630,325	122,276,940
Cash and bank balances	32	54,686,344	46,473,105
Other current assets	33	491,889	718,973
Total current assets		590,870,961	527,040,154
Total assets		676,815,791	566,418,218
Current liabilities			
Accounts payable to brokerage clients	34	175,840,031	130,641,940
Lease liabilities	35	460,735	581,904
Derivative financial liabilities	29	6,529,374	4,072,192
Financial liabilities at fair value through profit or loss	36	10,438,273	6,452,426
Financial assets sold under repurchase agreements	37	135,495,884	113,712,825
Placements from banks and other financial institutions	38	6,560,614	800,037
Taxes payable	39	1,499,753	956,368
Short-term borrowings	40	7,978,408	3,858,353
Short-term financing instruments payable	41	53,860,415	38,450,587
Other current liabilities	42	63,205,006	59,039,250
Total current liabilities		461,868,493	358,565,882
Net current assets		129,002,468	168,474,272
Total assets less current liabilities		214,947,298	207,852,336

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

	Note	31 December 2025	31 December 2024
Non-current liabilities			
Financial liabilities at fair value through profit or loss	36	1,171,983	2,653,036
Bonds in issue	43	94,043,200	97,858,791
Lease liabilities	35	435,668	660,698
Deferred tax liabilities	25	124,245	157,616
Other non-current liabilities		21,891	3,245
Total non-current liabilities		95,796,987	101,333,386
Net assets		119,150,311	106,518,950
Equity			
Share capital	44	7,756,695	7,756,695
Other equity instruments	45	36,145,019	29,825,830
Reserves	46	41,628,897	38,647,219
Retained earnings		33,571,045	30,238,990
Equity attributable to equity holders of the Company		119,101,656	106,468,734
Non-controlling interests		48,655	50,216
Total equity		119,150,311	106,518,950

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on 26 March 2026.

Liu Cheng

Chairman

Jin Jianhua

Executive Director, General Manager

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

	Attributable to equity holders of the Company											
	Note	Share capital	Other equity instruments	Reserves					Retained earnings	Subtotal	Non-controlling interests	Total
				Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve				
At 1 January 2025		7,756,695	29,825,830	12,370,888	7,873,801	16,892,706	1,027,871	481,953	30,238,990	106,468,734	50,216	106,518,950
Profit for the year		-	-	-	-	-	-	-	9,439,424	9,439,424	14,599	9,454,023
Other comprehensive income for the year		-	-	-	-	-	592,466	(117,284)	-	475,182	-	475,182
Total comprehensive income for the year		-	-	-	-	-	592,466	(117,284)	9,439,424	9,914,606	14,599	9,929,205
Capital injected/(reduced) by equity holders												
- Capital injected by other equity instrument holders	45	-	6,319,189	(42,634)	-	-	-	-	-	6,276,555	-	6,276,555
Appropriation to surplus reserve	46	-	-	-	893,078	-	-	-	(893,078)	-	-	-
Appropriation to general reserve	46	-	-	-	-	1,689,084	-	-	(1,689,084)	-	-	-
Dividends to equity holders	15	-	-	-	-	-	-	-	(2,559,709)	(2,559,709)	-	(2,559,709)
Distribution to other equity instrument holders	15	-	-	-	-	-	-	-	(998,530)	(998,530)	-	(998,530)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(16,160)	(16,160)
Transfers within the owners' equity												
- Other comprehensive income transferred to retained earnings		-	-	-	-	-	(33,032)	-	33,032	-	-	-
At 31 December 2025		7,756,695	36,145,019	12,328,254	8,766,879	18,581,790	1,587,305	364,669	33,571,045	119,101,656	48,655	119,150,311

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

(In RMB thousands, unless otherwise stated)

	Attributable to equity holders of the Company											
	Note	Share capital	Other equity instruments	Reserves					Retained earnings	Subtotal	Non-controlling interests	Total
				Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve				
At 1 January 2024		7,756,695	24,906,528	12,417,001	7,063,893	15,273,437	516,895	394,572	29,149,026	97,478,047	48,360	97,526,407
Profit for the year		-	-	-	-	-	-	-	7,223,220	7,223,220	12,308	7,235,528
Other comprehensive income for the year		-	-	-	-	-	510,701	87,381	-	598,082	-	598,082
Total comprehensive income for the year		-	-	-	-	-	510,701	87,381	7,223,220	7,821,302	12,308	7,833,610
Capital injected/(reduced) by equity holders												
– Capital injected by other equity instrument holders	45	-	4,919,302	(46,113)	-	-	-	-	-	4,873,189	-	4,873,189
Appropriation to surplus reserve	46	-	-	-	809,908	-	-	-	(809,908)	-	-	-
Appropriation to general reserve	46	-	-	-	-	1,619,269	-	-	(1,619,269)	-	-	-
Dividends to equity holders	15	-	-	-	-	-	-	-	(2,637,276)	(2,637,276)	-	(2,637,276)
Distribution to other equity instrument holders	15	-	-	-	-	-	-	-	(1,066,528)	(1,066,528)	-	(1,066,528)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(10,452)	(10,452)
Transfers within the owners' equity												
– Other comprehensive income transferred to retained earnings		-	-	-	-	-	275	-	(275)	-	-	-
At 31 December 2024		7,756,695	29,825,830	12,370,888	7,873,801	16,892,706	1,027,871	481,953	30,238,990	106,468,734	50,216	106,518,950

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

	Year ended 31 December	
	2025	2024
Cash flows from operating activities		
Profit before income tax	11,736,697	8,690,238
Adjustments for:		
Interest expenses on bonds in issue, short-term financing instruments payable, borrowings and lease liabilities	4,776,805	4,311,153
Dividend income and interest income from financial assets at fair value through other comprehensive income	(3,016,574)	(2,199,310)
Net gains from disposal of financial assets at fair value through other comprehensive income	(207,284)	(405,217)
Share of profits from associates and joint ventures	(3,263)	(8,318)
Net losses/(gains) on disposal of property, plant, equipment and other assets	2,960	(159)
Revaluation gains on financial instruments at fair value through profit or loss	(339,821)	(135,521)
Net foreign exchange gains	(123,643)	(38,746)
Depreciation and amortization	1,226,190	1,251,728
Credit impairment losses	299,392	90,598
Impairment losses on other assets	3,729	18,582
	<u>14,355,188</u>	<u>11,575,028</u>
Net changes in operating assets		
Margin accounts	(21,737,061)	(7,096,210)
Financial assets at fair value through profit or loss	19,458,265	14,809,581
Cash held on behalf of clients	(40,331,964)	(28,435,514)
Financial assets held under resale agreements	4,723,328	2,943,254
Other operating assets	(7,325,735)	1,567,764
	<u>(45,213,167)</u>	<u>(16,211,125)</u>
Net changes in operating liabilities		
Accounts payable to brokerage clients	45,198,091	29,718,265
Financial liabilities at fair value through profit or loss	1,732,164	(1,930,773)
Financial assets sold under repurchase agreements	21,774,476	(15,618,036)
Placements from banks and other financial institutions	5,760,000	(1,100,000)
Other operating liabilities	1,460,065	(4,018,670)
	<u>75,924,796</u>	<u>7,050,786</u>
Net cash inflow from operating activities before tax	45,066,817	2,414,689
Income tax paid	(2,347,108)	(1,349,822)
Net cash inflow from operating activities	<u>42,719,709</u>	<u>1,064,867</u>

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

	Year ended 31 December	
	2025	2024
Cash flows from investing activities		
Net cash flow from purchase or disposal of financial assets at fair value through other comprehensive income	(52,512,012)	(15,164,024)
Dividend income and interest income received from financial assets at fair value through other comprehensive income	2,855,530	2,380,207
Cash paid for purchase of property, plant and equipment and other assets	(529,438)	(538,839)
Other cash flows from investing activities	12,800	935
Net cash outflow from investing activities	(50,173,120)	(13,321,721)
Cash flows from financing activities		
Cash inflows from perpetual bonds	11,300,000	9,900,000
Cash inflows from borrowing activities	60,895,361	27,601,133
Cash inflows from issuing bonds and short-term financing instruments	104,855,564	88,383,770
Cash outflows from distribution to equity holders	(2,524,014)	(3,631,478)
Repayments of debts	(148,288,126)	(89,618,248)
Repayments of interest on debts	(4,600,778)	(4,280,432)
Repayments of perpetual bonds	(5,000,000)	(5,000,000)
Other cash outflows from financing activities	(749,135)	(729,739)
Net cash inflow from financing activities	15,888,872	22,625,006
Net change in cash and cash equivalents	8,435,461	10,368,152
Cash and cash equivalents at the beginning of the year	45,751,205	36,068,227
Effect of exchange rate changes on cash and cash equivalents	(98,415)	(685,174)
Cash and cash equivalents at the end of the year <i>(Note 47 (1))</i>	54,088,251	45,751,205

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

1 GENERAL INFORMATION

CSC Financial Co., Ltd. (the “Company”) (formerly known as China Securities Finance Co., Ltd.) is the successor entity of China Securities Finance Limited Liability Company which was approved for establishment by the China Securities Regulatory Commission (the “CSRC”) on 2 November 2005. The original registered capital of the Company was RMB2,700,000,000. The registered address of the Company is Unit 4, No.66 Anli Road, Chaoyang District, Beijing, the People’s Republic of China (the “PRC”).

The Company received the approval of CSRC on 30 June 2011 to convert into a joint stock company, with registered capital increased to RMB6,100,000,000.

The Company completed its initial public offering of overseas listed foreign shares (“H shares”) on The Stock Exchange of Hong Kong Limited on 9 December 2016. Under this offering, the Company issued a total of 1,076,470,000 new shares with a nominal value of RMB1 per share. On 5 January 2017, the Company issued an additional 69,915,238 H shares through partial exercise of the over-allotment option with a nominal value of RMB1 per share. The registered capital of the Company increased to RMB7,246,385,238 after such issuance. The Company completed the industrial and commercial registration for these changes on 5 June 2017, and obtained its new business license with the Unified Social Credit Code of 91110000781703453H on 9 June 2017.

The Company completed its initial public offering of domestic listed shares (“A shares”) on the Shanghai Stock Exchange on 20 June 2018. The Company issued a total of 400,000,000 shares with a nominal value of RMB1 per share. After this issuance, the share capital of the Company increased to RMB7,646,385,238. The Company completed the registration procedure for its non-public offering of A-shares in the Shanghai branch of China Securities Depository and Clearing Co., Ltd. on 28 December 2020. The Company issued a total of 110,309,559 shares with a nominal value of RMB1 per share. After this issuance, the share capital of the Company increased to RMB7,756,694,797. And the Company completed the registration procedures for the change of business license related to the registered capital on 25 June 2021.

The business scope of the Company mainly includes: Licensed projects: securities business; foreign exchange settlement and sale business; foreign exchange business; securities investment consultancy; custodian services for securities investment fund; public securities investment fund sales; provision of intermediary business to futures companies as a securities company. (for the projects requiring approval according to laws, the operating activities that can only be carried out upon approval from relevant authority (ies), and specific licensed projects that should be determined by approval documentations or licenses issued by relevant government agencies) General projects: sale of gold and silver products.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap.622).

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets/liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, which have been measured at fair value, as further explained in the respective accounting policies below. The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 Amendments to the accounting standards effective in 2025 and adopted by the Group

- (1) Amendments to IAS 21 Lack of Exchangeability

1) Amendments to IAS 21: Lack of Exchangeability

The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency’s lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group’s consolidated financial statements.

Besides, the Group made a change in accounting policy related to physical settlement of contracts to buy or sell bulk commodities that fail the own-use exception. Previously, for contracts involving the sale of bulk commodities, the Group recognized sales revenue and cost of sales when the customer obtained the control of the commodity. Considering the practical guidance issued by the relevant regulatory authority, effective 1 January 2025, such transactions are accounted for as settlement of the sales contracts without recognizing any sales revenue or cost of sales. The impact of this change in accounting policy has been applied retrospectively, and comparative figures have been adjusted accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

2 BASIS OF PREPARATION (CONTINUED)

- 2.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates by the Group

The Group has not adopted the following new and amended standards that have been issued but are not yet effective.

			Effective for annual periods beginning on or after
(1)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred. Early application of the amendments continues to be permitted. 1 January 2026
(2)	Amendments to IFRS 7 and IFRS 9	Classification and Measurement of Financial Instruments	1 January 2027
(3)	IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
(4)	IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures	1 January 2027
(5)	Amendments to ISA 21	Effect of Exchange Rate Changes	1 January 2027

1) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

2) Amendments to IFRS 7 and IFRS 9: Classification and Measurement of Financial Instruments

The amendments include requirements on: classification of financial assets with environmental, social or governance (ESG) targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

2 BASIS OF PREPARATION (CONTINUED)

2.2 Standards and amendments relevant to the Group that are not yet effective and have not been adopted before their effective dates by the Group (Continued)

3) IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 and aims to improve the transparency and comparability of information about an entity's financial performance. The main changes comprise: a more structured income statement; enhanced disclosure requirements on management-defined performance measures ("MPMs"); and enhanced requirements on aggregation and disaggregation of information. The Group is evaluating the impact of this standard.

4) IFRS 19 and its amendments: Subsidiaries without Public Accountability: Disclosures

IFRS 19 allows eligible subsidiaries that does not have public accountability and its parent produces consolidated financial statements that are available for public use under IFRS Accounting Standards to apply IFRS Accounting Standards with reduced disclosures. The Group anticipates that the adoption of the standard will not have a significant impact on the Group's consolidated financial statements.

5) Amendments to ISA 21: Effect of Exchange Rate Changes

The amendments require that when converting functional currencies in non-hyperinflationary economies into presentation currencies in hyperinflationary economies, the conversion exchange rate for financial statements should be the closing exchange rate on the most recent balance sheet date. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group's consolidated financial statements.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The accounting policies and accounting period of the Company and its subsidiaries are consistent.

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group assesses whether it has power over an investee, the Group's voting rights or potential voting rights and other contractual arrangements are considered.

Income or expenses resulted from acquisition or disposal of subsidiaries, from the date on which the Company obtains control to the date on which the Company ceases its control over subsidiaries, are in the scope of consolidation. Intra-group assets and liabilities, equity, income, expenses, and cash flow which are relevant to all intra-group transactions occurred should be eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

2 BASIS OF PREPARATION (CONTINUED)

2.3 Basis of consolidation (Continued)

A portion of equity over subsidiaries and profit or loss which does not belong to the Company should be treated as non-controlling interests. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position separately from the equity attributable to equity holders of the Company.

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

3.1 Material accounting policies

(1) Accounting period

The accounting year starts on 1 January and ends on 31 December.

(2) Functional and presentation currency

The Company's functional and presentation currency is RMB.

Each entity in the Group determines its own functional currency according to its economic situation. The functional currency is denominated in RMB in the consolidated financial statements.

(3) Cash and cash equivalents

Cash comprises cash on hand and demand deposits which are not restricted as to use.

Cash equivalents comprise short-term, highly-liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

(4) Foreign currency transactions and foreign currency translation

The Group adopts the sub-account system to record foreign currency transactions. Foreign currency transactions are initially recorded on the original currency respectively at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the prevailing functional currency exchange rates at the end of the reporting period. The exchange rate is the central parity rate quoted by the People's Bank of China or authorized bodies. All differences are taken to the consolidated income statement. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(4) Foreign currency transactions and foreign currency translation (Continued)

The assets and liabilities of foreign operation subsidiaries denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of reporting period for consolidated financial statements. The equity items, excluding “retained earnings”, are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to RMB at the rates that approximate the spot exchange rates. The exchange differences resulting from foreign currency financial statement translation of subsidiaries are recognized in other comprehensive income (“OCI”) and accumulated in the foreign exchange translation reserve. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(5) Financial instruments

(a) Initial recognition, classification and measurement of financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

Financial assets are classified on the basis of the Group’s business model for managing the assets and the cash flow characteristics of the assets in the following measurement categories: (i) Amortized cost; (ii) Fair value through other comprehensive income (“FVOCI”); (iii) Fair value through profit or loss (“FVPL”).

Business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group’s objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of “other” business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(5) Financial instruments (Continued)

(a) Initial recognition, classification and measurement of financial instruments (Continued)

Financial assets (Continued)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the "SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic leading risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

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

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government bonds, corporate bonds and subordinated bonds. Classification and subsequent measurement of debt instruments depend on: (i) the Group's business model for managing the asset; and (ii) the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- (i) Amortized cost: 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.
- (ii) Fair value through other comprehensive income: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI and that are not designated as at FVPL, are measured at FVOCI.
- (iii) Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(5) Financial instruments (Continued)

(a) Initial recognition, classification and measurement of financial instruments (Continued)

Financial assets (Continued)

Debt Instruments (Continued)

At initial recognition, the Group may also irrevocably designate financial assets at fair value through profit or loss if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at FVPL, which is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition.

Contingent liabilities recognized by buyers should be measured as FVPL under business combination for entities owned by different ultimate shareholders.

An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss: (i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch'); (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(5) Financial instruments (Continued)

(b) Reclassification of financial assets

When the Group changes its business model for managing financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in the Group reclassifying financial assets.

(c) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

Amortized cost

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and; (iii) for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses ("ECL") and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired ("POCI") financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(5) Financial instruments (Continued)

(c) Subsequent measurement of financial instruments (Continued)

Amortized cost (Continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for: (i) POCI 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 POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss allowance). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality 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 gross carrying amount.

Fair value through other comprehensive income

Debt instruments

Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortized cost which are recognized in profit or loss.

Equity instruments

The equity instrument investments that are held for purposes other than to generate investment returns are designated as FVOCI. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Dividends, when representing a return on such investments, continue to be recognized in profit or loss when (i) the Group's right to receive payments is established, (ii) it is probable that future economic benefits associated with the item will flow to the Group, (iii) the amounts of the dividends can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(5) Financial instruments (Continued)

(c) Subsequent measurement of financial instruments (Continued)

Financial assets at fair value through profit or loss

Debt instruments

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within “Net investment gains” in the period in which it arises.

Equity instruments

Gains and losses on equity investments at FVPL are included in the “Net investment gains” in the consolidated income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVPL are measured at fair value with all gains or losses presented in profit or loss. Gains or losses arising from the financial liabilities designated at FVPL should be treated in accordance with the following provisions: (i) the amount of changes in the fair value of the financial liabilities caused by changes in the Group’s own credit risk should be included in other comprehensive income; (ii) Other changes in fair value of the financial liabilities are recognized in profit or loss. If the treatment of the impact of changes in the credit risk of the financial liabilities in accordance with (i) would cause or expand accounting mismatches in profit or loss, the Group shall include all gains or losses (including the amount affected by changes in its own credit risk) of the financial liabilities in profit or loss.

(d) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(5) Financial instruments (Continued)

(d) Fair value of financial instruments (Continued)

The fair values of quoted financial assets and financial liabilities in active markets are based on current bid prices and ask prices, as appropriate. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to access.

Default Valuation Adjustments (DVA) are applied to the Group's financial liabilities at fair value through profit or loss, and assumes that DVA stay the same before and after the transfer of the liability. DVA refer to risk that enterprises fail to perform the obligation, including but not limited to their own credit risk.

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets and financial liabilities based on the inputs used when determining the fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

(e) Impairment of financial assets

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(5) Financial instruments (Continued)

(e) Impairment of financial assets (Continued)

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 (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures the ECL of a financial instrument reflects: (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.

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 months 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, but 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.

The Group applies the impairment requirements for the recognition and measurement of expected credit loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in OCI and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

The Group has measured the loss allowance for a financial instrument at an amount equal to the lifetime ECL in the previous reporting period, but determines to measure it at an amount equal to the next 12 months ECL at the current reporting date since the credit risk of that financial instrument has increased significantly since initial recognition is no longer met, and the amount of ECL reversal is recognized in profit or loss, except for POCI financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(5) Financial instruments (Continued)

(f) *Derivative financial instruments*

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

The changes on fair value of derivative financial instruments are directly recognized in the consolidated income statement. The difference between fair value and carrying amount is recognized as investment income when disposing.

