



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**

INTERIM REPORT **2025**

IMPORTANT NOTICE

- I. The Board of Directors, the Supervisory Committee of the Company, the Directors, the Supervisors and the senior management warrant the truthfulness, accuracy and completeness of this interim report and that there is no misrepresentation on, misleading statement in, or material omission from this interim report, and will assume joint and several liabilities.**
- II. This report was considered and approved at the 17th 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.**
- III. This interim report has not been audited. The Company has complied with the Chinese Accounting Standards for Business Enterprises and the International Financial Reporting Standards for preparing the 2025 interim financial statements, which have been reviewed by KPMG Huazhen LLP and KPMG respectively.**
- IV. Mr. LIU Cheng (Chairman of the Company), Mr. JIN Jianhua (the General Manager and acting Chief Financial Officer of the Company) and Mr. ZHAO Ming (head of the Accounting Department (Chief Accountant)) warrant that the financial statements set out in this interim 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**

The 2025 interim profit distribution plan of the Company 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 June 30, 2025, RMB1.65 (tax inclusive) for every 10 Shares to all the Shareholders. The proposal still needs to be submitted at the Shareholders' general meeting of the Company for consideration and approval.

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. Whether there was any appropriation of funds by the controlling shareholder(s) and other related parties for non-operating purposes

No

VIII. Whether there was any guarantee provided to the external parties which violated the stipulated decision-making procedures

No

IX. Whether there was any instance where more than half of the Directors were unable to guarantee the truthfulness, accuracy and completeness of the interim report disclosed by the Company

No

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 and 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 requirement, 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 above-mentioned 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 “Risk Management” in Section 3 “Management Discussion and Analysis” of this report.

XI. Others

This 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 report, the amounts are denominated mainly in RMB or Hong Kong dollars. Unless it is specifically indicated, the amounts are denominated in RMB; any discrepancies between totals and sums of amounts are due to rounding.

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SECTION 1 DEFINITIONS

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

Definition of frequently used terms

“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)
“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)
“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
“Supervisory Committee”	the supervisory committee 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
“Beijing CSRC”	Beijing Office of the China Securities Regulatory Commission
“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)

SECTION 1 DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“HKEX”	Hong Kong Exchanges and Clearing Limited
“SEHK”	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
“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 SEHK 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)
“QFI”	Qualified Foreign Investor
“WFOE”	Wholly Foreign Owned Enterprise(s)
“FICC”	Fixed-income securities, currencies and commodities
“ETF”	Exchange Traded Fund
“AI”	Artificial Intelligence
“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》
“Five Major Areas” in Finance	technology finance, green finance, inclusive finance, pension finance and digital finance
“Shareholder(s)”	holder(s) of the Share(s)

SECTION 1 DEFINITIONS

“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”	the period from January 1, 2025 to June 30, 2025
“the same period last year”	the period from January 1, 2024 to June 30, 2024
“the end of the Reporting Period”	June 30, 2025
“Date of Disclosure of the Report”	August 28, 2025
“the end of 2024”/ “the end of the previous year”	December 31, 2024
“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	中信建投证券股份有限公司
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

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period (June 30, 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	78,585,253,965.19	74,674,773,535.87

Qualifications for Each Individual Business of the Company

The business scope of the Company mainly includes: securities brokerage; securities investment consultation; financial advisory relating to securities trading and securities investment activities; securities underwriting and sponsoring; proprietary securities trading; securities asset management; public securities investment fund sales; provision of intermediary business to futures companies as a securities company; margin financing and securities lending business; agency sale business of financial products; stock options market making business; custodian business for securities investment fund; sale of gold and silver products; and market making and trading business of listed securities.

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, Bond Pledged Quoted Repurchase Transaction 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, Cross-boundary Wealth Management Connect Scheme Participation Qualification, qualification for swap facilities business

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

Interbank lending Membership

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

Securities Business and Foreign Exchange Operating License, FX Settlement and Sale Pilot Business License, Client-based FX Trading Authorization, 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

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 of 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, 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 of member of Shanghai Gold Exchange, 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 Insurance 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 Cent, member of carbon financial services at Hubei Carbon Emission Exchange

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Qualifications for Business Filed with National Equities Exchange and Quotations

Chief securities firm of National Equities Exchange and Quotations, qualification of 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 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, qualification for participating in the mutual swap and central clearing business of Renminbi interest rates, 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 of market making lending business on the STAR Market

Other Business Qualifications

Class B clearing participant of the China Securities Depository and Clearing Corporation Limited, qualification of 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; China Bond valuation partner of ChinaBond Pricing Center Co., Ltd., member of Renminbi financial bond underwriting and market-marking 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

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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
Website	www.csc108.com
Email	601066@csc.com.cn
National Customer Service Hotlines	95587/4008888108
Investor Contact Hotline	010-56052830
Facsimile Telephone	010-56118200
United Social Credit Code	91110000781703453H

IV. INFORMATION DISCLOSURE AND AVAILABILITY PLACES

Media and website designated by the Company for the disclosure of annual reports	China Securities Journal (www.cs.com.cn) Shanghai Securities News (www.cnstock.com) Securities Times (www.stcn.com) Securities Daily (www.zqrb.cn)
Websites for the publications of interim reports	Website of SSE (www.sse.com.cn) HKEXnews website of HKEX (www.hkexnews.hk) Website of the Company (www.csc108.com)
Places where interim reports of the Company are available	No. 10 Guanghua 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	SEHK	CSC	6066

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VI. OTHER RELEVANT INFORMATION

(I) Accounting firms engaged by the Company

Domestic: KPMG Huazhen LLP
Overseas: KPMG

(II) Share Registrars

A Share Registrar: China Securities Depository and Clearing Corporation Limited
H Share Registrar: Computershare Hong Kong Investor Services Limited

VII. FINANCIAL SUMMARY

KEY ACCOUNTING DATA

Unit: RMB million

Items	January to June 2025	January to June 2024	Increase/ decrease as compared to the same period last year (%)
Total revenue and other income	16,280	14,257	14.19
Operating profit	5,322	3,185	67.10
Profit before income tax	5,324	3,191	66.85
Net profit attributable to equity holders of the Company	4,509	2,858	57.77
Net cash flow from operating activities	45,046	2,625	1,616.04

Unit: RMB million

Items	June 30, 2025	December 31, 2024	Increase/ decrease as compared to the end of last year (%)
Total assets	612,364	566,418	8.11
Total liabilities	502,524	459,899	9.27
Equity attributable to equity holders of the Company	109,795	106,469	3.12
Total share capital	7,757	7,757	–

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

KEY FINANCIAL INDICATORS

Items	January to June 2025	January to June 2024	Increase/ decrease as compared to the same period last year (%)
Basic earnings per share (RMB Yuan/Share)	0.52	0.30	73.33
Diluted earnings per share (RMB Yuan/Share)	0.52	0.30	73.33
Return on weighted average equity (%)	5.11	3.14	Increased by 1.97 percentage points

Items	June 30, 2025	December 31, 2024	Increase/ decrease as compared to the end of last year (%)
Net assets per share attributable to equity holders of the Company (RMB Yuan/Share)	14.15	13.73	3.06
Gearing ratio (%)	76.15	75.49	Increased by 0.66 percentage point

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 the Reporting Period was RMB10.29 (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

NET CAPITAL AND RELEVANT RISK CONTROL INDICATORS OF THE COMPANY

Items	June 30, 2025	December 31, 2024
Net capital (RMB million)	78,585	74,675
Net assets (RMB million)	103,260	100,964
Total risk capital reserves (RMB million)	32,180	35,687
Risk coverage ratio (%)	244.21	209.25
Capital leverage ratio (%)	16.43	15.78
Liquidity coverage ratio (%)	320.90	423.26
Net stable funding ratio (%)	212.05	216.29
Net capital/net assets (%)	76.10	73.96
Net capital/liabilities (%)	25.72	25.50
Net assets/liabilities (%)	33.79	34.47
Proprietary equity securities and securities derivatives/net capital (%)	12.74	24.22
Proprietary non-equity securities and securities derivatives/net capital (%)	323.87	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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

I. DESCRIPTION OF THE INDUSTRY IN WHICH THE COMPANY OPERATES AND ITS PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

The Group operates in the securities industry, and its businesses comprise four segments: investment banking business segment, wealth management business segment, trading and institutional client services business segment, and asset management business segment. Please refer to “II. Discussion and Analysis on Operations” in this section for details.

II. DISCUSSION AND ANALYSIS ON OPERATIONS

As of June 30, 2025, the total assets of the Group were RMB612,364 million, representing an increase of 8.11% as compared to December 31, 2024. Equity attributable to equity holders of the Company was RMB109,795 million, representing an increase of 3.12% as compared to December 31, 2024. Total revenue and other income of the Group during the Reporting Period amounted to RMB16,280 million in aggregate, representing a year-on-year (“YoY”) increase of 14.19%. Total expenses amounted to RMB10,958 million, representing a YoY decrease of 1.03%. Net profit attributable to equity holders of the Company amounted to RMB4,509 million, representing a YoY increase of 57.77%.

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 RMB1,171 million in aggregate, representing a YoY increase of 10.68%. Total revenue and other income of the wealth management business segment amounted to RMB5,662 million in aggregate, representing a YoY increase of 26.16%. Total revenue and other income of the trading and institutional client services business segment amounted to RMB8,071 million in aggregate, representing a YoY increase of 13.50%. Total revenue and other income of the asset management business segment amounted to RMB653 million in aggregate, representing a YoY increase of 1.71%.

(I) Investment Banking Business Segment

The investment banking business segment of the Group mainly comprises equity financing business, debt financing business and financial advisory business.

1. Equity Financing Business

In the first half of 2025, a total of 104 equity financing projects were issued in the primary market for domestic equity financing, representing a YoY increase of 9.47%, and the funds raised amounted to RMB643.577 billion, representing a YoY increase of 632.04%. Among them, IPO projects amounted to 48, representing a YoY increase of 11.63%, and the funds raised amounted to RMB38.002 billion, representing a YoY increase of 25.54%; equity refinancing projects amounted to 56, representing a YoY increase of 7.69%, and the funds raised amounted to RMB605.575 billion, representing a YoY increase of 950.54%. (Source: 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 the first half of 2025, a total of 191 equity financing projects were issued in the Hong Kong market, representing a YoY increase of 45.80%, and the funds raised amounted to HK\$344.397 billion, representing a YoY increase of 184.23%. Among them, IPO projects amounted to 42¹, representing a YoY increase of 44.83%, and the funds raised amounted to HK\$109.401 billion, representing a YoY increase of 717.40%. 149 refinancing projects were issued², representing a YoY increase of approximately 46.08%, and the funds raised amounted to approximately HK\$234.996 billion, representing a YoY increase of 118.02%. (Source: Dealogic, based on the statistics on the issuance date)

In the first half of 2025, the Company remained among the top market players in terms of equity financing business. For domestic business, the Company completed 15 A-Share equity financing projects, with the lead underwriting amount of RMB67.520 billion during the Reporting Period, ranking No. 2 and No. 4 in the industry, respectively. Among them, there were 4 IPOs in which the Company served as the lead underwriter, with a lead underwriting amount of RMB8.460 billion³, ranking No. 4 and No. 1 in the industry, respectively. The Company also completed 11 equity refinancing projects, with the lead underwriting amount of RMB59.060 billion, ranking No. 2 and No. 4 in the industry, respectively. In the first half of 2025, the Company actively implemented national strategies, and serving 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 sponsored Zhongce Rubber and Tianyouwei, high-quality companies in the automotive industry, for listing on the main board of the SSE, with the scale of funds raised ranking top two in the A-share IPO market in the first half of 2025, respectively. In active 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 completing the issuance of A-shares to specific targets. In addition, the Company completed one private convertible bond project, with the lead underwriting amount of RMB2.448 billion. As of the end of the Reporting Period, the Company had 25 IPO projects under review, ranking No. 3 in the industry, including three and five projects on the Main Board and STAR Market of the SSE respectively, one and two projects on the Main Board and ChiNext market of the SZSE respectively, as well as 14 projects on the BSE. The Company had 11 equity refinancing projects (including convertible bonds) under review, ranking No. 3 in the industry. (Sources: Shanghai and Shenzhen Stock Exchanges, BSE, 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.).

³ Including the amount of funds raised corresponding to the over-allotment option under the IPO of Geovis Insighter (listed in 2025) on the BSE.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2025, details of the equity financing business sponsored and underwritten by the Company in Shanghai and Shenzhen Stock Exchanges and BSE are set out below:

Items	First half of 2025		First half of 2024	
	Amount of lead underwriting (RMB'00 million)	Number of offerings	Amount of lead underwriting (RMB'00 million)	Number of offerings
IPO	84.60	4	17.67	5
Refinancing issuance	590.60	11	25.63	7
Total	675.20	15	43.29	12

Source: Statistics of the Company

Note: The statistical scope of refinancing issuance includes allotment of shares, public placement, financing-oriented private placement (inclusive of issuance of shares to specific targets, reorganization ancillary financing), preference shares, but excludes asset-based issuance of shares to specific targets. For the amount for equity refinancing projects, the underwriting share of Postal Savings Bank of China for issuance of shares to specific targets has not been determined, and is temporarily calculated based on equally splitting the shares among lead underwriters, and the final underwriting amount is subject to the actual outcome. In the above table, if the total number is inconsistent with the sum of the sub-item value, it is due to rounding.

In the first half of 2025, the Company completed the private placement projects for 4 enterprises listed on the NEEQ with total proceeds of RMB361 million. As of the end of the Reporting Period, the Company had continuously supervised 72 innovative enterprises listed on the NEEQ. (Sources: NEEQ Company and Choice Financial Terminal)

For overseas business, in the first half of 2025, China Securities International participated in and completed three IPO sponsorship projects for H Shares in Hong Kong market, with funds raised from equity financing of HK\$42.926 billion. In particular, as a joint sponsor, China Securities International provided services for the IPO project for H Shares in Hong Kong market of CATL, a global leader in new energy, raising HK\$41.006 billion and being the world's largest IPO in recent three years and the largest Hong Kong IPO project in the new energy industry in history. In addition, as a placing agent, China Securities International provided services for the refinancing project of Laopu Gold, a heritage gold jewelry brand, raising HK\$2.715 billion. (Source: Dealogic)

Outlook for the second half of 2025

In further comprehensively deepening the reform of the capital market, the Company will deliver good performance in the "Five Major Areas" in Finance, continuously enhance its professional capabilities in serving the real economy and the construction of a modern industrial system, promote the integrated development of technological innovation and industrial innovation, and put more efforts in the accelerated development of new quality productivity, so as to devote itself in the high-quality development of the capital market and the building of a financial powerhouse. Meanwhile, adhering to customer-oriented principle, the Company will further deepen the matrix structure of "industry + region + product", strengthen the construction of a comprehensive customer service system, continuously enhance the coverage of quality customers, and cooperate with other business lines to provide customers with comprehensive services covering full products and full life cycle.

For overseas business, China Securities International will continue to promote the integration of investment banking in mainland China and Hong Kong, continue to expand its business scope in the Hong Kong market, realise the diversified development of different types of products, 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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Debt Financing Business

In the first half of 2025, yield rate in the domestic bond market fluctuated in general. The issuance scale of credit bonds and local government bonds in the whole market amounted to RMB15,844.376 billion, representing a YoY increase of 19.28%. In particular, the total underwriting scale by securities companies amounted to RMB7,521.583 billion, representing a YoY increase of 22.29%. In terms of overseas bond market, the overseas bond issuance volume (excluding CDs) of Chinese enterprises exceeded RMB733.9 billion in the first half of 2025, representing a YoY increase of approximately 13.65%. (Sources: Wind Info, Bloomberg)

In the first half of 2025, the Company continued to maintain a good development momentum for its domestic debt financing business, and completed a total of 2,301 lead underwriting projects, with a lead underwriting amount of RMB779.653 billion, ranking No. 3 and No. 2 in the industry, respectively. Among them, there were 641 corporate bond projects under the lead underwriting, with a lead underwriting amount of RMB212.431 billion, both ranking No. 3 in the industry. (Sources: Wind Info)

In the first half of 2025, the Company actively followed national strategies and delivered good performance in the “Five Major Areas” in Finance. The Company ranked No. 2 and No. 1 in the industry in terms of the number and amount of the lead underwriting of green bonds, respectively, 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: Securities Association of China) 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, being the largest project in terms of issuance scale among the first batch of issuance projects. 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 exclusive sales agency, the Company assisted SPIC Northeast Electric Power Co., Ltd. in establishing the first sustainable infrastructure-related REITs project in the northeast region to continue to implement the national “dual-carbon” strategic goal.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The domestic debt financing business of the Company in the first half of 2025 were shown in the table below:

Items	First half of 2025			First half of 2024		
	Amount of lead	Total	Number of offerings	Amount of lead	Total	Number of offerings
	underwriting (RMB'00 million)	project scale (RMB'00 million)		underwriting (RMB'00 million)	project scale (RMB'00 million)	
Corporate bonds	2,124.31	6,737.39	641	1,793.16	5,071.39	453
Financial bonds	1,701.27	15,834.00	166	1,976.98	13,368.00	146
Association bonds	841.08	3,336.53	333	861.27	2,956.20	240
Asset-backed securities	533.18	1,548.73	424	447.31	1,061.62	273
Enterprise bonds	18.28	56.77	8	37.41	104.56	13
Local government bonds	2,480.43	36,300.94	719	1,687.67	23,617.22	472
Others	97.98	492.00	10	36.65	36.68	3
Total	7,796.53	64,306.35	2,301	6,840.44	46,215.67	1,600

Sources: Wind Info

Note 1: To present the debt financing business in detail, the statistical item categories were added 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: "Others" mainly include convertible bonds, exchangeable bonds and government-backed agency bonds.

For overseas business, in the first half of 2025, China Securities International participated in and completed 120 bond underwriting projects in overseas market with an underwriting amount of HK\$239.653 billion, among which were 41 projects as global coordinator with an underwriting amount of HK\$77.009 billion.

Outlook for the second half of 2025

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 + product", continuously improve the customer service system, 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 focus on high-quality development of businesses.

For overseas business, China Securities International will continue to leverage the resource advantage of domestic and overseas integrated strategic cooperation, take active steps to explore diversified debt financing products, and tap into and serve the overseas debt financing projects of Chinese-invested enterprises, so as to enhance its international development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Financial Advisory Business

In the first half of 2025, A-share listed companies completed a total of 38 projects of acquisition of assets through issuance of shares and major asset restructuring, with a transaction amount of RMB230.354 billion. During the Reporting Period, the Company completed 6 projects of major asset restructuring, ranking No. 1 in the industry; the transaction amount was RMB25.462 billion, ranking No. 5 in the industry. The Company played the main channel role in M&A and restructuring, helping the leading new energy vehicle company, SERES Group, to acquire a digital factory for smart electric vehicles. As of the end of the Reporting Period, there were 10 listed companies which have publicly disclosed draft plans in respect of acquisition of assets through issuance of shares and major asset restructuring in which the Company acted as the independent financial advisor. (Sources: Wind Info and statistics of the Company)

For overseas business, in the first half of 2025, China Securities International gave full play to the advantages in onshore and offshore integration, and assisted ORG, a leading company in the metal packaging industry, in its acquisition of CPMC and completing the privatization and delisting. This project was the second largest privatization transaction project of a Hong Kong-listed company in terms of scale completed in the first half of 2025, helping traditional industries to reasonably improve industrial concentration through restructuring and strengthen their leading position in the industry.

