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中州证券

Central China Securities Co., Ltd.

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

(Stock Code: 01375)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the “**Board**”) of directors (the “**Directors**”) of Central China Securities Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2026. This interim results announcement, containing the full text of the 2026 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results, and has been considered and approved by the 48th meeting of the seventh session of the Board and has been reviewed by the audit committee under the Board of the Company.

The Company's 2026 interim report will be made available for review on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk, the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Company at www.ccnew.com on or before approximately 30 September 2026.

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

Henan, the PRC
25 August 2026

As at the date of this announcement, the Directors of the Company are Ms. ZHANG Qiuyun, Mr. LI Wenqiang, Mr. FENG Ruofan, Mr. JIANG Dejie, Mr. TIAN Shengchun and Ms. ZHU Junhong, Mr. CHEN Zhiyong, Mr. WANG Hui*, Mr. WANG Huixuan* and Mr. DU Xiaotang*.*

* *Independent non-executive Director of the Company*

IMPORTANT NOTICE

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

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

This Interim Report is unaudited.

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

The profit distribution plan of the Company considered and approved by the Board of Directors is as follows: the Company will distribute a cash dividend of RMB0.12 (tax inclusive) for every 10 shares. Based on the total share capital of the Company of 4,642,884,700 shares as of 30 June 2026, the total proposed cash dividend is RMB55,714,616.40 (tax inclusive), and the Company will not convert capital reserve into share capital or issue bonus shares.

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

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

The Company did not provide any guarantee to external parties in violation of the prescribed decision-making procedures during the Reporting Period.

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

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

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

MATERIAL RISK ALERT

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

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

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

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DOCUMENTS AVAILABLE FOR INSPECTION

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

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

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

Interim reports published in other securities markets.

Other relevant information.

SECTION 1 DEFINITIONS

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

Definition of common words

Company, Parent Company or Central China Securities	Central China Securities Co., Ltd.
Group	the Company and its subsidiaries
Board	the board of Directors of the Company
Director(s)	director(s) of the Company
this report	this interim report
SSE	the Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
SSE Composite Index	composite stock price index of the SSE
SZSE Component Index	component stock price index of the SZSE
Wind Info	Wind Information Co., Ltd. (萬得信息技術股份有限公司)
IPO	the initial public offering
A Share(s)	domestic listed ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the SSE
H Share(s)	overseas listed foreign ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed and traded on the Main Board of the Hong Kong Stock Exchange
Reporting Period or the Period	the period from 1 January 2026 to 30 June 2026
End of the Reporting Period or end of the Period	30 June 2026
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
PRC or China	the People's Republic of China
Henan Bureau of the CSRC	Henan Bureau of the China Securities Regulatory Commission (中國證券監督管理委員會河南監管局)
New Third Board or NEEQ	National Equities Exchange and Quotations for medium and small-sized enterprises
Henan Investment Group	Henan Investment Group Co., Ltd. (河南投資集團有限公司)
Zhongyuan Bank	Zhongyuan Bank Co., Ltd. (中原銀行股份有限公司)
Central China Futures	Central China Futures Co., Ltd. (中原期貨股份有限公司)

SECTION 1 DEFINITIONS

ZDKY Venture Capital	Zhongding Kaiyuan Venture Capital Management Co., Ltd. (中鼎開源創業投資管理有限公司)
Central China Blue Ocean or CCBO	Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)
Central China International	Central China International Financial Holdings Company Limited (中州國際金融控股有限公司)
Equity Exchange Co.	Central China Equity Exchange Co., Ltd. (中原股權交易中心股份有限公司)
Yuxin Investment or Yuyan Investment	Formerly known as Yuxin Investment Management (Shanghai) Co., Ltd., and renamed as Henan Yuyan Investment Co., Ltd. (河南豫衍投資有限公司) in June 2026
Articles of Association	the prevailing valid Articles of Association of the Company
Company Law	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
Securities Law	the Securities Law of the PRC (《中華人民共和國證券法》)
RMB	Renminbi, the lawful currency of the PRC, with the basic unit of "yuan"
HK\$	Hong Kong dollars and cents, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Corporate Governance Code	Part 2 of Appendix C1 to the Hong Kong Listing Rules
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules
subsidiary(ies)	has the meaning ascribed thereto in the Hong Kong Listing Rules and the same meaning as the "subsidiaries" in this report
%	per cent

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. INFORMATION ABOUT THE COMPANY

Chinese name of the Company	中原证券股份有限公司
Chinese abbreviation of the Company	中原证券
English name of the Company	Central China Securities Co., Ltd.
English abbreviation of the Company	CCSC
Legal representative of the Company	Zhang Qiuyun
General manager of the Company	Li Zhaoxin

Registered capital and net capital

Unit: Yuan Currency: RMB

	At the end of the Reporting Period	As at the end of last year
Registered capital	4,642,884,700.00	4,642,884,700.00
Net capital	9,869,311,213.18	10,320,320,633.28

Qualifications for each individual business of the Company

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

The Company has the following business qualifications:

1. Business qualifications approved or authorised by the CSRC:

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

2. Business qualifications approved by the EXCHANGE:

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

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

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

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

4. Business qualifications approved by the PBOC:

National interbank lending business qualification and interbank bond trading qualification.