(g) *Derecognition of Financial Instruments*

A financial asset is derecognized, when one of the following criteria is satisfied: (i) the contractual rights to receive cash flows from the assets have expired; (ii) the Group has transferred substantially all the risks and rewards of ownership of the financial asset; (iii) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has not retained control.

When equity financial assets designated as at FVOCI are derecognized, the cumulative gain or loss previously recognized in OCI is reclassified to retained earnings. When other financial assets are derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in "Net investment gains".

A financial liability is derecognized when it is wholly or partly extinguished, that is when the obligation is wholly or partly discharged. Fair value gains and losses are charged to profit or loss. When financial liabilities designated as at FVPL are derecognized, cumulative gains and losses are subsequently reclassified from other comprehensive income to retained earnings.

(h) *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a current legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Otherwise, financial assets and financial liabilities are reported separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(6) Leases

(a) Initial measurement of the right-of-use asset and lease liability

Initial measurement of the right-of-use asset

The right-of-use asset is defined as the right of underlying assets in the lease term for the Group as a lessee. The lease term is defined as the non-cancellable period of the lease for the Group as a lessee.

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- (i) the amount of the initial measurement of the lease liability;
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Initial direct costs are defined as incremental costs. Incremental costs would not have been incurred if a lease had not been obtained.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lessee uses as the discount rate the interest rate implicit in the lease – this is the rate of interest that causes the present value of lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(6) Leases (Continued)

(b) *Subsequent measurement of the right-of-use asset and lease liability*

Subsequent measurement of the right-of-use asset

At the commencement date, the Group as a lessee shall measure the right-of-use asset at cost and apply the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Subsequent measurement of the lease liability

After the commencement date, the Group shall recognise interest on the lease liability in profit or loss. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

(c) *Recognition of short-term leases and leases of low value assets*

Short-term leases are leases with a lease term of 12 months from the commencement date or less. Leases of low value assets are the underlying assets are of low value when new. The right-of-use asset and lease liability are not recognized by the Group for short-term leases and leases of low value assets.

(7) Reverse repurchase agreements and financial assets sold under repurchase agreements

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognized. They continue to be recorded as original financial assets before transferred. The corresponding liability is included in financial assets sold under repurchase agreements.

Consideration paid for financial assets held under agreements to resell are recorded as reverse repurchase agreements, the related collateral accepted is not recognized in the consolidated financial statements.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortized over the period of the respective transaction using the effective interest method and is recognized through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(8) Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to clients for purchase of securities, or lending of securities by the Group to clients for securities selling, for which the clients provide the Group with collateral.

The Group recognizes margin accounts at initial recognition, and recognizes interest income accordingly. Securities lent are not derecognized, but still accounted for as the original financial assets, and interest income is recognized accordingly.

Securities trading on behalf of margin financing and securities lending clients are accounted for as securities brokerage services.

(9) Fiduciary wealth management

The Group's fiduciary wealth management business includes targeted asset management, collective asset management and specified asset management. The Group keeps separate accounting records for each of these investment schemes, and periodically reconciles the accounting and valuation results of each scheme with the custodians.

(10) Associates

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates.

(11) Investment properties

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation, including buildings that have been leased out.

The Group's investment properties are accounted for using the cost model. The initial recognition and subsequent measurement of buildings and properties that are leased out are accounted for using the same measurement and depreciation methods as those for property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(12) Property, plant and equipment

(a) Recognition criteria for property, plant and equipment

Property, plant and equipment refer to tangible assets held and controlled by the Group that the Group expects to use for more than one year for using in the supply of services or for administrative purpose. An asset is recognized as property, plant and equipment only if the following criteria are both satisfied:

- (i) It is highly probable that future economic benefits associated with the property, plant and equipment will flow to the Group;
- (ii) The cost of the asset can be measured reliably.

(b) Property, plant and equipment initially measured at cost

Cost of an item of purchased property, plant and equipment comprises purchase price, tax and any costs directly attributable to bringing the asset to the condition necessary for its intended use and it includes transportation costs, installation and assembly costs, and professional service fees.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance expenditure are recognized in the profit or loss as incurred. Depreciation of property, plant and equipment is calculated on the straight-line basis monthly.

Estimated useful life, depreciation rate and estimated residual value of each item of property, plant and equipment which are required by the operation of the Group are as follows:

Types of property plant and equipment	Estimated useful life	Monthly depreciation rate	Estimated residual value
Properties and buildings	35 years	2.262‰	5%
Electronic devices	2 to 5 years	1.667% – 4.167%	0%
Transportation vehicles	5 years	1.617%	3%
Communication equipment	5 years	1.617%	3%
Office equipment	3 years	2.778%	0%
Security equipment	5 years	1.617%	3%
Others	5 years	1.617%	3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(12) Property, plant and equipment (Continued)

(b) Property, plant and equipment initially measured at cost (Continued)

The years that the property, plant and equipment were already in use were excluded when determining the estimated useful lives of these types of the property, plant and equipment. The estimated useful life, the estimated residual value and the depreciation method of each type of the property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. Gains and losses on disposal of property, plant and equipment, the costs of disposal and taxes in connection with such disposal are considered in the determination of the estimated residual value.

(c) Construction in progress

Costs of construction in progress are determined based on the actual expenditure incurred which include all necessary expenditure incurred during the construction period, borrowing costs eligible for capitalization and other costs incurred to bring the asset to its intended use. Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use.

(13) Intangible assets

Intangible assets are recognized only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably, and measured initially at cost. Intangible assets acquired from business combination and their fair value can be measured reliably are recognized as intangible assets individually and measured at their fair value as at date of combination.

Useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Intangible assets with finite useful lives shall be amortized on a straight-line basis over the useful period. The useful lives and amortization method of the intangible assets with finite useful lives shall be reviewed by the Group at least at each financial year end, and adjusted as appropriate. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life, or there is an active market for the asset, where residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(13) Intangible assets (Continued)

Trading seat rights at Shanghai and Shenzhen Stock Exchanges are amortized over 10 years (subject to any changes in industry rules subsequently issued) and charged to the consolidated income statement. Outsourcing software is amortized over 5 years. Self-developed software, patents, non-patents, trade mark right, client relationship and other intangible assets are amortized over their useful lives.

Intangible assets with indefinite useful lives need to be assessed for impairment no matter if there is any impairment evidence. These assets need not to be amortized, and their useful lives shall be reviewed during every accounting period. If there is any evidence to support that the useful lives are definite, these intangible assets shall apply the policies of intangible assets with definite useful lives.

(14) Long-term pre-paid expense

Improvement expenses on property, plant and equipment under operating leases are amortized on a straight-line basis over the shorter of the contractual lease terms and 5 years, while long-term pre-paid expenses are amortized on a straight-line basis over their respective benefit periods but no longer than 10 years.

(15) Revenue

An entity should determine at contract inception whether control of a good or service is transferred over time or at a point in time. The determination should depict the transfer of benefits to the customer and should be evaluated from the customer's perspective.

An entity should first assess whether the performance obligation is satisfied with the following criteria over time. If not, the good or service transfers at a point in time.

- (i) The customer concurrently receives and consumes the benefits provided by the entity's performance as the entity performs.
- (ii) The entity's performance creates or enhances a customer-controlled assets.
- (iii) The entity's performance does not create an asset with an alternative use and the entity has a right to payment for performance completed to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(15) Revenue (Continued)

Where performance of a single service contract takes place over time, revenue should be recognized as performance takes place, excluding the stage of performance cannot be determined.

An entity that cannot reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred, should recognize revenue only to the extent of the cost until a reliable measure of progress can be made.

An entity will recognize revenue at a point in time (when control transfers) for performance obligation that meet the criteria for recognition of revenue at a point in time:

- Revenue from underwriting services is recognized when the control of the underwriting services is provided to the client. The revenue is usually recognized upon completion of the offering.
- Revenue from the securities brokerage services is recognized on the date of the securities transaction.
- Revenue from asset management services is recognized when management services are provided in accordance with the asset management contract.
- Revenues from other businesses, including investment banking advisory and sponsoring services are recognized when the contractual obligations are fulfilled.

Interest income of debt investments of the Group at amortized costs and FVOCI, is measured by carrying amount and effective interest rate. Interest income of credit impaired financial assets are measured by amortized cost and effective interest rate. Net gains of holding period from financial investments at FVPL is measured as “Net investment gains”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(16) Income tax

Income tax comprises current tax and deferred income tax. Current tax is the amount of current income tax payable calculated based on current taxable income. Taxable income is calculated based on the adjustment to the current year pre-tax accounting profit according to the applicable tax laws.

For current income tax liabilities or current income tax assets generated from the current and prior periods, the expected income tax payable or the income tax deduction is calculated according to the applicable tax laws.

The Group measures deferred income tax using the liability method on temporary differences arising between the carrying amount and the respective tax base of assets, liabilities or items that have not been recognized as assets and liabilities but whose tax base can be determined according to tax laws and regulations at the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities, except:

- (i) The deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses and does not give rise to equal taxable and deductible temporary differences; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(16) Income tax (Continued)

Deferred income tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- (i) The deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses and does not give rise to equal taxable and deductible temporary differences; and
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and reflect the corresponding tax effect.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. When it is virtually probable that sufficient taxable income will be available, the reduced amount will be reversed accordingly.

Deferred tax assets and liabilities are offset:

- (i) when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities; and
- (ii) when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(17) Employee compensation

Employee compensation refers to all forms of consideration and other related expenditure given or incurred by the Group in exchange for services rendered by employees or compensate for the termination of labour contract. The compensation payable is recognized as liability in the accounting period of services provided by employee. The employee compensation comprises of short-term compensation, post-employment welfare, termination benefits, and other long-term employee welfares.

Short-term compensation comprises of staff salaries, bonus, allowances, and subsidies, as well as social insurance expenses including employee welfare, medical insurance charge, work-related injury insurance charge, and maternity insurance and also covers housing funds, labour union expenses, personnel education expenses, short-term paid leave, short-term profit-sharing plan, non-monetary welfare and other short-term compensations.

Post-employment welfare plans refer to agreements reached with employees or policies and measures established by the Group in relation to post-employment welfare. The defined contribution plans refer to post-employment welfare plans in which the Group pays contribution to an independent fund and the Group has no further payment obligation.

(18) Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the Group receives grants of monetary assets, the grants are recorded at the amount received or receivable. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets. When fair value cannot be reliably measured, they are recognized at nominal amount.

Government grants for purchasing, building or forming long-term assets in other methods stipulated in government documents are recognized as government grants related to assets. Judgements should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or forming long-term assets in other methods as basic condition are recognized as government grants related to assets, whereas the other grants are related to income.

Government grants related to income which are to compensate relevant expenditures or losses in future periods are recognized as deferred income and released into the consolidated income statement during the period when the expense incurs. Government grants that are to compensate the incurred expenses or losses are recognized into profit or loss directly. Government grants related to assets are recognized as deferred income, and released to profit or loss over the expected useful life of the relevant assets by equal annual instalments. Government grants measured at nominal amount are recorded in the consolidated income statement directly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(19) Impairment

The Group assesses impairment of assets other than deferred tax assets and financial assets as follows:

The Group assesses at each financial reporting date whether there is any indication that assets are impaired. When any such indication exists, the Group estimates the recoverable amount and assesses impairment allowance. For goodwill acquired from business combination and intangible assets with indefinite useful life, no matter there is objective evidence of impairment or not, impairment should be assessed at each annual financial reporting date. Impairment for intangible assets not readily for use is also assessed annually.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The recognition of a group of assets shall base on whether the main cash flow generated by the group of assets is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group reduces the carrying amount to recoverable amount. The reduced amounts are recognized in the consolidated income statement and corresponding allowances are made.

For impairment test of goodwill, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, if there is indication of impairment, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognizes relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill, and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on pro rata basis.

Once the loss of impairment of the above-mentioned assets has been recognized, it will not be reversed in the future accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(20) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where the Group and one or more parties are subject to common control or joint control from another party, they are considered to be related parties.

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

OR

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(21) Contingencies

The obligation pertinent to contingencies shall be recognized as provisions when the following conditions are satisfied concurrently:

- the obligation is a present obligation of the Group;
- the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation; and
- the amount of the obligation can be reliably measured.

The amount of a provision is initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Group takes into full consideration of risks, uncertainty, time value of money and other factors pertinent to the contingencies. The Group reviews the book value of the provisions at each balance sheet date. If there is substantial evidence that the amount of provisions cannot reflect the current best estimate, the Group will adjust the amount in accordance with the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or, a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

(22) Perpetual bonds

Perpetual bonds issued by the Group, which satisfied with the following criteria are classified as equity instruments: (i) Financial instruments exclude contractual obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under potentially unfavourable conditions. (ii) Financial instruments must or can be settled in the entity's own equity instruments: (a) For non-derivative contracts, they exclude those are settled gross by delivery of a variable number of the entity's own equity instruments; (b) Derivative contracts that result in the delivery of a fixed amount of cash or other financial assets for a fixed number of the entity's own equity instruments.

Dividends for the perpetual bonds, which are classified as equity instruments, are accounted for as profit distribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 Material accounting policies (Continued)

(23) Profit distribution

After-tax profit for the year is firstly applied to make up for the losses of previous years. Secondly, the Company sets aside 10% of after-tax profit for a statutory surplus reserve, 10% of after-tax profit for a general risk reserve, and according to the requirements of the CSRC, sets aside 10% of after-tax profit for a transaction risk reserve. In addition, with the approval from the Annual General Meeting, the Company may appropriate certain proportions of net profit for a discretionary surplus reserve after setting aside the statutory surplus reserve. The remaining after-tax profit is distributed according to the resolution approved at the General Meeting. If the aggregate balance of the statutory reserve has reached 50% of the Company's registered capital, appropriation for the statutory reserve is no longer mandatory.

General risk reserve and transaction risk reserve sets aside by the Company are used to make up for any losses arising from securities transactions. The Company's reserve funds are used to make up for any losses of the Company, expand the Company's business or as additional capital of the Company. However, capital reserve cannot be used to make up for the Company's losses. When the statutory reserve funds are converted to capital, the balance of the statutory reserve funds cannot be less than 25% of the Company's registered capital.

Dividends proposed by the directors are not deducted from equity, until they have been approved by the General Meeting. When these dividends have been approved by the General Meeting, they are recognized as a liability and deducted from equity.

3.2 Significant accounting judgements and estimates

On the balance sheet date, during the preparation of the Group's financial statements, management will make judgements, estimates and assumptions about the impact of future uncertainties on revenue, expenses, assets and liabilities, and disclosure of contingent liabilities. At the end of the reporting period, management made the following judgements and main assumptions on major future uncertainties, which might lead to adjustments in the book value of assets and liabilities.

(1) Measurement of the expected credit loss allowance

The measurement of the expected credit loss ("ECL") allowance for debt instruments, including investments in financial assets measured at amortized cost and FVOCI is an area that requires the use of models and assumptions about future economic conditions and credit behavior of the client (such as the likelihood of customers defaulting and the resulting losses).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Significant accounting judgements and estimates (Continued)

(1) Measurement of the expected credit loss allowance (Continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Selection of the appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- Determination of forward-looking measurements and weightings; and
- The estimated future cash flows for the financial assets classified under Stage 3.

Inputs, assumptions and estimation techniques

ECL are the discounted product of probability of default having considered the forward-looking impact, exposure at default, and loss given default.

Forward – looking information incorporated in the ECL model

A pervasive concept in measuring ECL in accordance with IFRS9 is that it should consider forward-looking information. The assessment of SICR and the calculation of ECL both incorporated forward-looking information. The Group has performed historical data and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. These economic variables and their associated impact on the probability of default (“PD”) vary by product type. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

Details of the significant accounting judgements and estimates above please refer to Note 53.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Significant accounting judgements and estimates (Continued)

(2) Classification of financial assets

When the Group determines the classification of financial assets, a number of significant judgements in the business model and the contractual cash flow characteristics of the financial assets are required. Factors considered by the Group in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are prepayment of principal); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time.

(3) Fair Value of financial instruments

For financial instruments where there is a lack of active market, the Group uses valuation methods to determine its fair value. Valuation methods include referring to the transaction price determined when fair transactions are conducted between economic entities with complete information and willingness to buy and sell in the market, referring to the fair value of another similar financial instrument in the market, or using discount cash flow analysis and option pricing model to estimate. Valuation methods maximize the use of observable market information. However, when observable market information is unavailable, management will estimate the significant non-observable information included in the valuation methods.

(4) Income tax

The Group needs to make a judgement on future tax treatment of certain transactions to confirm income tax. In accordance with relevant tax regulations, the Group carefully evaluates the impact of income tax on transactions and accordingly calculates income tax. The deferred income tax assets can only be recognized when there is a possibility of future taxable profits and can be used to offset the temporary differences. This requires a major judgement on the tax treatment of certain transactions and a significant estimate of the possibility of having sufficient future taxable profits to offset deferred income tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

3 MATERIAL ACCOUNTING POLICIES, SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Significant accounting judgements and estimates (Continued)

(5) Consolidation of structured entities

Management needs to make significant judgements on whether to control and consolidate structured entities, confirming whether it will affect accounting treatment and the financial situation and operating results of the Group.

In assessing control, the Group needs to consider: 1) the power of the investor to the investee; 2) the variable return enjoyed by the investee in the relevant activities; 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.

In judging whether the Group controls the structured entities, it also needs to consider whether the Group's decision-making behavior is carried out as a principal or as an agent. Considerations usually include the scope of decision-making power of the Group to the structured entities, the substantive rights enjoyed by other parties, the level of remuneration of the Group, and the risk that the Group bears variable returns for holding other interests of the structured entities.

4 TAXATION

According to relevant PRC tax policies, the most significant categories of taxes to which the Group is currently subjected are as follows:

(1) Income tax

From 1 January 2008, the "Enterprise Income Tax Law of the PRC" and the "Regulations on the Implementation of Enterprise Income Tax Law of the PRC" became effective for the Company. Income tax computation and payment are governed by the "Announcement of the State Administration of Taxation on Printing and Distributing Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations" (Public Notice of the State Administration of Taxation [2012] No. 57). The PRC Enterprise income tax rate applicable to the Company is 25%.

Subsidiaries shall be charged at the applicable tax rate based on their tax residency status and preferential tax policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

4 TAXATION (CONTINUED)

(2) Value added tax

Pursuant to the “Circular regarding the Comprehensive Implementation of the Pilot Programs for Transformation from Business Taxes to Value-added Taxes (the “VAT Pilot Programs”)” (Cai Shui [2016] No.36), the “Circular regarding Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs (Cai Shui [2016] No.46), the “Supplementary Circular regarding VAT Policies Applicable to Transactions between Financial Institutions” (Cai Shui [2016] No.70) issued by the MOF and the SAT of the PRC, effective from 1 May 2016, the Group is subject to value-added taxes on its income from principal businesses at 6%.

In accordance with the “Circular regarding the Value-added Taxes Policies for Financial, Real Estate Development and Education Ancillary and Other Services” (Cai Shui [2016] No.140), the “Supplementary Circular regarding Issues concerning Value-added Taxes Policies for Asset Management Products” (Cai Shui [2017] No.2) and the “Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products” (Cai Shui [2017] No.56), the Group shall pay VAT at rate of 3% for related asset management taxable activities undertaken after 1 January 2018 as the manager of asset management products.

- (3) Urban maintenance and construction taxes, educational surcharges and local educational surcharges are charged at 7%/5%/1%, 3% and 2% of the actual payment of the turnover tax, respectively.
- (4) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.

5 OPERATING SEGMENT INFORMATION

For management purposes, the Group’s operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group’s operating segments represents a strategic business engaged in the following activities.

Investment banking segment: provides investment banking services, including financial advisory, sponsoring, underwriting of equity and debt securities.

Wealth management segment: serves as a brokerage agent for corporate and personal clients in the trading of equity stocks, funds, bonds and futures; and provides margin financing and securities lending services to these clients.