Outlook for the second half of 2025

In the second half of 2025, the Company will continue to adopt a customer-centric approach, and will increase investment in mergers and acquisitions of central government-owned and state-owned enterprises and leading private enterprises to proactively serve national strategies and contribute to national industrial upgrading and high-quality economic development. At the same time, the Company will enhance transaction matching capabilities to promote the growth of market-oriented merger and acquisition business, and will vigorously develop cross-border business to serve the “going global” strategy of Chinese enterprises and the introduction 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 overseas business, China Securities International will continue to proactively explore businesses such as cross-border acquisitions, pre-IPO financing and privatization.

(II) Wealth Management Business Segment

The Group’s wealth management business segment mainly comprises brokerage and wealth management business, margin financing and securities lending business and repurchase business.

1. Brokerage and Wealth Management Business

In the first half of 2025, the A-share market overall fluctuated in an upward trend with significant structural market trends. The average daily trading volume of equity funds in the A-share market was approximately RMB1.64 trillion, representing a YoY increase of 65.74%. In terms of overseas market, in the first half of 2025, the average daily trading amount in the Hong Kong stock market was HK\$240.2 billion, representing a YoY increase of 118%. The Hang Seng Index performed exceptionally well among global major stock price indices, and the Hang Seng China Enterprises Index and the Hang Seng TECH Index also performed strongly, with most sectors achieving increase. (Sources: Shanghai and Shenzhen Stock Exchanges, HKEX and Wind Info)

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For the brokerage and wealth management business, in the first half of 2025, the Company actively integrated its resources to precisely provide a wide range of financial products and services, including stocks, funds, fixed-income products, financing and securities, investment advisors, futures, etc. to different customer bases, striving to build a comprehensive customer service platform and business ecosystem with complete business varieties. On the one hand, the Company continued to enhance service quality and diversify means of services in a customer-centered approach, and promoted the high-quality development of brokerage business and wealth management in order to satisfy the multi-level and diversified wealth management and investment and financing needs of retail customers, high net worth customers, institutional customers and corporate customers. On the other hand, the Company acquired customers by fully leveraging multi-channel and multi-mode online means to continuously increase the number of customers and improve user stickiness, and in terms of Internet-based traffic attraction, the Company was among top market players in the industry. In the first half of 2025, the Company developed 830.80 thousand new customers for securities brokerage business, representing a YoY growth of 12.98%. Revenue from investment advisory recorded a YoY growth of 109.70%. As of the end of the Reporting Period, there were a cumulative of 16 million customers in aggregate. The scale of financial products exceeded RMB280 billion, and the scale of buyer customization business recorded a YoY growth of 161.62%. The scale of non-monetary ETFs recorded a YoY growth of 120.85%, with a YoY growth of 21.69% in market share. A total of 293 public individual pension fund products were sold on an agency basis, with a coverage rate of over 98%. The Company continuously optimized the customer experience in the mobile transaction client-side APP, “Qingting Dianjin”, with average monthly active customers ranking No. 7 in the industry; continued to strengthen its leading advantage in the stock investment advisory service business, with its fund investment advisory business being progressed well; kept optimizing its financial product system and continuously uplifting the supply of various products. (Sources: Shanghai and Shenzhen Stock Exchanges, Qianfan.tech, and statistics of the Company)

For futures brokerage business, in the first half of 2025, the cumulative trading volume of the futures markets in China was approximately 4.076 billion lots, representing a YoY increase of 17.82%; the cumulative trading volume was approximately RMB339.73 trillion, representing a YoY increase of 20.68%. As of the end of the Reporting Period, China Futures achieved an agency transaction amount of RMB14.41 trillion in total, representing a YoY increase of 25.14%. Among them, the agency transaction volume of commodity futures amounted to RMB8.66 trillion, representing a YoY increase of 14.15%; the agency transaction volume of financial futures amounted to RMB5.75 trillion, representing a YoY increase of 46.35%. During the Reporting Period, the market share of agency transaction amount of China Futures was 2.12%, representing a YoY increase of 3.70%; the number of new customers increased by 22,252, with a cumulative of 306,400 customers in the aggregate as of the end of the Reporting Period. (Source: Statistics of the Company)

For overseas business, in the first half of 2025, the aggregate stock agency transaction volume of China Securities International was HK\$29.299 billion, representing a YoY increase of 94.11%. As of the end of the Reporting Period, the total market value of the shares of customers under custody was HK\$39.255 billion, representing a YoY increase of 95.99%.

Outlook for the second half of 2025

For securities brokerage and wealth management businesses, the Company will continue to improve its professional service level in the process of serving the real economy and investors' wealth management needs, actively adapt to industry changes, innovate business models, and build a two-way empowerment system of “development-service-retention” to achieve precise customer management; continue to improve the full life-cycle service system for investment consulting and financial products, and enhance asset allocation and service level of buyer's business; accelerate digital transformation, improve resource utilization efficiency and service accuracy; deepen intensive operations and strengthen the capability building of wealth management, and take the road of high-quality development of wealth management with China Securities International features.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

For futures brokerage services, China Futures will focus on the overall development goal of building a first-class investment bank in derivatives, accelerate the progress of digital transformation, continuously improve its customer service system and optimize operational effectiveness and customer experience; actively deploy the wealth management business with futures features, improve asset allocation level and facilitate the mutual promotion between its wealth management business and brokerage business; deeply explored internal and external synergistic resources to continuously improve its comprehensive ability of serving the real economy.

For overseas business, China Securities International will strive to achieve win-win results for clients' operation and investors' long-term return in the same direction, continuously introduce high-quality investment products, and build a comprehensive wealth management platform. China Securities International will take advantage of opportunities brought by policies and leverage its own strengths on businesses and services to provide all-round asset allocation plans to clients and help clients achieve their wealth management goals.

2. Margin Financing and Securities Lending Businesses

In the first half of 2025, the scale of margin financing and securities lending business in the whole market remained basically stable. As of the end of the Reporting Period, the balance of margin financing and securities lending in the whole domestic market was RMB1,850.452 billion, representing a decrease of 0.76% as compared with the end of 2024.

As of the end of the Reporting Period, the balance of margin financing and securities lending of the Company was RMB61.324 billion, with a market share of 3.31%; there were 203.8 thousand margin financing and securities lending accounts, representing an increase of 4.54% as compared with the end of 2024; the market share of net new credit accounts was 3.53%, representing an increase of 31.47% as compared with the end of 2024; the margin financing and securities lending businesses achieved an integral maintenance margin ratio of 313.84%, the overall business risk of which was controllable. (Sources: Wind Info and statistics of the Company)

The Company continued to optimize its intelligent investment research product, the "Polaris Account Diagnosis Product", to provide margin financing and securities lending clients with effective early warning information on market and underlying risks, and to help clients adjust irrational investment behaviors through the "AI Behavioural Coaching". The Company also initiated the development of a standard account version for the product, gradually expanding the client base of the product. As of the end of the Reporting Period, the product had signed over 6,000 new margin financing and securities lending clients, bringing the cumulative signed margin financing and securities lending clients to nearly 20,000. The proportion of risk underlying positions and yield among active users of the product showed positive trends, helping clients mitigate investment risk and increase relative returns to a certain extent.

For overseas business, as of the end of the Reporting Period, the balance of margin financing business of China Securities International was HK\$205 million.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2025

In the second half of 2025, the Company will stick to providing quality and efficient service to safeguard the development of its margin financing and securities lending business, striving to consolidate its business foundation and improve its service for high-net-worth clients. The Company will deepen its “investor-oriented” philosophy and create differentiated competitive advantages in margin financing and securities lending business through measures such as expanding business channels, enhancing internal coordination and establishing a financial technology product system, thereby enhancing its comprehensive service value.

For overseas business, China Securities International will constantly adhere to the principle of prioritizing risk control. The Company will concentrate on exploring the financing needs of existing transactional clients, serving more institutional clients, and offering comprehensive investment and financing services to clients.

3. Repurchase Business

In the first half of 2025, stock-pledged repurchase transaction business achieved a steady and healthy development in the whole market. The Company 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 RMB6.341 billion. Among them, the balance of the principal of investment (on-balance sheet) stock-pledged repurchase transaction business amounted to RMB2.488 billion, with an average collateral coverage ratio of 277.54%; the balance of principal of management (off-balance sheet) stock-pledged repurchase transaction business amounted to RMB3.852 billion. (Source: Statistics of the Company)

Outlook for the second half of 2025

In the second half of 2025, on the premise of ensuring that risks are measurable, controllable, and bearable, the Company will stably and prudently carry out collateralized stock repurchase transaction business. The Company will accelerate resource integration, and provide comprehensive financial services to strategic customers; strengthen risk identification on listed companies leveraging on its own investment research capability, and continuously prevent business risks; continuously improve asset quality of stock-pledged repurchase transaction business of the Company through internal refined management.

(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 selling stocks underwritten by the Company to institutional clients. The Company is also engaged in proprietary trading and market making activities of stocks, funds, ETF, and financial derivatives including stock index futures, commodity futures, options and income swaps, and provides clients with customized options and swaps products linked to various types of assets to meet the hedging and investment demands of institutional clients.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

In respect to the securities trading business, with the goal of absolute gains, the Company proactively tracked domestic and overseas macroeconomic changes and market trends to flexibly adjust its position structure and position level, actively sought opportunities arising in the market, and strengthen risk management. 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 assets and income structure to meet the needs of clients in respect to individualised risk management and asset allocation, which provided investors with diversified global derivatives asset allocation solutions. The Company continuously expanded the scope and scale of its market making business aiming to enhance its market competitiveness. The current market-making products include ETF funds, options, futures, stocks and other trading products. In addition, the Company also continued to implement its digital transformation strategy, promoted the system construction and upgrade of cross-border business, and provided customers with more convenient, comprehensive, multi-asset and one-stop trading experience.

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 the first half of 2025, the Company completed the sales of 16 stock projects of A shares as a lead underwriter, including 4 IPO projects and 11 projects involving the issuance of shares to specific targets, and completed 1 convertible bond project, with a cumulative sales amount of RMB69.968 billion. (Source: Statistics of the Company)

For overseas business, the institutional sales and trading businesses of China Securities International mainly provide trading, advisory and research services, and sell stocks underwritten by the Company to institutional clients. China Securities International has formed a cross-industry, cross-market and cross-asset-class research service matrix, constantly improving the service system for institutional clients, further enhancing its influence in the secondary stock market in Hong Kong and gradually establishing its brand awareness. As of the end of the Reporting Period, the cumulative number of clients for the institutional sales and trading businesses of China Securities International was 489, and the institutional clients' cumulative stock trading volume realized in the first half of 2025 was HK\$50.452 billion.

Outlook for the second half of 2025

In the second half of 2025, the Company will adhere to the business orientation of absolute gains, pay close attention to domestic and overseas macroeconomic situations and strengthen research on market strategies, closely track the changes in the industry, deeply explore individual stock opportunities, proactively grasp possible market trends to prevent and control risk exposure of securities held. As centered with meeting the customer's needs on asset allocation and risk management, the Company will continue to develop the OTC derivative business, enrich the strategic index product portfolio, expand the business model of cross-border investment, and enhance the market competitiveness of market-making business, as well as consummate the self-owned fund investment system.

For overseas business, China Securities International will fully strengthen the support for overseas investment and research business for stock sales and trading businesses, continue to expand well-known buyer-side institutional clients and further solidify the client base.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Fixed-Income Products Sales and Trading Businesses

The fixed-income 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, and we strive to become a reliable product supplier, strategy provider and transaction service provider for domestic and overseas customers.

In the first half of 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, demonstrating its further implementation of the mission of “serving the real economy through finance”. With a focus on strengthening investment capability building, the Company endeavored to enhance its market analysis and swing trading opportunity identification capabilities, while also stressing on the exploration of investment potential in non-traditional fixed-income categories such as convertible bonds, exchangeable bonds, REITs and bills. The Company expanded and strengthened its international business, actively seizing opportunities in overseas markets and expanding the category and scale of overseas investments. The Company enhanced its market-making capabilities, launched bilateral market-making services for RMB foreign exchange futures on the HKEX, and expanded the coverage of foreign currency bond market-making business. On the basis of maintaining its ranking in the bond sales market, the Company further innovated service models by launching “fixed income + OTC derivatives” investment advisory strategy services linked to gold and equity-related assets to continuously enrich the toolkit of client-oriented products linked to domestic and overseas FICC assets across all categories. The Company precisely matched the diversified needs of domestic clients “going global” and “bringing in” high-quality international capital, and continuously enhanced its comprehensive client service capabilities.

For overseas business, during the Reporting Period, China Securities International achieved bond trading volume of HK\$62.9 billion, representing a YoY increase of 23.58%.

Outlook for the second half of 2025

In the second half of 2025, 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 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. 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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Investment Research Business

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

In the first half of 2025, for investment research business, the Company continued to expand its coverage of listed companies, enterprises and institutional clients, vigorously promoted cross-industry and international collaborative research, and focused on a series of research results developed in the sectors of new quality productive forces such as AI industry chain, embodied robot and low-altitude economy. The Company continued to increase R&D investment in financial technologies such as artificial intelligence in the investment research business field, and successfully built an integrated intelligent investment research platform for three aspects of “intelligent research, intelligent inquiry and intelligent digitalization”. The Company actively built a multi-platform, multi-channel and multi-dimensional customer service system, which focused on providing professional, in-depth and forward-looking research services to domestic and overseas clients. As of the end of the Reporting Period, the Company had 163 analysts for securities investment consultation, covering 1,347 domestic A-share listed companies and 282 Hong Kong and overseas listed companies. In the first half of 2025, the Company released 2,432 securities research reports in total, of which 432 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 successively held the “2025 Interim Capital Market Investment Summit” and large-scale strategy conferences on themes such as “Artificial Intelligence +” and “AI + Robotics”, organized and carried out specialized overseas investigation and research activities on new energy industry chain and other sectors, successfully establishing a communication platform between listed companies and domestic and overseas institutional investors, which was widely recognized by various parties. The Company’s investment research business has long been ranked among the top ten in the industry in terms of influence and ranks at the forefront in research rankings across all types of institutional clients. Meanwhile, the Company firmly implemented its “research-driven” strategy, provided robust intelligence support to national strategies and government departments, and offered comprehensive research business support to all business lines of the Company, effectively fulfilling its role as an advisor and assistant.

Outlook for the second half of 2025

In the second half of 2025, the Company will focus on serving the high-quality development of the real economy and capital markets, further optimizing the allocation of resources for its investment research business, increasing the intensity of industrial chain coordination research, vigorously promoting the coordinated development of its domestic and overseas research businesses, continuing to deepen the application and expansion of AI technology in the investment research field, enriching comprehensive service measures for customers, and striving to increase its market share and market influence. The Company will strengthen research support for all its businesses, further give play to its role as a think tank, strengthen the service capabilities of its research business for national strategies and real economy, and establish a good brand image and industry reputation.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

4. Prime Brokerage Business

The Company provides market-leading full-chain prime brokerage services for 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.

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 margin financing and securities lending, stock index futures, commodity futures, stock options, BSE, Southbound Trading and over-the-counter mutual funds to offer 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 maintains an industry-leading algorithmic trading execution efficiency, which is widely recognized and trusted by clients such as banks, insurance companies, mutual funds, private funds, enterprises and high-net-worth individuals, including clients for QFI business. New services such as BSE stocks, Shanghai and Shenzhen REITs and commodity futures 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 rich functional trading channels, which is widely recognized by institutional clients such as banks, mutual funds and insurance asset management institutions. In the first half of 2025, the 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 in the Prime Brokerage (PB) system of the Company was 20,714, representing a YoY increase of 20.97%; a total of 30 mutual funds and 10 insurance asset management institutions used the Company's algorithm trading services in the binding offer, and a total of 135 customers used the agency commissioning service of the Company, with a total of 191 targets traded.

As of the end of the Reporting Period, the Company's mutual fund custody scale was RMB179.119 billion, ranking No. 2 in the industry. The total scale of custody and operating services of the Company amounted to RMB1,075.054 billion, including 5,321 custody products and 5,849 operating service products.

Outlook for the second half of 2025

In the second half of 2025, 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. The embedded algorithmic platform will provide more access for more trading software and more algorithm-based trading strategies 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. In terms of custodian business, the Company will leverage the role of this business as a bridge and link, continue to serve asset owners and managers, enhance the level of synergistic services across "agency sale – custody – investment research – trading", and launch various products such as mutual funds, private funds, trust companies and futures asset management institutions. The Company will continue to advance its digital transformation, optimize its business platform, improve response speed to customer needs and business operational efficiency, and enhance its digital custody capabilities.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

5. QFI and WFOE Businesses

As a domestic broker of QFIs and WFOEs, the Company possesses many years of experience in serving foreign clients and is committed to providing a full range of one-stop financial services for foreign institutions such as QFIs and WFOEs. In the first half of 2025, the Company deepened its layout of cross-border integrated sales, deeply explored the QFI, WFOE and other foreign business opportunities, and strengthened customer stickiness with the help of abundant securities research resources and diversified non-trading execution value-added services. In light of the development trends of QFI business, the Company continuously upgraded and improved the trading system and trading algorithms, and continuously optimized its operation processes by using digital tools, to improve the investment and trading experience of foreign clients. Currently, the Company has constructed a specialized investment and trading service system for foreign institutions, which features first-class securities research, dual trading centers in Beijing and Shanghai, advanced trading system, intelligent trading algorithms and stringent compliance and risk control.

Outlook for the second half of 2025

In the second half of 2025, the Company will proactively seize the opportunities brought by regulatory policies in relation to optimization of environment for foreign investments and in favor of the development of QFI business, continue to optimize its cross-border integrated operation mechanism, give full play to its strengths from domestic and overseas sales teams, continue to build a diversified network for foreign clients, and particularly intensify coverage over leading foreign institutions. Meanwhile, the Company will also continue to consolidate its research service capabilities, enhance the functions of its trading system, and optimize its trading links and promote the digital transformation of its business, so as to meet the needs for diversified trading strategies, providing industry-leading securities research and trading services to QFIs and WFOEs and other foreign clients. The Company will further integrate its advantageous resources of all business lines, collaborate to offer high-level, all-round, diversified and differentiated comprehensive financial services to foreign institutional clients, striving to maximize client returns and enhance the Company's international influence through professional services, taking research business as a fulcrum and significantly enhancing its comprehensive financial product service capabilities covering derivatives, margin financing and securities lending, and block trading, etc., to promote the coordinated development of domestic and overseas businesses.

6. Alternative Investment Business

In the first half of 2025, the capital market gradually warmed up, and private equity investment activity gradually picked up. Alternative investment subsidiaries of securities companies were presented with promising development opportunities. In the face of an evolving capital market environment, China Securities Investment actively acted to serve the national strategy as the starting point, centering on the service of new-quality productive forces. It has continuously optimized the investment strategy, strengthened the construction of investment and research capacity, and increased investment in strategic emerging industries and future industries, so as to expand the profit drivers of the Company through various measures. During the Reporting Period, China Securities Investment completed 12 project investments with an investment amount of RMB328 million.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2025

In the second half of 2025, China Securities Investment will continue to firmly serve national strategies, focus on technological innovation and new quality productive forces, continue to optimize its investment strategy, engage in strategic emerging industries, actively position itself in future industries, and actively carry out equity investment.