5. Other business qualifications:

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

6. The subsidiaries also have the following business qualifications:

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

Central China International: Qualification for securities trading business, qualification for advising on securities business, and qualification for advising on corporate finance (in Hong Kong).

ZDKY Venture Capital: Qualification for private equity investment fund business, qualification for private equity investment FOF fund business, qualification for venture capital fund business and qualification for venture capital investment FOF fund business.

Central China Blue Ocean: Qualification for direct investment business.

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

II. CONTACT PERSONS AND CONTACT METHODS

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

III. CHANGES IN BASIC INFORMATION

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

IV. CHANGES IN INFORMATION DISCLOSURE AND PLACE FOR INSPECTION

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

V. SHARES OF THE COMPANY

Class of Shares	Stock Exchange of Listing	Stock name	Stock code	Stock Abbreviation Before Change
A Share(s)	SSE	中原证券	601375	N/A
H Share(s)	Hong Kong Stock Exchange	中州证券	01375	N/A

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VI. OTHER RELEVANT MATERIALS

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

VII. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Principal accounting data

Unit: Yuan Currency: RMB

Principal accounting data	The Reporting Period (January-June)	The corresponding period of last year	Increase/Decrease for the Reporting Period as compared with the corresponding period of last year (%)
Operating income	1,261,859,230.74	921,354,746.21	36.96
Total profit	547,040,076.17	292,765,454.14	86.85
Net profit attributable to shareholders of the parent company	419,289,378.26	260,308,365.67	61.07
Net profit attributable to shareholders of the parent company after deducting non-recurring profit or loss	397,386,374.23	253,221,986.63	56.93
Net cash flows from operating activities	1,051,922,313.75	627,914,417.23	67.53
Other comprehensive income	4,352,228.67	-11,890,170.82	N/A

	At the end of the Reporting Period	As at the end of last year	Increase/Decrease as at the end of the Reporting Period as compared with the end of last year (%)
Total assets	62,096,010,046.44	58,427,316,073.62	6.28
Total liabilities	47,177,764,557.41	43,839,354,028.29	7.62
Accounts payable to brokerage clients	24,332,397,521.51	21,702,396,171.66	12.12
Equity attributable to shareholders of the parent company	14,705,822,946.51	14,384,324,225.18	2.24
Total equity	14,918,245,489.03	14,587,962,045.33	2.26
Total share capital	4,642,884,700.00	4,642,884,700.00	—
Net assets per share attributable to shareholders of parent company (RMB/share)	3.17	3.10	2.26

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

(II) Principal financial indicators

Principal financial indicators	The Reporting Period (January-June)	The corresponding period of last year	Increase/Decrease for the Reporting Period as compared with the corresponding period of last year (%)
Basic earnings per share (RMB/share)	0.0903	0.0561	60.96
Diluted earnings per share (RMB/share)	0.0903	0.0561	60.96
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	0.0856	0.0545	57.06
Weighted average return on net assets (%)	2.87	1.84	Increase by 1.03 percentage points
Weighted average return on net assets after deducting non-recurring profit or loss (%)	2.72	1.79	Increase by 0.93 percentage points

Explanation on principal accounting data and financial indicators of the Company

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

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

Unit: Yuan Currency: RMB

Item	At the end of the Reporting Period	As at the end of last year
Net capital	9,869,311,213.18	10,320,320,633.28
Net assets	14,687,851,298.49	14,450,489,306.44
Sum of various risk capital provisions	3,334,538,604.10	2,644,075,137.49
Total on-and-off balance sheet assets	38,673,547,652.08	37,650,744,439.64
Risk coverage rate (%)	295.97	390.32
Capital leverage rate (%)	24.93	25.15
Liquidity coverage ratio (%)	199.91	201.57
Net stable funding ratio (%)	207.32	226.41
Net capital/net assets (%)	67.19	71.42
Net capital/liabilities (%)	44.02	48.00
Net assets/liabilities (%)	65.52	67.21
Proprietary equity securities and its derivatives/net capital (%)	3.30	4.86
Proprietary non-equity securities and its derivatives/net capital (%)	187.05	185.66
Amount of financing (securities lending inclusive)/net capital (%)	124.78	107.01

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

SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

VIII. NON-RECURRING PROFIT AND LOSS ITEMS AND AMOUNTS

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amounts	Note (if applicable)
Gains or losses on disposal of non-current assets, including the write-off of provision for impairment of assets	875,695.78	
Government subsidies that are included in the profit or loss for the current period, except for those that are closely related to the Company's normal business operations, in compliance with national policies and regulations, and in accordance with established standards, and have a continuing effect on the Company's profit or loss	7,126,998.61	
Reversal of the provision for impairment of receivables which are tested individually for impairment	21,218,226.00	Mainly due to the reversal of impairment losses on certain receivables following the recovery of equity interests received in settlement of debts
Other non-operating income and expenses other than the above items	144,456.74	
Less: amount of impact of income tax	7,341,344.27	
amount of impact of minority shareholder's equity (after tax)	121,028.83	
Total	21,903,004.03	

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The year 2026 marks the beginning of the “15th Five-Year Plan” period. During this time, domestic capital market reforms have continued to deepen, the policy framework has been steadily improved, and the market development ecosystem has been further optimised. The industry as a whole has demonstrated a positive development trajectory, characterised by policy support, reform-driven empowerment, rebounding trading activity, and structural differentiation. These developments have laid a solid foundation for the capital market to better serve the real economy and support the growth of new quality productive forces.