Trading and institutional client services segment: engages in trading of financial products; serves as a brokerage agent for institutional clients (financial institutions) in the trading of equity stocks, funds and bonds, and provides them with margin financing and securities lending; provides services in relation to sales of financial products to institutional clients, and provides specialized research and advisory services to assist their investment decision-making.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

5 OPERATING SEGMENT INFORMATION (CONTINUED)

Asset management segment: develops asset management products, fund management products services, and private placement offerings, and provides related services through subsidiaries and consolidated structured entities.

Other segment: primarily commodity trading and the treasury function from the head office.

Management monitors the performance and results of these operating segments for considerations of resource allocation and operating decision-making.

Income taxes are managed as a whole and are not allocated to operating segments.

	Year ended 31 December 2025					Total
	Investment banking	Wealth management	Trading and institutional client services	Asset management	Others	
Segment revenue and other income						
Fee and commission income	3,274,103	7,702,936	4,744,867	1,345,967	-	17,067,873
Interest income	-	4,709,654	3,570,119	88	576,199	8,856,060
Net investment gains	-	-	8,485,638	100,016	105,801	8,691,455
Other income	3,000	81,242	(54,816)	6,665	333,601	369,692
Total revenue and other income	<u>3,277,103</u>	<u>12,493,832</u>	<u>16,745,808</u>	<u>1,452,736</u>	<u>1,015,601</u>	<u>34,985,080</u>
Segment expenses	(2,111,840)	(8,878,871)	(10,980,775)	(720,608)	(559,552)	(23,251,646)
Including: Interest expenses	-	(1,747,428)	(5,925,369)	(23,464)	(64,784)	(7,761,045)
Credit impairment losses	(1,153)	(88,667)	(207,145)	(7)	(2,420)	(299,392)
Impairment losses on other assets	-	-	-	-	(3,729)	(3,729)
Operating profit	<u>1,165,263</u>	<u>3,614,961</u>	<u>5,765,033</u>	<u>732,128</u>	<u>456,049</u>	<u>11,733,434</u>
Share of profits of associates	-	-	-	-	3,263	3,263
Profit before income tax	<u>1,165,263</u>	<u>3,614,961</u>	<u>5,765,033</u>	<u>732,128</u>	<u>459,312</u>	<u>11,736,697</u>
Income tax expense						<u>(2,282,674)</u>
Net profit for the year						<u><u>9,454,023</u></u>
Segment assets	673,777	193,331,249	417,471,085	5,842,404	58,940,193	676,258,708
Deferred tax assets						<u>557,083</u>
Total assets						<u><u>676,815,791</u></u>
Segment liabilities	803,500	157,914,880	367,125,662	3,206,040	28,491,153	557,541,235
Deferred tax liabilities						<u>124,245</u>
Total liabilities						<u><u>557,665,480</u></u>
Other segment information:						
Depreciation and amortization	169,889	462,222	452,341	57,487	84,251	1,226,190
Capital expenditure	73,132	195,471	201,410	27,723	31,702	529,438

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

5 OPERATING SEGMENT INFORMATION (CONTINUED)

	Year ended 31 December 2024					Total
	Investment banking	Wealth management	Trading and institutional client services	Asset management	Others	
Segment revenue and other income						
Fee and commission income	2,677,265	5,785,384	3,529,558	1,343,745	–	13,335,952
Interest income	–	4,502,037	3,425,317	1,415	754,022	8,682,791
Net investment gains	–	–	7,792,382	(64,663)	35,338	7,763,057
Other income	102	78,498	41,413	6,871	231,506	358,390
Total revenue and other income	<u>2,677,367</u>	<u>10,365,919</u>	<u>14,788,670</u>	<u>1,287,368</u>	<u>1,020,866</u>	<u>30,140,190</u>
Segment expenses	(2,193,156)	(7,899,912)	(10,029,416)	(719,219)	(616,567)	(21,458,270)
Including: Interest expenses	–	(1,548,424)	(6,085,841)	(31,161)	(231,575)	(7,897,001)
Credit impairment losses	(951)	(144,508)	57,448	275	(2,862)	(90,598)
Impairment losses on other assets	–	–	–	–	(18,582)	(18,582)
Operating profit	<u>484,211</u>	<u>2,466,007</u>	<u>4,759,254</u>	<u>568,149</u>	<u>404,299</u>	<u>8,681,920</u>
Share of profits of associates	–	–	–	–	8,318	8,318
Profit before income tax	<u>484,211</u>	<u>2,466,007</u>	<u>4,759,254</u>	<u>568,149</u>	<u>412,617</u>	<u>8,690,238</u>
Income tax expense						<u>(1,454,710)</u>
Net profit for the year						<u><u>7,235,528</u></u>
Segment assets	1,536,624	139,983,411	376,150,112	5,013,529	43,654,132	566,337,808
Deferred tax assets						<u>80,410</u>
Total assets						<u><u>566,418,218</u></u>
Segment liabilities	1,688,508	113,187,769	325,446,438	2,772,579	16,646,358	459,741,652
Deferred tax liabilities						<u>157,616</u>
Total liabilities						<u><u>459,899,268</u></u>
Other segment information:						
Depreciation and amortization	163,077	410,824	495,443	63,708	118,676	1,251,728
Capital expenditure	66,949	179,485	209,441	35,599	47,365	538,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

6 FEE AND COMMISSION INCOME

	Year ended 31 December 2025	2024
Brokerage services income	11,588,111	8,673,494
Investment banking income	3,274,103	2,677,265
Asset and fund management income	1,345,967	1,343,745
Others	859,692	641,448
Total	<u>17,067,873</u>	<u>13,335,952</u>

7 INTEREST INCOME

	Year ended 31 December 2025	2024
Margin financing and securities lending	3,449,113	3,069,630
Deposits in financial institutions	2,740,013	3,079,531
Financial assets at fair value through other comprehensive income	2,343,880	2,132,995
Financial assets held under resale agreements	293,253	365,826
Others	29,801	34,809
Total	<u>8,856,060</u>	<u>8,682,791</u>

8 NET INVESTMENT GAINS

	Year ended 31 December 2025	2024
Net gains from financial assets at fair value through profit or loss	17,638,816	9,366,893
Dividend income from financial assets at fair value through other comprehensive income	672,694	66,315
Net gains from disposal of financial assets at fair value through other comprehensive income	207,284	405,217
Net losses from financial liabilities at fair value through profit or loss	(1,304,233)	(1,579,571)
Net losses from derivatives	(8,648,350)	(599,622)
Others	125,244	103,825
Total	<u>8,691,455</u>	<u>7,763,057</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

9 OTHER INCOME

	Year ended 31 December	
	2025	2024
Government grants	68,817	97,923
Net gains on foreign exchange	45,734	75,117
Rental income	14,837	14,093
(Losses)/gains on disposal of property, plant and equipment	(2,960)	159
Others	243,264	171,098
Total	<u>369,692</u>	<u>358,390</u>

10 EXPENSES

	Year ended 31 December	
	2025	2024
Fee and commission expenses:		
Brokerage services expenses	3,617,658	2,855,858
Investment banking expenses	144,928	186,862
Others	138,422	152,034
Total	<u>3,901,008</u>	<u>3,194,754</u>
Interest expenses:		
Bonds in issue	3,612,121	3,377,612
Financial assets sold under repurchase agreements	2,403,582	2,676,615
Short-term financing instruments payable	985,895	840,143
Accounts payable to brokerage clients	415,548	472,476
Borrowings	146,363	45,352
Placements from banks and other financial institutions	106,658	318,313
Lease liabilities	32,426	48,046
Others	58,452	118,444
Total	<u>7,761,045</u>	<u>7,897,001</u>
Staff costs (including directors' and supervisors' remuneration):		
Staff salaries	5,282,831	4,567,689
Other social benefits	724,527	739,508
Contributions to defined contribution schemes (i)	691,430	723,977
Others	345,432	277,681
Total	<u>7,044,220</u>	<u>6,308,855</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

10 EXPENSES (CONTINUED)

- (i) Retirement benefits are included, and their nature is described below:

Full-time employees of the Group in Chinese Mainland are covered by various government-sponsored retirement plans including social pension schemes and corporate pension schemes, under which the employees are entitled to a monthly pension. Relevant government agencies determine the amount of pension benefits and are responsible for the related pension liabilities to eligible retired employees. The Group is required to make monthly contributions to these government-sponsored retirement plans for active employees, which are expensed as incurred. The Group has no obligation for post-retirement benefits beyond these contributions.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or regions outside of Chinese Mainland.

Other operating expenses and costs:

	Year ended 31 December	
	2025	2024
Electronic equipment operating expenses	554,558	467,570
Depreciation of right-of-use assets	531,219	560,363
Membership fees of exchanges	314,847	269,941
Amortization of intangible assets	311,416	272,044
Depreciation expenses	262,103	290,756
Business Travel Expenses	206,414	211,410
Non-operating expenses	94,643	97,374
Auditors' remuneration	5,563	5,291
Including: Audit service	5,178	5,253
Non-audit service	385	38
Others	1,798,590	1,653,182
Total	4,079,353	3,827,931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

11 DIRECTORS' AND SUPERVISORS' REMUNERATION

(1) Details of the directors' and supervisors' remuneration are as follows:

Name	Year ended 31 December 2025					Total remuneration before tax
	Salaries and allowances	Discretionary bonuses	Other benefits	Retirement benefits	Directors' fees	
Executive Directors						
Liu Cheng (Chairman) (a)	1,479	-	80	135	-	1,694
Wang Changqing (b)	445	-	24	40	-	509
Jin Jianhua (c)	1,417	-	97	158	-	1,672
Non-executive Directors						
Zhu Yong (Vice Chairman) (e)	-	-	-	-	-	-
Li Min (Vice Chairman)	-	-	-	-	-	-
Wang Guanglong (e)	-	-	-	-	-	-
Yan Xiaolei	-	-	-	-	-	-
Hua Shurui (g)	-	-	-	-	-	-
Liu Yanming (i)	-	-	-	-	-	-
Yang Dong	-	-	-	-	-	-
Wang Hua	-	-	-	-	-	-
Dai Bo (j)	202	-	16	27	-	245
Independent Non-executive Directors						
Pu Weiguang	-	-	-	-	345	345
Lai Guanrong	-	-	-	-	345	345
Zhang Zheng	-	-	-	-	345	345
Wu Xi	-	-	-	-	345	345
Zheng Wei	-	-	-	-	345	345
Supervisors (k)						
Dong Hongfu	-	-	-	-	-	-
Dai Bo	1,016	-	80	135	-	1,231
Lin Xuan	1,036	-	88	144	-	1,268
Li Fang	-	-	-	-	-	-
Wang Xiaoguang	-	-	-	-	-	-
Zhao Ming	979	-	88	131	-	1,198
Total	<u>6,574</u>	<u>-</u>	<u>473</u>	<u>770</u>	<u>1,725</u>	<u>9,542</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

11 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(1) Details of the directors' and supervisors' remuneration are as follows: (Continued)

Name	Year ended 31 December 2024					Total remuneration before tax
	Salaries and allowances	Discretionary bonuses	Other benefits	Retirement benefits	Directors' fees	
Executive Directors						
Wang Changqing (b)	1,837	-	94	162	-	2,093
Jin Jianhua (c)	234	-	16	30	-	280
Zou Yingguang (d)	1,082	-	78	135	-	1,295
Non-executive Directors						
Li Min (Vice Chairman)	-	-	-	-	-	-
Wu Ruilin (f)	-	-	-	-	-	-
Yan Xiaolei	-	-	-	-	-	-
Hua Shurui (g)	-	-	-	-	-	-
Zhu Jia (h)	-	-	-	-	-	-
Liu Yanming (i)	-	-	-	-	-	-
Yang Dong	-	-	-	-	-	-
Wang Hua	-	-	-	-	-	-
Independent Non-executive Directors						
Pu Weiguang	-	-	-	-	365	365
Lai Guanrong	-	-	-	-	370	370
Zhang Zheng	-	-	-	-	365	365
Wu Xi	-	-	-	-	370	370
Zheng Wei	-	-	-	-	365	365
Supervisors						
Dong Hongfu	-	-	-	-	-	-
Dai Bo (j)	101	-	8	14	-	123
Zhou Xiaoyu	1,184	-	86	148	-	1,418
Lin Xuan	1,189	-	94	156	-	1,439
Li Fang	-	-	-	-	-	-
Ai Bo	-	-	-	-	-	-
Wang Xiaoguang	-	-	-	-	-	-
Zhao Ming	1,006	-	94	141	-	1,241
Total	6,633	-	470	786	1,835	9,724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

11 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(1) Details of the directors' and supervisors' remuneration are as follows: (Continued)

For the year ended 31 December 2025, the pre-tax remuneration for Executive Directors and Supervisors includes the remuneration and insurance benefits accrued and paid out during their tenure in 2025. For Executive Directors and Supervisors who will receive remuneration from the Group during the reporting period, their final remuneration is still under confirmation, and the remaining portion will be disclosed once confirmed.

For the year ended 31 December 2024, the pre-tax remuneration for Executive Directors and Supervisors includes the remuneration and insurance benefits accrued and paid out during their tenure in 2024. For Executive Directors and Supervisors who will receive remuneration from the Group during the reporting period, their final remuneration is still under confirmation, and the remaining portion will be disclosed once confirmed.

In 2025 and 2024, no directors and supervisors waived their remuneration. For non-executive directors and supervisors whose pre-tax remuneration were not paid by the Group was shown as zero in the above tables.

- (a) Liu Cheng was appointed as director and executive director in March 2025.
- (b) Wang Changqing resigned as director and executive director in March 2025.
- (c) Jin Jianhua was appointed as executive director and general manager in November 2024.
- (d) Zou Yingguang resigned as executive director in November 2024.
- (e) Zhu Yong was appointed as non-executive director and vice chairman in August 2025. Wang Guanglong was appointed as non-executive director in August 2025.
- (f) Wu Ruilin resigned as non-executive director and vice chairman in October 2024.
- (g) Hua Shurui was appointed as non-executive director in June 2024.
- (h) Zhu Jia resigned as non-executive director in April 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

11 DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

- (1) Details of the directors' and supervisors' remuneration are as follows: (Continued)
- (i) Liu Yanming was appointed as non-executive director in April 2024, and resigned as non-executive director in August 2025.
 - (j) Dai Bo was appointed as supervisor in December 2024, and was appointed as non-executive director and employee representative director in November 2025.
 - (k) Following the approval at the Fourth Extraordinary General Meeting in 2025, the Company will no longer have the Supervisory Committee as of November 21, 2025. The current members of the Supervisory Committee, Lin Xuan, Dong Hongfu, Li Fang, Wang Xiaoguang, Zhao Ming, and Dai Bo, will no longer serve as supervisors of the Company as of November 21, 2025. Lin Xuan will also no longer serve as the Chairman of the Supervisory Committee.
- (2) Other benefits and rights of directors and supervisors

For each of the years ended 31 December 2025 and 31 December 2024, no emoluments were paid by the Group to any of the persons who were directors, or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. Except for the contributions to social pension schemes and corporate pension schemes, there were no other retirement benefits for directors or supervisors; meanwhile, there were no consideration provided to third parties for making available directors' or supervisors' services.

For each of the years ended 31 December 2025 and 31 December 2024, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly. In addition, the Group did not provide any guarantees or securities to certain controlled body corporates and connected entities of the directors or supervisors in respect of their loans, quasi-loans or credit transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

12 FIVE HIGHEST PAID EMPLOYEES

For the year ended 31 December 2025 and 31 December 2024, none of the five highest paid employees are directors or supervisors whose remuneration is disclosed in Note 11. The remuneration of the five highest paid employees is as follows:

	Year ended 31 December	
	2025	2024
Salaries, allowances and other benefits	14,970	12,285
Retirement benefits	497	351
Discretionary bonuses	—	—
Total	<u>15,467</u>	<u>12,636</u>

The number of these individuals whose remuneration fell within the following bands is set out below:

	Year ended 31 December	
	2025	2024
RMB2,000,001 to RMB3,000,000 yuan	2	5
RMB3,000,001 to RMB4,000,000 yuan	3	—
Total	<u>5</u>	<u>5</u>

For the year ended 31 December 2025, the pre-tax remuneration of the above employees includes the remuneration and insurance benefits accrued and paid out during their tenure in 2025. The Group's final remuneration is still under confirmation.

For the year ended 31 December 2024, the pre-tax remuneration of the above employees includes the remuneration and insurance benefits accrued and paid out during their tenure in 2024. The Group's final remuneration is still under confirmation.

For each of the years ended 31 December 2025 and 31 December 2024, no remunerations were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

13 CREDIT IMPAIRMENT LOSSES

	Year ended 31 December	
	2025	2024
Financial assets at fair value through other comprehensive income	183,586	(98,867)
Financial assets held under resale agreements	(115,947)	(110,869)
Margin accounts	249,736	297,657
Others	(17,983)	2,677
Total	299,392	90,598

14 INCOME TAX EXPENSE

(1) Income tax

	Year ended 31 December	
	2025	2024
Current income tax		
– Chinese Mainland	2,838,480	1,227,774
– Outside Chinese Mainland	126,907	42,973
Subtotal	2,965,387	1,270,747
Deferred income tax	(682,713)	183,963
Total	2,282,674	1,454,710

(2) Reconciliation between income tax and accounting profit

A reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate of 25% to income tax expense at the Group's effective income tax rate is as follows:

	Year ended 31 December	
	2025	2024
Profit before income tax	11,736,697	8,690,238
Income tax at the PRC statutory income tax rate	2,934,174	2,172,560
Effects of different applicable rates of tax prevailing in various jurisdictions	(86,834)	(104,015)
Non-deductible expenses	45,211	111,709
Non-taxable income	(487,507)	(679,302)
Others	(122,370)	(46,242)
Income tax expenses at the Group's effective income tax rate	2,282,674	1,454,710

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

15 DIVIDENDS

	Year ended 31 December	
	2025	2024
Dividends to equity holders	2,559,709	2,637,276
Including: Dividends on ordinary shares proposed and paid	1,487,924	2,637,276
Dividends on ordinary shares proposed but not paid	1,071,785	–
Distribution to other equity instrument holders	998,530	1,066,528

The first half of 2025 profit distribution plan was approved at the 2025 Fourth Extraordinary General Meeting held on 21 November 2025, the first half of 2025 profit distribution plan was RMB1.65 (tax inclusive) per 10 ordinary shares in the form of cash dividends, amounting to RMB1,279.85 million (tax inclusive) in total on the basis of 7,756,694,797 shares. All dividends were fully distributed by 8 January 2026.

The 2024 profit distribution plan was approved at the 2024 Annual General Meeting held on 27 June 2025, the 2024 final profit distribution plan was RMB1.65 (tax inclusive) per 10 ordinary shares in the form of cash dividends, amounting to RMB1,279.85 million (tax inclusive) in total on the basis of 7,756,694,797 shares. All dividends were fully distributed by 21 August 2025.