(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 the first half of 2025, the securities industry adhered to the orientation of serving the real economy, continuously deepening the transformation and high-quality development of asset management business. Confronted with a market environment characterized by deepened capital market reforms and diversified investor demand, securities firms and asset management institutions focused on improving active management capabilities, deepening technological empowerment, actively exploring new areas of business innovation and comprehensively enhancing professional capabilities and core competitiveness.

During the Reporting Period, the Company further implemented the requirements of the “Five Major Areas” in Finance, adhered to a customer-centric approach, comprehensively strengthened the construction of an investment research system for asset management business, optimized product layout, enriched product lines, and provided comprehensive asset management services covering full life cycle and full products for all types of clients. At the same time, the Company deepened the synergy between its domestic and overseas businesses, continued to promote cross-border integration and internationalization, and enhanced its professional capabilities in overseas asset allocation.

As of the end of the Reporting Period, the entrusted capital scale of Company’s customer asset management reached RMB485.238 billion, including collective asset management business, targeted asset management business and specialized asset management business. The details are listed as follows:

Unit: RMB’00 million

Items	Scale	
	June 30, 2025	June 30, 2024
Collective asset management business	1,122.41	1,434.62
Targeted asset management business	1,709.08	2,072.81
Specialised asset management business	2,020.89	1,712.39
Total	4,852.38	5,219.82

Source: Securities Association of China

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the asset management business scale of China Securities International was approximately US\$126.11 million, of which investment management scale of Bond Fund was approximately US\$6.00 million, the management scale of Balanced Fund was approximately US\$20.35 million, the management scale of Discretionary Accounts was approximately US\$105.70 million.

Outlook for the second half of 2025

In the second half of 2025, in terms of asset management business, the Company will continue to pursue the philosophy of “finance for the people”, focus on the goal of delivering good performance in the “Five Major Areas” in Finance, and improve the integrated investment and research mechanism to continuously enhance investment management capabilities and performance; optimize the product supply system to meet the diversified customer needs of the market; strengthen digital capabilities building to build a technology-based asset management institution; and accelerate the international strategic planning to promote the international progress of the asset management business.

2. Fund Management Business

As of the end of the first half of 2025, the total scale of domestic mutual funds surpassed RMB34 trillion for the first time, with ETF funds emerging as the new engine for the industry scale growth. The concentration of the mutual fund industry increased significantly, and the industry’s growth logic was shifting from “scale-driven” to “performance-driven”. In May 2025, the CSRC issued the Action Plan for Promoting the High-Quality Development of Publicly Offered Funds 《推動公募基金高質量發展行動方案》, and with reforms for mutual funds being further promoted, the industry’s transformation continued to accelerate.

In the first half of 2025, China Fund adhered to focusing on the interests of stakeholders, continued to strengthen the construction of investment research capabilities and improved its investment capabilities for absolute gains. As of the end of the Reporting Period, the asset management scale of China Fund reached RMB149.7 billion, representing an increase of 5.29% as compared with that as at the end of 2024, of which the management scale of public funds was RMB75.928 billion, representing a decrease of 19.39% as compared with that as at the end of 2024; the aggregate management scale of special account products and its fund subsidiaries was RMB73.772 billion, representing an increase of 53.74% as compared with that as at the end of 2024. As of the end of the Reporting Period, China Fund managed a total of 61 public funds with a management scale of RMB75.928 billion. Among 57 funds participating in the market return ranking, the return of 29 funds ranked in the top 50% in the market, 14 funds ranked in the top 30% in the market, 11 funds ranked in the top 20% in the market and 7 funds ranked in the top 10% in the market. The investment performance of public funds was stable. (Sources: Wind Info and statistics of the Company)

Outlook for the second half of 2025

In the second half of 2025, under the guidance of the Action Plan for Promoting the High-Quality Development of Publicly Offered Funds 《推動公募基金高質量發展行動方案》, China Fund will continue to adhere to the core principle of prioritizing investors’ interests, uphold the concept of long-term value investment and continuously improve its investment research capabilities and investment performance, so as to provide long-term, stable and sustainable returns for holders. Through product innovation and other means, China Fund will further expand and enrich its product system and strengthen its customer service capability building to better meet investors’ diverse investment needs, striving to contribute to the high-quality development of the industry.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Private Equity Investment Business

In the first half of 2025, the domestic equity investment market continued to increase its investment in hard technology under the guidance of the “sci-tech self-reliance and self-strengthening” strategy. In terms of investment layout, strategic emerging industries such as semiconductors, artificial intelligence and low-altitude economy became the core investment directions, and the investment stage showed a significant shift towards earlier stages, with early-stage projects receiving more market attention. At the regional development level, synergistic effects became increasingly evident, with all innovation hubs such as the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and the Sichuan-Chongqing region demonstrating strong industrial agglomeration effects.

With an aim to creating a “first-class investment institution”, China Capital actively implemented the requirements of the “Five Major Areas” in Finance, fully leveraged the advantages of long-term capital and patient capital, focused on strategic emerging industries such as future manufacturing, future space and future materials, and prioritized the exploration of high-quality projects in science and technology innovation and “specialized, refined, differential and innovative” industries to effectively serve the high-quality development of the real economy and contribute to the implementation of the sci-tech self-reliance and self-strengthening strategy. In the first half of 2025, China Capital increased its fund management scale by RMB3.78 billion, and completed project investments of nearly RMB1 billion, with its invested projects covering multiple national and provincial-level “specialized, refined, differential and innovative” projects. As of the end of the Reporting Period, China Capital had 81 registered funds under management with a fund management scale of exceeding RMB79.0 billion.

Outlook for the second half of 2025

In the second half of 2025, China Capital will continue to focus on the development of new quality productive forces, with a particular emphasis on strategic emerging industries such as future manufacturing, future space and future materials. By leveraging long-term capital and patient capital, China Capital will deepen its involvement in the “specialized, refined, differential and innovative” sectors and hard technology fields, injecting new momentum into the real economy and supporting the implementation of national major strategies.

III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

1. Innovative and Leading Business System

The Company possesses a balanced and comprehensive investment banking business, and a wealth management business with wide selection of established products that continue to evolve in tandem with continuously advancing investment advisory capabilities. It also has a professional and integrated trading and service for financial institution clients, as well as a rapidly growing and highly potential in comprehensive asset management field. By using an integrated approach to the management of its subsidiaries, the Company is able to maximize resource efficiency, provide comprehensive client services, and drive business development on a larger scale. The innovative, leading, healthy and balanced business system ensures that the Company can quickly seize market opportunities and effectively withstand business fluctuations, which acts as a stabilizer for the Company’s sustainable development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Well-structured Client Base

The Company has an industry-leading, well-structured and rational client base. Our client base is mainly composed of leading enterprises, high-quality companies, and a significant number of small and medium-sized enterprises that “use special and sophisticated technologies to produce novel and unique products” in various industries. In addition, the Company works closely with key financial and investment institutions around the area of expertise. The Company provides services to help government clients understand and act well in the capital market, as well as wealth management services for millions of individual clients. In the process of serving corporate, institutional, government, and individual clients, the Company practices the concept of “people’s finance”, enhancing client loyalty and solidifying its client base with comprehensive, professional, sincere, and continuously optimized financial services. The well-structured and constantly growing client base is the cornerstone of the Company’s healthy development.

3. Comprehensive Channel Network

The Company’s comprehensive channel network includes more than 300 physical branches nationwide spread across major cities and potential regions. It has a wholly owned subsidiary in Hong Kong, offering unique professional advantages in providing comprehensive financial solutions and global capital services. The Company has also independently developed an industry-leading intelligent online investment consulting platform, boasting more than 6,000 licensed professional advisors, ensuring a rapid response to online inquiries from clients. The Company is also cultivating a young and professional content team nationwide, aspiring to create a more layered, professional, and attractive content service that integrates online and offline services, ultimately serving as a new growth pole for the Company’s channel network.

4. Continuously Strengthened Technology Research and Development

For many years, the Company has been advancing digital construction with the standard of “recording everything, analyzing everything, measuring everything, and improving everything”, committed to achieving the identity of the same customer from different business segments around the Company as a whole, and applying the same management for the same business, as well as integrated operational management. It continuously strengthens the deep integration of emerging technologies such as artificial intelligence, big data, cloud computing, and blockchain with business scenarios. The Company is making orderly progress and gradually realizing the intelligentization of customer service, business processing, and operational processes. Continuously strengthened R&D capabilities are the technological foundation for empowering employees, fostering improved management, and enabling businesses to thrive.

5. Industry-leading Risk Control and Compliance

The Company has established a scientifically sound, clearly defined rights and responsibilities, strategically forward-looking and comprehensive risk management system and compliance management system that spans the entire process from pre-event to during-event and post-event. The Company is 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’s risk control and compliance management systems are characterized by prudence and industry-leading practices. These safeguards ensure the Company’s long-term healthy development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

6. Corporate Culture of Excellence

Adhering to the guidance of financial culture with Chinese characteristics and striving to build a corporate culture that pursues excellence with the value of “achievements leading to status”, the Company has formed a development experience of “walking the right path, working diligently, seeking simplicity, avoiding fuss.” It adheres to the business philosophy of “Enable Win-win Situations, Facilitate Mutual Benefits”, building a value system rooted in employees, growing together with customers, and developing in tandem with the market. The Company is committed to become a first-class investment bank in China that clients trust, employees respect, and shareholders are satisfied with. It attaches great importance to the training and development of its management and staff, with an excellent, stable and highly professional talent team, including an enterprising management team and a loyal and hardworking workforce.

7. Strong Shareholder Background

The Company’s main contributors, namely Beijing Financial Holdings Group Limited, Central Huijin Investment Ltd. and CITIC Group Corporation, are all large state-owned enterprises with strong capital, mature capital operation experience, rich resources, and high social visibility. They all play a crucial role in supporting national strategies and exploring financial reform.

IV. FINANCIAL STATEMENT ANALYSIS

(I) Profitability Analysis

In the first half of 2025, the Group realised total revenue and other income of RMB16,280 million, representing a YoY increase of 14.19%, with the changes in key items as follows:

- fee and commission income amounted to RMB7,037 million, representing a YoY increase of 23.50%, which was mainly due to the YoY increase in fee and commission income from securities brokerage business in the first half of 2025;
- interest income amounted to RMB4,127 million, representing a YoY decrease of 5.45%, which was mainly due to the YoY decrease in interest income from deposits in financial institutions and financial assets held under resale agreements in the first half of 2025;
- net investment gains amounted to RMB4,601 million, representing a YoY increase of 30.30%, which was mainly due to the YoY increase in net gains from financial assets at fair value through profit or loss in the first half of 2025.

In the first half of 2025, the total expenses of the Group amounted to RMB10,958 million, representing a YoY decrease of 1.03%, with the changes in key items as follows:

- fee and commission expenses amounted to RMB1,650 million, representing a YoY increase of 24.81%, which was mainly due to the YoY increase in fee and commission expenses from securities brokerage business in the first half of 2025;
- interest expenses amounted to RMB3,890 million, representing a YoY decrease of 2.36%, which was mainly due to the YoY decrease in interest expenses of placements from banks and other financial institutions and financial assets sold under repurchase agreements in the first half of 2025;
- staff costs amounted to RMB3,305 million, representing a YoY decrease of 7.55%, which was mainly due to the YoY decrease in staff salaries in the first half of 2025.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2025, the Group realised net profit attributable to equity holders of the Company of RMB4,509 million, representing a YoY increase of 57.77%, and realised basic earnings per share of RMB0.52 per share, representing a YoY increase of 73.33%. The return on weighted average equity was 5.11%, representing a YoY increase of 1.97 percentage points.

(II) Asset Structure and Asset Quality

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

As of June 30, 2025, the Group's total assets amounted to RMB612,364 million, representing an increase of RMB45,946 million, or 8.11%, as compared with that as at December 31, 2024; after deducting accounts payable to brokerage clients and accounts payable to underwriting clients, the Group's total assets amounted to RMB460,472 million, representing an increase of RMB25,833 million, or 5.94%, as compared with that as at December 31, 2024. Among which, investment assets, mainly including investments in financial assets and investments in associates, accounted for 71.12%; margin accounts and financial assets held under resale agreements accounted for 14.51%; cash and bank balances accounted for 10.76%; and other assets accounted for 3.61% in aggregate.

As of June 30, 2025, the Group's total liabilities amounted to RMB502,524 million, representing an increase of RMB42,625 million, or 9.27%, as compared with that as at December 31, 2024; after deducting accounts payable to brokerage clients and accounts payable to underwriting clients, the Group's total liabilities amounted to RMB350,632 million, representing an increase of RMB22,512 million, or 6.86%, as compared with that as at December 31, 2024. Among which, financial assets sold under repurchase agreements accounted for 38.46%; 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 19.78%; bonds in issue accounted for 28.72%; financial liabilities at fair value through profit or loss and derivative financial liabilities accounted for 3.92%; and other liabilities accounted for 9.12% in aggregate.

As of June 30, 2025, the Group's equity attributable to equity holders of the Company amounted to RMB109,795 million, representing an increase of RMB3,326 million, or 3.12%, as compared with that as at December 31, 2024.

As of June 30, 2025, after deducting accounts payable to brokerage clients and accounts payable to underwriting clients, the gearing ratio of the Group was 76.15%, representing an increase of 0.66 percentage point as compared with that as at December 31, 2024.

(III) 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 RMB3,310 million in the first half of 2025, representing a YoY decrease of RMB1,491 million, which was mainly attributable to the YoY increase in net cash outflows from investing activities and financing activities.

Net cash inflow from operating activities in the first half of 2025 was RMB45,046 million, representing a YoY increase of RMB42,421 million, which was mainly attributable to the YoY increase in net cash inflow from operating activities as a result of the change in financial assets sold under repurchase agreements.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Net cash outflow from investing activities in the first half of 2025 was RMB33,959 million, while net cash inflow was RMB2,715 million for the corresponding period of 2024, which was mainly attributable to the YoY increase in net cash outflow as a result of the increase in financial assets at fair value through other comprehensive income.

Net cash outflow from financing activities in the first half of 2025 was RMB7,777 million, representing a YoY increase of RMB7,238 million, which was mainly attributable to the YoY increase in cash outflows from repayments of debts.

V. ANALYSIS ON MAJOR CONTROLLED COMPANIES AND INVESTEE COMPANIES

Unit: RMB'00 million

Company name	Company type	Principal business	Registered capital	Total assets	Net assets	Total revenue and other income	Net profit
China Futures	Subsidiary	Commodity futures brokerage, financial futures brokerage, futures investment consultation, asset management and fund sales.	14.00	397.04	42.63	16.87	2.78
China Capital	Subsidiary	Project investment, investment management, asset management and financial advisory (excluding intermediaries).	35.00	41.55	26.51	0.80	0.21
China Securities International	Subsidiary	Holding and investment, and its subsidiaries might engage in businesses including securities brokerage, asset management, corporate finance, investment consultation, futures trading, proprietary investment and insurance brokerage.	Paid up capital of HK\$4,000 million	540.88	46.52	13.81	4.59
China Fund	Subsidiary	Fund raising, fund sales, specific customer asset management, asset management and other businesses approved by the CSRC.	4.50	10.64	9.00	1.64	0.38
China Securities Investment	Subsidiary	Investment management, equity investment and management, investment consultation (excluding intermediaries) and project investment.	61.00	60.94	58.56	3.75	2.77

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

VI. INFORMATION OF 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	Contact number
1	Hubei Branch	February 6, 2012	3/F, Block A, Longyuan Building, 24 Zhongbei Road, Wuchang District, Wuhan City	027-87890128
2	Shanghai Branch	February 6, 2012	Nos. 01, 02, 06, 07, 18/F, Block T2, No. 398 Huoshan Road, Yangpu District, Shanghai	021-55137961
3	Shenyang Branch	February 7, 2012	No. 1, 12/F, 61 Beizhan Road, Shenhe District, Shenyang City	024-22556761
4	Jiangsu Branch	February 13, 2012	1/F and 2/F, Huanghe Building, 58 Longyuan West Road, Gulou District, Nanjing City	025-83156571
5	Hunan Branch	March 1, 2013	No. 9, Furong Middle Road Section 2, Furong District, Changsha City	0731-82229568
6	Fujian Branch	April 16, 2013	3/F, Wuyi Center, 33 East Street, Gulou District, Fuzhou City	0591-87612358
7	Zhejiang Branch	April 18, 2013	Room 604, 6/F, 225 Qing Chun Road, Shangcheng District, Hangzhou City, Zhejiang Province	0571-87067245
8	Northwest Branch	April 19, 2013	No. 56 Nanda Street, Beilin District, Xi'an City, Shaanxi Province	029-87265999-202
9	Guangdong Branch	April 24, 2013	Rooms 6804 and 6805, No. 233 Tianhe North Road, Tianhe District, Guangzhou City	020-38381917
10	Chongqing Branch	April 14, 2014	2-2, Block 2, Yijing Fenghao, 195 Longshan Road, Longshan Subdistrict, Yubei District, Chongqing City	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	0755-23953860
12	Sichuan Branch	April 25, 2014	No. 25, South Third Section, First Ring Road, Wuhou District, Chengdu City	028-85576963
13	Shandong Branch	May 23, 2014	11/F, Block 4, 8 Long'ao North Road, Lixia District, Jinan City	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	0791-86700091
15	Henan Branch	June 3, 2014	2/F, Zhonghua Mansion, 3 Shangwu Outer Ring Road, Zhengzhou District (Zhengdong), Henan Pilot Free Trade Zone	0371-69092409
16	Shanghai Free Trade Zone Branch	September 26, 2014	Room 2206, North Building, 528 South Pudong Road, China (Shanghai) Free Trade Zone	021-68801573
17	Tianjin Branch	November 10, 2014	5-1-201, Tianhui Center, Junction of Nanshi Street and Fu'an Street, Nanshi Subdistrict, Heping District, Tianjin	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	010-65726085
19	Hainan Branch	December 29, 2020	1/F and 2/F, Yindu Building, No. 38 Haifu Avenue, Haikou City	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	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	0851-83879300
22	Jilin Branch	January 5, 2021	2/F, Podium Building, Zhengrong Building, No. 621 Changchun Street, Nanguan District, Changchun City	0431-81939388

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

No.	Branch	Date of establishment	Registered address	Contact number
23	Shanxi Branch	January 7, 2021	7/F, Crown Tower, 252 Xinjian Road, Xing Hua Ling District, Taiyuan City	0351-4073321
24	Heilongjiang Branch	January 8, 2021	No. 99, Zhongyi Street, Daoli District, Harbin City, Heilongjiang Province	0451-87536666
25	Xinjiang Branch	January 12, 2021	No. 446, Nanhu North Road, Shuimogou District, Urumqi City, Xinjiang	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	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	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	0771-8022233
29	Beijing Dongcheng Branch	January 15, 2021	No. 6 Dongzhimen South Street, Dongcheng District, Beijing	010-64156666
30	Anhui Branch	January 15, 2021	Rooms 113&114, Buildings 1 and 2, Fenge Century Apartment, No. 499 Changjiang West Road, Shushan District, Hefei City, Anhui Province	0551-65501717
31	Qinghai Branch	January 18, 2021	No. 26-2, Building 1, No. 126 Xiguan Street, Chengxi District, Xining City, Qinghai Province	0971-8276771
32	Beijing Chaoyang Branch	January 20, 2021	Building 4, No. 66 Anli Road, Chaoyang District, Beijing	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	010-82666923
34	Beijing Jingnan Branch	January 26, 2021	Meiyuan Market South Section, No. 15 Nanda Hongmen Road, Fengtai District, Beijing	010-68759957
35	Beijing Jingxi Branch	January 29, 2021	No. 39 Sanlihe Road, Haidian District, Beijing	010-58739666
36	Yunnan Branch	February 2, 2021	2/F, Hydropower Technology Building, No. 115 Renmin East Road, Panlong District, Kunming City, Yunnan Province	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	0311-86682430
38	Ningbo Branch	October 9, 2021	Room (3-1), No. 562 Zhenming Road, Haishu District, Ningbo City, Zhejiang Province	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	0592-2075995
40	Suzhou Branch	June 13, 2022	Rooms 101 & 501, Xinghai International Business Plaza, No. 200 Xinghai Street, Suzhou Industrial Park	0512-67152188
41	Qingdao Branch	July 1, 2024	No. 49 Nanjing Road, Shinan District, Qingdao	0532-82650714
42	Changzhou Branch	July 10, 2024	Nos. 23, 25, 27 and 29, Yanling West Road, Changzhou	0519-88854580
43	Wuxi Branch	July 10, 2024	No. 88-1, Xinjiangnan Garden, Wuxi City	0510-81811155
44	Quanzhou Branch	July 12, 2024	1/F, West Podium, Huangxing Building, Middle Section of Fengze Street, Fengze District, Quanzhou	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	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 3 MANAGEMENT DISCUSSION AND ANALYSIS

VII. EXPLANATION OF SCOPE OF STATEMENT CONSOLIDATION

As of June 30, 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.