In March 2026, the Fourth Session of the 14th National People’s Congress reviewed and approved the Outline of the People’s Republic of China 15th Five-Year Plan for National Economic and Social Development, which set out the overall arrangements for the country’s economic and social development over the next five years and defined the core direction for the high-quality development of the capital market. At the economic theme press conference held during the Session, CSRC Chairman Wu Qing clearly stated that during the “15th Five-Year Plan” period, China’s capital market reforms and development will focus on three major priorities: building a market ecosystem that balances investment and financing, serving technological innovation and the development of new quality productive forces, and strengthening risk prevention and regulatory oversight. This has formed a closed-loop management system that aligns planning with implementation, sustaining the steady advancement and effective delivery of capital market reforms.

Guided by the top-level framework of the “15th Five-Year Plan”, targeted reform measures in the capital market have been accelerated. On 10 April 2026, the CSRC formally issued the Opinions on Deepening the Reform of the ChiNext Market to Better Serve the Development of New Quality Productive Forces (《關於深化創業板改革更好服務新質生產力發展的意見》), marking the full launch of deeper capital market reforms during the “15th Five-Year Plan” period. This round of ChiNext reform takes serving new quality productive forces as its core objective. It introduces eight key measures, including optimising listing and issuance standards, improving financing and merger & acquisition mechanisms, further deepening investment-side reforms, establishing a full-chain institutional closed loop, and strengthening the accountabilities of multiple market participants. These measures are designed to refocus the ChiNext market, which previously served mainly enterprises involved in the “Three Creations and Four New Forms” towards high-quality innovative and entrepreneurial firms in emerging industries, future-oriented industries, and certain segments of new-type consumption and modern services. This reform represents a critical step by the capital market to implement the national innovation-driven development strategy and align with the requirements of new quality productive forces. It has effectively enhanced the inclusiveness and adaptability of the capital market system, improved the market function of coordinated investment and financing development, and carries significant milestone importance in reshaping the ChiNext market ecosystem, refining the multi-tiered capital market system, and bolstering the nation’s scientific and technological innovation drive.

Alongside the deepening of institutional reforms, macro policies have continued to signal support for the capital market. In March 2026, amid external shocks such as escalating geopolitical risks overseas, the domestic capital market experienced notable volatility, placing some strain on market sentiment. To stabilise market expectations and bolster confidence, the Political Bureau of the CPC Central Committee meeting held on 30 April 2026 explicitly called for “stabilising and strengthening confidence in the capital market”, providing a targeted counterbalance to short-term market disturbances. This policy direction fully demonstrates the national firm commitment to maintaining the steady and sound development of the capital market, consolidating the policy foundation for its robust operation and the proper functioning of both investment and financing activities.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Thanks to sustained policy dividends, the domestic capital market experienced an overall recovery in the first half of 2026, with notable structural differentiation. The technology and growth sectors delivered particularly strong performance, while market trading activity and the vitality of investment and financing steadily recovered. As of 30 June 2026, major broad-based indices showed divergent trends. The Shanghai Composite Index rose by 3.16%, the Shenzhen Composite Index rose by 12.24%, the CSI 300 Index rose by 7.55%, the CSI A500 Index rose by 11.91%, the ChiNext Index rose by 35.58%, and the STAR 50 Index significantly rose by 64.25%, while only the SSE 50 Index edged down by 1.38%. Technology and growth indices outperformed the broader market, reflecting the capital market's strong recognition of the value of technological innovation and new quality productive forces.

In terms of market trading activity, turnover increased substantially. In the first half of 2026, the market's average daily stock turnover reached RMB2.74 trillion, up 96.88% year on year and 58.29% compared with the full year of 2025. The average daily balance of margin financing and securities lending stood at RMB2.75 trillion, up 48.79% year on year and 32.10% compared with the full year of 2025. Market liquidity and investor participation continued to rise.