16 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings per share was calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding. The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2025	2024
Earnings:		
Profit attributable to equity holders of the Company	9,439,424	7,223,220
Less: Profit attributable to other equity instrument holders of the Company	(998,530)	(1,066,528)
Profit attributable to ordinary equity holders of the Company	8,440,894	6,156,692
Shares:		
Weighted average number of ordinary shares in issue (thousand)	7,756,695	7,756,695
Basic and diluted earnings per share (in RMB yuan)	1.09	0.79

There were no dilutive shares during the year ended 31 December 2025 (year ended 31 December 2024: None). Therefore, diluted earnings per share is equal to basic earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

17 PROPERTY, PLANT AND EQUIPMENT

	Properties and buildings	Communication equipment	Office equipment	Transportation vehicles	Security equipment	Electronic devices	Others	Total
Cost								
31 December 2024	426,162	3,942	65,254	34,348	11,979	1,495,965	24,996	2,062,646
Increases	-	74	4,771	2,656	1,127	150,074	64	158,766
Decreases	-	(64)	(2,413)	(2,541)	(593)	(37,770)	(613)	(43,994)
Transfer to investment property	(5,173)	-	-	-	-	-	-	(5,173)
Foreign currency translation differences	-	-	(117)	-	-	(434)	-	(551)
31 December 2025	420,989	3,952	67,495	34,463	12,513	1,607,835	24,447	2,171,694
Accumulated depreciation								
31 December 2024	(190,588)	(2,630)	(45,504)	(30,180)	(7,046)	(1,072,886)	(11,990)	(1,360,824)
Increases	(11,502)	(360)	(9,056)	(1,467)	(1,504)	(235,502)	(2,712)	(262,103)
Decreases	-	61	2,386	2,465	576	37,708	607	43,803
Transfer to investment property	2,041	-	-	-	-	-	-	2,041
Foreign currency translation differences	-	-	116	-	-	353	-	469
31 December 2025	(200,049)	(2,929)	(52,058)	(29,182)	(7,974)	(1,270,327)	(14,095)	(1,576,614)
Net carrying amount								
31 December 2025	220,940	1,023	15,437	5,281	4,539	337,508	10,352	595,080
31 December 2024	235,574	1,312	19,750	4,168	4,933	423,079	13,006	701,822

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

18 RIGHT-OF-USE ASSETS

	Properties and buildings	Others	Total
Cost			
31 December 2024	2,566,907	325,807	2,892,714
Increases	270,997	4,584	275,581
Decreases	(386,202)	(424)	(386,626)
Foreign currency translation differences	(3,972)	–	(3,972)
31 December 2025	<u>2,447,730</u>	<u>329,967</u>	<u>2,777,697</u>
Accumulated depreciation			
31 December 2024	(1,490,009)	(261,231)	(1,751,240)
Increases	(469,804)	(61,415)	(531,219)
Decreases	380,282	413	380,695
Foreign currency translation differences	4,348	–	4,348
31 December 2025	<u>(1,575,183)</u>	<u>(322,233)</u>	<u>(1,897,416)</u>
Net carrying amount			
31 December 2025	<u>872,547</u>	<u>7,734</u>	<u>880,281</u>
31 December 2024	<u>1,076,898</u>	<u>64,576</u>	<u>1,141,474</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

19 INTANGIBLE ASSETS

	Software	Self-developed data resources	Trading seat rights and others	Total
Cost				
31 December 2024	1,951,070	2,356	75,408	2,028,834
Increases	317,692	409	–	318,101
Decreases	(102,465)	–	–	(102,465)
Foreign currency translation differences	(966)	–	(23)	(989)
31 December 2025	2,165,331	2,765	75,385	2,243,481
Accumulated amortization				
31 December 2024	(1,095,446)	(327)	(69,600)	(1,165,373)
Increases	(310,596)	(820)	–	(311,416)
Decreases	99,815	–	–	99,815
Foreign currency translation differences	762	–	–	762
31 December 2025	(1,305,465)	(1,147)	(69,600)	(1,376,212)
Net carrying amount				
31 December 2025	859,866	1,618	5,785	867,269
31 December 2024	855,624	2,029	5,808	863,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

20 INVESTMENTS IN SUBSIDIARIES

	31 December 2025	31 December 2024
Investments in subsidiaries	11,700,844	11,700,844

General information of the Company's principal subsidiaries are as follows:

Name of subsidiaries	Principal operating place	Place of registration	Registered share capital	Proportion of equity interest/ voting right		Directly/ Indirectly hold	Principal activities
				As at 31 December 2025	2024		
China Futures Co., Ltd.	Chongqing	Chongqing	RMB1,400 million	100%	100%	Directly	Futures brokerage
China Capital Management Co., Ltd.	Beijing	Beijing	RMB3,500 million	100%	100%	Directly	Project investment
China Securities (International) Finance Holding Co., Ltd. (i)	Hong Kong	Hong Kong	Not applicable	100%	100%	Directly	Shareholding and investment
China Fund Management Co., Ltd.	Beijing	Beijing	RMB450 million	100%	100%	Directly	Funds business, asset management
China Securities Investment Co., Ltd.	Beijing	Beijing	RMB6,100 million	100%	100%	Directly	Investment management, equity investment management, investment consultancy and project management

- (i) China Securities (International) Finance Holding Co., Ltd. is registered as a limited company according to the laws of Hong Kong, China. Others are registered as limited liability companies according to the laws of the People's Republic of China.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

21 INVESTMENTS IN ASSOCIATES

	31 December 2025	31 December 2024
Investments in associates	102,588	122,782

The following table illustrates details of investments in associates:

Name	1 January 2025	Increase	Decrease	Movement using the equity method	Cash dividends or profits declared	Impairment allowance for the current year	31 December 2025
CITIC Urban Development Equity Investment Fund Management (Shenzhen) Co., Ltd.	63,546	-	-	269	(23,200)	-	40,615
Beijing Shunlong Zhiyuan Enterprise Management Consulting Co., Ltd.	30,170	-	-	3,789	(262)	-	33,697
Beijing Equity Trading Center Co., Ltd.	29,066	-	-	(790)	-	-	28,276
Total	122,782	-	-	3,268	(23,462)	-	102,588

Name	1 January 2024	Increase	Decrease	Movement using the equity method	Cash dividends or profits declared	Impairment allowance for the current year	31 December 2024
CITIC Urban Development Equity Investment Fund Management (Shenzhen) Co., Ltd.	59,120	-	-	4,426	-	-	63,546
Beijing Shunlong Zhiyuan Enterprise Management Consulting Co., Ltd.	28,172	-	-	2,197	(199)	-	30,170
Beijing Equity Trading Center Co., Ltd.	27,364	-	-	1,702	-	-	29,066
Total	114,656	-	-	8,325	(199)	-	122,782

- (1) As at 31 December 2025 and 31 December 2024, given there was no new sign of impairment on the Group's investments in associates, no further loss allowance was made.
- (2) CITIC City Development Equity Investment Fund Management (Shenzhen) Co., Ltd. was renamed as CITIC Urban Development Equity Investment Fund Management (Shenzhen) Co., Ltd. on 29 August 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2025	31 December 2024
Non-current		
Debt instruments	19,504	27,641
Equity investments	9,128,140	7,581,711
Fund investments	264,853	182,564
Others	566,602	797,418
Subtotal	9,979,099	8,589,334
Analyzed into:		
Listed	730,654	283,657
Unlisted	9,248,445	8,305,677
Subtotal	9,979,099	8,589,334
Current		
Debt instruments	65,319,225	102,392,451
Equity investments	13,385,728	19,008,672
Fund investments	41,713,049	21,297,840
Others	56,267,750	50,683,119
Subtotal	176,685,752	193,382,082
Analyzed into:		
Listed	121,883,040	151,065,762
Unlisted	54,802,712	42,316,320
Subtotal	176,685,752	193,382,082
Total	186,664,851	201,971,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As at 31 December 2025, the fair value of financial assets with commitment conditions held by the Group were RMB56,957.04 million (31 December 2024: RMB83,805.18 million).

As at 31 December 2025 and 31 December 2024, the financial assets at fair value through profit or loss held by the Group included the outstanding balance of the securities lent. For more details, please refer to Note 27.

As at 31 December 2025, the fair value of financial assets at fair value through profit or loss in restricted period held by the Group was RMB1,663.88 million (31 December 2024: RMB1,513.13 million).

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2025	31 December 2024
Non-current		
Equity investments	<u>52,162,155</u>	<u>14,742,205</u>
Analyzed into:		
Listed	<u>51,980,755</u>	<u>14,730,805</u>
Unlisted	<u>181,400</u>	<u>11,400</u>
Subtotal	<u>52,162,155</u>	<u>14,742,205</u>
Current		
Debt instruments	<u>93,348,017</u>	<u>77,559,632</u>
Equity investments	<u>60,654</u>	<u>79,460</u>
Subtotal	<u>93,408,671</u>	<u>77,639,092</u>
Analyzed into:		
Listed	<u>93,408,671</u>	<u>77,639,092</u>
Subtotal	<u>93,408,671</u>	<u>77,639,092</u>
Total	<u><u>145,570,826</u></u>	<u><u>92,381,297</u></u>

As at 31 December 2025, the fair value of financial assets with commitment conditions held by the Group were RMB101,976.14 million (31 December 2024: RMB47,838.25 million).

As at 31 December 2025, the fair value of financial assets at fair value through other comprehensive income in restricted period held by the Group was RMB605.56 million (31 December 2024: RMB1,346.06 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

24 REFUNDABLE DEPOSITS

	31 December 2025	31 December 2024
Performance deposits	19,851,255	12,254,691
Trading deposits	595,500	509,377
Credit deposits	106,140	65,075
Total	<u>20,552,895</u>	<u>12,829,143</u>

25 DEFERRED TAX ASSETS/LIABILITIES

Changes of deferred tax assets/liabilities before offset are as follows:

Deferred tax assets	Salaries, bonuses, and allowances payable	Fair value changes of financial instruments	Allowance for credit impairment losses	Lease liabilities	Others	Total
1 January 2025	859,843	11,438	606,575	308,086	64,357	1,850,299
(Debited)/credited to the consolidated income statement	(110,596)	774,127	69,670	(92,858)	11,822	652,165
Debited to other comprehensive income	-	-	(55)	(287)	(266)	(608)
31 December 2025	<u>749,247</u>	<u>785,565</u>	<u>676,190</u>	<u>214,941</u>	<u>75,913</u>	<u>2,501,856</u>
1 January 2024	1,028,325	26,477	584,472	379,136	96,148	2,114,558
(Debited)/credited to the consolidated income statement	(168,482)	(5,115)	22,055	(71,101)	(31,947)	(254,590)
(Debited)/credited to other comprehensive income	-	(9,924)	48	51	156	(9,669)
31 December 2024	<u>859,843</u>	<u>11,438</u>	<u>606,575</u>	<u>308,086</u>	<u>64,357</u>	<u>1,850,299</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

25 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

Deferred tax liabilities	Fair value changes of financial instruments	Right-of-use assets	Others	Total
1 January 2025	1,642,683	282,936	1,886	1,927,505
Debited/(credited) to the consolidated income statement	41,952	(71,844)	(656)	(30,548)
Debited/(credited) to other comprehensive income	172,384	(286)	(37)	172,061
31 December 2025	<u>1,857,019</u>	<u>210,806</u>	<u>1,193</u>	<u>2,069,018</u>

Deferred tax liabilities	Fair value changes of financial instruments	Right-of-use assets	Others	Total
1 January 2024	1,489,059	362,274	1,741	1,853,074
Debited/(credited) to the consolidated income statement	8,651	(79,383)	105	(70,627)
Debited to other comprehensive income	144,973	45	40	145,058
31 December 2024	<u>1,642,683</u>	<u>282,936</u>	<u>1,886</u>	<u>1,927,505</u>

Net balances of deferred tax assets/liabilities after offset

Item	31 December 2025		31 December 2024	
	Deferred tax assets/liabilities offset amount	Deferred tax assets/liabilities net balances after offset	Deferred tax assets/liabilities offset amount	Deferred tax assets/liabilities net balances after offset
Deferred tax assets	(1,944,773)	557,083	(1,769,889)	80,410
Deferred tax liabilities	<u>(1,944,773)</u>	<u>124,245</u>	<u>(1,769,889)</u>	<u>157,616</u>

26 OTHER NON-CURRENT ASSETS

As at 31 December 2025 and 31 December 2024, other non-current assets of the Group primarily represented long-term deferred expenses incurred on leasehold improvements of property, plant and equipment and network engineering projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

27 MARGIN ACCOUNTS

	31 December 2025	31 December 2024
Margin accounts		
– Individuals	74,866,654	55,900,596
– Institutions	11,426,196	8,710,104
	86,292,850	64,610,700
Loss allowance	(1,908,477)	(1,661,896)
Total	84,384,373	62,948,804

As at 31 December 2025, the fair value of securities lent was RMB456.15 million (31 December 2024: RMB307.99 million).

As at 31 December 2025, the Group received collateral with fair value amounted to RMB270,381.95 million (31 December 2024: RMB194,889.33 million), in connection with its margin financing and securities lending.

28 ACCOUNTS RECEIVABLE

	31 December 2025	31 December 2024
Derivative business receivables	7,141,267	6,901,025
Clearing funds receivable	1,157,063	915,654
Asset and fund management fee receivable	257,895	223,483
Others	1,276,830	1,121,067
	9,833,055	9,161,229
Loss allowance (i)	(26,051)	(21,493)
Total	9,807,004	9,139,736

(i) ECL on accounts receivable arising from revenue recognized in accordance with IFRS 15 – Revenue, is measured using simplified approach. ECL on the rest of accounts receivable is measured using the general approach and as at 31 December 2025, accounts receivable measured using general approach were classified under Stage 1 (31 December 2024: Stage 1).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

28 ACCOUNTS RECEIVABLE (CONTINUED)

(ii) Analyzed by aging

Item	As at 31 December 2025			
	Carrying amount		Loss allowance	
	Value	Percentage	Value	Percentage
Loss allowance by portfolio				
Less than 1 year	9,187,602	93.44%	(933)	3.59%
1 to 2 years	574,531	5.84%	(2,004)	7.69%
2 to 3 years	25,449	0.26%	(2,351)	9.02%
More than 3 years	45,473	0.46%	(20,763)	79.70%
Total	<u>9,833,055</u>	<u>100.00%</u>	<u>(26,051)</u>	<u>100.00%</u>

Item	As at 31 December 2024			
	Carrying amount		Loss allowance	
	Value	Percentage	Value	Percentage
Loss allowance by portfolio				
Less than 1 year	9,067,752	98.99%	(1,751)	8.15%
1 to 2 years	48,004	0.52%	(2,986)	13.89%
2 to 3 years	24,902	0.27%	(3,639)	16.93%
More than 3 years	20,571	0.22%	(13,117)	61.03%
Total	<u>9,161,229</u>	<u>100.00%</u>	<u>(21,493)</u>	<u>100.00%</u>

29 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December 2025		
	Nominal value	Fair value	
		Assets	Liabilities
Interest rate derivatives	611,453,282	25,097	29,567
Currency derivatives	521,245,057	231,247	718,059
Equity derivatives	192,238,363	1,077,027	4,977,309
Credit derivatives	981,000	27,091	276
Others	85,908,277	921,850	804,163
Total	<u>1,411,825,979</u>	<u>2,282,312</u>	<u>6,529,374</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

29 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	As at 31 December 2024		
	Nominal value	Fair value	
		Assets	Liabilities
Interest rate derivatives	470,011,046	13,477	5,870
Currency derivatives	358,386,445	452,798	1,028,479
Equity derivatives	192,971,776	2,498,341	2,800,328
Credit derivatives	1,297,000	17,658	844
Others	61,648,570	375,935	236,671
Total	<u>1,084,314,837</u>	<u>3,358,209</u>	<u>4,072,192</u>

Under the “Daily Mark-to-Market and Settlement Arrangement”, the derivative financial instruments held by the Group at the end of the reporting period and related temporary receipts and payments are presented at the net amount after offsetting.

30 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	31 December 2025	31 December 2024
Current		
Analyzed by collateral:		
Debts	4,896,566	7,833,263
Stock	1,900,406	3,688,578
	6,796,972	11,521,841
Loss allowance	(302,681)	(418,628)
Total	6,494,291	11,103,213

The Group received securities as collateral in connection with financial assets under resale agreements, some of which are allowed to be re-pledged in the absence of default by counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group had an obligation to return the collateral to its counterparties at the maturity of the contracts.

The fair value of the collateral received in connection with financial assets under resale agreements, the collateral allowed to be re-pledged and the collateral re-pledged were as below:

	31 December 2025	31 December 2024
Collateral received	11,529,560	18,839,777
Including: Collateral allowed to be re-pledged	1,671,395	–
Including: Collateral re-pledged	1,671,395	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

31 CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated deposit accounts with banks and authorized institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of clients and the corresponding liabilities as accounts payable to brokerage clients (Note 34). In Chinese Mainland, the use of cash held on behalf of clients for securities trading and settlement is restricted and governed by relevant third-party custodian regulations issued by the CSRC. In Hong Kong, the “Securities and Futures (Client Money) Rules” under the Securities and Futures Ordinance have imposed similar restrictions.

32 CASH AND BANK BALANCES

	31 December 2025	31 December 2024
Deposits in banks	<u>54,686,344</u>	<u>46,473,105</u>

As at 31 December 2025, the Group had restricted deposits of RMB589.98 million (31 December 2024: RMB715.14 million).

33 OTHER CURRENT ASSETS

	31 December 2025	31 December 2024
Commodity Inventories	126,868	304,592
Interest receivable	13,776	48,399
Prepaid expenses	7,941	6,577
Deferred expenses	5,284	5,765
Prepaid tax	4,644	5,695
Others	<u>380,959</u>	<u>422,839</u>
	539,472	793,867
Loss allowance	<u>(47,583)</u>	<u>(74,894)</u>
Total	<u>491,889</u>	<u>718,973</u>

34 ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	31 December 2025	31 December 2024
Accounts payable to brokerage clients	<u>175,840,031</u>	<u>130,641,940</u>

Accounts payable to brokerage clients represents the amounts received from and repayable to clients arising from the ordinary course of the Group’s securities brokerage business. For more details, please refer to Cash Held on Behalf of Clients (Note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

35 LEASE LIABILITIES

	31 December 2025	31 December 2024
Current		
Lease liabilities	<u>460,735</u>	<u>581,904</u>
Non-current		
Lease liabilities	<u>435,668</u>	<u>660,698</u>
Total	<u>896,403</u>	<u>1,242,602</u>

As at 31 December 2025 and 31 December 2024, the cash outflow of lease contracts signed by the Group but lease not yet commenced are insignificant.