VIII. NO CHANGE IN THE INCOME TAX POLICY OF THE COMPANY DURING THE REPORTING PERIOD

From January 1, 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 policy.

IX. ANALYSIS ON AND EXPLANATION OF THE REASONS AND IMPACT OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR ACCOUNTING METHODS BY THE BOARD

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 have been adjusted accordingly. This change in accounting policy does not have a material impact on the Group’s financial statements.

X. FINANCING

1. Major Access to Financing

Currently, the Company obtains short-term funds from commercial banks and other investors primarily by using bond repurchases, inter-bank lending, margin refinancing, issuance of beneficiary certificates and other methods, through SSE, national inter-bank market, inter-institutional private equity products quotation and service system, and OTC market in accordance with the relevant policies and regulations of the competent authorities. As of the end of the Reporting Period, the Company had been approved by the People’s Bank of China to implement a maximum inter-bank borrowing of RMB53.5 billion, with a sufficient credit line from approved large-scale state-owned joint-stock commercial banks, which effectively guaranteed the funds obtained by the Company through monetary market in a timely manner.

In addition, the Company may, subject to market conditions and its own demands, finance by way of equity financing, placing, rights issue, issuance of corporate bonds, financial bonds, subordinated bonds, perpetual subordinated bonds and private placement bonds, and other methods as approved by the competent authorities.

To maintain the liquidity and profitability of its assets, the Company’s proprietary capital is centrally managed by the Treasury Department. There are also a comprehensive management system and corresponding work flows in place. The Company avoids risks by adjusting the structures of its different classes of assets and liabilities in a timely manner and utilizing corresponding financial instruments.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. Debt Financing

In the first half of 2025, all businesses of the Company continued to be carried out in a healthy and orderly manner. In order to meet the needs of business development and according to the arrangement of asset and liability management, the Company, during the Reporting Period, successfully and publicly issued one tranche of corporate bonds with an issuance amount of RMB3.5 billion; publicly issued one tranche of science and technology innovation corporate bonds with an issuance amount of RMB1.0 billion; publicly issued three tranches of perpetual subordinated bonds with a total issuance amount of RMB5.1 billion; publicly issued one tranche of short-term corporate bonds with an issuance amount of RMB1.0 billion; publicly issued two tranches of short-term commercial papers issued by securities companies with a total issuance amount of RMB6.0 billion (as of the end of the Reporting Period, the outstanding balance was RMB21.3 billion); and issued 105 tranches of structured notes with a total issuance amount of approximately RMB8.5 billion (as of the end of the Reporting Period, the outstanding balance was approximately RMB15.4 billion).

In the second half of 2025, the Company will continue to take opportunities to issue corporate bonds, subordinated bonds, perpetual subordinated bonds, private placement bonds, short-term commercial papers, financial bonds, structured notes and other financing instruments permitted by regulatory authorities according to its own capital needs with reference to market conditions.

XI. 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. During the Reporting Period, the Company continued to optimize and improve the comprehensive risk management system, and perfect its risk management and internal control mechanism, 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, risk management rules and procedures, internal control arrangements, and resolution of significant risk events of the Company. The Supervisory Committee carries out supervision on the performance of risk management duties of the Board of Directors, Executive Committee and senior management in accordance with laws, regulations and the Articles of Association.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Risk Management Committee under the Board of Directors is responsible for supervising the overall risk management of the Company in general and putting it under 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; confirms the specific constitution of risk management strategies and risk management resources so that they are compatible with the risk 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.

The Supervisory Committee bears the supervision responsibility of overall risk management, 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 makes decisions with respect to, among others, the prevention, control, mitigation, or acceptance of risks in its business management and reviews, among others, rules and control measures on improving the Company's internal control in accordance with the risk management policies determined by the Board.

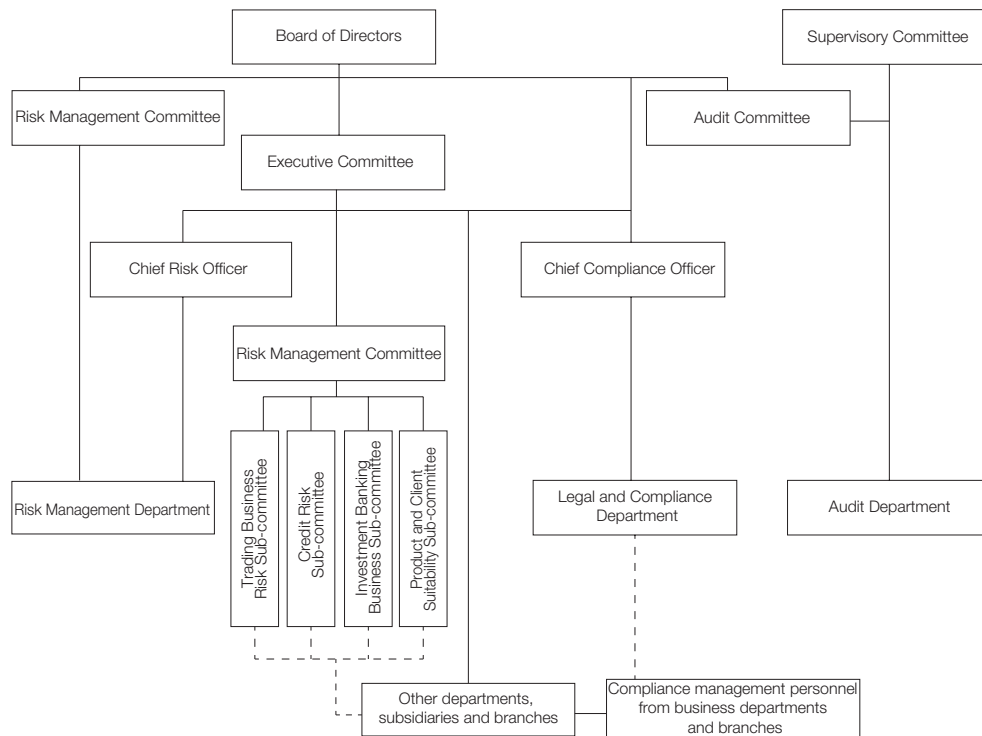
The Risk Management Committee under the Executive Committee is responsible for determining the Company's risk appetite, risk tolerance level, overall risk limits, important specific risk limits and risk control standards; formulating and promoting the implementation of the Company's risk management rules and procedures; reviewing and approving risk limits and risk control standards specific to each business line; 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 professional work, organizing the formulation of relevant risk management rules and procedures, improving the Company's risk management systems, and guiding the Risk Management Department in the identification, evaluation, monitoring, reporting and other works 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 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 first 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 the 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 is responsible for managing the overall legal and compliance risks, and the Audit Department is responsible for conducting audits to identify material defects in key rules and procedures and processes or internal control weakness, 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 conducted export management and terminal risk control of investment banking projects, performed ultimate approval and decision-making functions for the materials and documents submitted, reported, issued or disclosed in the name of the Company, and strengthened 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, explicit key control measures, issue the Risk Catalogue and Key Control List of the Company, and continue to improve the same 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 have participated in the review of new business and new products, have participated in the before-the-event review and evaluation for important projects and the business system, and have expressed 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 model of financial instruments before launch.

The Risk Management Department formulates risk monitoring processes and monitoring indicators for key business and management. Among which, risk monitoring indicators for brokerage business, proprietary business, securities financing business and asset management business as well as risk control indicators including net capital are monitored through the monitoring system, while other business or management primarily relies on regular and ad hoc monitoring through on-site monitoring, risk information reporting, data access, communication at regular meetings and other means. Main businesses of subsidiaries fall within the scope of monitoring.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Company formulates operational process for risk assessment, and determines main assessment methods and qualitative and quantitative risk 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 mechanisms and programs, formulated effective contingency measures and plans for various businesses, especially establishing emergency response mechanisms for key risks and emergencies such as liquidity crisis and failures on transaction systems, and conducted regular and irregular drills.

The Company has built an information transmission mechanism for risk information and significant risk warnings, and conducted risk information transmission, management and significant risk warning works. The Risk Management Department formulates operational procedures for risk information submission and risk warnings, and the departments and branches report or warn risks identified by themselves to the Risk Management Department. The Risk Management Department then manages the risk information, performs comprehensive analyses on various risk information of the Company to identify risk control weaknesses and loopholes and propose recommendations on improving risk control, reports significant risks to the Chief Risk Officer of the Company and Risk Management Committee or executive management of the Company timely, communicates risk information to relevant departments timely at the same time, and tracks risk handling status. The Risk Management Department prepares risk reports and risk control recommendation reports according to the results on risk identification, monitoring and assessment, and reports the findings to the departments involved and the executive management of the Company. The Risk Management Department continuously monitors risks and 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 Supervisory Committee, the Audit Committee of the Board, executive management, the Legal and Compliance Department and the Risk Management Department, and urges rectification.

During the Reporting Period, the Company vigorously implemented requirements for self-regulatory rules, including comprehensive risk management, consolidated management and market risk management. Based on business developments and risk management, the Company further optimized and improved comprehensive risk management system, and perfected consolidated management mechanism, strengthened risk appetite management, capital management and risk warnings and improved risk response mechanism; and continued to optimize the country risk management, risk management for oversea business and the coping plans for these risks, resulting in further improvement of risk identification and management and control capabilities of the Company.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(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 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.

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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Credit risks of the Company arising from 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 realised 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.

In order to control the credit risk arising from the brokerage business, securities brokerage transactions in mainland China 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 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 the credit risk, including tracking the changes in credit qualification of counterparties and bond issuers and giving risk alerts, 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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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, in response 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 functions 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 analyses 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 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 optimized its daily liquidity risk management and control mechanism by implementing stress tests, improving liquidity emergency plans and other methods.

During the Reporting Period, the Company strengthened the bonds repurchase and financing management mechanism, rationally planned and dynamically adjusted the scale of our assets and liabilities, maintained reasonable maturity structure of liabilities, maintained adequate liquidity reserve, and conducted emergency drills in the context of the occurrence of liquidity gaps in 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).

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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 is making ongoing efforts to improve its proprietary business management system, steadily realising 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.

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 exchange risk, the Company commenced the foreign exchange settlement and sale business on a pilot basis with the approval of the SAFE in 2020, and China Securities International, the overseas subsidiary, held assets and liabilities denominated in foreign currencies. During the Reporting Period, as the proportion of the assets and liabilities denominated in foreign currencies held by our Company to the overall assets and liabilities increased but was not significant, and its proportion in the income was low, 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. 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 exposures limits for the Company, and making use of risk hedging instruments for foreign exchange derivatives.

Other price risks refer to 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. The Company's investment portfolio primarily comprises equity securities, fixed income securities and their derivatives business. Other price-related businesses include, among others, gold, commodity and its derivatives trading, and the Company primarily focuses 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.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 training on risk management topics, regulated business internal control matrix requirements for the same business, 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 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 took a leading role in the implementation of construction of data governance system, the promotion of execution and implementation of data-related standardized rules and the coordination of data management efforts to promote the improvement in the Company's data quality and the application effectiveness of information technology. 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.

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, analysing and preaching 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 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 made efforts to discover, identify, alert and dispose of reputation risk at the early stage, effectively responded to public opinion, did not have any major reputational risk incidents and maintained a normal and good operating environment.

XII. OTHER STATEMENT

Save as disclosed in this report, from January 1, 2025 to June 30, 2025, there were no material changes affecting the Company's performance that need to be disclosed under paragraphs 32 and 40(2) of Appendix D2 to the Hong Kong Listing Rules.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

I. THE BOARD OF DIRECTORS AND SPECIAL COMMITTEES

1. Composition of the Board of Directors

The Company strictly complied with the requirements of the Articles of Association and the relevant rules in respect of the appointment of Directors. As of the end of the Reporting Period, the Board of the Company comprised of 13 Directors, including two Executive Directors (Mr. Liu Cheng and Mr. Jin Jianhua), six Non-executive Directors (Mr. Li Min, Mr. Yan Xiaolei, Mr. Liu Yanming, Mr. Yang Dong, Ms. Hua Shurui and Ms. Wang Hua) and five Independent Non-executive Directors (Mr. Po Wai Kwong, Mr. Lai Guanrong, Mr. Zhang Zheng, Mr. Wu Xi and Mr. Zheng Wei). Mr. Liu Cheng is the Chairman of the Board and Mr. Li Min is the Vice Chairman. Save as the above employment information and the publicly disclosed information, none of the Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management of the Company.

2. Special Committees under the Board of the Company

In accordance with the corporate governance practices prescribed in relevant PRC laws and regulations, the Articles of Association and the Hong Kong Listing Rules, the Company has established four special committees under the Board, namely the Development Strategy Committee, the Risk Management Committee, the Audit Committee and the Remuneration and Nomination Committee, to assist the Board to perform its duties in various aspects. As of the end of the Reporting Period, the composition of each special committee under the Board is listed as follows:

Name of committee	Members of committee
Development Strategy Committee	Liu Cheng (Chairman), Li Min, Jin Jianhua, Liu Yanming, Yang Dong, Hua Shurui, Wang Hua, Lai Guanrong
Risk Management Committee	Yang Dong (Chairman), Jin Jianhua, Yan Xiaolei, Wang Hua, Zhang Zheng, Zheng Wei
Audit Committee	Wu Xi (Chairman), Yan Xiaolei, Hua Shurui, Po Wai Kwong, Zheng Wei
Remuneration and Nomination Committee	Lai Guanrong (Chairman), Liu Cheng, Li Min, Yang Dong, Po Wai Kwong, Zhang Zheng, Wu Xi

During the Reporting Period, all Directors faithfully and diligently performed their duties entitled by laws and regulations, and protected the overall interests of the Company and interests of its Shareholders, especially the legitimate interests of minority Shareholders. The Audit Committee of the Board of the Company has reviewed the accounting policies adopted by the Company and discussed matters such as financial reports and relevant internal control, including a comprehensive review of the consolidated interim financial information for the six months ended June 30, 2025 and the interim results announcement, and no disagreement has been proposed in respect of the accounting policies adopted by the Company and financial reports. The financial information set out in this interim report is unaudited. The external auditor of the Company has reviewed the interim financial information in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

II. THE SUPERVISORY COMMITTEE

The Company strictly complied with the requirements of the Articles of Association and relevant rules in respect of the appointment of Supervisors. As of the end of the Reporting Period, the Company's Supervisory Committee comprised of six Supervisors, namely Ms. Lin Xuan, Mr. Dong Hongfu, Mr. Li Fang, Mr. Wang Xiaoguang, Mr. Zhao Ming and Mr. Dai Bo. Among them, Ms. Lin Xuan is the Chairperson of the Supervisory Committee. Mr. Zhao Ming and Mr. Dai Bo are employee representative Supervisors.

Pursuant to relevant requirements of the Company Law, the Securities Law and other relevant laws and regulations of the PRC and the Articles of Association, all Supervisors stringently performed their duties, supervised the standardised operation of the Company, and protected the legitimate interests of the Company and its Shareholders.

III. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Positions	Changes
Lin Xuan	Shareholder representative Supervisor, Chairman of the Supervisory Committee	Elected
Liu Cheng	Executive Director, Chairman of the Board, Chairman of the Executive Committee	Elected, appointed
Wang Changqing	Former Executive Director, Chairman of the Board, Chairman of the Executive Committee	Resigned
Wu Chaoze	Member of the Executive Committee	Appointed

Description of changes in Directors, Supervisors and senior management of the Company

On January 17, 2025, at the 2025 First Extraordinary General Meeting of the Company, Ms. Lin Xuan was elected as a Shareholder representative Supervisor of the third session of the Supervisory Committee of the Company. On the same day, at the 9th meeting of the third session of the Supervisory Committee of the Company, Ms. Lin Xuan was elected as the Chairperson of the Supervisory Committee of the Company.

On March 13, 2025, at the 2025 Second Extraordinary General Meeting of the Company, Mr. Liu Cheng was elected as an Executive Director of the third session of the Board of the Company. At the same time, according to the resolution of the 12th meeting of the third session of the Board of the Company, Mr. Liu Cheng would serve as the Chairman of the Board and Chairman of the Executive Committee of the Company from the date of his appointment as an Executive Director.

Due to his retirement at age, Mr. Wang Changqing no longer served as an Executive Director, the Chairman of the Board and Chairman of the Executive Committee of the Company from March 13, 2025.

On June 20, 2025, at the 15th meeting of the third session of the Board of the Company, Ms. Wu Chaoze was appointed as a member of the Executive Committee of the Company.

Major changes in personal information of Directors, Supervisors and chief executives

As of the Date of Disclosure of the Report, save as disclosed in this report, there is no major change relating to the Directors, Supervisors and chief executives of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

IV. OTHER MATTERS OF CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

During the Reporting Period, the Company strictly complied with the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules, followed all code provisions and met the requirements of part of the recommended best practices set out in the Corporate Governance Code.