In terms of investment and financing activities, the industry's overall scale steadily recovered, with a notable growth trend after excluding the impact of exceptionally large financing transactions. In terms of equity financing, the total equity financing volume across the market in the first half of 2026 amounted to RMB455.604 billion (based on listing dates), down 40.28% year on year, primarily due to the high base effect resulting from the concentrated large-scale capital replenishment of major state-owned banks in the same period of 2025. After excluding the exceptional factor of the RMB520 billion core Tier 1 capital raised by four major State-owned banks in June 2025, the scale of equity financing in the first half of 2026 increased by 87.62% year on year. Of which, there were 71 new A-share IPOs in the first half of 2026, raising RMB70.574 billion, representing an increase of 20 IPOs and 88.93% year on year. The scale of refinancing reached RMB385.030 billion, down 46.93% year on year; after excluding the above-mentioned exceptional bank financing, it increased by 87.38% year on year. In terms of debt financing, the underwriting volume of various types of bonds in the securities industry reached RMB8.50 trillion (based on issuance dates) in the first half of 2026, up 12.39% year on year. Overall, after excluding the exceptional factor of the listed banks' refinancings, the industry's investment banking business achieved a substantial recovery in the first half of 2026, demonstrating continued resilience in the industry's development. (Source: Wind Info)

Looking ahead to the second half of the year, adopting comprehensive measures to maintain the smooth operation of the market and enhance the resilience of the capital market remains the core focus of industry supervision. At the same time, amid the intertwined disturbances of multiple complex internal and external factors, the A-share market may exhibit accelerated sector rotation and more prominent K-shaped differentiation. Although the medium-to-long-term positive fundamentals of the capital market remain unchanged, heightened short-term volatility will directly dampen market trading activity, thereby introducing uncertainty to the annual operating performance growth of the securities industry.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

II. DISCUSSION AND ANALYSIS ON BUSINESS OPERATION

(I) Overall business performance

2026 marks the first year of the “15th Five-Year Plan”. During the first half of the year, facing a complex and challenging external economic environment, significant market volatility and increasingly intense industry competition, the Company adhered to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, resolutely implemented the strategic deployments of the Central Government, the Henan Provincial Party Committee and the Henan Provincial Government, as well as regulatory requirements, and fully upheld the political and people-oriented nature of financial work. Adhering to the core philosophy of “Central China Securities Serving Central China”, the Company stayed committed to deepening its presence in Henan to strengthen competitive advantages, pursuing differentiated development to forge distinctive features, and seeking breakthroughs through collaborative development. The Company steadily advanced strategic implementation, business transformation and management enhancement, maintaining an overall positive and steady development momentum.

In terms of business operations, the Company scientifically balanced the functionality and profitability of financial services, adhered to the fundamental principle of serving the real economy through finance, focused on the core objective of achieving “dual enhancement of efficiency and effectiveness”, and fully promoted the coordinated development of “Large Wealth, Large Investment Banking and Large Self-operation”, achieving significant growth in operating performance. The “Large wealth” management business continued to promote the integrated development of brokerage and asset management, and remained committed to deepening tiered and classified client services, diversifying product lines and centralising performance assessment management. It focused on public fund brokerage settlement services, private fund distribution and TO quantitative businesses, achieving financial product holdings exceeding RMB10 billion. The “Large self-operation” business insisted on strengthening the “risk control first” principle, and accelerated its transformation towards “multi-round collaboration”, achieving a doubling of returns year-on-year. The “Large investment banking” business reconstructed its business logic and organisational structure, successfully organised a province-wide special event to support the listing of Specialized, Refined, Distinctive and Innovative enterprises, jointly initiated the establishment of the “Technology Finance Studio”, and completed the refinancing project of Hualian Ceramics. Eleven enterprises invested by Central China Blue Ocean, a subsidiary of the Company, were successfully listed, and the Equity Exchange Co. saw a cumulative total of 146 enterprises admitted to the “Specialized, Advanced, Special, and New (SASN)” board, continuously strengthening its role as the Henan Capital Market Strategic Carrier.

In terms of corporate governance, the Company continued to strengthen strategic leadership and deepen the latter phase of the “Five Determinations” reform, established and improved the comprehensive “selection, cultivation, management, and utilization” talent development system, and further advanced the optimisation and development of the remuneration management system. The Company continued to deepen group-wide penetrating management, steadily advanced consolidated management, continuously reinforced the foundation of compliance, risk control and internal control, steadily enhanced its comprehensive risk management capabilities, and effectively built a solid safeguard for financial security and safe operations.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Analysis of principal business

1. Wealth Management Business

Market environment

In the first half of 2026, the A-share market exhibited highly structural divergence, with growth sectors leading the gains while major weighted indices remained relatively stable. Specifically, the Shanghai Composite Index rose by 3.16% and the Shenzhen Component Index rose by 19.82%. Market activity increased significantly, with several core indicators showing substantial growth compared to the same period in 2025. Of which, the total trading turnover of A-shares and funds reached RMB752.32 trillion, a year-on-year increase of 99%. The number of new A-share accounts opened at the SSE reached 20.16 million, a 60% year-on-year increase. (Source: Wind Info)

Operational measures and performance

In the first half of 2026, the Company's wealth management business, guided by a high-quality development orientation and adhering to the core principle of being client-centric, integrated quality internal and external resources, and focused on three key areas: mechanism reform, client operations, and service upgrade. Furthermore, it continued its efforts in the wealth management transformation by cementing its business foundation to enhance professional service capabilities for the steady and high-quality development of its wealth management business.