36 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2025	31 December 2024
Current		
Financial liabilities at fair value through profit or loss (Held for trading)		
– Debt instruments	973,226	2,417,316
Financial liabilities designated as at fair value through profit or loss		
– Beneficiary certificates (i)	7,626,192	3,488,443
– Structured notes	1,838,855	546,667
Subtotal	<u>10,438,273</u>	<u>6,452,426</u>
Non-current		
Financial liabilities designated as at fair value through profit or loss		
– Beneficiary certificates (i)	<u>1,171,983</u>	2,653,036
Subtotal	<u>1,171,983</u>	<u>2,653,036</u>
Total	<u>11,610,256</u>	<u>9,105,462</u>

(i) As at 31 December 2025 and 31 December 2024, the beneficiary certificates held by the Group were mainly linked to equity indexes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

37 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	31 December 2025	31 December 2024
Current		
Analyzed by collateral:		
Debt securities	120,890,283	95,148,611
Others	14,605,601	18,564,214
Total	<u>135,495,884</u>	<u>113,712,825</u>

38 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December 2025	31 December 2024
Current		
Placements from banks	<u>6,560,614</u>	<u>800,037</u>

39 TAXES PAYABLE

	31 December 2025	31 December 2024
Current		
Income tax	995,233	236,155
Value added tax	260,910	207,959
Others	243,610	512,254
Total	<u>1,499,753</u>	<u>956,368</u>

40 SHORT-TERM BORROWINGS

	31 December 2025	31 December 2024
Current		
Analyzed by nature:		
Credit borrowings	<u>7,978,408</u>	<u>3,858,353</u>

As at 31 December 2025 and 31 December 2024, the Group had fixed-rate borrowings which carried interest rate from 1.80% to 4.78% and 2.45% to 6.04%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

41 SHORT-TERM FINANCING INSTRUMENTS PAYABLE

Name	Notional value	Issuance amount	Interest commencement date	Term	Coupon rate	1 January 2025	Increase	Decrease	31 December 2025
24 CSC CP001	2,500,000	2,500,000	26/06/2024	294 days	2.05%	2,526,538	14,743	2,541,281	-
24 CSC CP002	2,500,000	2,500,000	09/07/2024	308 days	1.98%	2,523,868	17,902	2,541,770	-
24 CSC CP003	3,000,000	3,000,000	14/10/2024	365 days	2.10%	3,013,636	49,364	3,063,000	-
24 CSC CP004	4,000,000	4,000,000	17/10/2024	330 days	2.00%	4,016,658	55,671	4,072,329	-
24 CSC CP005	4,000,000	4,000,000	23/10/2024	303 days	1.99%	4,015,266	50,813	4,066,079	-
24 CSC CP006	3,000,000	3,000,000	28/10/2024	365 days	2.03%	3,010,845	50,055	3,060,900	-
24 CSC CP007	1,300,000	1,300,000	25/11/2024	365 days	1.92%	1,302,530	22,430	1,324,960	-
25 CSC CP001	2,000,000	2,000,000	27/03/2025	365 days	1.93%	-	2,029,611	-	2,029,611
25 CSC CP002	4,000,000	4,000,000	10/04/2025	365 days	1.82%	-	4,053,054	-	4,053,054
25 CSC CP003	3,000,000	3,000,000	30/07/2025	51 days	1.59%	-	3,006,665	3,006,665	-
25 CSC CP004	3,000,000	3,000,000	13/08/2025	70 days	1.60%	-	3,009,205	3,009,205	-
25 CSC CP005	2,000,000	2,000,000	21/08/2025	85 days	1.64%	-	2,007,638	2,007,638	-
25 CSC CP006	2,500,000	2,500,000	22/08/2025	90 days	1.64%	-	2,510,110	2,510,110	-
25 CSC CP007	3,000,000	3,000,000	26/08/2025	136 days	1.70%	-	3,017,885	-	3,017,885
25 CSC CP008	3,000,000	3,000,000	25/09/2025	176 days	1.72%	-	3,013,854	-	3,013,854
25 CSC CP009	3,000,000	3,000,000	15/10/2025	118 days	1.66%	-	3,010,642	-	3,010,642
25 CSC CP010	3,000,000	3,000,000	23/10/2025	244 days	1.73%	-	3,009,953	-	3,009,953
25 CSC CP011	3,000,000	3,000,000	13/11/2025	154 days	1.67%	-	3,006,726	-	3,006,726
25 CSC CP012	3,000,000	3,000,000	17/12/2025	182 days	1.71%	-	3,002,108	-	3,002,108
25 CSC CP013	3,000,000	3,000,000	29/12/2025	200 days	1.71%	-	3,000,422	-	3,000,422
24 Xintou S1	1,500,000	1,500,000	16/01/2024	1 year	2.52%	1,536,157	1,643	1,537,800	-
24 Xintou S2	1,500,000	1,500,000	24/04/2024	1 year	2.05%	1,520,369	10,381	1,530,750	-
24 Xintou S3	6,500,000	6,500,000	20/06/2024	1 year	2.05%	6,565,515	67,735	6,633,250	-
25 Xintou S1	1,000,000	1,000,000	22/05/2025	31 days	1.62%	-	1,002,319	1,002,319	-
25 Xintou S2	1,500,000	1,500,000	24/07/2025	31 days	1.54%	-	1,504,792	1,504,792	-
25 Xintou S3	2,000,000	2,000,000	24/07/2025	65 days	1.54%	-	2,007,371	2,007,371	-
Notes	800,000	800,000	27/09/2024	364 days	2.50%	805,121	20,042	825,163	-
Notes	200,000	200,000	18/02/2025	359 days	2.80%	-	204,829	306	204,523
Notes	300,000	300,000	27/02/2025	364 days	2.80%	-	307,421	313	307,108
Notes	50,000 thousand dollars	50,000 thousand dollars	27/02/2025	364 days	4.70%	-	371,336	5,866	365,470
Notes	50,000 thousand dollars	50,000 thousand dollars	27/02/2025	364 days	SOFR + 0.50%	-	370,735	18,492	352,243
Notes	70,000 thousand dollars	70,000 thousand dollars	24/02/2025	354 days	SOFR + 0.50%	-	519,414	25,787	493,627
Notes	300,000	300,000	05/03/2025	364 days	2.80%	-	307,241	233	307,008
Notes	500,000	500,000	25/03/2025	364 days	2.50%	-	510,305	777	509,528
Notes	30,000 thousand dollars	30,000 thousand dollars	22/10/2025	92 days	4.20%	-	215,842	3,255	212,587
Notes	500,000	500,000	08/10/2025	364 days	1.96%	-	502,310	86	502,224
Notes	260,000	260,000	21/10/2025	59 days	1.80%	-	260,796	260,796	-
Beneficiary certificates (i)						4,632,551	26,396,020	12,212,089	18,816,482
Structured notes (ii)						2,981,533	5,619,595	3,955,768	4,645,360
Total						<u>38,450,587</u>	<u>78,138,978</u>	<u>62,729,150</u>	<u>53,860,415</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

41 SHORT-TERM FINANCING INSTRUMENTS PAYABLE (CONTINUED)

Name	Notional value	Issuance amount	Interest commencement date	Term	Coupon rate	1 January 2024	Increase	Decrease	31 December 2024
23 CSC CP002	2,000,000	2,000,000	17/01/2023	360 days	2.78%	2,053,163	1,675	2,054,838	-
23 CSC CP003	3,000,000	3,000,000	14/02/2023	358 days	2.72%	3,071,763	8,272	3,080,035	-
23 CSC CP007	3,000,000	3,000,000	16/03/2023	362 days	2.78%	3,066,492	15,997	3,082,489	-
23 CSC CP009	2,000,000	2,000,000	29/03/2023	359 days	2.72%	2,041,433	11,927	2,053,360	-
23 CSC CP011	3,000,000	3,000,000	25/05/2023	274 days	2.39%	3,043,413	10,264	3,053,677	-
23 CSC CP012	3,000,000	3,000,000	21/06/2023	307 days	2.42%	3,038,587	22,310	3,060,897	-
23 CSC CP013	2,500,000	2,500,000	28/06/2023	365 days	2.45%	2,531,380	29,703	2,561,083	-
23 CSC CP014	3,000,000	3,000,000	18/09/2023	361 days	2.51%	3,021,662	52,609	3,074,271	-
24 CSC CP001	2,500,000	2,500,000	26/06/2024	294 days	2.05%	-	2,526,538	-	2,526,538
24 CSC CP002	2,500,000	2,500,000	09/07/2024	308 days	1.98%	-	2,523,868	-	2,523,868
24 CSC CP003	3,000,000	3,000,000	14/10/2024	365 days	2.10%	-	3,013,636	-	3,013,636
24 CSC CP004	4,000,000	4,000,000	17/10/2024	330 days	2.00%	-	4,016,658	-	4,016,658
24 CSC CP005	4,000,000	4,000,000	23/10/2024	303 days	1.99%	-	4,015,266	-	4,015,266
24 CSC CP006	3,000,000	3,000,000	28/10/2024	365 days	2.03%	-	3,010,845	-	3,010,845
24 CSC CP007	1,300,000	1,300,000	25/11/2024	365 days	1.92%	-	1,302,530	-	1,302,530
23 Xintou S1	5,000,000	5,000,000	24/11/2023	1 year	2.69%	5,002,840	131,660	5,134,500	-
23 Xintou S2	5,500,000	5,500,000	19/12/2023	1 year	2.76%	5,490,393	161,879	5,652,272	-
24 Xintou S1	1,500,000	1,500,000	16/01/2024	1 year	2.52%	-	1,538,987	2,830	1,536,157
24 Xintou S2	1,500,000	1,500,000	24/04/2024	1 year	2.05%	-	1,523,199	2,830	1,520,369
24 Xintou S3	6,500,000	6,500,000	20/06/2024	1 year	2.05%	-	6,577,779	12,264	6,565,515
Notes	800,000	800,000	27/09/2024	364 days	2.50%	-	805,121	-	805,121
Beneficiary certificates <i>(i)</i>						4,546,943	6,309,473	6,223,865	4,632,551
Structured notes <i>(ii)</i>						793,590	3,358,154	1,170,211	2,981,533
Total						<u>37,701,659</u>	<u>40,968,350</u>	<u>40,219,422</u>	<u>38,450,587</u>

As at 31 December 2025 and 31 December 2024, there were no defaults related to any short-term financing instruments payable by the Group.

- (i) As at 31 December 2025 and 31 December 2024, the Group had beneficiary certificates accrued interests at fixed annual rate or floating rates, of which the fixed annual interest rate ranges are 1.80% to 2.08% and 1.75% to 2.22%, respectively.
- (ii) As at 31 December 2025 and 31 December 2024, the Group had structured notes accrued interests at fixed annual rate, of which the fixed annual interest rate ranges are 1.78% to 4.75% and 2.25% to 5.75%, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

42 OTHER CURRENT LIABILITIES

	31 December 2025	31 December 2024
Bonds in issue with maturity within one year	28,542,509	27,094,310
Derivative business payables	20,420,634	18,326,432
Salaries, bonuses and allowances payable	3,872,962	4,308,110
Dividends payable	1,716,003	665,619
Amounts due to other holders of consolidated structured entities at fair value	1,491,258	1,192,273
Settlement deposits payable	1,048,908	693,686
Futures settlement risk funds payable	330,346	274,551
Provision	149,234	109,942
Accounts payable to underwriting clients	95,296	1,136,874
Securities investor protection fund payable	53,807	47,540
Funds payable to securities holders	5,913	5,913
Others	5,478,136	5,184,000
Total	63,205,006	59,039,250

43 BONDS IN ISSUE

	31 December 2025	31 December 2024
Bonds and medium term notes in issue	91,774,521	96,073,816
Structured notes in issue	2,268,679	1,784,975
Total	94,043,200	97,858,791

- (1) As at 31 December 2025 and 31 December 2024, there were no defaults related to any bonds in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

43 BONDS IN ISSUE (CONTINUED)

(2) The details of bonds in issue

Name	Notional value	Issuance amount	Interest commencement date	Term	Coupon rate	31 December 2024	31 December 2025
Corporate bonds							
22 Xintou F1 <i>(i)</i>	1,000,000	1,000,000	26/09/2022	5 years	2.65%	1,006,515	-
22 Xintou F2	5,000,000	5,000,000	26/09/2022	7 years	3.02%	5,026,842	5,029,548
22 Xintou F3 <i>(i)</i>	1,000,000	1,000,000	19/10/2022	5 years	2.68%	1,003,817	-
22 Xintou F4	3,000,000	3,000,000	19/10/2022	7 years	2.99%	3,012,208	3,013,408
22 Xintou G2	2,000,000	2,000,000	10/11/2022	5 years	2.89%	2,004,928	2,006,082
22 Xintou G3	2,500,000	2,500,000	10/11/2022	10 years	3.29%	2,504,076	2,504,960
22 Xintou G5	1,000,000	1,000,000	06/12/2022	5 years	3.29%	1,000,644	1,001,221
22 Xintou G6	1,500,000	1,500,000	06/12/2022	10 years	3.55%	1,500,319	1,500,713
23 Xintou F1 <i>(iii)</i>	500,000	500,000	17/01/2023	3 years	3.20%	514,633	-
23 Xintou F2	2,500,000	2,500,000	17/01/2023	5 years	3.35%	2,574,195	2,576,110
23 Xintou G2	1,500,000	1,500,000	21/08/2023	5 years	2.97%	1,512,054	1,513,179
23 Xintou G3	2,500,000	2,500,000	21/08/2023	10 years	3.15%	2,520,395	2,521,258
23 Xintou G4 <i>(iii)</i>	1,000,000	1,000,000	16/10/2023	3 years	2.91%	1,003,869	-
23 Xintou G5	1,000,000	1,000,000	16/10/2023	5 years	3.10%	1,003,639	1,004,385
23 Xintou G6	1,000,000	1,000,000	16/10/2023	10 years	3.34%	1,003,671	1,004,012
23 Xintou G7 <i>(iii)</i>	500,000	500,000	27/10/2023	3 years	2.94%	501,504	-
23 Xintou G8	500,000	500,000	27/10/2023	5 years	3.13%	501,368	501,741
23 Xintou G9	1,500,000	1,500,000	27/10/2023	10 years	3.35%	1,504,009	1,504,521
23 Xintou 10 <i>(iii)</i>	1,500,000	1,500,000	20/11/2023	3 years	2.87%	1,501,367	-
23 Xintou 11	2,300,000	2,300,000	20/11/2023	5 years	3.07%	2,301,292	2,303,003
23 Xintou 13 <i>(iii)</i>	1,500,000	1,500,000	07/12/2023	3 years	2.95%	1,500,274	-
23 Xintou 14	2,500,000	2,500,000	07/12/2023	5 years	3.15%	2,499,758	2,501,150
24 Xintou G1	700,000	700,000	23/01/2024	3 years	2.72%	716,128	716,985
24 Xintou G2	2,000,000	2,000,000	23/01/2024	10 years	2.99%	2,049,274	2,049,959
24 Xintou F1	4,000,000	4,000,000	01/02/2024	3 years	2.80%	4,091,917	4,097,001
24 Xintou F2 <i>(iii)</i>	3,000,000	3,000,000	07/03/2024	30 months	2.58%	3,056,069	-
24 Xintou G4	1,000,000	1,000,000	27/03/2024	10 years	2.78%	1,017,809	1,018,153
24 Xintou F3	1,000,000	1,000,000	19/04/2024	3 years	2.38%	1,013,856	1,015,120
24 Xintou F4	2,000,000	2,000,000	19/04/2024	5 years	2.55%	2,029,379	2,030,856
24 Xintou G5	1,000,000	1,000,000	15/07/2024	3 years	2.13%	1,006,723	1,007,980

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

43 BONDS IN ISSUE (CONTINUED)

(2) The details of bonds in issue (Continued)

Name	Notional value	Issuance amount	Interest commencement date	Term	Coupon rate	31 December 2024	31 December 2025
Corporate bonds (Continued)							
24 Xintou G6	1,000,000	1,000,000	15/07/2024	5 years	2.25%	1,007,043	1,007,778
24 Xintou F5 <i>(iii)</i>	2,600,000	2,600,000	16/10/2024	2 years	2.21%	2,603,673	-
24 Xintou F6	3,300,000	3,300,000	16/10/2024	3 years	2.23%	3,307,090	3,308,041
24 Xintou F7 <i>(iii)</i>	800,000	800,000	24/10/2024	2 years	2.20%	800,590	-
24 Xintou F8	3,200,000	3,200,000	24/10/2024	34 months	2.23%	3,202,213	3,206,496
24 Xintou G8 <i>(iii)</i>	1,500,000	1,500,000	14/11/2024	2 years	2.05%	1,504,044	-
24 Xintou G9	3,500,000	3,500,000	14/11/2024	3 years	2.12%	3,509,758	3,501,478
24 Xintou 10 <i>(iii)</i>	2,000,000	2,000,000	05/12/2024	2 years	1.91%	2,002,826	-
24 Xintou 11	3,000,000	3,000,000	05/12/2024	5 years	2.10%	3,004,660	2,998,085
25 Xintou G1	1,500,000	1,500,000	26/03/2025	2 years	1.98%	-	1,521,122
25 Xintou G2	2,000,000	2,000,000	26/03/2025	3 years	2.01%	-	2,028,129
25 Xintou K1	1,000,000	1,000,000	13/05/2025	3 years	1.69%	-	1,008,551
25 Xintou F1	3,500,000	3,500,000	15/09/2025	2 years	2.00%	-	3,515,077
25 Xintou F2	1,500,000	1,500,000	15/09/2025	3 years	2.08%	-	1,505,823
25 Xintou F3	3,300,000	3,300,000	20/10/2025	2 years	2.03%	-	3,307,789
25 Xintou F4	1,500,000	1,500,000	20/10/2025	3 years	2.10%	-	1,503,655
25 Xintou F5	3,000,000	3,000,000	24/11/2025	2 years	1.91%	-	3,001,492
Subordinated bonds							
22 Xintou C2	2,000,000	2,000,000	21/01/2022	5 years	3.45%	2,062,826	2,064,017
22 Xintou C4	2,000,000	2,000,000	22/02/2022	5 years	3.49%	2,057,359	2,058,547
22 Xintou C6	1,000,000	1,000,000	19/04/2022	5 years	3.57%	1,023,352	1,024,141
23 Xintou C2 <i>(iii)</i>	2,000,000	2,000,000	30/05/2023	3 years	3.15%	2,033,698	-
23 Xintou C4 <i>(iii)</i>	1,500,000	1,500,000	10/07/2023	3 years	3.04%	1,519,692	-
23 Xintou C6 <i>(iii)</i>	2,500,000	2,500,000	27/07/2023	3 years	2.95%	2,526,952	-
23 Xintou C8 <i>(iii)</i>	2,500,000	2,500,000	15/08/2023	3 years	3.00%	2,523,412	-
Financial bonds							
25 CSC Science Technology Innovation Bond 01	500,000	500,000	01/07/2025	5 years	1.76%	-	504,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

43 BONDS IN ISSUE (CONTINUED)

(2) The details of bonds in issue (Continued)

Name	Notional value	Issuance amount	Interest commencement date	Term	Coupon rate	31 December 2024	31 December 2025
Medium term notes							
Medium term notes ⁽ⁱⁱⁱ⁾	1,500,000	1,500,000	27/04/2023	3 years	3.25%	1,506,917	-
Medium term notes ⁽ⁱⁱⁱ⁾	500,000	500,000	19/12/2023	3 years	3.45%	500,385	-
Medium term notes ⁽ⁱⁱⁱ⁾	710,000	710,000	19/12/2023	3 years	3.45%	710,547	-
Medium term notes ⁽ⁱⁱⁱ⁾	790,000	790,000	19/12/2023	3 years	3.45%	790,635	-
Medium term notes	500,000 thousand dollars	500,000 thousand dollars	31/05/2024	3 years	SOFR + 0.67%	3,592,490	3,512,704
Medium term notes	150,000 thousand dollars	150,000 thousand dollars	27/09/2024	3 years	SOFR + 0.68%	1,077,450	1,052,208
Medium term notes	100,000 thousand dollars	100,000 thousand dollars	13/11/2024	3 years	SOFR + 0.70%	723,672	705,542
Medium term notes	110,000 thousand dollars	110,000 thousand dollars	04/03/2025	3 years	SOFR + 0.70%	-	774,481
Medium term notes	2,700,000	2,700,000	25/04/2025	2 years	2.48%	-	2,709,608
Medium term notes	700,000	700,000	28/07/2025	3 years	2.03%	-	705,851
Medium term notes	400,000 thousand dollars	400,000 thousand dollars	31/07/2025	3 years	SOFR + 0.60%	-	2,828,214
Beneficiary certificates ^(iv)						1,784,975	2,268,679
Total						<u>97,858,791</u>	<u>94,043,200</u>

- (i) According to the terms and obligations of the bond issuance, the Company chose to lower the nominal interest rate at the end of the third year of the bond terms and the investors chose to sell all bonds back to the Company. The Company has already repaid the principal and the corresponding interests.
- (ii) According to the terms and obligations of the bond issuance, the Company chose to lower the nominal interest rate at the end of the second year of the bond terms and the investors chose to sell all bonds back to the Company. The Company has already repaid the principal and the corresponding interests.
- (iii) As at 31 December 2025, bonds in issue with a balance of nil are classified as other current liabilities maturing within one year.
- (iv) As at 31 December 2025 and 31 December 2024, the Company had beneficiary certificates accrued interests at fixed annual rate or fixed-floating rates, of which the fixed annual rate was 2.40%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

44 SHARE CAPITAL

All shares issued by the Company are fully paid ordinary shares, with a notional value of RMB1 per share. The number of shares and nominal value of the Company's share capital are as follows:

	31 December 2025	31 December 2024
Registered, issued and fully paid ordinary shares of RMB1 each (in thousands)		
– A shares	6,495,671	6,495,671
– H shares	1,261,024	1,261,024
Total	7,756,695	7,756,695

45 OTHER EQUITY INSTRUMENTS

	31 December 2025	31 December 2024
Perpetual subordinated bonds	36,145,019	29,825,830

Other equity instruments of the Group are as follows:

- In August 2019, the Company issued the first tranche of perpetual subordinated bonds of 2019 amounted to RMB5 billion, redeemed in full in August 2024.
- In March 2020, the Company issued the first tranche of perpetual subordinated bonds of 2020 amounted to RMB5 billion, redeemed in full in March 2025.
- In May 2021, the Company issued the first tranche of perpetual subordinated bonds of 2021 amounted to RMB5 billion.
- In March 2022, the Company issued the first tranche of perpetual subordinated bonds of 2022 amounted to RMB4.5 billion.
- In June 2022, the Company issued the second tranche of perpetual subordinated bonds of 2022 amounted to RMB3.5 billion.
- In August 2022, the Company issued the third tranche of perpetual subordinated bonds of 2022 amounted to RMB2 billion.
- In January 2024, the Company issued the first tranche of perpetual subordinated bonds of 2024 amounted to RMB4.5 billion.
- In August 2024, the Company issued the second tranche of perpetual subordinated bonds of 2024 amounted to RMB2.5 billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

45 OTHER EQUITY INSTRUMENTS (CONTINUED)

- In December 2024, the Company issued the third tranche of perpetual subordinated bonds of 2024 amounted to RMB2.9 billion.
- In January 2025, the Company issued the first tranche of perpetual subordinated bonds of 2025 amounted to RMB2.1 billion.
- In April 2025, the Company issued the second tranche of perpetual subordinated bonds of 2025 amounted to RMB1.4 billion.
- In May 2025, the Company issued the third tranche of perpetual subordinated bonds of 2025 amounted to RMB1.6 billion.
- In July 2025, the Company issued the fourth tranche of perpetual subordinated bonds of 2025 amounted to RMB3 billion.
- In August 2025, the Company issued the fifth tranche of perpetual subordinated bonds of 2025 amounted to RMB1 billion.
- In November 2025, the Company issued the sixth tranche of perpetual subordinated bonds of 2025 amounted to RMB2.2 billion.