Compliance with the Model Code

The Company has adopted a code of conduct no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix C3 to the Hong Kong Listing Rules in respect of the securities transactions entered into by the Directors and Supervisors. The Company has made specific inquiries to all Directors and Supervisors on any non-compliance with the Model Code, and all the Directors and Supervisors have confirmed that they have completely complied with the provisions and standards set out in the Model Code during the Reporting Period and up to the Date of Disclosure of the Report.

Employees

As of the end of the Reporting Period, the Group had 12,656 employees in total (including labor outsourcing personnel). During the Reporting Period, there was no material change in the remuneration policies and training program of the Company. For related information, please refer to “Employees of the Parent Company and Major Subsidiaries” in the 2024 annual report of the Company.

V. DIVIDENDS

Based on an overall consideration of the long-term development of the Company and the interests of Shareholders, the 2025 interim 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 June 30, 2025, RMB1.65 (tax inclusive) for every 10 Shares to all the Shareholders, amounting to RMB1,279,854,641.51 (tax inclusive) in aggregate, representing 31.82% of net profit (excluding interest on perpetual subordinated bonds) attributable to equity holders of the Company in the consolidated statements for the first half of 2025. The remaining undistributed profit will be carried forward to the subsequent period.

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 Shareholders’ general meeting for considering and approving the resolution on profit distribution.

After the profit distribution plan is considered and approved at the Shareholders’ general meeting, the Company will distribute cash dividends within two months after the date of convening the Shareholders’ general meeting. The dividend is expected to be paid by the Company around Tuesday, December 30, 2025. The Company will make further announcements on equity registration date, specific date of distribution and other matters in relation to this dividend distribution.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

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 itself in accordance with regulations.

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 require to enjoy 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 a income tax rate for dividends and bonuses of lower than 10%, those enterprises and individuals may, on its own or 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.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

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 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.

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%.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

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 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 mainland individual investors from investing in H-shares listed on the SEHK 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 mainland securities investment funds from investing in shares listed on the SEHK 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 mainland enterprise investors from investing in shares listed on the SEHK 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 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. EFFORTS ON RURAL REVITALIZATION

During the Reporting Period, the Company led the underwriting of 9 rural revitalization bonds, with an underwriting amount of RMB2,809 million. (Source: Wind Info) China Futures actively expanded its rural revitalization assistance efforts both in depth and breadth, investing approximately RMB860,000 in assistance funds, and approximately RMB610,000 in consumption assistance funds. It signed new rural revitalization assistance agreements with seven rural revitalization regions, conducted rural revitalization assistance work in 22 previously paired rural revitalization regions, entered into new Party-building co-construction agreements with 27 rural revitalization region Party organizations, and carried out Party-building co-construction activities with 35 previously paired rural revitalization region Party organizations. Additionally, it carried out 86 professional knowledge training sessions in the assisted regions, covering 2,248 people. At the same time, China Futures also launched “insurance + futures” projects nationwide for subjects such as hogs, corn and eggs. It launched the first local cattle feed cost “insurance + futures” project in Qianjiang District, Chongqing. The total amount of new nominal principal for “insurance + futures” and agricultural products OTC options business was nearly RMB1,100 million. By leveraging its professional strength in futures, it contributed to rural revitalization.

SECTION 5 SIGNIFICANT EVENTS

I. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not subject to any major litigation or arbitration which was required to be disclosed under the SSE Listing Rules.

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

During the Reporting Period, the Company was subject to the following administrative supervision measures:

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.

III. MATERIAL GUARANTEES

During the Reporting Period, the Company had no non-compliant guarantees.

Material guarantees performed and not yet completed by the Company during the Reporting Period are shown in the table below:

Unit: RMB'00 million

External guarantees of the Company (excluding guarantees for subsidiaries)

Total amount of guarantees during the Reporting Period (excluding guarantees for subsidiaries)	0
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	0

Guarantees of the Company and its subsidiaries for subsidiaries

Total amount of guarantees for subsidiaries during the Reporting Period	246.07
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	400.01

SECTION 5 SIGNIFICANT EVENTS

Total amount of guarantees of the Company (including guarantees for subsidiaries)

Total amount of guarantees (A+B)	400.01
Percentage of the total amount of guarantees to the net assets attributable to equity holders of the Company (%)	36.43
Including:	
Amount of guarantees provided for shareholders, de facto controllers and their related parties (C)	0
Amount of debt guarantees provided directly or indirectly for the guaranteed objects with a gearing ratio of more than 70% (D)	400.01
Excess amount of the total amount of guarantees over 50% of the net assets (E)	0
Total amount of the three guarantees mentioned above (C+D+E)	400.01
Explanation on the joint settlement responsibilities in relation to premature guarantees	–

Explanations on guarantees

(I) New guarantees

During the Reporting Period, there was one new guarantee provided by China Securities International, a wholly-owned subsidiary of the Company, for bonds issued by CSCIF Hong Kong Limited, its wholly-owned subsidiary. The amount of the guarantee was USD282 million and RMB4,169 million (totaling approximately RMB6,190 million, calculated based on the exchange rate as at June 30, 2025, the same for below).

During the Reporting Period, there were two new guarantees provided by China Securities International, a wholly-owned subsidiary of the Company, to China Securities (International) Investment Company Limited (建投(海外)投資有限公司), its wholly-owned subsidiary, for meeting the business development of its subsidiary. The amount of the guarantees was USD1,310 million (approximately RMB9,380 million) and HKD154 million (approximately RMB140 million).

During the Reporting Period, there was one new guarantee provided by China Securities International, a wholly-owned subsidiary of the Company, to China Securities (International) Investment Company Limited (建投(海外)投資有限公司) and CSCI Financial Products Limited, both being its wholly-owned subsidiaries, for meeting the business development of its subsidiaries. The amount of the guarantee was HKD9,755 million (approximately RMB8,896 million).

SECTION 5 SIGNIFICANT EVENTS

(II) Guarantees occurred prior to the Reporting Period and continued through the end of the Reporting Period

Having occurred prior to the Reporting Period and continuing through the end of the Reporting Period, the Company provided a guarantee for bonds issued by CSCIF Asia Limited, an indirectly wholly-owned subsidiary. The amount of the guarantee was USD539 million and RMB3,853 million (including principal and interest, etc., totaling approximately RMB7,714 million). The Company provided a guarantee for bonds issued by CSCIF Hong Kong Limited, an indirectly wholly-owned subsidiary. The total amount of the guarantee was USD750 million and RMB820 million (totaling approximately RMB6,189 million).

Having occurred prior to the Reporting Period and continuing through the end of the Reporting Period, China Securities International, a wholly-owned subsidiary of the Company, provided a guarantee to China Securities (International) Brokerage Company Limited (中信建投(國際)證券有限公司), a wholly-owned subsidiary, for meeting the business development of its subsidiary. The amount of the guarantee was USD100 million and HKD850 million (totaling approximately RMB1,491 million).

(III) Guarantees matured during the Reporting Period

During the Reporting Period, one guarantee provided by the Company for RMB bonds issued by its indirectly wholly-owned subsidiary CSCIF Asia Limited matured. The amount of the guarantee was RMB1,595 million (including principal and interest, etc.).

During the Reporting Period, three guarantees provided by China Securities International, a wholly-owned subsidiary of the Company, to its subsidiaries matured:

- (1) the guaranteed object being China Securities (International) Investment Company Limited (建投(海外)投資有限公司), its wholly-owned subsidiary. The amount of the guarantee was USD1,062 million and HKD151 million (totaling approximately RMB7,739 million);
- (2) the guaranteed objects being China Securities (International) Investment Company Limited (建投(海外)投資有限公司) and CSCI Financial Products Limited. The amount of the guarantees was HKD6,893 million (approximately RMB6,286 million).

SECTION 5 SIGNIFICANT EVENTS

The guarantee period for the above guarantees shall continue until all relevant debts have been repaid in full. Guarantee contracts have been signed for the guarantees, and decision-making procedures of respective shareholders' general meetings/boards of directors have been performed, respectively.

In summary, as of June 30, 2025, the total balance of guarantees provided by the Company to its controlling subsidiaries and provided by the Company's controlling subsidiaries to their controlling subsidiaries amounted to approximately RMB40,001 million. Given that the Company did not provide any guarantees to entities other than its controlling subsidiaries during the Reporting Period, as of June 30, 2025, the total amount of guarantees of the Company also amounted to RMB40,001 million.

IV. SIGNIFICANT INVESTMENTS

During the Reporting Period, neither the Company nor its subsidiaries held any significant investment.

V. OTHER SIGNIFICANT EVENTS OR TRANSACTIONS

During the Reporting Period, the Company did not have material asset acquisition, disposal or swap, or business combinations, nor did it have any material off-balance sheet item or contingent liability which may have an impact on the financial condition and operating results, such as material mortgage and pledge.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

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

II. SHAREHOLDERS

As of the end of the Reporting Period, the total number of Shareholders of the Company was 128,145. Among them, 128,086 were A Shareholders and 59 were H Share registered Shareholders.

No.	Name of Shareholders	Type of Shares	Number of Shares	Percentage in the total number of Shares (%)
1	Beijing Financial Holdings Group Limited (北京金融控股集團有限公司)	A Shares	2,684,309,017	34.61
		H Shares	93,080,000	1.20
2	Central Huijin Investment Ltd. (中央匯金投資有限責任公司)	A Shares	2,386,052,459	30.76
3	Other Shares held under the name of HKSCC Nominees Limited (香港中央結算(代理人)有限公司) (Note 1)	H Shares	816,037,928	10.52
4	CITIC Securities Co., Ltd. (中信證券股份有限公司)	A Shares	382,849,268	4.94
5	CITIC Financial Holdings Co., Ltd. (中國中信金融控股有限公司) (Note 2)	H Shares	351,647,000	4.53
6	Xizang Tengyun Investment Management Limited (西藏騰雲投資管理有限公司)	A Shares	109,556,553	1.41
7	Hong Kong Securities Clearing Company Limited (香港中央結算有限公司) (Note 3)	A Shares	85,543,485	1.10
8	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)	A Shares	38,861,000	0.50
9	Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Index Securities Investment Fund (中國工商銀行股份有限公司 – 華泰柏瑞滬深300交易型開放式指數證券投資基金)	A Shares	23,252,098	0.30
10	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)	A Shares	20,024,139	0.26
	Other public holders of A Shares	A Shares	765,223,016	9.87
	Other public holders of H Shares	H Shares	258,834	Less than 0.01
	Total		<u>7,756,694,797</u>	<u>100</u>

Note 1: 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 2: 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 3: The Shares held by Hong Kong Securities Clearing Company Limited are A Shares held by non-registered Shareholders under Shanghai Stock Connect.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

III. DISCLOSURE OF INTERESTS

(I) Interests and short positions to be disclosed by the Directors, Supervisors and chief executives

As of the end of the Reporting Period, no Directors, Supervisors 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 entered into the register referred to therein, or required, pursuant to the Model Code set out in Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company and the SEHK.

As of the end of the Reporting Period, no Directors and Supervisors 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 and Supervisors 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.

(II) 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, Supervisors 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:

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Unit: Share

No.	Name	Capacity	Class of Shares	Nature of Interest	Number of Shares	Percentage of the Total Share Capital (%)	Percentage of the Relevant Class of Shares (%)
1	Beijing Financial Holdings Group Limited <i>(Note 1)</i>	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 <i>(Note 2)</i>	Interest of controlled corporation	H Shares	Long positions	351,647,000	4.53	27.89

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 June 30, 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.

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

During the Reporting Period, there was no repurchase, sale or redemption of securities (including treasury shares) of the Company made by the Company or its subsidiaries. As at the end of the Reporting Period, the Company and its subsidiaries did not hold any treasury shares.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 59 to 138, which comprises the interim condensed consolidated statement of financial position of CSC Financial Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2025 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and IAS 34 Interim Financial Reporting. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting.

Our responsibility is to express a conclusion, based on our review, on this interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

KPMG

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

28 August 2025

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

	Note	Six months ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
Revenue			
Fee and commission income	6	7,037,122	5,697,543
Interest income	7	4,126,965	4,364,607
Net investment gains	8	4,600,550	3,530,554
		15,764,637	13,592,704
Other income	9	515,573	664,066
Total revenue and other income		16,280,210	14,256,770
Fee and commission expenses	10	(1,650,301)	(1,322,499)
Interest expenses	10	(3,889,524)	(3,983,820)
Staff costs	10	(3,304,855)	(3,575,486)
Tax and surcharges		(61,636)	(47,468)
Other operating expenses and costs	10	(1,953,666)	(2,042,559)
Credit impairment losses	11	(94,236)	(93,937)
Impairment losses on other assets		(3,645)	(6,392)
Total expenses		(10,957,863)	(11,072,161)
Operating profit		5,322,347	3,184,609
Share of profits of associates		1,662	6,221
Profit before income tax		5,324,009	3,190,830
Income tax expense	12	(807,937)	(327,721)
Profit for the period		4,516,072	2,863,109
Attributable to:			
Equity holders of the Company		4,508,536	2,857,677
Non-controlling interests		7,536	5,432
		4,516,072	2,863,109
Earnings per share attributable to ordinary equity holders of the Company (expressed in RMB yuan per share)			
– Basic and diluted	14	0.52	0.30

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Profit for the period	4,516,072	2,863,109
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent period		
Net gains on investments in debt instruments measured at fair value through other comprehensive income	303,741	405,342
Net gains on investments in debt instruments measured at fair value through other comprehensive income reclassified to profit or loss on disposal	(324,938)	(95,381)
Income tax relating to these items	11,481	(72,213)
	(9,716)	237,748
Share of other comprehensive income of associates	5	7
Foreign currency translation differences	(67,467)	27,111
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	748,217	26,353
Income tax relating to these items	(186,526)	(3,638)
	561,691	22,715
Other comprehensive income for the period, net of tax	484,513	287,581
Total comprehensive income for the period	5,000,585	3,150,690
Attributable to:		
Equity holders of the Company	4,993,049	3,145,258
Non-controlling interests	7,536	5,432
	5,000,585	3,150,690

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Non-current assets			
Property, plant and equipment	15	597,369	701,822
Right-of-use assets	16	956,087	1,141,474
Investment properties		39,965	39,761
Intangible assets	17	798,373	863,461
Investments in associates	19	101,249	122,782
Financial assets at fair value through profit or loss	20	8,852,618	8,589,334
Financial assets at fair value through other comprehensive income	21	33,107,595	14,742,205
Refundable deposits	22	15,563,412	12,829,143
Deferred tax assets	23	178,168	80,410
Other non-current assets	24	216,127	267,672
Total non-current assets		60,410,963	39,378,064
Current assets			
Margin accounts	25	61,234,594	62,948,804
Accounts receivable	26	12,135,298	9,139,736
Financial assets at fair value through profit or loss	20	188,059,580	193,382,082
Financial assets at fair value through other comprehensive income	21	95,191,135	77,639,092
Derivative financial assets	27	2,180,016	3,358,209
Financial assets held under resale agreements	28	5,574,702	11,103,213
Cash held on behalf of clients	29	137,344,425	122,276,940
Cash and bank balances	30	49,565,877	46,473,105
Other current assets	31	667,429	718,973
Total current assets		551,953,056	527,040,154
Total assets		612,364,019	566,418,218
Current liabilities			
Accounts payable to brokerage clients	32	149,738,498	130,641,940
Lease liabilities	33	524,488	581,904
Derivative financial liabilities	27	4,940,965	4,072,192
Financial liabilities at fair value through profit or loss	34	7,125,893	6,452,426
Financial assets sold under repurchase agreements	35	134,840,490	113,712,825
Placements from banks and other financial institutions	36	7,243,481	800,037
Taxes payable	37	426,309	956,368
Short-term borrowings	38	3,045,832	3,858,353
Short-term financing instruments payable	39	36,254,588	38,450,587
Other current liabilities	40	55,396,907	59,039,250
Total current liabilities		399,537,451	358,565,882

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Net current assets		152,415,605	168,474,272
Total assets less current liabilities		212,826,568	207,852,336
Non-current liabilities			
Financial liabilities at fair value through profit or loss	34	1,664,703	2,653,036
Bonds in issue	41	100,691,352	97,858,791
Lease liabilities	33	487,693	660,698
Deferred tax liabilities	23	139,638	157,616
Other non-current liabilities		3,437	3,245
Total non-current liabilities		102,986,823	101,333,386
Net assets		109,839,745	106,518,950
Equity			
Share capital	42	7,756,695	7,756,695
Other equity instruments	43	29,945,019	29,825,830
Reserves	44	39,142,686	38,647,219
Retained earnings		32,950,803	30,238,990
Equity attributable to equity holders of the Company		109,795,203	106,468,734
Non-controlling interests		44,542	50,216
Total equity		109,839,745	106,518,950

Approved and authorized for issue by the Board of Directors on 28 August 2025.