In terms of mechanism reform, the Company optimised and improved its performance appraisal and incentive systems to effectively unlock the intrinsic momentum of frontline business development. Beyond that, it refined its cross-business line collaborative mechanism to clear cross-departmental collaboration barriers for a robust and sustainable development support system. In terms of client operations, the Company fully pooled internal and external channel resources, strengthened the construction of its integrated online-offline client acquisition system, and continuously expanded its customer base. It rolled out tiered and refined client operations, with a focus on full-lifecycle management of long-tail clients, enriching intensive service scenarios and advancing standardised large-scale operations to consolidate its retail client base. In terms of service upgrade, the Company refreshed its effort to iterate and upgrade its full-spectrum wealth product matrix, expand the channels for introducing quality public and private funds, and precisely match the asset allocation needs of high-net-worth clients. It improved the investment advisory service system, launched T0 quantitative trading services as a distinctive offering, and enriched its differentiated and professional service offerings. Concurrently, it expanded its institutional brokerage business, enhancing its comprehensive service capabilities and core competitiveness in high-end wealth management across multiple dimensions.

During the Reporting Period, the Company's investment advisory team claimed the Best Investment Advisory Team Award at the 2026 "Wealth Management Huazun Award" by CLS (財聯社), further enhancing its brand influence and industry recognition.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2026

In the second half of 2026, wealth management business will firmly grasp the industry trends and strategic opportunities, adhering to the overall principle of high-quality development and staying committed to the core philosophy of professionalism-driven, efficiency-led progress.

Specifically, the Company will deepen its internal institutional reform, refine and optimise the organisational structure of its business lines, and clarify the core responsibilities and collaboration boundaries of each department. Through institutional innovation and mechanism-driven empowerment, it will fully unlock internal momentum, and consolidate its operational and management foundation. The Company will deepen its digital and intelligent operations to actively expand external multi-channel ecosystem collaboration. To make it happen, it will implement refined tiered client operations, and conduct regular brand promotion and professional research-driven empowerment activities. This will steadily revitalise existing clients and expand new client sources to reinforce its market foundation. Concurrently, it will accelerate the iterative deployment of its digital service platforms and intelligent trading tools, address client service and operational pain points through targeted initiatives to build a full-chain digital service system. At the same time, the Company will continuously enrich its full-spectrum wealth product matrix and professional investment advisory services, iteratively optimise its T0 quantitative strategies, and improve its tailored service system for high-net-worth clients to forge professional, differentiated, and integrated core competitiveness in comprehensive wealth management.

2. Investment banking business

Market environment

In the first half of 2026, regulators continued to deepen capital market reforms, with the optimisation of the ChiNext market system and the implementation of a package of refinancing measures, which boosted activity in both the issuance and M&A markets. By balancing risk prevention, enhanced regulation, and the promotion of high-quality development, regulators guided investment banks to focus on technological innovation to serve the real economy for the transition towards professional-driven development. During the Reporting Period, a total of 71 enterprises on the Shanghai, Shenzhen and Beijing stock exchanges completed their initial listings, raising a total of RMB70.574 billion, up 88.93% year on year. A total of 137 listed companies conducted refinancings, up 47.31% year on year. The refinancing funds raised by listed companies amounted to RMB385.030 billion, down 46.93% year on year. There were 123 newly listed companies in the National Equities Exchange and Quotations for Medium and Small-sized Enterprises, and the total refinancing funds raised amounted to RMB3.243 billion, up 21.86% year on year. The total amount of bonds issued by various institutions was RMB43.07 trillion, down 2.38% year on year. (Source: Wind Info)

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Operational measures and performance

In the first half of 2026, closely centering on its functional position as the “strategic carrier in Henan’s capital market”, the Company’s investment banking business refined its service models for better service efficiency and expanded presence in Henan. This was how it braved market challenges, meticulously planned the “five major tasks” of finance, and delivered high-quality services to the real economy. It optimised its organisational structure, revised its collaborative management policies, improved related incentive mechanisms and performance appraisal arrangements, and deepened internal synergies. It continued to work on its presence in Henan by delineating responsible regions across cities and counties and ensuring accountability for business teams. It vigorously promoted the “Qihang Central China (企航中原)” platform, with the utilisation rate among institutional client managers gradually increasing. It consistently monitored project progress to drive the implementation of key projects. It hosted the special event themed “Full-cycle Support for Tech Innovation, Leading the Way to Excellence (科創全週期專精向未來)” for SRDI enterprises in Henan Province, which brought together over 60 key representatives from such enterprises to attend in person. The event continuously enhanced the Company’s brand influence. It also strengthened its internal controls, rigorously managed quality-related risks, and intensified training efforts to elevate professional expertise.

As of the end of the Reporting Period, the Company completed 1 refinancing sponsorship and underwriting project for a listed company, with an equity underwriting amount of RMB700 million, and completed a financial advisory project for Nanyang Zhongxiang Power to introduce investors, with a financing amount of RMB41 million. In terms of debt business, it completed projects including the corporate bond repurchase and resale for Luoyang Shangdu and the distribution of technology innovation bonds for Hebi State-owned Assets, with aggregate debt financing of RMB443 million.