The issuance terms related to the equity attributes of other equity instruments that existed at the end of the year mentioned above are as follows:

- The bonds are repriced every 5 interest-accruing years, and at the end of the repricing cycle, the issuer has the option to extend the bonds for another repricing cycle (another five years) or redeem them in full;
- The bonds offer no redemption option to the investors so that investors cannot require the issuer to redeem their bonds during the duration of the bonds;
- The Company has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interests and accrued interests already deferred according to the related terms, without any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital;
- The priority over repayment of the above perpetual subordinated bonds is subordinated to the Company's general debts and other subordinated debt, unless in the event of liquidation of the Company, investors of these bonds cannot require the Company to accelerate payment of bonds' principals.

The perpetual subordinated bonds issued by the Company are classified as equity instruments, and recognized under equity in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

46 RESERVES

The amounts of the Group's reserves and the related movements are presented in the consolidated statement of changes in equity.

(1) Capital reserve

Capital reserve primarily includes share premium arising from the issuance of new shares at prices in excess of par value.

(2) Surplus reserve

(i) Statutory surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its profit for the year for the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the General Meeting, the statutory surplus reserve may be used to offset accumulated losses, if any, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after this capitalization is not less than 25% of the registered capital immediately before capitalization.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve, the Company may also appropriate its after-tax profit for the year, as determined under China Accounting Standards for Business Enterprises, to its discretionary surplus reserve upon approval by the Annual General Meeting. Subject to the approval by the General Meeting, the discretionary surplus reserve may be used to offset accumulated losses, if any, and may be converted into capital of the Company.

(3) General reserve

Pursuant to the requirements of regulatory authorities, including the Ministry of Finance and the CSRC, the Company is required to appropriate 10% of its profit for the year for the general risk reserve and 10% for the transaction risk reserve (Note 3.1(23)). Regulatory reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside Chinese Mainland in accordance with the regulatory requirements in their respective territories are also included herein.

(4) Investment revaluation reserve

The investment revaluation reserve represents the fair value changes of financial assets at fair value through other comprehensive income.

(5) Foreign currency translation reserve

The foreign currency translation reserve represents the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Chinese Mainland with functional currencies other than RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

47 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(1) Cash and cash equivalents

	31 December 2025	31 December 2024
Cash and bank balances	54,686,344	46,473,105
Less: Restricted deposits (<i>Note 32</i>)	(589,978)	(715,137)
Interest receivable	(8,115)	(6,763)
Cash and cash equivalents	54,088,251	45,751,205

(2) Changes in liabilities arising from financing

	Short-term borrowings	Short-term financing instruments payable	Bonds in issue	Total
At 31 December 2024	3,858,353	38,450,587	124,953,101	167,262,041
Cash flows from financing activities	4,025,895	14,529,306	(5,771,553)	12,783,648
Other non-cash changes				
Interest expenses	146,363	985,895	3,612,121	4,744,379
Exchange differences	(52,203)	(105,373)	(207,960)	(365,536)
At 31 December 2025	7,978,408	53,860,415	122,585,709	184,424,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

48 INTERESTS IN STRUCTURED ENTITIES

The Group is involved with structured entities primarily through investments and asset management business. The Group determines whether to consolidate these structured entities depending on whether the Group has control over them.

(1) Structured entities included in consolidated financial statements

Considering that the Company or its subsidiaries acts as either the investment manager for the structured entities, or as principal in investing in part of the shares issued by the structured entities, bearing most or all the risk of the products and obtaining most or all of the variable returns, the Group therefore consolidated these structured entities in its consolidated financial statements.

As at 31 December 2025 and 31 December 2024, total assets of consolidated structured entities, the Group's investments and maximum exposure arising from its investments in consolidated structured entities are as follows:

	31 December 2025	31 December 2024
Total assets	8,796,386	6,831,280
Investments	6,637,913	5,469,600
Maximum exposure	7,183,850	5,552,299

(2) Interests in unconsolidated structured entities

(i) Structured entities sponsored by the Group

Unconsolidated structured entities sponsored by the Group primarily include asset management plans and investment funds sponsored by the Group. As the manager of these structured entities, the Group invests, on behalf of its customers, the funds raised in the assets as described in the investment plan related to each structured entity. The interests held by the Group in these unconsolidated structured entities primarily include investments held directly and/or management fees, commission and performance fee earned from managed structured entities. The Group concluded that it acted as an agent rather than a principal based on its assessment of the variable return derived from these structured entities. Therefore, these structured entities are not consolidated by the Group.

For the year ended 31 December 2025, the Group earned management fee, commission and performance fee amounted to RMB1,001.02 million (31 December 2024: RMB931.85 million) from these unconsolidated structured entities sponsored by the Group, for which the Group held no interest in during and as at the end of the reporting year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

48 INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

(2) Interests in unconsolidated structured entities (Continued)

(i) Structured entities sponsored by the Group (Continued)

As at 31 December 2025 and 31 December 2024, the maximum exposure and the carrying amount of relevant balance sheet items of the Group arising from these unconsolidated structured entities, for which the Group held interests in as at the end of the reporting year, were set out as below:

	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss		
– Carrying amount	10,238,959	7,793,837
– Maximum exposure	10,426,670	7,896,632

(ii) Structured entities sponsored by third party financial institutions

As at 31 December 2025 and 31 December 2024, the amount of maximum exposure and the book value of relevant balance sheet items of the Group arising from the interest held of directly invested structured entities sponsored by third party financial institutions were equal, which set out as below:

	31 December 2025	31 December 2024
Financial investments	94,929,127	71,734,217

49 TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognized financial assets to third parties or customers. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize the transferred assets.

Repurchase transactions

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under outright repurchase transactions. The counterparties are allowed to re-pledge those securities sold under repurchase transactions in the absence of default by the Group, but have an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require counterparties to return part of collateral or be required to place additional collateral. For the above transactions, the Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognize them. A financial liability is recognized for cash received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

49 TRANSFERRED FINANCIAL ASSETS (CONTINUED)

Securities lending arrangements

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities selling transactions, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. If the securities increase or decrease in value, the Group may in certain circumstances be required to return part of collateral or require counterparties to place additional collateral. For the above transactions, the Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognize them.

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties or customers that did not qualify for derecognition and their associated financial liabilities:

	31 December 2025		31 December 2024	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	13,729,429	12,138,819	8,671,717	7,633,392
Securities lent	456,153	-	307,992	-
Total	<u>14,185,582</u>	<u>12,138,819</u>	<u>8,979,709</u>	<u>7,633,392</u>

50 COMMITMENTS AND CONTINGENT LIABILITIES

(1) Capital commitments

	31 December 2025	31 December 2024
Contracted, but not provided for	<u>17,112</u>	<u>15,540</u>

The above-mentioned capital commitments are primarily in respect of purchase of equipment and decoration of properties by the Group.

(2) Legal proceedings

The Company and its subsidiaries are subject to claims and are parties to legal and regulatory proceedings in their ordinary course of businesses. As at 31 December 2025 and 31 December 2024, management of the Group believes that the Group was not involved in any material legal, or arbitration proceedings that if adversely determined, would have material impact on its financial position or results of operations of the Group.

(3) Others

Group has no material contingencies that need to be disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

51 RELATED PARTY DISCLOSURES

- (1) Beijing Financial Holdings Group and companies under Beijing Financial Holdings Group

As at 31 December 2025 and 31 December 2024, Beijing Financial Holdings Group Co., Ltd. (“Beijing Financial Holdings Group”) owned 35.81% of the equity interest of the Company.

Beijing Financial Holdings Group was established by State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality, which is an integrated financial investment holding platform and managed as a municipal level I enterprise.

The transactions between Beijing Financial Holdings Group and the Group are in the ordinary course of business under normal commercial terms and conditions. Corresponding transactions and balances with this institution were as follows:

	Year ended 31 December	
	2025	2024
Fee and commission income	1,714	972
Interest income	4	7
Fee and commission expenses	(316)	(189)
Interest expenses	(1,398)	(6,105)
Other operating expenses and costs	(128)	(165)
	<u> </u>	<u> </u>
	31 December	31 December
	2025	2024
Assets		
Cash and bank balances	<u>3,433</u>	<u>255</u>
Liabilities		
Accounts payable to brokerage clients	<u>109,372</u>	<u>103</u>
Other current liabilities	<u>47</u>	<u>44</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

51 RELATED PARTY DISCLOSURES (CONTINUED)

(2) Central Huijin and companies under Central Huijin

As at 31 December 2025 and 31 December 2024, Central Huijin Investment Limited (“Central Huijin”) owned 30.76% of the equity interest of the Company.

Central Huijin is a wholly-owned subsidiary of China Investment Corporation, which is incorporated in Beijing, the PRC. Central Huijin has equity interests in certain other banks and non-banking financial institutions under the direction of the PRC government and does not engage in other commercial activities. Central Huijin exercises its legal rights and assumes obligations related to the Company on behalf of the PRC Government.

The Group enters into transactions with Central Huijin and its affiliated companies in the ordinary course of business under normal commercial terms. Corresponding transactions and balances with these banks and financial institutions were as follows:

	Year ended 31 December	
	2025	2024
Fee and commission income	81,541	129,491
Interest income	533,285	386,224
Other income	31,020	–
Fee and commission expenses	(110,746)	(119,596)
Interest expenses	(115,951)	(271,365)
Other operating expenses and costs	(8,884)	(9,299)
	<u> </u>	<u> </u>
	31 December	31 December
	2025	2024
Assets		
Right-of-use assets	1,595	2,970
Accounts receivable	353,621	2,271,686
Financial assets at fair value through profit or loss	7,223,570	5,874,987
Financial assets at fair value through other comprehensive income	1,537,319	3,484,834
Derivative financial assets	50,724	90,158
Cash held on behalf of clients	34,924,303	18,880,554
Cash and bank balances	7,684,195	5,019,210
Other current assets	34	–
	<u> </u>	<u> </u>
Liabilities		
Accounts payable to brokerage clients	29,744	9,687
Lease liabilities	1,021	2,787
Derivative financial liabilities	177,504	352,783
Financial assets sold under repurchase agreements	3,000,182	2,950,347
Placements from banks and other financial institutions	1,000,077	300,015
Short-term borrowings	1,686,994	1,693,744
Other current liabilities	217,303	318,931
	<u> </u>	<u> </u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

51 RELATED PARTY DISCLOSURES (CONTINUED)

(3) Government related entities

According to the provisions of IAS 24 – Related Parties Disclosures, government entities controlled and jointly controlled by the PRC government and their subsidiaries (the “government related entities”) are also regarded as related parties of the Group.

Part of the Group’s transactions including securities and futures dealing and broking, underwriting of debt securities, purchase and sale of government bonds, and equity and debt securities issued by other government related entities are entered into with government related entities. These transactions are conducted in accordance with general commercial terms and conditions.

Directors of the Company consider that transactions with government related entities are activities conducted in the ordinary course of business under normal commercial terms and conditions, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those entities are government related. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the counterparties are government related entities.

(4) Other major shareholders and its related parties

The Group’s major transactions and balances with other major shareholders and its related parties were as follows:

	Year ended 31 December	
	2025	2024
Fee and commission income	134,677	50,056
Interest income	270,787	332,481
Other income	8,924	767
Fee and commission expenses	(23,119)	(27,071)
Interest expenses	(59,911)	(48,772)
Other operating expenses and costs	(58,642)	(51,360)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

51 RELATED PARTY DISCLOSURES (CONTINUED)

(4) Other major shareholders and its related parties (Continued)

The Group's major transactions and balances with other major shareholders and its related parties were as follows: (Continued)

	31 December 2025	31 December 2024
Assets		
Right-of-use assets	136,133	274,721
Accounts receivable	17,761	235,665
Financial assets at fair value through profit or loss	3,651,386	3,648,879
Financial assets at fair value through other comprehensive income	269,484	1,173,183
Derivative financial assets	10,862	1,911
Cash held on behalf of clients	20,154,357	9,938,675
Cash and bank balances	1,882,007	3,560,830
Other current assets	28,527	10,195
Liabilities		
Accounts payable to brokerage clients	14,455	20,121
Lease liabilities	194,060	404,177
Derivative financial liabilities	22,168	2,797
Placements from banks and other financial institutions	–	200,009
Financial assets sold under repurchase agreements	536,400	580,246
Short-term financing instruments payable	250,610	–
Short-term borrowings	588,022	–
Other current liabilities	4,307	4,531

(5) The Group's associates

The Group entered into transactions with its associates at arm's length in the ordinary course of business. Management considers that transactions between the Group and its associates are not significant.

(6) Key management personnel

Key management personnel are those who have the authority and responsibility to directly or indirectly plan, direct and control the Group activities, including the directors and other senior management personnel. In 2025, the Group's remuneration paid for key management personnel were RMB19.06 million.

For the year ended 31 December 2025, the pre-tax remuneration for Executive Directors and Supervisors includes the remuneration accrued, insurance benefits and paid out during their tenure in 2025. For Executive Directors and Supervisors who will receive remuneration from the Group during the reporting period, their final remuneration is still under confirmation, and the remaining portion will be disclosed once confirmed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

52 FAIR VALUE AND FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: where the inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: where the inputs are observable for the assets and liabilities, either directly or indirectly, other than quoted prices in Level 1.

Level 3: where the inputs are unobservable inputs for relevant assets or liabilities.

The Group uses valuation techniques or counterparty quotations to determine fair value when market prices are not available in active markets.

The major parameters used in valuation techniques include, among others, underlying securities prices, interest rates, foreign exchange rates, volatilities, which are all observable and available from an active market.

For certain unlisted equity securities (private equity securities), thinly traded equity securities, subordinated tranche of asset-backed securities, certain over-the-counter derivative contracts and trust plans, the management uses counterparty quotations or valuation techniques to determine their fair value.

For ongoing fair value measured assets and liabilities, the Group determines at the end of each reporting period whether there is a transition between the hierarchies by reassessing the classification (based on the lowest hierarchy input that has a material impact on the overall fair value measurement).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

52 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

(1) Financial instruments recorded at fair value

	31 December 2025			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss				
– Debt instruments	3,504,558	61,814,498	19,673	65,338,729
– Equity investments	12,333,820	827,014	9,353,034	22,513,868
– Fund investments	18,154,381	23,823,521	–	41,977,902
– Others	717,275	50,535,457	5,581,620	56,834,352
Subtotal	34,710,034	137,000,490	14,954,327	186,664,851
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	93,348,017	–	93,348,017
– Equity investments	9,896,794	42,324,615	1,400	52,222,809
Subtotal	9,896,794	135,672,632	1,400	145,570,826
Derivative financial assets	1,152,203	811,498	318,611	2,282,312
Total assets	45,759,031	273,484,620	15,274,338	334,517,989
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	–	973,226	–	973,226
– Financial liabilities designated as at fair value through profit or loss	–	1,838,856	8,798,174	10,637,030
Subtotal	–	2,812,082	8,798,174	11,610,256
Derivative financial liabilities	1,305,594	2,423,167	2,800,613	6,529,374
Total liabilities	1,305,594	5,235,249	11,598,787	18,139,630

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

52 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

(1) Financial instruments recorded at fair value (Continued)

	31 December 2024			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss				
– Debt instruments	6,651,518	95,740,764	27,810	102,420,092
– Equity investments	17,747,067	385,432	8,457,884	26,590,383
– Fund investments	9,786,076	11,694,328	–	21,480,404
– Others	271,759	45,352,788	5,855,990	51,480,537
Subtotal	34,456,420	153,173,312	14,341,684	201,971,416
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	77,559,632	–	77,559,632
– Equity investments	1,363,924	13,456,341	1,400	14,821,665
Subtotal	1,363,924	91,015,973	1,400	92,381,297
Derivative financial assets	742,899	1,453,390	1,161,920	3,358,209
Total assets	36,563,243	245,642,675	15,505,004	297,710,922
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	–	2,417,316	–	2,417,316
– Financial liabilities designated as at fair value through profit or loss	–	546,666	6,141,480	6,688,146
Subtotal	–	2,963,982	6,141,480	9,105,462
Derivative financial liabilities	482,565	1,358,899	2,230,728	4,072,192
Total liabilities	482,565	4,322,881	8,372,208	13,177,654

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

52 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

(2) Movements in Level 3 Financial Instruments measured at fair value

Movements in Level 3 Financial Instruments measured at fair value in each year are as follows:

	Year ended 31 December 2025				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
1 January 2025	14,341,684	1,400	1,161,920	6,141,480	2,230,728
Total gains or losses for the year	467,723	-	(1,638,316)	652,789	1,034,465
Increases	4,918,264	-	789,847	7,919,450	3,203,148
Decreases	(4,288,322)	-	5,160	(5,915,545)	(3,667,728)
Transfers to Level 1 from Level 3	(485,022)	-	-	-	-
31 December 2025	<u>14,954,327</u>	<u>1,400</u>	<u>318,611</u>	<u>8,798,174</u>	<u>2,800,613</u>
Gains or losses for the year included in profit or loss for assets/liabilities held at the end of the year	<u>467,723</u>	<u>-</u>	<u>(1,638,316)</u>	<u>(652,789)</u>	<u>(1,034,465)</u>
	Year ended 31 December 2024				
	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities
1 January 2024	14,856,818	1,400	2,413,399	8,518,567	2,770,275
Total gains or losses for the year	194,865	-	(694,195)	559,981	21,056
Increases	5,260,389	-	655,838	4,247,196	3,885,224
Decreases	(4,515,976)	-	(1,213,122)	(7,184,264)	(4,445,827)
Transfers to Level 1 from Level 3	(1,373,448)	-	-	-	-
Transfers to Level 2 from Level 3	(80,964)	-	-	-	-
31 December 2024	<u>14,341,684</u>	<u>1,400</u>	<u>1,161,920</u>	<u>6,141,480</u>	<u>2,230,728</u>
Gains or losses for the year included in profit or loss for assets/liabilities held at the end of the year	<u>194,865</u>	<u>-</u>	<u>(694,195)</u>	<u>(559,981)</u>	<u>(21,056)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

52 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

- (3) Important unobservable input value in fair value measurement of Level 3

The fair value of financial instruments under Level 3 are primarily determined by discounted cash flow model, option pricing model and comparable companies methods, etc. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are primarily based on the significance of the unobservable inputs which mainly include liquidity discount, market multiples, volatility of underlying assets and others to the overall fair value measurement. As at 31 December 2025 and 31 December 2024, the fair value of the financial assets and financial liabilities classified under Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs. The Group has implemented internal control procedures to monitor and control the Group's exposures to such financial instruments.