Liu Cheng

Chairman

Jin Jianhua

Executive Director, General Manager

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 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 period	-	-	-	-	-	-	-	4,508,536	4,508,536	7,536	4,516,072
Other comprehensive income for the period	-	-	-	-	-	551,980	(67,467)	-	484,513	-	484,513
Total comprehensive income for the period	-	-	-	-	-	551,980	(67,467)	4,508,536	4,993,049	7,536	5,000,585
Capital injected/(reduced) by equity holders											
- Capital injected/ (reduced) by other equity instrument holders	43	-	119,189	(19,189)	-	-	-	-	100,000	-	100,000
Appropriation to general reserve	44	-	-	-	37,486	-	-	(37,486)	-	-	-
Dividends to equity holders	13	-	-	-	-	-	-	(1,279,855)	(1,279,855)	-	(1,279,855)
Distribution to other equity instrument holders	13	-	-	-	-	-	-	(486,725)	(486,725)	-	(486,725)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(13,210)	(13,210)
Transfers within the owners' equity											
- Other comprehensive income transferred to retained earnings		-	-	-	-	(7,343)	-	7,343	-	-	-
At 30 June 2025 (Unaudited)	7,756,695	29,945,019	12,351,699	7,873,801	16,930,192	1,572,508	414,486	32,950,803	109,795,203	44,542	109,839,745

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2024

(In RMB thousands, unless otherwise stated)

	Attributable to equity holders of the Company											
		Reserves										
Note	Share capital	Other equity instruments	Capital reserve	Surplus reserve	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total	
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 period	-	-	-	-	-	-	-	2,857,677	2,857,677	5,432	2,863,109	
Other comprehensive income for the period	-	-	-	-	-	260,470	27,111	-	287,581	-	287,581	
Total comprehensive income for the period	-	-	-	-	-	260,470	27,111	2,857,677	3,145,258	5,432	3,150,690	
Capital injected/(reduced) by equity holders												
– Capital injected/(reduced) by other equity instrument holders	43	-	4,500,000	(17,235)	-	-	-	-	4,482,765	-	4,482,765	
Appropriation to general reserve	44	-	-	-	-	33,911	-	-	(33,911)	-	-	
Dividends to equity holders	13	-	-	-	-	-	-	(1,939,174)	(1,939,174)	-	(1,939,174)	
Distribution to other equity instrument holders	13	-	-	-	-	-	-	(551,523)	(551,523)	-	(551,523)	
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(7,351)	(7,351)	
Transfers within the owners' equity												
– Other comprehensive income transferred to retained earnings		-	-	-	-	-	-	-	-	-	-	
At 30 June 2024 (Unaudited)	7,756,695	29,406,528	12,399,766	7,063,893	15,307,348	777,365	421,683	29,482,095	102,615,373	46,441	102,661,814	

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Cash flows from operating activities		
Profit before income tax	5,324,009	3,190,830
Adjustments for:		
Interest expenses on bonds in issue, short-term financing instruments payable, borrowings and lease liabilities	2,336,477	2,077,983
Dividend income and interest income from financial assets at fair value through other comprehensive income	(1,363,259)	(1,123,821)
Net gains from disposal of financial assets at fair value through other comprehensive income	(224,533)	(191,748)
Share of profits from associates and joint ventures	(1,662)	(6,221)
Net (gains)/losses on disposal of property, plant, equipment and other assets	(831)	487
Revaluation losses/(gains) on financial instruments at fair value through profit or loss	6,911	(1,284,597)
Net foreign exchange gains	(49,453)	(5,637)
Depreciation and amortization	619,799	628,648
Credit impairment losses	94,236	93,937
Impairment losses on other assets	3,645	6,392
	6,745,339	3,386,253
Net changes in operating assets		
Margin accounts	1,906,795	3,664,652
Financial assets at fair value through profit or loss	7,219,189	5,882,743
Cash held on behalf of clients	(15,079,568)	4,650,595
Financial assets held under resale agreements	5,495,365	(9,129,394)
Other operating assets	(5,310,572)	(1,938,211)
	(5,768,791)	3,130,385
Net changes in operating liabilities		
Accounts payable to brokerage clients	19,096,558	(3,968,801)
Financial liabilities at fair value through profit or loss	(597,399)	(1,620,263)
Financial assets sold under repurchase agreements	21,125,094	415,967
Placements from banks and other financial institutions	6,430,000	1,700,000
Other operating liabilities	(880,931)	362,179
	45,173,322	(3,110,918)
Net cash inflow from operating activities before tax	46,149,870	3,405,720
Income tax paid	(1,103,673)	(780,793)
Net cash inflow from operating activities	45,046,197	2,624,927

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Cash flows from investing activities		
Net cash flow from purchase or disposal of financial assets at fair value through other comprehensive income	(34,742,598)	1,694,403
Dividend income and interest income received from financial assets at fair value through other comprehensive income	913,822	1,153,573
Cash paid for purchase of property, plant and equipment and other assets	(130,787)	(132,753)
Other cash flows from investing activities	683	71
Net cash (outflow)/inflow from investing activities	(33,958,880)	2,715,294
Cash flows from financing activities		
Cash inflows from perpetual bonds	5,100,000	4,500,000
Cash inflows from borrowing activities	23,820,560	7,505,088
Cash inflows from issuing bonds and short-term financing instruments	27,854,700	36,208,753
Cash outflows from distribution to equity holders	(852,210)	(704,600)
Repayments of debts	(56,743,520)	(46,116,149)
Repayments of interest on debts	(1,624,845)	(1,573,153)
Repayments of perpetual bonds	(5,000,000)	–
Other cash outflows from financing activities	(331,676)	(358,928)
Net cash outflow from financing activities	(7,776,991)	(538,989)
Net change in cash and cash equivalents	3,310,326	4,801,232
Cash and cash equivalents at the beginning of the period	45,751,205	36,068,227
Effect of exchange rate changes on cash and cash equivalents	(113,181)	(227,084)
Cash and cash equivalents at the end of the period (Note 45 (1))	48,948,350	40,642,375

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 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 (“IPO”) 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 IPO 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 the IPO and listing of A Shares, 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 the non-public 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: securities brokerage; securities investment consultation; financial advisory relating to securities trading and securities investment activities; securities underwriting and sponsoring; proprietary securities trading; securities asset management; public securities investment fund sales; provision of intermediary business to futures companies as a securities company; margin financing and securities lending business; agency sale business of financial products; stock options market making business; custodian business for securities investment fund; sale of gold and silver products; and market making and trading business of listed securities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting, as well as with all applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements do not include all financial information and data which annual consolidated financial statements are required to disclose, therefore, the interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024, which have been audited.

3 SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Except for those described below, the accounting policies used in preparing the interim condensed consolidated financial statements are the same as those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

3.1 Amendments to the accounting standards adopted by the Group

In the current interim period, the Group has adopted the following IFRS Accounting Standard and amendment issued by the International Accounting Standards Board ("IASB"), that is mandatorily effective for the current interim period. Description of the standard and amendment was disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2024.

- | | | |
|-----|----------------------|-------------------------|
| (1) | Amendments to IAS 21 | Lack of Exchangeability |
|-----|----------------------|-------------------------|

The adoption of the above-mentioned standards and amendments does not have a material impact on the operating results, comprehensive income, or financial position of the Group.

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3.2 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.
(2)	Amendments to IFRS 7 and IFRS 9	Classification and Measurement of Financial Instruments	1 January 2026
(3)	IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
(4)	IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

Description of the above 3.2 standards and amendments was disclosed in the Group's consolidated financial statements for the year ended 31 December 2024. The Group does not expect that the adoption of these standards and amendments will have material impact on the Group's consolidated financial statements.

3.3 Significant accounting judgements and estimates

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

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.

(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

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.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

5 OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2025					Total
	Investment banking	Wealth management	Trading and institutional client services	Asset management	Others	
Segment revenue and other income						
Fee and commission income	1,170,809	3,417,790	1,787,094	661,429	-	7,037,122
Interest income	-	2,185,071	1,655,196	28	286,670	4,126,965
Net investment gains	-	-	4,601,138	(12,086)	11,498	4,600,550
Other income	500	59,329	27,740	3,337	424,667	515,573
Total revenue and other income	1,171,309	5,662,190	8,071,168	652,708	722,835	16,280,210
Segment expenses	(990,900)	(3,954,106)	(5,245,177)	(305,226)	(462,454)	(10,957,863)
Including: Interest expenses	-	(820,900)	(3,027,218)	(11,188)	(30,218)	(3,889,524)
Credit impairment losses	(618)	43,530	(139,952)	-	2,804	(94,236)
Impairment losses on other assets	-	-	-	-	(3,645)	(3,645)
Operating profit	180,409	1,708,084	2,825,991	347,482	260,381	5,322,347
Share of profits of associates	-	-	-	-	1,662	1,662
Profit before income tax	180,409	1,708,084	2,825,991	347,482	262,043	5,324,009
Income tax expense						(807,937)
Net profit for the period						4,516,072
Other segment information:						
Depreciation and amortization	87,220	265,541	235,072	15,442	16,524	619,799
Capital expenditure	15,320	48,172	53,130	9,033	5,132	130,787

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

5 OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2024					Total
	Investment banking	Wealth management	Trading and institutional client services	Asset management	Others	
Segment revenue and other income						
Fee and commission income	1,057,962	2,271,702	1,726,088	641,791	–	5,697,543
Interest income	–	2,174,068	1,824,279	338	365,922	4,364,607
Net investment gains	–	–	3,505,681	(2,320)	27,193	3,530,554
Other income	10	41,878	55,106	2,603	564,469	664,066
Total revenue and other income	1,057,972	4,487,648	7,111,154	642,412	957,584	14,256,770
Segment expenses	(1,126,644)	(3,525,628)	(5,412,651)	(370,772)	(636,466)	(11,072,161)
Including: Interest expenses	–	(741,637)	(3,201,306)	(16,692)	(24,185)	(3,983,820)
Credit impairment losses	(15)	(99,475)	7,953	–	(2,400)	(93,937)
Impairment losses on other assets	–	–	–	–	(6,392)	(6,392)
Operating profit	(68,672)	962,020	1,698,503	271,640	321,118	3,184,609
Share of profits of associates	–	–	–	–	6,221	6,221
Profit before income tax	(68,672)	962,020	1,698,503	271,640	327,339	3,190,830
Income tax expense						(327,721)
Net profit for the period						2,863,109
Other segment information:						
Depreciation and amortization	73,331	200,385	288,464	33,947	32,521	628,648
Capital expenditure	15,283	39,637	62,013	8,313	7,507	132,753

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

6 FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2025	2024
Brokerage services income	4,876,262	3,700,360
Investment banking income	1,170,809	1,057,962
Asset and fund management income	661,429	641,791
Others	328,622	297,430
Total	7,037,122	5,697,543

7 INTEREST INCOME

	Six months ended 30 June	
	2025	2024
Margin financing and securities lending	1,583,472	1,548,748
Deposits in financial institutions	1,298,520	1,494,425
Financial assets at fair value through other comprehensive income	1,120,723	1,113,644
Financial assets held under resale agreements	111,165	190,230
Others	13,085	17,560
Total	4,126,965	4,364,607

8 NET INVESTMENT GAINS

	Six months ended 30 June	
	2025	2024
Net gains from financial assets at fair value through profit or loss	7,562,738	748,712
Dividend income from financial assets at fair value through other comprehensive income	242,537	10,177
Net gains from disposal of financial assets at fair value through other comprehensive income	224,533	191,748
Net (losses)/gains from financial liabilities at fair value through profit or loss	(718,785)	519,515
Net (losses)/gains from derivatives	(2,716,481)	2,018,924
Others	6,008	41,478
Total	4,600,550	3,530,554

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

9 OTHER INCOME

	Six months ended 30 June	
	2025	2024
Government grants	59,996	49,371
Net gains on foreign exchange	59,101	60,701
Rental income	7,364	7,800
Gains/(losses) on disposal of property, plant and equipment	831	(487)
Others	388,281	546,681
Total	515,573	664,066

10 EXPENSES

	Six months ended 30 June	
	2025	2024
Fee and commission expenses		
Brokerage expenses	1,532,305	1,182,880
Investment banking expenses	48,257	56,049
Others	69,739	83,570
Total	1,650,301	1,322,499
Interest expenses		
Bonds in issue	1,790,885	1,652,855
Financial assets sold under repurchase agreements	1,274,744	1,388,116
Short-term financing instruments payable	465,288	387,070
Accounts payable to brokerage clients	204,482	266,355
Borrowings	62,535	12,435
Placements from banks and other financial institutions	44,502	177,331
Lease liabilities	17,769	25,623
Others	29,319	74,035
Total	3,889,524	3,983,820
Staff costs (including directors' and supervisors' remuneration)		
Staff salaries	2,454,619	2,738,774
Other social benefits	379,239	364,739
Contributions to defined contribution schemes (i)	352,188	358,167
Others	118,809	113,806
Total	3,304,855	3,575,486

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 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 Mainland China 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 Mainland China.

Other operating expenses and costs:

	Six months ended 30 June	
	2025	2024
Depreciation of right-of-use assets	268,438	285,657
Electronic equipment operating expenses	166,301	149,731
Amortization of intangible assets	152,659	130,767
Depreciation expenses	132,268	148,697
Membership fees of exchanges	131,742	124,448
Business promotion expenses	102,183	39,353
Non-operating expenses	13,316	13,001
Auditors' remuneration	3,242	3,064
Others	983,517	1,147,841
Total	1,953,666	2,042,559

11 CREDIT IMPAIRMENT LOSSES

	Six months ended 30 June	
	2025	2024
Financial assets at fair value through other comprehensive income	146,988	(39,642)
Financial assets held under resale agreements	31,561	84,839
Margin accounts	(82,030)	46,804
Others	(2,283)	1,936
Total	94,236	93,937

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

12 INCOME TAX EXPENSE

(1) Income tax

	Six months ended 30 June	
	2025	2024
Current income tax		
– Mainland China	1,028,845	126,727
– Outside Mainland	69,907	5,734
Subtotal	1,098,752	132,461
Deferred income tax	(290,815)	195,260
Total	807,937	327,721

(2) Reconciliation between income tax and accounting profit

A reconciliation of the income tax expense applicable to profit before income 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:

	Six months ended 30 June	
	2025	2024
Profit before income tax	5,324,009	3,190,830
Income tax at the PRC statutory income tax rate	1,331,002	797,707
Effects of different applicable rates of tax prevailing in various jurisdictions	(73,299)	(48,618)
Non-deductible expenses	67,172	38,702
Non-taxable income	(334,596)	(297,056)
Others	(182,342)	(163,014)
Income tax expenses at the Group's effective income tax rate	807,937	327,721

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

13 DIVIDENDS

	Six months ended 30 June	
	2025	2024
Dividends on ordinary shares proposed but not paid	1,279,855	1,939,174
Distribution to other equity instrument holders	486,725	551,523

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 distributed on 21 August 2025.

14 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic earnings per share was calculated by dividing profit for the period 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:

	Six months ended 30 June	
	2025	2024
Earnings:		
Profit attributable to equity holders of the Company	4,508,536	2,857,677
Less: Profit attributable to other equity instrument holders of the Company	(486,725)	(551,523)
Profit attributable to ordinary equity holders of the Company	4,021,811	2,306,154
Shares:		
Weighted average number of ordinary shares in issue (<i>thousand</i>)	7,756,695	7,756,695
Basic and diluted earnings per share (<i>in RMB yuan</i>)	0.52	0.30

There were no dilutive shares during the six months ended 30 June 2025 and during the six months ended 30 June 2024. Therefore, diluted earnings per share is equal to basic earnings per share.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

15 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	2,102	1,316	159	25,547	-	29,198
Decreases	-	(21)	(1,882)	(1,660)	(399)	(3,761)	(12)	(7,735)
Transfer to investment property	(2,595)	-	-	-	-	-	-	(2,595)
30 June 2025	423,567	3,995	65,474	34,004	11,739	1,517,751	24,984	2,081,514
Accumulated depreciation								
31 December 2024	(190,588)	(2,630)	(45,504)	(30,180)	(7,046)	(1,072,886)	(11,990)	(1,360,824)
Increases	(5,760)	(181)	(4,210)	(694)	(723)	(119,352)	(1,348)	(132,268)
Decreases	-	20	1,866	1,610	370	3,729	11	7,606
Transfer to investment property	1,341	-	-	-	-	-	-	1,341
30 June 2025	(195,007)	(2,791)	(47,848)	(29,264)	(7,399)	(1,188,509)	(13,327)	(1,484,145)
Net carrying amount								
30 June 2025	228,560	1,204	17,626	4,740	4,340	329,242	11,657	597,369
31 December 2024	235,574	1,312	19,750	4,168	4,933	423,079	13,006	701,822

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

16 RIGHT-OF-USE ASSETS

	Properties and buildings	Others	Total
Cost			
31 December 2024	2,566,907	325,807	2,892,714
Increases	85,026	4	85,030
Decreases	(65,899)	(180)	(66,079)
Foreign currency translation differences	(3,168)	–	(3,168)
30 June 2025	<u>2,582,866</u>	<u>325,631</u>	<u>2,908,497</u>
Accumulated depreciation			
31 December 2024	(1,490,009)	(261,231)	(1,751,240)
Increases	(237,723)	(30,715)	(268,438)
Decreases	64,068	151	64,219
Foreign currency translation differences	3,049	–	3,049
30 June 2025	<u>(1,660,615)</u>	<u>(291,795)</u>	<u>(1,952,410)</u>
Net carrying amount			
30 June 2025	<u>922,251</u>	<u>33,836</u>	<u>956,087</u>
31 December 2024	<u>1,076,898</u>	<u>64,576</u>	<u>1,141,474</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

17 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	87,731	–	–	87,731
Decreases	(224)	–	–	(224)
Foreign currency translation differences	(590)	–	(15)	(605)
30 June 2025	<u>2,037,987</u>	<u>2,356</u>	<u>75,393</u>	<u>2,115,736</u>
Accumulated amortization				
31 December 2024	(1,095,446)	(327)	(69,600)	(1,165,373)
Increases	(152,266)	(393)	–	(152,659)
Decreases	216	–	–	216
Foreign currency translation differences	453	–	–	453
30 June 2025	<u>(1,247,043)</u>	<u>(720)</u>	<u>(69,600)</u>	<u>(1,317,363)</u>
Net carrying amount				
30 June 2025	<u>790,944</u>	<u>1,636</u>	<u>5,793</u>	<u>798,373</u>
31 December 2024	<u>855,624</u>	<u>2,029</u>	<u>5,808</u>	<u>863,461</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

18 INVESTMENTS IN SUBSIDIARIES

	30 June 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
				30 June 2025	31 December 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>(i)</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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

19 INVESTMENTS IN ASSOCIATES

	30 June 2025	31 December 2024
Investments in associates	101,249	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 period	30 June 2025
CITIC Urban Development Equity Investment Fund Management (Shenzhen) Co., Ltd.	63,546	-	-	(212)	(23,200)	-	40,134
Beijing Shunlong Zhiyuan Enterprise Management Consulting Co., Ltd.	30,170	-	-	2,795	-	-	32,965
Beijing Equity Trading Center Co., Ltd.	29,066	-	-	(916)	-	-	28,150
Total	122,782	-	-	1,667	(23,200)	-	101,249

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 30 June 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2025	31 December 2024
Non-current		
Debt instruments	26,075	27,641
Equity investments	7,822,704	7,581,711
Fund investments	221,849	182,564
Others	781,990	797,418
Subtotal	8,852,618	8,589,334
Analyzed into:		
Listed	321,316	283,657
Unlisted	8,531,302	8,305,677
Subtotal	8,852,618	8,589,334
Current		
Debt instruments	96,590,196	102,392,451
Equity investments	14,506,526	19,008,672
Fund investments	27,257,951	21,297,840
Others	49,704,907	50,683,119
Subtotal	188,059,580	193,382,082
Analyzed into:		
Listed	143,753,781	151,065,762
Unlisted	44,305,799	42,316,320
Subtotal	188,059,580	193,382,082
Total	196,912,198	201,971,416

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

As at 30 June 2025, the fair value of financial assets with commitment conditions held by the Group were RMB75,992.79 million (31 December 2024: RMB83,805.18 million).

As at 30 June 2025 and 31 December 2024, the above 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 25.

As at 30 June 2025, the fair value of financial assets at fair value through profit or loss in restricted period held by the Group was RMB1,140.95 million (31 December 2024: RMB1,513.13 million).

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2025	31 December 2024
Non-current		
Equity investments	33,107,595	14,742,205
Analyzed into:		
Listed	33,106,195	14,730,805
Unlisted	1,400	11,400
Subtotal	33,107,595	14,742,205
Current		
Debt instruments	95,117,988	77,559,632
Equity investments	73,147	79,460
Subtotal	95,191,135	77,639,092
Analyzed into:		
Listed	95,191,135	77,639,092
Subtotal	95,191,135	77,639,092
Total	128,298,730	92,381,297

As at 30 June 2025, the fair value of financial assets with commitment conditions held by the Group were RMB82,653.41 million (31 December 2024: RMB47,838.25 million).