Outlook for the second half of 2026

In the second half of 2026, the Company’s investment banking business will continue to adhere to its functional position as the “strategic carrier in Henan’s capital market”, further deepen its presence in Henan, and strengthen the regional responsibility allocation system within the province. Guided by a focus on major clients and landmark projects, the Company will, in terms of equity business, fully promote the implementation of key projects filed for approval, accelerate the filing of key refinancing projects within the province, and strategically plan for business opportunities in provincial advantage sectors such as superhard materials. In terms of debt business, the Company will expedite the issuance of sci-tech innovation bonds for Henan Port Investment Innovation and the filing of other key projects, gradually increasing its underwriting scale and market share in provincial credit bonds. The Company will place particular emphasis on projects aligned with the “five major tasks” of finance, strive for breakthroughs in areas such as sci-tech innovation bonds, actively expand innovative businesses, and explore opportunities in innovative products such as intellectual property-backed ABS. The Company will rigorously uphold the bottom line of compliance and risk control to ensure the high-quality development of its investment banking business.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Investment management business

(1) Asset management

Market environment

As at the end of June 2026, the total scale of private asset management products of securities and futures operating institutions was RMB13.13 trillion (excluding social security funds and enterprise annuities), representing an increase of RMB1.04 trillion compared with that in the same period last year. In terms of product type, the scale of single asset management plans accounted for 45.88%, while the scale of collective asset management plans accounted for 54.12%, representing an increase of 3.58 percentage points compared with that in the same period last year. Affected by market conditions, the proportion of fixed-income products edged down, while the proportion of hybrid products edged up. The number of hybrid products accounted for the largest proportion, while the scale of fixed income products accounted for the largest proportion. (Source: Asset Management Association of China)

Operational measures and performance

In the first half of 2026, the Company's asset management business, committed to the working principle of "consolidating the foundation and fostering growth while pursuing progress amid stability," recorded steady development despite a complex market landscape. First, the product system continued to improve and management scale grew steadily. The product lines now cover fixed income, fixed-income plus, mixed, and equity products, and a multi-tenor, multi-strategy product matrix has begun to take shape, catering to the diversified allocation needs of various client types. Second, breakthroughs were achieved in cooperation with financial institutions, with progress made on both the bank-securities collaboration and external distribution fronts. Cooperation with financial institutions has progressed from the launch of the first product to a replicable and scalable model, while external distribution has achieved economies of scale, with a dual-track synergy framework being established. Third, channel expansion yielded initial results, with a relatively well-established sales system put in place. Through a series of measures, the Company has preliminarily built a multi-tiered sales system underpinned by branch-based sales, extended through distribution channels, and complemented by direct sales from the head office.

During the Reporting Period, the investment returns of the Company's managed fixed-income products remained consistently top-tier among similar bank wealth management products and public bond funds. As of the end of the Reporting Period, the Company's total assets under management reached RMB898 million, doubling from the end of 2025. This included 10 collective asset management plans with a management scale of RMB850 million and 1 single asset management plan with a management scale of RMB48 million.

Outlook for the second half of 2026

In the second half of 2026, the asset management business will continue to focus on the Company's high-quality development requirements, advance the development of its core capabilities, and address weak links in business development. Key efforts will be concentrated on enriching product lines, stepping up ongoing marketing initiatives, accelerating the implementation of institutional business cooperation, consistently enhancing investment research capabilities, reinforcing the compliance and risk control framework, and improving the operational support system. These measures aim to achieve stable and sustainable development of the asset management business and support the transformation of the Company's wealth management.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(2) Private fund management

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

Market environment

China's equity investment market accelerated its recovery in the first half of 2026. In terms of fund-raising, the number and scale of newly raised funds in the first half of 2026 were 3,981 and RMB1,049,464 million, representing a year-on-year increase of 95.8% and 49.6%, respectively; in terms of investment, a total of 5,944 investment cases were completed in the first half of the year, representing a year-on-year increase of 14.7%; the investment amount was approximately RMB565,400 million, representing a year-on-year increase of 31.9%, and the investment in large models, physical AI, computing power, robotics, aerospace and other fields was highly enthusiastic; in terms of exits, the total number of exits from the market increased year-on-year due to the active IPO and M&A exits of the invested enterprises. In the first half of the year, there were 2,503 exit cases, representing a year-on-year increase of 8.3%, of which 1,732 were IPO exits and 368 were M&A exits, representing a year-on-year increase of 198.6% and 94.7%, respectively. (Data source: Zero2IPO Research)

Operational measures and performance

In the first half of 2026, ZDKY Venture Capital strengthened cooperation with provincial-level fund of funds and industrial investment companies, focusing on expanding its management scale. It attached equal importance to quality and efficiency in project investment and strengthened project pipeline development. By leveraging fund instruments, it led the Series B+ financing round of Dachao Carbon Energy, a hidden champion in Henan Province's new materials sector, with an investment fulfilling its mission of serving the real economy through financial services and supporting the enterprise in extending and strengthening its industrial chain. It maintained a sustained focus on project exits, achieving capital recovery of RMB33 million in the first half of 2026, thereby creating incremental space for new business development. By seizing market opportunities and stressing management effectiveness, it achieved a steady improvement in profitability.