- (4) Transfers between Level 1 and Level 2

During the year ended 31 December 2025, the amount of financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income from Level 2 to Level 1 were RMB493.50 million and RMB1,533.66 million, while the amount of financial assets at fair value through profit and loss from Level 1 to Level 2 were RMB32.97 million.

During the year ended 31 December 2024, the amount of financial assets at fair value through profit and loss from Level 2 to Level 1 were RMB11.45 million, while the amount of financial assets at fair value through profit and loss from Level 1 to Level 2 were RMB51.30 million.

- (5) Financial assets and financial liabilities not measured at fair value

The information below summarizes the carrying amounts and fair values of those financial assets and liabilities not measured at fair value in the consolidated statement of financial position. Financial assets and financial liabilities for which the carrying amounts approximate fair value, including financial assets held under resale agreements, refundable deposits, margin accounts, accounts receivable, cash held on behalf of clients, cash and bank balances, lease liabilities, accounts payable to brokerage clients, financial assets sold under repurchase agreements, placements from banks and other financial institutions, short-term borrowings and short-term financing instruments payable are not listed in the table below.

As at 31 December 2025 and 31 December 2024, the carrying amounts and fair value of bonds in issue (including bonds in issue with maturity within one year) are summarized below:

	31 December 2025	31 December 2024
Bonds in issue (including bonds in issue with maturity within one year)		
– Carrying amount (Notes 42 and 43)	122,585,709	124,953,101
– Fair value	124,584,291	127,855,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT

The management considers effective risk management a critical element in ensuring the Group's successful operations. Therefore, the Group has established a set of comprehensive risk management and internal control systems to enable the Group to, evaluate, monitor and manage various financial risks in its business activities, including primarily credit risk, liquidity risk, market risk and operational risk, etc.

The Group's risk management and control system is not significantly changed compared to 31 December 2024.

Structure of risk management

The Board

The Board of Directors is the Company's highest decision-making body in risk management, the executive management is the execution body, whilst different units are responsible for directly managing the risks they face in their business and operational activities. The Company has three dedicated risk control departments, namely the Risk Management Department, the Legal and Compliance Department and the Audit Department, which independently monitor and manage risks before the event, during the event and after the event, as per their respective roles and responsibilities.

The Board of Directors is the Group's highest decision-making body in risk management, which makes decisions with respect to the Group's overall risk management strategies and policies, fundamental systems, internal control arrangements, and management matters.

The Risk Management Committee under the Board of Directors is responsible for overall supervising the overall risk management of the Group and ensuring the associated risks are adequately managed so that risk management activities can be effectively carried out through the Group's business and operating activities. The Board's Risk Management Committee under the Board of Directors also has the following responsibilities: deliberating overall objectives and basic policies of compliance management and risk management, and providing opinions, determining the strategic arrangements and resource allocation for risk management of the Group, so that they are aligned with the internal risk management and consolidation management policies; setting limits for major risks; and supervising and reviewing the risk management policies and making recommendations to the Board.

The Operation Management

The Company's Executives Committee deliberates or makes overall decisions with specific risk management matters in operating activities and makes decisions on efforts to improve the internal control rules and procedures and control measures in accordance with the risk management strategies and policies adopted by the Board.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Structure of risk management (Continued)

The Operation Management (Continued)

The Company Risk Management Committee of the Executives Committee is responsible for organizing the formulation of the Group's risk preference and tolerance as well as overall risk limits, review and approval of specific risk limits and risk control criteria for each business lines; drafting and promoting the implementation of various risk management rules and measures; review and approval of new businesses and products; and formulating risk control strategies and plans for material business matters.

The Chief Risk Officer of the Company is responsible for leading overall risk management activities across the Company, including organizing the formulation of risk management policies of relevant risk management rules and risk preference, improving the Group's comprehensive risk management practices, and guiding the Risk Management Department in the identification, evaluation, monitoring and reporting of various risks.

The Department, Branch and Subsidiary

Each and every department and branch/subsidiary of the Group, whose responsible person assumes primary responsibility for the risk management of the unit, within their respective roles and responsibilities, is responsible for following the decisions, rules and procedures, and risk management policies, and implementing risk-control measures and engaging in direct risk control efforts in their business activities. Every staff of the Group has the responsibility of diligence, prudent prevention and timely reporting on the effectiveness of risk management.

The Risk Management Department that is responsible for risk management of the Group, the Legal and Compliance Department that is responsible for legal affairs and compliance management, and the Audit Department that is responsible for the Group's internal audit activities are the three independent risk management functions that establish their own rules and procedures and operate independently to promote risk management of the Group. Specifically, the Risk Management Department is responsible for risk management before and during the event through risk monitoring and assessment, the Legal Compliance Department is responsible for taking the lead in managing the overall legal and compliance risks of the Group, and the Audit Department is responsible for independently and objectively reviewing and evaluating the sufficiency and effectiveness of comprehensive risk management, and supervising corrections and rectifications.

In addition, pursuant to the needs of risk management in investment banking business, aligned with the regulatory requirements, the Company has established the Internal Audit Department. Through such review at the company level, the Company conducts final risk control prior to the delivery of investment banking projects, and assumes the decision making responsibility of the ultimate approval of materials and documents to be submitted, reported, issued or disclosed in the name of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control

Financial risks in the Group's daily operating activities primarily include market risk, credit risk, liquidity risk and operational risk. The Group has established specific policies and procedures to identify and address these risks, set out appropriate risk limits and internal control processes to manage these risks, and built integrated control system and information technology systems to continuously monitor these risks.

53.1 Credit risk

Credit risks refer to the risks of an economic loss caused by the failure of customers, counterparties or issuers of debt financing instruments (also referred to as financiers) to perform their contractual obligations.

Credit risks of the Group relating to the securities financing business, which includes margin financing and stock pledge repurchase agreement, are primarily attributed to a decline in value, or insufficient liquidity of collateral provided by customers; customers' failure to repay debts in full in a timely manner due to legal disputes over collateral assets; and operational misconducts including fraudulent credit information, violation of contracts and regulatory requirements. Control over credit risks for the securities financing business is managed primarily through risk management education programs for customers, credit due diligence and verification of customers, risk assessment on collateralized (pledged) securities, setup of trading limits, daily mark to market of exposure, issuing risk notification to customers, margin calls, forced position liquidation and legal recourse. The Group performs an assessment of the need for any loss allowance in accordance with the ECL model of the accounting standards of IFRS 9, and actively carries out debt recovery activities for defaulting customers.

Credit risk relating to bond investments is primarily due to the decline in the creditworthiness of credit issuer of the debt financing instruments or defaults, counterparty defaults. The Group carries out due diligence for issuers and counterparties, establishes internal ratings for issuers, debts and counterparties, manages the access and size of transactions according to the internal and external rating, and controls credit risk using other tools for subsequent monitoring and management. During the year ended 31 December 2025, the Group maintains good credit quality of its investment portfolio, optimizes the issuer rating and credit granting and concentration management mechanism, strengthens risk early warning, and effectively control the loss of default.

The Group controls credit risks relating to over-the-counter derivative transactions by setting counterparty ratings and credit lines, enhancing the review of derivatives contract terms, and setting limits on the size of transactions and related credit risk exposures before transactions can take place. The Group monitors and controls credit risk exposure of counterparties within established limits by adopting mark-to-market practices of derivative transactions and related collateral as well as forced position liquidating procedures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

In order to manage the settlement risks in brokerage and custody business, securities brokerage transactions in Chinese Mainland are all settled on a fully pledged basis, which enables settlement risks to be well under control. The Group strictly complies with relevant trading and settlement rules and procedures to prevent non-compliant financing operations for clients. In addition, for bond-pledged repurchase agreement transaction, through due diligence, establishment of reasonable customer limits and haircut on collateral bonds, setting standards for minimum collateral level of qualified securities and leverage ratios, concentration limits for single securities used as collateral, standardizing emergency response processes and other measures, the Group prevents customer under-collateralisation. For option transactions, the Group takes measures including margin deposit management, limits setting and forced liquidation control to manage customers' credit risk.

Furthermore, the Company's Risk Management Department monitors and warning credit risk on an ongoing basis, including monitoring the total amount of credit transactions and credit exposures of the same customer, tracking the qualifying credit status of counterparties and bond issuers, monitoring the collateral coverage of securities and financial business, requiring the business department to fulfill its post-investment management duties, as well as using stress testing and sensitivity analysis, amongst other techniques, to measure the credit risk of major business lines.

Expected credit loss measurement

The measurement of the ECL allowance for the debt financial instruments measured at amortized cost and at fair value through other comprehensive income, is an area that requires the use of models and assumptions about the future economic conditions and credit behavior of the clients. Such as the likelihood of customers defaulting and the resulting losses.

The Group has applied a "three-stage" impairment model for ECL measurement based on changes in credit quality since the initial recognition of financial assets as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified as "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, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3".

Stage 1: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and Stage 3: The Group 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. The Group has measured the loss allowance for these financial instruments at an amount equal to the lifetime ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

For financial assets applied ECL measurement and classified under Stages 1 and 2, management assesses credit loss allowances using the risk parameter modelling approach that incorporated 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 assessed the credit loss allowances by estimating the cash flows expected to arise from the financial assets after taking into consideration forward looking factors.

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations.

- Selection of the appropriate models and determination of relevant key measurement parameters;
- Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;
- Determination of forward-looking measurements and weightings; and
- The estimated future cash flows for the financial assets classified under Stage 3.

Measuring ECL – models and parameters

The ECL is measured on either a 12-month (12M) or Lifetime basis depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The Group fully considers forward-looking information when measuring ECL. ECL is the discounted product of the PD, LGD, and EAD after considering 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 securities financing business, the Group determines the PD by borrower based on factors including the coverage ratio of underlying collateral value to margin loan (collateral to loan ratio) and the volatility of such collateral’s valuation. For debt securities investments, internal credit rating is taken into consideration.
- LGD represents the Group’s expectation of the extent of loss on a defaulted exposure. For securities financing business, 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 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

The criteria of Significant increase in credit risk (SICR)

The Group evaluates debt financial instruments to identify whether a SICR has occurred since initial recognition at each balance sheet date. An ECL allowance of financial assets is recognized according to the stage in which the assets are classified. This takes account of what reasonable information, including forward looking information, is available to identify whether a SICR had arisen. The Group considers a financial instrument to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For securities financing business, the Group sets differentiated collateral to loan ratios as triggering margin calls and force liquidation thresholds (force liquidation thresholds generally no less than 130%) against different exposures related to these transactions, based on the obligors' credit quality, operation situation, contract maturity date, the volatility and liquidity of related collateral securities, and related performance information.

For securities financing business, the Group considers securities financing business to have experienced a SICR if collateral to loan ratios are lower than the force liquidation thresholds, which means a decline in collateral valuation or the quality of the third-party collateral is significantly reduced. As at 31 December 2025 and 31 December 2024, over 95% of the securities financing balances of the Group were covered by collateral value of over the force liquidation thresholds of related loan or repo amounts.

For debt securities investments, the Group makes use of its internal rating measurement system's results. The Group considers debt securities investments to have experienced a SICR if the latest internal ratings of the issuers of debt securities or the debt securities themselves underwent two notches of downward migration or more, compared with those ratings as at the acquisition date; and if the latest internal rating of issuers of debt securities or the debt securities themselves were under the predetermined grading. As at 31 December 2025 and 31 December 2024, majority of the debt securities investments of the Group were rated as investment grade or above and there was no SICR.

A backstop is applied to all relevant financial assets and they are considered to have experienced a SICR if the borrower or the debtor is more than 30 days past due on its contractual payments.

The Group has used the low credit risk exemption for financial instruments, such as cash and bank accounts, settlement reserve, refundable deposits, financial assets held under resale agreements collateralized by debt securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

Definition of default and credit impairment

The Group assesses whether a financial instrument has been credit-impaired in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes qualitative criteria, quantitative criteria and upper limit. 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 debtor is more than 90 days past due on its contractual payments;
- For securities financing business, forced liquidation of a client’s position is triggered based on a predetermined threshold of loan to collateral ratios; whereby the collateral valuation falls short of the related loan or repo amounts;
- The latest internal ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, or counterparty is in significant financial difficulty;
- An active market for that financial asset has disappeared because of debtor’s financial difficulties;
- Concessions have been made by the Group relating to the debtor, issuer, or counterparty’s financial difficulty;
- It is becoming probable that the debtor, issuer, or counterparty will enter bankruptcy or undertake a financial restructuring, etc.

When a financial asset is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

In summary, the “three-stage” classification criteria for securities financing business is:

- Securities financing business with collateral to loan ratios no less than the force liquidation thresholds and those past due for no more than 30 days are classified under Stage 1.
- Securities financing business with collateral to loan ratios fall below the pre-determined force liquidation thresholds but no less than 100%; or those past due for more than 30 days but no more than 90 days are classified under Stage 2.
- Securities financing business with collateral to loan ratios fall below 100%; or those past due for more than 90 days are classified under Stage 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

Forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical data analysis and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. The Group uses these key economic variables as proxy variables to forecast under different economic scenarios and applies them in the measurement of ECL with Merton Model.

For all portfolios the Group concluded that three scenarios appropriately captured non-linearities of key economic variables. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The Group reassesses the quantity and characteristic of these scenarios at each balance sheet date. As at 31 December 2025 and 31 December 2024, the Group set three scenarios of optimism, base and pessimism for analysis of main product types, and the probability-weight of base scenario adopted by the Group was more than that of the other scenarios.

During 2025, the Group adopted the macroeconomic prosperity index leading index and the average guarantee ratio in the margin trading market as proxy variables for macroeconomic forward-looking forecasting, distinguished optimistic, benchmark, and pessimistic scenarios using the historical distribution of relative changes with different confidence levels.

The assessment of SICR is performed using the Lifetime PD under each of the base and other scenarios multiplied by the associated scenario weighting, as well as qualitative criteria, quantitative criteria and upper limit. The Group measures ECL as either a probability weighted 12-month ECL or a probability weighted lifetime ECL. These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As at 31 December 2025, by taking current economy situation and international circumstances into comprehensive consideration, the Company updated the relevant economic indicators used for forward-looking measurement according to the latest economic forecast. 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 to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

Sensitivity analysis

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the measurement of ECLs.

A sensitivity analysis is performed on key economic indicators, economic scenarios and weightings assigned used in forward-looking measurement. When the assigned weightings of optimistic scenario and pessimistic scenario change by 10%, the impact on ECL recognized is not significant.

Meanwhile, the Group also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of financial assets on ECL. As at 31 December 2025 and 31 December 2024, assuming there was no SICR since initial recognition, and all the financial assets in Stage 2 were moved to Stage 1, the decremental impact on ECL allowance recognized in statement of financial position would be not significant.

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 guarantee. The Group determined the type and amount of collateral according to the credit risk evaluation of counterparties. The collateral under margin accounts and reverse repurchase agreements is primarily stocks, debt securities, funds etc. The management would test the market value of collateral periodically, and send margin calls according to related agreements, also monitor the market value fluctuation of collaterals when monitoring the measurement of the loss allowance.

Impairment provision of securities financing business

As at 31 December 2025, the percentage of impairment provision applied by the Group on securities financing business under the Stage 1, Stage 2 and Stage 3 were 0.85%, 5.20% and 98.02%, respectively (31 December 2024: 0.74%, 2.35% and 79.76%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

Credit risk exposure analysis

As at 31 December 2025 and 31 December 2024, the credit quality of the Group's financing exposures to customers was in good condition and over 95% of the securities financing business of the Group were with collateral to loan ratios no lower than the force liquidation thresholds. High threshold of margin loans to collateral ratios indicated that PD was low. For debt securities investments, the Group employed both open market credit ratings and internal credit ratings simultaneously as admittance criteria. The debt securities will be admitted only when the internal and external ratings criteria are met. Majority of the Group's debt securities investments were rated as investment grade (AA) or above externally.

The Group's maximum exposure to credit risk without taking into account of any collateral and other credit enhancements:

	31 December 2025	31 December 2024
Financial assets at fair value through profit or loss	152,759,373	168,529,957
Cash held on behalf of clients	162,630,325	122,276,940
Financial assets at fair value through other comprehensive income	93,348,017	77,559,632
Margin accounts	84,384,373	62,948,804
Cash and bank balances	54,686,344	46,473,105
Refundable deposits	20,552,895	12,829,143
Financial assets held under resale agreements	6,494,291	11,103,213
Derivative financial assets	2,282,312	3,358,209
Others	10,152,818	9,501,533
Total maximum credit risk exposure	587,290,748	514,580,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognized as follows according to the stage of ECL:

(i) *Loss allowance for margin accounts*

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2025	479,621	488	1,181,787	1,661,896
Increases	380,649	93	82,690	463,432
Reversals	(141,205)	(76)	(72,415)	(213,696)
Transfer:				
Stage 1 to Stage 2	(21)	21	–	–
Stage 1 to Stage 3	(4)	–	4	–
Stage 2 to Stage 1	412	(412)	–	–
Foreign exchange and other movements	(89)	–	(3,066)	(3,155)
31 December 2025	<u>719,363</u>	<u>114</u>	<u>1,189,000</u>	<u>1,908,477</u>
	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2024	288,330	85	1,073,108	1,361,523
Increases	392,716	367	105,919	499,002
Reversals	(201,244)	(101)	–	(201,345)
Transfer:				
Stage 1 to Stage 2	(210)	210	–	–
Stage 1 to Stage 3	(97)	–	97	–
Stage 2 to Stage 1	73	(73)	–	–
Foreign exchange and other movements	53	–	2,663	2,716
31 December 2024	<u>479,621</u>	<u>488</u>	<u>1,181,787</u>	<u>1,661,896</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

(ii) Loss allowance for financial assets held under resale agreements

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2025	8,109	–	410,519	418,628
Increases	15,489	–	68,429	83,918
Reversals	(5,602)	–	(194,263)	(199,865)
Transfer:				
Stage 1 to Stage 3	(256)	–	256	–
31 December 2025	<u>17,740</u>	<u>–</u>	<u>284,941</u>	<u>302,681</u>
	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2024	25,442	267	503,788	529,497
Increases	6,492	–	8,879	15,371
Reversals	(23,825)	(267)	(102,148)	(126,240)
31 December 2024	<u>8,109</u>	<u>–</u>	<u>410,519</u>	<u>418,628</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.1 Credit risk (Continued)

Expected credit loss measurement (Continued)

(iii) Loss allowance for financial assets at fair value through other comprehensive income (debt instruments)

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2025	376,169	9,475	13,362	399,006
Increases	370,608	35,996	–	406,604
Reversals	(216,220)	(6,798)	–	(223,018)
Transfer:				
Stage 1 to Stage 2	(960)	960	–	–
Foreign exchange and other movements	(212)	–	–	(212)
31 December 2025	<u>529,385</u>	<u>39,633</u>	<u>13,362</u>	<u>582,380</u>

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2024	484,383	–	13,372	497,755
Increases	186,972	7,794	401	195,167
Reversals	(293,623)	–	(411)	(294,034)
Transfer:				
Stage 1 to Stage 2	(1,681)	1,681	–	–
Foreign exchange and other movements	118	–	–	118
31 December 2024	<u>376,169</u>	<u>9,475</u>	<u>13,362</u>	<u>399,006</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.2 Liquidity risk

Liquidity risks refer to the risks that the Group is unable to acquire sufficient funds in a timely manner at a reasonable cost, in response to repay due debts, fulfill other payment obligations and meet other funding needs during normal course of business.