As at 30 June 2025, the fair value of financial assets at fair value through other comprehensive income in restricted period held by the Group was RMB1,210.09 million (31 December 2024: RMB1,346.06 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

22 REFUNDABLE DEPOSITS

	30 June 2025	31 December 2024
Performance deposits	14,840,642	12,254,691
Trading deposits	639,458	509,377
Credit deposits	83,312	65,075
Total	15,563,412	12,829,143

23 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
Credited/(debited) to the consolidated income statement	8,229	268,722	22,686	(56,225)	2,734	246,146
(Debited) to other comprehensive income	-	-	(33)	(28)	(177)	(238)
30 June 2025	868,072	280,160	629,228	251,833	66,914	2,096,207
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 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	859,843	11,438	606,575	308,086	64,357	1,850,299

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

23 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

Changes of deferred tax assets/liabilities before offset are as follows: (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	759	(45,179)	(249)	(44,669)
Debited/(credited) to other comprehensive income	174,893	(25)	(27)	174,841
30 June 2025	1,818,335	237,732	1,610	2,057,677
	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	1,642,683	282,936	1,886	1,927,505

Net balances of deferred tax assets/liabilities after offset

	30 June 2025		31 December 2024	
Item	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	(1,918,039)	178,168	(1,769,889)	80,410
Deferred tax liabilities	(1,918,039)	139,638	(1,769,889)	157,616

24 OTHER NON-CURRENT ASSETS

As at 30 June 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

25 MARGIN ACCOUNTS

	30 June 2025	31 December 2024
Margin accounts		
– Individuals	55,044,018	55,900,596
– Institutions	7,768,510	8,710,104
	62,812,528	64,610,700
Loss allowance	(1,577,934)	(1,661,896)
Total	61,234,594	62,948,804

As at 30 June 2025, the fair value of securities lent was RMB202.23 million (31 December 2024: RMB307.99 million).

As at 30 June 2025, the Group received collateral with fair value amounted to RMB204,418.00 million (31 December 2024: RMB194,889.33 million), in connection with its margin financing and securities lending.

26 ACCOUNTS RECEIVABLE

	30 June 2025	31 December 2024
Derivative business receivables	6,990,500	6,901,025
Clearing funds receivable	4,103,629	915,654
Asset and fund management fee receivable	253,489	223,483
Others	808,412	1,121,067
	12,156,030	9,161,229
Loss allowance (i)	(20,732)	(21,493)
Total	12,135,298	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 30 June 2025, accounts receivable measured using general approach were classified under Stage 1 (31 December 2024: Stage 1).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

26 ACCOUNTS RECEIVABLE (CONTINUED)

(ii) Analyzed by aging

Item	As at 30 June 2025			
	Carrying amount		Loss allowance	
	Value	Percentage	Value	Percentage
Loss allowance by portfolio				
Less than 1 year	12,064,216	99.25%	(1,104)	5.33%
1 to 2 years	48,727	0.40%	(2,425)	11.70%
2 to 3 years	21,947	0.18%	(2,925)	14.11%
More than 3 years	21,140	0.17%	(14,278)	68.86%
Total	12,156,030	100.00%	(20,732)	100.00%
As at 31 December 2024				
Item	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	9,161,229	100.00%	(21,493)	100.00%

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

27 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2025		
	Nominal value	Fair value	
		Assets	Liabilities
Interest rate derivatives	475,337,141	7,640	42,062
Currency derivatives	561,686,890	465,370	1,057,637
Equity derivatives	159,208,268	1,187,873	3,535,352
Credit derivatives	797,000	30,074	552
Others	85,124,341	489,059	305,362
Total	1,282,153,640	2,180,016	4,940,965

	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	1,084,314,837	3,358,209	4,072,192

Under the “Daily Mark-to-Market and Settlement Arrangement”, the Group’s future contracts are settled daily. The amount of mark-to-market gain or loss of those unexpired future contracts is reflected in the account captioned “cash and bank balances” and consolidated income statement. As at 30 June 2025, the fair value of the Group’s unexpired futures contracts was at losses of RMB281.13 million (31 December 2024: losses of RMB258.97 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

28 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	30 June 2025	31 December 2024
Current		
Analyzed by collateral:		
Debts	3,534,941	7,833,263
Stock	2,489,950	3,688,578
	6,024,891	11,521,841
Loss allowance	(450,189)	(418,628)
Total	5,574,702	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 are as below:

	30 June 2025	31 December 2024
Collateral received	8,966,955	18,839,777
Including: Collateral allowed to be re-pledged	–	–
Including: Collateral re-pledged	–	–

29 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 32). In Mainland China, 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

30 CASH AND BANK BALANCES

	30 June 2025	31 December 2024
Deposits in banks	<u>49,565,877</u>	<u>46,473,105</u>

As at 30 June 2025, the Group had restricted deposits of RMB611.82 million (31 December 2024: RMB715.14 million).

31 OTHER CURRENT ASSETS

	30 June 2025	31 December 2024
Commodity inventories	211,348	304,592
Interest receivable	47,589	48,399
Deferred expenses	6,166	5,765
Prepaid expenses	2,356	6,577
Prepaid tax	444	5,695
Others	<u>468,204</u>	<u>422,839</u>
	736,107	793,867
Loss allowance	<u>(68,678)</u>	<u>(74,894)</u>
Total	<u>667,429</u>	<u>718,973</u>

32 ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

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 29).

33 LEASE LIABILITIES

	30 June 2025	31 December 2024
Current		
Lease liabilities	<u>524,488</u>	<u>581,904</u>
Non-current		
Lease liabilities	<u>487,693</u>	<u>660,698</u>
Total	<u>1,012,181</u>	<u>1,242,602</u>

As at 30 June 2025 and 31 December 2024, the cash outflow of lease contracts signed by the Group but lease not yet commenced are insignificant.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

34 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2025	31 December 2024
Current		
Financial liabilities at fair value through profit or loss (Held for trading)		
– Debt instruments	1,756,559	2,417,316
Financial liabilities designated as at fair value through profit or loss		
– Structured notes (i)	5,369,334	4,035,110
Subtotal	7,125,893	6,452,426
Non-current		
Financial liabilities designated as at fair value through profit or loss		
– Structured notes (i)	1,664,703	2,653,036
Subtotal	1,664,703	2,653,036
Total	8,790,596	9,105,462

(i) As at 30 June 2025 and 31 December 2024, the structured notes held by the Group were mainly linked to equity indexes.

35 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	30 June 2025	31 December 2024
Current		
Analysed by collateral:		
Debts	120,354,781	95,148,611
Others	14,485,709	18,564,214
Total	134,840,490	113,712,825

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

36 PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2025	31 December 2024
Current		
Placements from banks	5,730,668	800,037
Placements from CSF	1,512,813	–
Total	7,243,481	800,037

37 TAXES PAYABLE

	30 June 2025	31 December 2024
Current		
Income tax	316,657	236,155
Value added tax	68,521	207,959
Others	41,131	512,254
Total	426,309	956,368

38 SHORT-TERM BORROWINGS

	30 June 2025	31 December 2024
Current		
Analyzed by nature:		
Credit borrowings	3,045,832	3,858,353

As at 30 June 2025 and 31 December 2024, the Group had fixed-rate borrowings which carried interest rate from 0.56% to 4.06% and 2.45% to 6.04%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(In RMB thousands, unless otherwise stated)

39 SHORT-TERM FINANCING INSTRUMENTS PAYABLE

Name	Notional value	Issuance amount	Interest commencement date	Term	Coupon rate	1 January 2025	Increase	Decrease	30 June 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	31,241	-	3,044,877
24 CSC CP004	4,000,000	4,000,000	17/10/2024	330 days	2.00%	4,016,658	39,671	-	4,056,329
24 CSC CP005	4,000,000	4,000,000	23/10/2024	303 days	1.99%	4,015,266	39,473	-	4,054,739
24 CSC CP006	3,000,000	3,000,000	28/10/2024	365 days	2.03%	3,010,845	30,200	-	3,041,045
24 CSC CP007	1,300,000	1,300,000	25/11/2024	365 days	1.92%	1,302,530	12,378	-	1,314,908
25 CSC CP001	2,000,000	2,000,000	27/03/2025	365 days	1.93%	-	2,010,152	-	2,010,152
25 CSC CP002	4,000,000	4,000,000	10/04/2025	365 days	1.82%	-	4,016,355	-	4,016,355
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%	-	1,001,376	1,001,376	-
Notes	800,000	800,000	27/09/2024	364 days	2.50%	805,121	15,195	15,135	805,181
Notes	200,000	200,000	18/02/2025	359 days	2.80%	-	202,134	306	201,828
Notes	300,000	300,000	27/02/2025	364 days	2.80%	-	302,967	291	302,676
Notes	50,000 thousand dollars	50,000 thousand dollars	27/02/2025	364 days	4.70%	-	364,763	1,313	363,450
Notes	50,000 thousand dollars	50,000 thousand dollars	27/02/2025	364 days	SOFR + 0.50%	-	364,859	5,342	359,517
Notes	70,000 thousand dollars	70,000 thousand dollars	24/02/2025	354 days	SOFR + 0.50%	-	511,061	7,644	503,417
Notes	300,000	300,000	05/03/2025	364 days	2.80%	-	302,831	233	302,598
Notes	500,000	500,000	25/03/2025	364 days	2.50%	-	503,615	777	502,838
Structured notes //						7,614,084	10,282,611	6,522,017	11,374,678
Total						38,450,587	20,143,286	22,339,285	36,254,588

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

39 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
Structured notes //						5,340,533	9,667,627	7,394,076	7,614,084
Total						37,701,659	40,968,350	40,219,422	38,450,587

As at 30 June 2025 and 31 December 2024, there were no defaults related to any short-term financing instruments payable by the Group.

- (i) As at 30 June 2025 and 31 December 2024, the Group had structured notes accrued interests at fixed annual rates or fixed-floating rates, of which the fixed annual rates ranges were 1.65% to 5.60% and 1.75% to 5.75%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

40 OTHER CURRENT LIABILITIES

	30 June 2025	31 December 2024
Bonds in issue with maturity within one year	22,806,556	27,094,310
Derivative business payables	15,889,154	18,326,432
Salaries, bonuses and allowances payable	4,381,078	4,308,110
Accounts payable to underwriting clients	2,153,534	1,136,874
Settlement deposits payable	1,769,239	693,686
Dividends payable	1,593,200	665,619
Amounts due to other holders of consolidated structured entities at fair value	1,221,176	1,192,273
Futures settlement risk funds payable	295,489	274,551
Provision	121,591	109,942
Securities investor protection fund payable	41,319	47,540
Funds payable to securities holders	5,913	5,913
Others	5,118,658	5,184,000
Total	55,396,907	59,039,250

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

41 BONDS IN ISSUE

	30 June 2025	31 December 2024
Bonds and medium term notes in issue	100,581,406	96,073,816
Structured notes in issue	109,946	1,784,975
Total	100,691,352	97,858,791

(1) As at 30 June 2025 and 31 December 2024, there were no defaults related to any bonds in issue.

(2) The details of bonds in issue

Name	Notional value	Issuance amount	Interest commencement date	Term	Coupon rate	31 December 2024	30 June 2025
Corporate bonds							
22 Xintou F1	1,000,000	1,000,000	26/09/2022	5 years	2.65%	1,006,515	1,019,750
22 Xintou F2	5,000,000	5,000,000	26/09/2022	7 years	3.02%	5,026,842	5,103,053
22 Xintou F3	1,000,000	1,000,000	19/10/2022	5 years	2.68%	1,003,817	1,017,391
22 Xintou F4	3,000,000	3,000,000	19/10/2022	7 years	2.99%	3,012,208	3,057,280
22 Xintou G2	2,000,000	2,000,000	10/11/2022	5 years	2.89%	2,004,928	2,034,158
22 Xintou G3	2,500,000	2,500,000	10/11/2022	10 years	3.29%	2,504,076	2,545,298
22 Xintou G5	1,000,000	1,000,000	06/12/2022	5 years	3.29%	1,000,644	1,017,243
22 Xintou G6	1,500,000	1,500,000	06/12/2022	10 years	3.55%	1,500,319	1,526,918
23 Xintou F1 //	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	2,532,917
23 Xintou G2	1,500,000	1,500,000	21/08/2023	5 years	2.97%	1,512,054	1,534,699
23 Xintou G3	2,500,000	2,500,000	21/08/2023	10 years	3.15%	2,520,395	2,559,871
23 Xintou G4	1,000,000	1,000,000	16/10/2023	3 years	2.91%	1,003,869	1,018,931
23 Xintou G5	1,000,000	1,000,000	16/10/2023	5 years	3.10%	1,003,639	1,019,378
23 Xintou G6	1,000,000	1,000,000	16/10/2023	10 years	3.34%	1,003,671	1,020,402
23 Xintou G7	500,000	500,000	27/10/2023	3 years	2.94%	501,504	509,109
23 Xintou G8	500,000	500,000	27/10/2023	5 years	3.13%	501,368	509,312
23 Xintou G9	1,500,000	1,500,000	27/10/2023	10 years	3.35%	1,504,009	1,529,179
23 Xintou 10	1,500,000	1,500,000	20/11/2023	3 years	2.87%	1,501,367	1,523,660
23 Xintou 11	2,300,000	2,300,000	20/11/2023	5 years	3.07%	2,301,292	2,337,149
23 Xintou 13	1,500,000	1,500,000	07/12/2023	3 years	2.95%	1,500,274	1,522,925
23 Xintou 14	2,500,000	2,500,000	07/12/2023	5 years	3.15%	2,499,758	2,539,494
24 Xintou G1	700,000	700,000	23/01/2024	3 years	2.72%	716,128	706,952
24 Xintou G2	2,000,000	2,000,000	23/01/2024	10 years	2.99%	2,049,274	2,019,465

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(In RMB thousands, unless otherwise stated)

41 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	30 June 2025
24 Xintou F1	4,000,000	4,000,000	01/02/2024	3 years	2.80%	4,091,917	4,037,959
24 Xintou F2	3,000,000	3,000,000	07/03/2024	30 months	2.58%	3,056,069	3,019,369
24 Xintou G4	1,000,000	1,000,000	27/03/2024	10 years	2.78%	1,017,809	1,003,964
24 Xintou F3	1,000,000	1,000,000	19/04/2024	3 years	2.38%	1,013,856	1,002,481
24 Xintou F4	2,000,000	2,000,000	19/04/2024	5 years	2.55%	2,029,379	2,004,397
24 Xintou G5	1,000,000	1,000,000	15/07/2024	3 years	2.13%	1,006,723	1,017,905
24 Xintou G6	1,000,000	1,000,000	15/07/2024	5 years	2.25%	1,007,043	1,018,563
24 Xintou F5	2,600,000	2,600,000	16/10/2024	2 years	2.21%	2,603,673	2,634,504
24 Xintou F6	3,300,000	3,300,000	16/10/2024	3 years	2.23%	3,307,090	3,345,058
24 Xintou F7	800,000	800,000	24/10/2024	2 years	2.20%	800,590	810,063
24 Xintou F8	3,200,000	3,200,000	24/10/2024	34 months	2.23%	3,202,213	3,239,711
24 Xintou G8	1,500,000	1,500,000	14/11/2024	2 years	2.05%	1,504,044	1,519,292
24 Xintou G9	3,500,000	3,500,000	14/11/2024	3 years	2.12%	3,509,758	3,546,553
24 Xintou 10	2,000,000	2,000,000	05/12/2024	2 years	1.91%	2,002,826	2,021,769
24 Xintou 11	3,000,000	3,000,000	05/12/2024	5 years	2.10%	3,004,660	3,035,901
25 Xintou G1	1,500,000	1,500,000	26/03/2025	2 years	1.98%	–	1,507,893
25 Xintou G2	2,000,000	2,000,000	26/03/2025	3 years	2.01%	–	2,010,683
25 Xintou K1	1,000,000	1,000,000	13/05/2025	3 years	1.69%	–	1,002,269
Subordinated bonds							
22 Xintou C2	2,000,000	2,000,000	21/01/2022	5 years	3.45%	2,062,826	2,028,628
22 Xintou C4	2,000,000	2,000,000	22/02/2022	5 years	3.49%	2,057,359	2,022,756
22 Xintou C6	1,000,000	1,000,000	19/04/2022	5 years	3.57%	1,023,352	1,005,743
23 Xintou C2 (ii)	2,000,000	2,000,000	30/05/2023	3 years	3.15%	2,033,698	–
23 Xintou C4	1,500,000	1,500,000	10/07/2023	3 years	3.04%	1,519,692	1,543,021
23 Xintou C6	2,500,000	2,500,000	27/07/2023	3 years	2.95%	2,526,952	2,565,115
23 Xintou C8	2,500,000	2,500,000	15/08/2023	3 years	3.00%	2,523,412	2,562,188

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

41 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	30 June 2025
Medium term notes							
Medium term notes ⁽ⁱⁱ⁾	1,500,000	1,500,000	27/04/2023	3 years	3.25%	1,506,917	-
Medium term notes	500,000	500,000	19/12/2023	3 years	3.45%	500,385	500,401
Medium term notes	710,000	710,000	19/12/2023	3 years	3.45%	710,547	710,570
Medium term notes	790,000	790,000	19/12/2023	3 years	3.45%	790,635	790,634
Medium term notes	500,000 thousand dollars	500,000 thousand dollars	31/05/2024	3 years	SOFR + 0.67%	3,592,490	3,577,438
Medium term notes	150,000 thousand dollars	150,000 thousand dollars	27/09/2024	3 years	SOFR + 0.68%	1,077,450	1,072,940
Medium term notes	100,000 thousand dollars	100,000 thousand dollars	13/11/2024	3 years	SOFR + 0.70%	723,672	719,771
Medium term notes	110,000 thousand dollars	110,000 thousand dollars	04/03/2025	3 years	SOFR + 0.70%	-	789,797
Medium term notes	2,700,000	2,700,000	25/04/2025	2 years	2.48%	-	2,709,536
Structured notes ⁽ⁱⁱⁱ⁾						1,784,975	109,946
Total						97,858,791	100,691,352

- (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 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.
- (ii) As at 30 June 2025, bonds in issue with a balance of nil are classified as other current liabilities maturing within one year.
- (iii) As at 30 June 2025 and 31 December 2024, the Company had structured notes accrued interests at fixed annual rate or fixed-floating rates, of which the fixed annual rate was 2.40%.

42 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:

	30 June 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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43 OTHER EQUITY INSTRUMENTS

	30 June 2025	31 December 2024
Perpetual subordinated bonds	29,945,019	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.
- 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

43 OTHER EQUITY INSTRUMENTS (CONTINUED)

The issuance terms related to the equity attributes of other equity instruments that existed at the end of the period 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.

44 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. When the cumulative amount of statutory surplus reserve exceeds 50% of the registered capital, the Company may no longer appropriate the statutory surplus reserve.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
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44 RESERVES (CONTINUED)

(2) Surplus reserve (Continued)

(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. Regulatory reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside Mainland China 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 Mainland China with functional currencies other than RMB.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(In RMB thousands, unless otherwise stated)

45 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(1) Cash and cash equivalents

	30 June 2025	31 December 2024
Cash and bank balances	49,565,877	46,473,105
Less: Restricted deposits (Note 30)	(611,825)	(715,137)
Interest receivable	(5,702)	(6,763)
Cash and cash equivalents	48,948,350	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
Changes from financing cashflows	(861,418)	(2,625,647)	(3,206,040)	(6,693,105)
Other non-cash changes				
Interest expenses	62,535	465,288	1,790,885	2,318,708
Exchange differences	(13,638)	(35,640)	(40,038)	(89,316)
At 30 June 2025	3,045,832	36,254,588	123,497,908	162,798,328

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

46 COMMITMENTS AND CONTINGENT LIABILITIES

(1) Capital commitments

	30 June 2025	31 December 2024
Contracted, but not provided for	20,486	15,540

The above-mentioned capital commitments are primarily in respect of the equity investment, 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 30 June 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.