As of the end of the Reporting Period, ZDKY Venture Capital and its subsidiaries managed a total of 18 private funds, with a private fund management scale of RMB6.70 billion.

Outlook for the second half of 2026

In the second half of 2026, ZDKY Venture Capital will align with the national strategy for scientific and technological innovation, base itself on serving the real economy, and further deepen collaboration and cooperation with listed companies, industrial investment companies and other institutions. It will advance multiple initiatives in parallel to promote fund establishment, with equity funds, special board funds, M&A funds and other fund types working in tandem, so as to diversify product offerings and strengthen its capacity to serve real economy enterprises. It will stay focused on the hard technology sectors and increase investment layout, with key emphasis on projects in artificial intelligence, high-end manufacturing, new materials and other industries. It will strengthen the "Three-Investment Linkage" as an effort to actively integrate into the Company's capacity building for serving the real economy, and establish a professional, multi-dimensional post-investment empowerment service model.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(3) Alternative investment

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

Market environment

In the first half of 2026, driven by both a moderate macroeconomic recovery and the concentrated release of policy dividends, the primary equity investment market was characterised by notable “structural recovery” and “high-quality transformation.” On the fundraising front, a profound restructuring took place, with the proportion of State-owned capital moderately declining while bank and industrial capital surged, with commitment volumes soaring year on year. On the investment front, the “hard technology” theme remained clear, with active investment in strategic emerging sectors such as artificial intelligence, semiconductors, and commercial aerospace, while early-stage investment became more rational. On the exit front, benefiting from the recovery of IPO policies in both the A-share and Hong Kong markets, the number of IPO exits of portfolio companies increased significantly year on year. Coupled with active M&A and S-fund transactions, diversified exit channels were effectively established. Overall, the market has officially entered a new cycle of high-quality development, marked by “patient capital” as the dominant force, a focus on new quality productive forces, and a virtuous cycle of investment and exit.

Operational measures and performance

In the first half of 2026, Central China Blue Ocean actively implemented the Company’s strategic deployment, continuously strengthened post-investment management, intensified efforts to dispose of underperforming assets, sustained the optimization of its asset structure, and achieved steady growth in operating performance, with revenue reaching its highest level for the corresponding period in recent years. As of the end of the Reporting Period, Central China Blue Ocean had 39 projects under investment with a total scale of RMB1.826 billion, achieving revenue of RMB146 million. In terms of capital recovery, a total of RMB71.4029 million was recouped through methods such as primary market exits and secondary market share reductions.

Outlook for the second half of 2026

The second half of 2026 marks a critical period for consolidating the foundation of the “15th Five-Year Plan.” The primary equity investment market is undergoing a profound restructuring, transitioning from a “liquidity-driven” phase to a “new normal of quality and efficiency improvement.” The full implementation of the STAR Market’s “1+6” reform measures, along with the introduction of the ChiNext Market’s third and fourth sets of listing standards and the continued deepening of a comprehensive package of refinancing reforms, has made the multi-tiered capital market more inclusive and its exit mechanisms more mature. This has laid a more robust institutional foundation for precise financing, M&A, and routine exits for hard-tech enterprises. Seizing the new opportunities arising from market changes, Central China Blue Ocean will fully leverage the integrated synergy of Central China Securities “investment banking + investment + investment research” capabilities. On the existing investment, it will embrace the concept of “refined post-investment management,” comprehensively empowering its existing invested projects and striving to open up multiple capital channels to accelerate their growth. On the new investment, it will focus on high-quality assets in the hard-tech sector, deeply integrate targeted support for the real economy with efforts to enhance portfolio returns, and drive the business towards high-quality and efficient development in all aspects.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

4. Proprietary trading

Market environment

In the first half of 2026, recurring geopolitical conflicts abroad and persistent adjustments to market expectations regarding the Federal Reserve's monetary policy led to elevated U.S. Treasury yields amid volatile trading, with external uncertainties continuing to rise. Domestically, China implemented proactive and effective macro-control policies, maintained reasonably ample market liquidity, demonstrated strong resilience in foreign trade growth, and saw notable growth momentum in industries related to new quality productive forces. In the equity market, trading activity picked up, with average daily turnover nearly doubling year on year. Within equities, performance diverged, with technology sectors such as artificial intelligence and semiconductors leading the gains, while traditional consumption and real estate-related sectors came under pressure. In the first half of 2026, all major indices recorded gains with diverging performance. The SSE Composite Index increased by 3.16%. The SZSE Component Index increased by 19.82%. The CSI 300 Index increased by 7.55%. The ChiNext Index increased by 35.58%. The STAR 50 Index increased by 64.25%. In the bond market, the overall market was volatile. The 10-year government bond yield declined, but the rhythm of volatility became more complex, with trading opportunities emerging in a more structural and phased manner. In the first half of 2026, the ChinaBond New Composite Wealth (Total Return) Index rose by approximately 2.02%. (Source: Wind Info)

Operational measures and performance

In the first half of 2026, the proprietary business actively seized market opportunities to deliver solid returns on assets, and continued to enhance its capabilities for investment management. In terms of equity investment, we conducted in-depth research on the technology sector, capitalising on the technology theme and high-growth areas such as artificial intelligence and semiconductors to capture excess returns in the tech space. We diversified our investment strategies, improved capital utilisation efficiency, and enhanced returns through synergies. In terms of fixed income investment, we seized the window of fluctuated and declining yields in the first half of 2026, flexibly adjusted duration and positions, and allocated investments in credit bonds and fixed-income plus assets to enhance overall income flexibility. We improved the timeliness and forward-looking nature of interest rate analysis to mitigate drawdown risks arising from periodic liquidity disruptions for stable returns in fixed income investment.