The Group has established clear decision-making levels, authority delegation and risk control rules and procedures, and clearly defined the roles and responsibilities of the Board of Directors, executive management, the Treasury Department and business departments in liquidity risk control. The Asset and Liability Management Committee of the Executives Committee is responsible for organizing and managing the asset and liability allocation plan of the Group, reviewing and approving the internal valuation interest rate of capital and emergency plans for liquidity risk. The Group established the Treasury Department to initiate the management of the liquidity of its proprietary funds, accounting for expanding mid-term and long-term stable funding channels, reasonably adjusting the asset allocation among various business lines, and steadily optimizing its assets and liabilities structure. The Group implements liquidity risk limits management and conducts daily and monthly liquidity position analyzes to manage liquidity movements, and regularly and irregularly evaluates the impact of asset liability allocation and adjustments on liquidity risk. For effective management of market liquidity risk of its securities portfolios, the Group has implemented securities centralization management for securities investment and financing activities, and has adopted credit rating criteria for fixed-income securities investments. The Group has improved its daily practice for liquidity risk management and control mechanism with the assistance of liquidity reserve asset management system, refining internal funds transfer pricing (FTP) system, as well as establishing and optimizing liquidity emergency plans and stress tests. During the year ended 31 December 2025, The Company has appropriately planned and dynamically adjusted its scale and structure of assets and liabilities based on development strategy and market environment, maintained a reasonable debt maturity structure and sufficient liquidity reserve, and improved the mechanism for providing liquidity support to overseas subsidiaries. The regulatory liquidity coverage ratio and net stable funding ratio has been fully compliant and prudent, and with the liquidity risk closely monitored and controlled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.2 Liquidity risk (Continued)

The maturity profile of the financial liabilities as at the end of the reporting year, based on their contractual undiscounted payments, is as follows:

	31 December 2025					Total
	Overdue/ repayable on demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Accounts payable to brokerage clients	175,840,031	-	-	-	-	175,840,031
Derivative financial liabilities	6,095,067	218,791	183,101	32,415	-	6,529,374
Financial liabilities at fair value through profit or loss	2,812,081	1,015,235	6,610,957	1,078,463	93,520	11,610,256
Financial assets sold under repurchase agreements	10,513,372	124,603,006	411,548	-	-	135,527,926
Placements from banks and other financial institutions	-	6,561,699	-	-	-	6,561,699
Short-term borrowings	-	7,067,936	941,028	-	-	8,008,964
Short-term financing instruments payable	-	27,656,662	26,761,351	-	-	54,418,013
Bonds in issue	-	607,729	1,931,667	86,249,962	13,108,600	101,897,958
Lease liabilities	-	150,553	326,621	428,820	17,707	923,701
Others ⁽ⁱ⁾	28,778,856	3,252,600	28,072,980	20,250	1,640	60,126,326
Total	224,039,407	171,134,211	65,239,253	87,809,910	13,221,467	561,444,248
Cash flows from derivative financial liabilities settled on a net basis	6,095,067	175,468	169,179	276	-	6,439,990
Gross-settled derivative financial liabilities	-	43,323	13,922	32,139	-	89,384
Contractual amounts receivable	-	-	-	-	-	-
Contractual amounts payable	-	43,323	13,922	32,139	-	89,384

(i) Others mainly include bonds in issue with maturity within one year and derivative business payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.2 Liquidity risk (Continued)

The maturity profile of the financial liabilities as at the end of the reporting year, based on their contractual undiscounted payments, is as follows (Continued):

	31 December 2024					Total
	Overdue/ repayable on demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Accounts payable to brokerage clients	130,641,940	-	-	-	-	130,641,940
Derivative financial liabilities	3,769,240	134,820	166,822	1,310	-	4,072,192
Financial liabilities at fair value through profit or loss	2,963,983	343,289	3,145,154	2,501,406	151,630	9,105,462
Financial assets sold under repurchase agreements	5,203,044	107,216,634	1,324,799	-	-	113,744,477
Placements from banks and other financial institutions	-	800,075	-	-	-	800,075
Short-term borrowings	-	3,862,442	-	-	-	3,862,442
Short-term financing instruments payable	-	3,389,503	35,428,748	-	-	38,818,251
Bonds in issue	-	4,065,790	16,907,220	91,785,590	13,494,100	126,252,700
Lease liabilities	-	175,220	436,278	674,479	8,689	1,294,666
Others ⁽ⁱ⁾	26,665,485	3,809,673	6,816,927	2,358	886	37,295,329
Total	169,243,692	123,797,446	64,225,948	94,965,143	13,655,305	465,887,534
Cash flows from derivative financial liabilities settled on a net basis	3,769,240	7,487	-	-	-	3,776,727
Gross-settled derivative financial liabilities	-	127,333	166,822	1,310	-	295,465
Contractual amounts receivable	-	-	-	-	-	-
Contractual amounts payable	-	127,333	166,822	1,310	-	295,465

(i) Others mainly include bonds in issue with maturity within one year and derivative business payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.2 Liquidity risk (Continued)

The table below analyzes the Group's lease agreements, which were committed as at 31 December 2025 and 31 December 2024 but not commenced into the relevant maturity groupings based on their contractual maturities:

	31 December 2025				Total
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Lease liabilities	<u>1,566</u>	<u>1,671</u>	<u>4,556</u>	<u>992</u>	<u>8,785</u>

	31 December 2024				Total
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Lease liabilities	<u>4,655</u>	<u>6,115</u>	<u>10,412</u>	<u>7,266</u>	<u>28,448</u>

53.3 Market risk

Market risk represents risk of fluctuations in fair values or future cash flows of financial instruments due to movements in market prices. Market risks primarily include stock price risk, interest rate risk, foreign exchange rate risk, and other price risks.

For market risks, the Group has established a sound risk management organizational structure and built risk management processes that enables end-to-end coverage of investment activities before, during and after making the investments, with risk limits applied to every investment. The Group annually reviews and approves risk limits for the Group as well as each and every proprietary business lines, including exposure limits, stop-loss limits, VaR limits, sensitivity index limit and stress testing limits, and charges the Risk Management Department to monitor and supervise their implementation and compliance. The Group has adopted daily mark-to-market practices, and implemented stop-loss procedures commensurate with its trading strategies. On a regular basis, the Group assesses the risk tolerance of its proprietary business lines, the effectiveness of its risks control and the income level after risk adjustments, and includes the assessment results in the performance evaluation of these business lines. The Group makes on-going efforts to improve its proprietary business management system, including automated controls over relevant limit indicators.

During the year ended 31 December 2025, the Group has further standardized the market risk management mechanism based on changes in self discipline rules and the actual condition of the Group, while the Group earns reasonable investment returns, market risks are effectively controlled within the scope of various risk limit indicators.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.3 Market risk (Continued)

(1) Value at risk (VaR)

The Group adopts VaR as a tool to measure the market risk of its entire securities investment portfolio comprising different types and varieties of financial instruments. VaR is a method that estimates the maximum possible loss on the portfolio due to movements in market interest rates or securities prices over a specified time period and within a given confidence level.

The VaR of the Group's investment portfolio is calculated using the portfolio's historical data information. Although VaR analysis is a key instrument for measuring market risk, it has to rely on historical data and relevant information, and accordingly, it has certain inherent limitations so that it may not accurately predict the future changes of risk factors and in particular, cannot effectively reflect the risk under extreme market conditions. As a supplementary measure, the Group implements daily and specific stress tests to assess the impact on extreme adverse movements in risk indicators to the net capital of the Group and the profit and loss on proprietary portfolio and proposes emergency plans with relevant recommendations and measures accordingly.

Consistent with its internal risk management policy and comparable with peers, the Group's VaR was computed at a confidence level of 95% and with a holding period of 1 trading day. The Group's VaR analysis by risk categories is summarized as follows (in RMB thousands):

	31 December 2025	31 December 2024
Equity price-sensitive financial instruments	169,413	114,255
Interest rate-sensitive financial instruments	<u>207,814</u>	<u>151,694</u>

(2) Interest rate risk

Interest rate risk represents the risk of losses to the fair values or future cash flows of financial instruments due to adverse movements in market interest rates. The Group's interest rate risk primarily comes from the interest rate-sensitive financial instruments whose fair values are subject to changes due to adverse movements in market interest rates.

The Group primarily uses interest rate sensitivity analysis to monitor its interest rate risk. Sensitivity analysis measures the impact of fair value changes of financial instruments held at the period-end on the Group's total revenue and total equity when reasonable and possible changes occur to interest rates, assuming all other variables remain the same and market interest rates shift in a parallel manner and not considering any risk management actions that the management may take to reduce its interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.3 Market risk (Continued)

(2) Interest rate risk (Continued)

Interest rate sensitivity analysis of the Group are as follows (in RMB thousands):

	31 December 2025	31 December 2024
Sensitivity to revenue		
Change in basis points		
+25 basis points	(771,508)	(817,797)
-25 basis points	<u>777,985</u>	<u>830,238</u>
Sensitivity to equity		
Change in basis points		
+25 basis points	(530,671)	(376,226)
-25 basis points	<u>536,779</u>	<u>384,823</u>

(3) Foreign currency rate risk

As at 31 December 2025, the foreign exchange exposure is approximately RMB6,755 million (31 December 2024: RMB3,651 million). The Group manages its foreign exchange rate risk by implementing integrated management of domestic and foreign Fixed-Income securities, Currencies and Commodities (FICC) and derivatives business, and manages its foreign exchange risk by limiting the scale of foreign-currency-denominated assets and liabilities and the comprehensive position of foreign exchange settlement and sales, setting the Company's self-operated investment stop-loss limit, risk exposure limit, using foreign exchange derivative risk hedging tools and reinforcing country risk management. The majority of its income-generating business activities under the current structure are conducted in RMB. The foreign currency assets and liabilities of the Group are primarily held by its overseas subsidiary, China Securities (International) Finance Holding Co., Ltd. The Group believes that its foreign exchange rate risk has an insignificant impact on its current operations.

(4) Other price risks

Other price risks refer to risks of fair value decline to the Group's investment portfolio due to fluctuations in market prices other than stock prices, interest rates, and foreign exchange rates, including primarily commodity prices. The Group's investment portfolio primarily comprises equity securities, fixed income businesses as well as their derivative instruments. Other market price-related businesses include gold trading and commodity derivatives trading where the Group primarily focuses on providing liquidity services and arbitrage trading with insignificant risk exposure. Accordingly, the Group believes that the other price risks do not have a significant impact on the Group's current operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

53 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

53.4 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 equity holders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a strong capital base to support the development of their business; and
- To comply with the capital requirements under the PRC regulations.

In accordance with Administrative Measures for Risk Control Indicators of Securities Companies (Revised 2020) by the CSRC in 2020 and Calculation Standards for Risk Control Indicators of Securities Companies (CSRC Announcement [2024] No.13) (implemented on 1 January 2025) issued by the CSRC in September 2024, the Company 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%;

Of Which:

Risk coverage ratio = net capital/sum of various risk capital provisions x 100%;

Capital leverage ratio = core net capital/total asset on-/off-balance-sheet x 100%;

Liquidity coverage ratio = high quality liquid assets/net cash outflow in 30 days x 100%;

Net stable funding ratio = available amount of stable funding/required amount of stable funding x 100%.

Core net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Calculation Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

54 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Note</i>	31 December 2025	31 December 2024
Non-current assets			
Property, plant and equipment		568,637	668,221
Right-of-use assets		748,301	1,090,666
Investment properties		40,778	39,761
Intangible assets		828,784	818,619
Investments in subsidiaries	20	11,700,844	11,700,844
Investments in associates		61,975	59,237
Financial assets at fair value through profit or loss		856,455	987,394
Financial assets at fair value through other comprehensive income		52,160,755	14,740,805
Refundable deposits		7,713,992	5,306,100
Deferred tax assets		460,677	–
Other non-current assets		187,029	256,349
Total non-current assets		75,328,227	35,667,996
Current assets			
Margin accounts		84,128,744	62,335,868
Accounts receivable		6,787,598	7,423,603
Financial assets at fair value through profit or loss		140,121,545	166,929,793
Financial assets at fair value through other comprehensive income		73,262,441	64,600,074
Derivative financial assets		1,966,492	3,479,936
Financial assets held under resale agreements		4,994,007	10,710,807
Cash held on behalf of clients		139,426,379	104,220,257
Cash and bank balances		49,655,654	42,405,984
Other current assets		940,922	1,299,785
Total current assets		501,283,782	463,406,107
Total assets		576,612,009	499,074,103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

54 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	31 December 2025	31 December 2024
Current liabilities		
Accounts payable to brokerage clients	139,586,769	104,476,718
Lease liabilities	428,140	548,528
Derivative financial liabilities	5,782,107	3,919,650
Financial liabilities at fair value through profit or loss	8,599,418	5,905,759
Financial assets sold under repurchase agreements	121,967,726	104,746,755
Placements from banks and other financial institutions	6,560,614	800,037
Taxes payable	1,132,598	657,203
Short-term financing instruments payable	45,960,738	34,663,933
Other current liabilities	51,442,434	50,036,783
Total current liabilities	381,460,544	305,755,366
Net current assets	119,823,238	157,650,741
Total assets less current liabilities	195,151,465	193,318,737
Non-current liabilities		
Bonds in issue	81,754,591	88,956,694
Financial liabilities at fair value through profit or loss	1,171,982	2,653,036
Lease liabilities	340,229	642,960
Deferred tax liabilities	-	98,831
Other non-current liabilities	4,022	3,243
Total non-current liabilities	83,270,824	92,354,764
Net assets	111,880,641	100,963,973
Equity		
Share capital	7,756,695	7,756,695
Other equity instruments	36,145,019	29,825,830
Reserves	39,560,168	36,845,782
Retained earnings	28,418,759	26,535,666
Total equity	111,880,641	100,963,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

55 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Note	Share capital	Other equity instruments	Reserves			Investment revaluation reserve	Retained earnings	Total
				Capital reserve	Surplus reserve	General reserve			
At 1 January 2025		7,756,695	29,825,830	12,382,301	7,213,336	16,257,183	992,962	26,535,666	100,963,973
Profit for the year		-	-	-	-	-	-	7,752,872	7,752,872
Other comprehensive income for the year		-	-	-	-	-	445,480	-	445,480
Total comprehensive income for the year		-	-	-	-	-	445,480	7,752,872	8,198,352
Capital injected/(reduced) by equity holders									
– Capital injected by other equity instrument holders	45	-	6,319,189	(42,634)	-	-	-	-	6,276,555
Appropriation to surplus reserve	46	-	-	-	775,287	-	-	(775,287)	-
Appropriation to general reserve	46	-	-	-	-	1,569,285	-	(1,569,285)	-
Dividends to equity holders	15	-	-	-	-	-	-	(2,559,709)	(2,559,709)
Distribution to other equity instrument holders	15	-	-	-	-	-	-	(998,530)	(998,530)
Transfers within the owners' equity									
– Other comprehensive income transferred to retained earnings		-	-	-	-	-	(33,032)	33,032	-
At 31 December 2025		<u>7,756,695</u>	<u>36,145,019</u>	<u>12,339,667</u>	<u>7,988,623</u>	<u>17,826,468</u>	<u>1,405,410</u>	<u>28,418,759</u>	<u>111,880,641</u>

The net profit of the Company for the year ended 31 December 2025 amounted to RMB7,753 million (2024: RMB7,521 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

55 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (CONTINUED)

	Note	Share capital	Other equity instruments	Reserves			Investment revaluation reserve	Retained earnings	Total
				Capital reserve	Surplus reserve	General reserve			
At 1 January 2024		7,756,695	24,906,528	12,428,414	6,461,218	14,733,506	575,181	24,994,358	91,855,900
Profit for the year		-	-	-	-	-	-	7,521,182	7,521,182
Other comprehensive income for the year		-	-	-	-	-	417,506	-	417,506
Total comprehensive income for the year		-	-	-	-	-	417,506	7,521,182	7,938,688
Capital injected/(reduced) by equity holders									
- Capital injected by other equity instrument holders	45	-	4,919,302	(46,113)	-	-	-	-	4,873,189
Appropriation to surplus reserve	46	-	-	-	752,118	-	-	(752,118)	-
Appropriation to general reserve	46	-	-	-	-	1,523,677	-	(1,523,677)	-
Dividends to equity holders	15	-	-	-	-	-	-	(2,637,276)	(2,637,276)
Distribution to other equity instrument holders	15	-	-	-	-	-	-	(1,066,528)	(1,066,528)
Transfers within the owners' equity									
- Other comprehensive income transferred to retained earnings		-	-	-	-	-	275	(275)	-
At 31 December 2024		<u>7,756,695</u>	<u>29,825,830</u>	<u>12,382,301</u>	<u>7,213,336</u>	<u>16,257,183</u>	<u>992,962</u>	<u>26,535,666</u>	<u>100,963,973</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025
(In RMB thousands, unless otherwise stated)

56 EVENTS AFTER THE REPORTING PERIOD

(1) Issuance of corporate bond

In January 2026, the Company privately issued a corporate bond with a face value of RMB6.0 billion. The “26 Xintou F1” has a face value of RMB4.5 billion, with a maturity of 2 years and a nominal rate of 1.92%; the “26 Xintou F2” has a face value of RMB1.5 billion, with a maturity of 3 years and a nominal rate of 1.98%. The bond accrues interest at fixed rate per annum, pays interest annually and is not guaranteed.

In January 2026, the Company publicly issued a technology innovation corporate bond (“26 Xintou K1”), with a face value of RMB1.0 billion, with a maturity of 3 years and a nominal rate of 1.82%; The bond accrues interest at fixed rate per annum, pays interest annually and is not guaranteed.

In February 2026, the Company publicly issued a corporate bond (“26 Xintou G1”), with a face value of RMB2.5 billion, with a maturity of 2 years and a nominal rate of 1.79%; The bond accrues interest at fixed rate per annum, pays interest annually and is not guaranteed.

In February 2026, the Company privately issued a corporate bond with a face value of RMB4.0 billion. The “26 Xintou F3” has a face value of RMB3.0 billion, with a maturity of 2 years and a nominal rate of 1.90%; the “26 Xintou F4” has a face value of RMB1.0 billion, with a maturity of 3 years and a nominal rate of 1.97%. The bond accrues interest at fixed rate per annum, pays interest annually and is not guaranteed.

In March 2026, the Company privately issued a corporate bond with a face value of RMB2.5 billion. The “26 Xintou F5” has a face value of RMB1.4 billion, with a maturity of 2 years and a nominal rate of 1.81%; the “26 Xintou F6” has a face value of RMB1.1 billion, with a maturity of 3 years and a nominal rate of 1.90%. The bond accrues interest at fixed rate per annum, pays interest annually and is not guaranteed.

(2) Issuance of perpetual subordinated bond

In March 2026, the Company publicly issued a perpetual subordinated bond with a face value of RMB4.4 billion (“26 Xintou Y1”). The bond is repriced every 5 interest-accruing years and at the end of the repricing cycle, the Company has the option to extend the bond for another repricing cycle (another five years) or redeem it in full. The bond accrues interest at floating rate with an initial fixed annual interest rate of 2.25% in the first 5 interest-accruing years and will be repriced every 5 years from the sixth years. The bond pays interest annually in case of the Company not exercising the option to defer the interest payment and is not guaranteed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(In RMB thousands, unless otherwise stated)

56 EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

- (3) Issuance of short-term commercial paper

Subsequent to 31 December 2025 and up to the issuance date of this report, the Company issued 7 tranches of short-term commercial papers with a total issuance amount of RMB20.1 billion and nominal interest rates ranging from 1.57% to 1.70%.

- (4) Dividend

On 26th March 2026, the Board of directors proposes a cash dividend of RMB1.75 (tax inclusive) per 10 ordinary shares, amounting to RMB1,357.42 million (tax inclusive) in total based on 7,756,694,797 shares for the year ended 31 December 2025. The proposal is subject to the approval by the General Meeting.

57 COMPARATIVE FIGURES

As detailed in Note 2, the Group has adopted certain accounting policy changes and therefore made retrospective adjustments (including adjustments to comparable period financial information) as required.