47 RELATED PARTY DISCLOSURES

(1) Beijing Financial Holdings Group and companies under Beijing Financial Holdings Group

As at 30 June 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 are as follows:

	Six months ended 30 June	
	2025	2024
Fee and commission income	458	564
Interest income	1	4
Fee and commission expenses	(95)	(142)
Interest expenses	(1,135)	(1,043)
Other operating expenses and costs	(66)	(84)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

47 RELATED PARTY DISCLOSURES (CONTINUED)

- (1) Beijing Financial Holdings Group and companies under Beijing Financial Holdings Group
(Continued)

	30 June 2025	31 December 2024
Assets		
Cash and bank balances	1,205	255
Liabilities		
Accounts payable to brokerage clients	25,732	103
Other current liabilities	33	44

- (2) Central Huijin and companies under Central Huijin

As at 30 June 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 are as follows:

	Six months ended 30 June	
	2025	2024
Fee and commission income	25,637	58,208
Interest income	245,695	140,519
Fee and commission expenses	(53,527)	(57,108)
Interest expenses	(45,404)	(128,651)
Other operating expenses and costs	(3,863)	(4,461)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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47 RELATED PARTY DISCLOSURES (CONTINUED)

(2) Central Huijin and companies under Central Huijin (Continued)

	30 June 2025	31 December 2024
Assets		
Right-of-use assets	2,113	2,970
Accounts receivable	2,395,034	2,271,686
Financial assets at fair value through profit or loss	5,044,355	5,874,987
Financial assets at fair value through other comprehensive income	1,884,899	3,484,834
Derivative financial assets	189,892	90,158
Cash held on behalf of clients	45,030,634	18,880,554
Cash and bank balances	14,646,589	5,019,210
Liabilities		
Accounts payable to brokerage clients	10,774	9,687
Lease liabilities	1,787	2,787
Derivative financial liabilities	220,744	352,783
Financial assets sold under repurchase agreements	3,000,162	2,950,347
Placements from banks and other financial institutions	–	300,015
Short-term borrowings	1,216,996	1,693,744
Other current liabilities	65,664	318,931

(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

47 RELATED PARTY DISCLOSURES (CONTINUED)

(4) Other major shareholders and its related parties

The Group's major transactions and balances with other major shareholders and its related parties are as follows:

	Six months ended 30 June	
	2025	2024
Fee and commission income	43,578	6,568
Interest income	113,845	167,735
Other income	440	400
Fee and commission expenses	(11,536)	(9,184)
Interest expenses	(27,467)	(28,374)
Other operating expenses and costs	(27,842)	(26,905)
	30 June 2025	31 December 2024
Assets		
Right-of-use assets	208,448	274,721
Accounts receivable	2,438	235,665
Financial assets at fair value through profit or loss	3,263,883	3,648,879
Financial assets at fair value through other comprehensive income	99,684	1,173,183
Derivative financial assets	6,055	1,911
Cash held on behalf of clients	8,619,418	9,938,675
Cash and bank balances	7,959,959	3,560,830
Other current assets	7,646	10,195
Liabilities		
Accounts payable to brokerage clients	13,902	20,121
Lease liabilities	303,006	404,177
Derivative financial liabilities	2,782	2,797
Placements from banks and other financial institutions	–	200,009
Financial assets sold under repurchase agreements	950,154	580,246
Other current liabilities	4,470	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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

48 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

48 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

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).

(1) Financial instruments recorded at fair value

	30 June 2025			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
– Debt instruments	8,273,290	88,316,736	26,245	96,616,271
– Equity investments	13,622,489	575,441	8,131,300	22,329,230
– Fund investments	10,304,076	17,175,724	–	27,479,800
– Others	383,295	44,349,190	5,754,412	50,486,897
Subtotal	32,583,150	150,417,091	13,911,957	196,912,198
Financial assets at fair value through other comprehensive income				
– Debt instruments	–	95,117,988	–	95,117,988
– Equity investments	5,089,585	28,089,757	1,400	33,180,742
Subtotal	5,089,585	123,207,745	1,400	128,298,730
Derivative financial assets	600,078	1,060,217	519,721	2,180,016
Total assets	38,272,813	274,685,053	14,433,078	327,390,944
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	–	1,756,559	–	1,756,559
– Financial liabilities designated as at fair value through profit or loss	–	1,484,972	5,549,065	7,034,037
Subtotal	–	3,241,531	5,549,065	8,790,596
Derivative financial liabilities	538,764	2,086,904	2,315,297	4,940,965
Total liabilities	538,764	5,328,435	7,864,362	13,731,561

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(In RMB thousands, unless otherwise stated)

48 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

48 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 period/year are as follows:

	Six months ended 30 June 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 period	110,199	-	(867,425)	233,180	102,286
Increases	1,987,151	-	444,155	1,672,880	1,677,104
Decreases	(2,149,509)	-	(218,929)	(2,498,475)	(1,694,821)
Transfers to Level 1 from Level 3	(377,568)	-	-	-	-
30 June 2025	<u>13,911,957</u>	<u>1,400</u>	<u>519,721</u>	<u>5,549,065</u>	<u>2,315,297</u>
Gains or losses for the period included in income statement for assets/liabilities held at the end of the period	<u>110,199</u>	<u>-</u>	<u>(867,425)</u>	<u>(233,180)</u>	<u>(102,286)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

48 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

(2) Movements in Level 3 Financial Instruments measured at fair value (Continued)

Movements in Level 3 Financial Instruments measured at fair value in each period/year are as follows: (Continued)

	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 income statement 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>

(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, price to book ratio, volatility of underlying assets and others to the overall fair value measurement. As at 30 June 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

48 FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

(4) Transfers between Level 1 and Level 2

During the six months ended 30 June 2025, the amount of financial assets at fair value through profit and loss from Level 2 to Level 1 was RMB133.44 million, while the amount of financial assets at fair value through profit and loss from Level 1 to Level 2 was RMB35.32 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 was RMB11.45 million, while the amount of financial assets at fair value through profit and loss from Level 1 to Level 2 was 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 30 June 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:

	30 June 2025	31 December 2024
Bonds in issue (including bonds in issue with maturity within one year)		
– Carrying amount (Notes 40 and 41)	123,497,908	124,953,101
– Fair value	126,079,001	127,855,846

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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(In RMB thousands, unless otherwise stated)

49 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 actions to address material risks faced by the Group, among other things.

The Risk Management Committee under the Board of Directors is responsible for 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 also has the following responsibilities: preparing the overall risk management policies for the Board's deliberation; determining the strategic structure and resources for risk management so that they are aligned with the internal risk 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 makes overall decisions with respect to the prevention, control, mitigation, or acceptance of risks in the Group's business and operating activities and makes decisions on efforts to improve the internal control rules and procedures and control measures in accordance with the risk management policies adopted by the Board.

The Company Risk Management Committee of the Executives Committee is responsible for discussing and proposing the Group's risk preference and tolerance as well as overall risk limits, important specific risk limits and risk control criteria for further decision-making; 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; review and approval of the Group's risk reports and routine compliance risk reports; and formulating risk control strategies and plans for material business matters.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Structure of risk management (Continued)

The Operation Management (Continued)

The Chief Risk Officer of the Company is responsible for leading risk management activities across the Company, including organizing the formulation of relevant risk management rules and procedures, improving the Group's comprehensive risk management practices, organizing the pilot work of consolidated risk control and monitoring, 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 managing the overall legal and compliance risks of the Group, and the Audit Department is responsible for conducting audits to identify material defects in key rules and procedures and processes, as well as internal control weakness, 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

49 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.

49.1 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 first half of 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (Continued)

In order to manage the credit risk arising from the brokerage business, securities brokerage transactions in mainland China are all settled on a fully pledged basis, which enables settlement risks associated with brokerage business 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 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 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.

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 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).

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (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 30 June 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 30 June 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.

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.

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (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 30 June 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 the first half of 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 sequential comparison.

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 30 June 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.

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (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 recognised 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 30 June 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 30 June 2025, the percentage of impairment provision applied by the Group on securities financing business under the Stage 1, Stage 2 and Stage 3 were 0.52%, 0.52% and 85.27%, respectively (31 December 2024: 0.74%, 2.35% and 79.76%).

Credit risk exposure analysis

As at 30 June 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.

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (Continued)

Credit risk exposure analysis (Continued)

The Group's maximum exposure to credit risk without taking into account of any collateral and other credit enhancements:

	30 June 2025	31 December 2024
Financial assets at fair value through profit or loss	170,154,498	168,529,957
Cash held on behalf of clients	137,344,425	122,276,940
Financial assets at fair value through other comprehensive income	95,117,988	77,559,632
Margin accounts	61,234,594	62,948,804
Deposits in banks	49,565,877	46,473,105
Refundable deposits	15,563,412	12,829,143
Financial assets held under resale agreements	5,574,702	11,103,213
Derivative financial assets	2,180,016	3,358,209
Others	12,557,936	9,501,533
Total maximum credit risk exposure	549,293,448	514,580,536

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (Continued)

The Group's loss allowance and book value of financial instruments for which an ECL allowance is recognized as follows according to the stage of ECL:

	30 June 2025			
	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
ECL	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
Margin accounts				
Carrying amount	61,395,886	7	1,416,635	62,812,528
Loss allowance	(324,360)	–	(1,253,574)	(1,577,934)
Book value	61,071,526	7	163,061	61,234,594
Financial assets held under resale agreements				
Carrying amount	5,452,339	–	572,552	6,024,891
Loss allowance	(7,534)	–	(442,655)	(450,189)
Book value	5,444,805	–	129,897	5,574,702
Financial assets at fair value through other comprehensive income (debt instruments)				
Book value	94,907,697	210,291	–	95,117,988
Loss allowance	(531,068)	(1,429)	(13,362)	(545,859)

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (Continued)

	31 December 2024			
	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
			Lifetime ECL (Credit- impaired)	
ECL	12-month ECL	Lifetime ECL		
Margin accounts				
Carrying amount	63,166,158	20,813	1,423,729	64,610,700
Loss allowance	(479,621)	(488)	(1,181,787)	(1,661,896)
Book value	62,686,537	20,325	241,942	62,948,804
Financial assets held under resale agreements				
Carrying amount	10,949,289	–	572,552	11,521,841
Loss allowance	(8,109)	–	(410,519)	(418,628)
Book value	10,941,180	–	162,033	11,103,213
Financial assets at fair value through other comprehensive income (debt instruments)				
Book value	77,328,185	231,447	–	77,559,632
Loss allowance	(376,169)	(9,475)	(13,362)	(399,006)

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (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	59,630	–	85,075	144,705
Reversals	(215,248)	(84)	(11,403)	(226,735)
Transfer:				
Stage 1 to Stage 3	(8)	–	8	–
Stage 2 to Stage 1	404	(404)	–	–
Foreign exchange and other movements	(39)	–	(1,893)	(1,932)
30 June 2025	324,360	–	1,253,574	1,577,934

	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	479,621	488	1,181,787	1,661,896

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (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	2,932	–	49,253	52,185
Reversals	(3,507)	–	(17,117)	(20,624)
30 June 2025	<u>7,534</u>	<u>–</u>	<u>442,655</u>	<u>450,189</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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.1 Credit risk (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	293,693	–	–	293,693
Reversals	(138,659)	(8,046)	–	(146,705)
Foreign exchange and other movements	(135)	–	–	(135)
30 June 2025	531,068	1,429	13,362	545,859

	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	376,169	9,475	13,362	399,006

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.2 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 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. 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 period ended 30 June 2025, the Group has reinforced the management mechanism for bond repurchase financing, appropriately planned and dynamically adjusted its scale and structure of assets and liabilities, maintained a reasonable debt maturity structure and sufficient liquidity reserve, evaluate liquidity risk through stress testing. 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.2 Liquidity risk (Continued)

The maturity profile of the financial liabilities as at the end of the reporting period/year, based on their contractual undiscounted payments, is as follows:

	30 June 2025					
	Overdue/ repayable on demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Accounts payable to brokerage clients	149,738,498	-	-	-	-	149,738,498
Derivative financial liabilities	4,094,950	459,179	384,911	1,925	-	4,940,965
Financial liabilities at fair value through profit or loss	3,241,531	1,003,434	2,880,928	1,544,386	120,317	8,790,596
Financial assets sold under repurchase agreements	8,009,881	126,222,119	624,489	-	-	134,856,489
Placements from banks and other financial institutions	-	7,245,152	-	-	-	7,245,152
Short-term borrowings	-	3,049,332	-	-	-	3,049,332
Short-term financing instruments payable	-	10,965,212	25,885,942	-	-	36,851,154
Bonds in issue	-	765,773	2,116,899	93,505,373	13,406,500	109,794,545
Lease liabilities	-	154,830	391,635	482,988	21,651	1,051,104
Others (i)	25,792,743	10,558,401	15,423,079	2,551	886	51,777,660
Total	190,877,603	160,423,432	47,707,883	95,537,223	13,549,354	508,095,495
Cash flows from derivative financial liabilities settled on a net basis	4,094,950	257,217	241,147	-	-	4,593,314
Gross-settled derivative financial liabilities	-	201,962	143,764	1,925	-	347,651
Contractual amounts receivable	-	-	-	-	-	-
Contractual amounts payable	-	201,962	143,764	1,925	-	347,651

(i) Others mainly include bonds in issue with maturity within one year and derivative business payables.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.2 Liquidity risk (Continued)

The maturity profile of the financial liabilities as at the end of the reporting period/year, based on their contractual undiscounted payments, is as follows: (Continued)

	31 December 2024					
	Overdue/ repayable on demand	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
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.

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49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.2 Liquidity risk (Continued)

The table below analyzes the Group's lease agreements, which were committed as at 30 June 2025 and 31 December 2024 but not commenced into the relevant maturity groupings based on their contractual maturities:

	30 June 2025				Total
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	
Lease liabilities	<u>1,633</u>	<u>1,296</u>	<u>3,550</u>	<u>324</u>	<u>6,803</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>

49.3 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 period ended 30 June 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.3 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):

	30 June 2025	31 December 2024
Equity price-sensitive financial instruments	107,798	114,255
Interest rate-sensitive financial instruments	209,722	151,694

(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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.3 Market risk (Continued)

(2) Interest rate risk (Continued)

Interest rate sensitivity analysis of the Group are as follows (in RMB thousands):

Sensitivity to revenue	30 June 2025	31 December 2024
Change in basis points		
+ 25 basis points	(937,577)	(817,797)
– 25 basis points	947,227	830,238
Sensitivity to equity	30 June 2025	31 December 2024
Change in basis points		
+ 25 basis points	(572,152)	(376,226)
– 25 basis points	581,486	384,823

(3) Foreign currency rate risk

As at 30 June 2025, the foreign exchange exposure is approximately RMB2,622 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, with only a small increase denominated in foreign currencies. Given the small portion of the foreign-currency-denominated businesses in both its assets and liabilities portfolio and income structure, 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (CONTINUED)

Risk analysis and control (Continued)

49.4 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) 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%;

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.

In March 2020, the Group received a Notice on the Matters about the Pilot of Consolidated Risk Control and Monitoring from CSRC (Notice of Department of Institutions [2020] No. 663), which allowed the Group to officially participate in the pilot of consolidated risk control and to implement differentiated calculation standards for risk control indicators.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025
(In RMB thousands, unless otherwise stated)

50 EVENTS AFTER THE REPORTING PERIOD

(1) Issuance of science and technology innovation bond

In July 2025, the Company issued a science and technology innovation bond ("25 Zhongxinjiantou sci-tech innovation bond 01"), with a face value of RMB500 million, with a maturity of 5 years and a nominal rate of 1.76% in the National inter-bank Bond Market; The bond accrues interest at fixed rate per annum, pays interest annually and is not guaranteed.

(2) Issuance of medium-term note

In July 2025, CSCIF Hong Kong Limited, an indirect wholly-owned subsidiary of the Company, publicly issued a medium-term note, with a face value of USD400 million and a maturity of 3 years, floating rate and non-compounding annually with interest paid quarterly. China Securities (International) Finance Holding Co., Ltd., a wholly-owned subsidiary of the Company, has committed to provide unconditional and irrevocable guarantee for the bond.

(3) Issuance of perpetual subordinated bond

In July 2025, the Company publicly issued a perpetual subordinated bond with a face value of RMB3 billion ("25 Xintou Y4") to professional investors. 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 2.03% 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.

In August 2025, the Company publicly issued a perpetual subordinated bond with a face value of RMB1 billion ("25 Xintou Y5") to professional investors. 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 2.10% 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(In RMB thousands, unless otherwise stated)

50 EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(4) Issuance of short-term commercial paper

In July 2025, the Company publicly issued a 51-day fixed rate short-term commercial paper with a face value of RMB3.0 billion ("25 Zhongxinjiantou CP003"). The short-term commercial paper pays the principal and interest at 1.59% per annum at maturity and is not guaranteed.

In August 2025, the Company publicly issued a 70-day fixed rate short-term commercial paper with a face value of RMB3.0 billion ("25 Zhongxinjiantou CP004"). The short-term commercial paper pays the principal and interest at 1.60% per annum at maturity and is not guaranteed.

In August 2025, the Company publicly issued a 85-day fixed rate short-term commercial paper with a face value of RMB2.0 billion ("25 Zhongxinjiantou CP005"). The short-term commercial paper pays the principal and interest at 1.64% per annum at maturity and is not guaranteed.

In August 2025, the Company publicly issued a 90-day fixed rate short-term commercial paper with a face value of RMB2.5 billion ("25 Zhongxinjiantou CP006"). The short-term commercial paper pays the principal and interest at 1.64% per annum at maturity and is not guaranteed.

In August 2025, the Company publicly issued a 136-day fixed rate short-term commercial paper with a face value of RMB3.0 billion ("25 Zhongxinjiantou CP007"). The short-term commercial paper pays the principal and interest at 1.70% per annum at maturity and is not guaranteed.

(5) Issuance of short-term corporate bond

In July 2025, the Company publicly issued a short-term corporate bond with a face value of RMB3.5 billion. The bond can be divided into two categories (a) the "25 Xintou S2" has a face value of RMB1.5 billion, with a maturity of 31 days and a nominal rate of 1.54%; (b) the "25 Xintou S3" has a face value of RMB2 billion, with a maturity of 65 days and a nominal rate of 1.54%; The bond pays the principal and interest at maturity and is not guaranteed.

(6) Dividend

On 28 August 2025, the Board of directors proposes a cash dividend of RMB1.65 (tax inclusive) per 10 ordinary shares, amounting to RMB1,279,854,641.51 (tax inclusive) in total based on 7,756,694,797 shares for the period end 30 June 2025, represents 31.82% of profit for the interim period of 2025 attributable to equity holders of the Company (excluding interest on perpetual subordinated bonds) in the consolidated financial statements. The proposal is subject to the approval by the General Meeting.

51 COMPARATIVE FIGURES

As detailed in Note 3, the Group has adopted certain accounting policy changes and therefore made retrospective adjustments (including adjustments to comparable period financial information) as required.