Outlook for the second half of 2026

Looking ahead to the second half of 2026, global economic and geopolitical uncertainties are expected to persist, while the domestic economy will continue its moderate recovery. The equity market is likely to maintain a structurally driven pattern, with potential sector rotations. Bond yields may continue to trend downward in a volatile manner, sustaining a slow bull market. The proprietary business will remain committed to the principle of prudent operations by continuously optimising asset allocation for enhanced capital utilisation efficiency and investment returns. It will further deepen the development of its investment research system and identify excess returns. By closely monitoring international market dynamics and the domestic policy adjustments, it will refine its asset structure, strengthen the resilience and stability of returns, and drive the high-quality development of its proprietary business.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

5. Credit business

Market environment

In the first half of 2026, the A-share market featured a K-shaped divergence, characterised by structural trends. The STAR 50 Index surged by over 60% in the first half of the year, with indices tracking the semiconductor supply chain doubling in value in the first half of the year, accompanied by sustained active trading. Meanwhile, the consumption sector declined by more than 20%, and the median return of all A-share stocks was negative. Such structural dynamics drove incremental growth in margin financing and securities lending activities, concentrated mainly on the STAR Market and the ChiNext Market, promoting the continuous growth of margin financing and securities lending business. As of the end of the Reporting Period, the balance of margin financing and securities lending across the market reached RMB3.02 trillion, up 18.88% from the end of 2025. (Source: Wind Info)

Operational measures and performance

In the first half of 2026, the Company's margin financing and securities lending business continued to strengthen its efforts in client acquisition, steadily activating existing clients to further consolidate its client base. It kept a close eye on market trends to dynamically adjust risk control metrics to cater to clients' asset allocation needs. It also streamlined the approval process for customised risk control requirements of high-net-worth clients, shortening response times and enhancing the quality and efficiency of client services. A collaborative mechanism integrating "business operations and investment advisory" services was established, embedding information products into the margin financing and securities lending service process as an ongoing effort to refine the client service system. As of the end of the Reporting Period, the balance of margin financing and securities lending reached RMB12.135 billion. Leveraging the Company's comprehensive resource advantages, the stock-pledged repurchase business, with a focus on the financing needs of listed companies and their shareholders within the province, offered precise and efficient financing solutions. Efforts were made to enhance professional operations and risk management capabilities, driving a steady improvement in asset quality. As of the end of the Reporting Period, the balance to be repurchased under the on-balance sheet stock-pledged repurchase business was RMB124 million and the average maintenance guarantee ratio was 542.21%. There was no off-balance-sheet stock-pledged repurchase business.

Outlook for the second half of 2026

In the second half of 2026, the Company's margin financing and securities lending business will drive steady development by coordinating marketing expansion and risk control. On one hand, it will continue to deepen its presence among core client groups, strengthen investor education, guide the prudent use of margin financing and securities lending tools, and focus on increasing the utilisation rate among high-net-worth clients to reinforce the foundation for business development. On the other hand, it will continuously enhance the risk prevention and control system, strengthen the management of eligible collateral, and improve the level of intelligent risk management for the robust operation of the business. The stock-pledged repurchase business will adhere to its collaborative positioning, continue to fulfil the requirements of serving the real economy through financial services, and deeply address industrial financing needs within the province, while strictly upholding the bottom line of risk control and compliance to support the real economy in improving quality and efficiency on all fronts.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

6. Futures business

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

Market environment

In the first half of 2026, trading activity in China's domestic futures market continued to rise, with the total amount of funds in the futures market reaching a new level. Amid the heightened volatility in global financial markets and the gradual effectiveness of domestic policy support, China's futures industry maintained steady growth momentum. During the Reporting Period, the accumulated transaction volume in China's futures market was 5.105 billion lots, up 25.23% year on year; the transaction amount was RMB482.70 trillion, up 42.08% year on year. (Source: China Futures Association)

Operational measures and performance

In the first half of 2026, Central China Futures deepened its industrial services by enhancing internal synergies and collaboration to cover more integrated service scenarios. To that end, it focused on building a "site visits and research + targeted training + event-driven empowerment" trinity industrial-financial service system. In terms of site visits and research, the Company conducted in-depth visits to enterprises along Henan Province's key industrial chains to better understand their pain points. In terms of targeted training, it offered tailored "one enterprise, one solution" plans to key clients, meeting their diverse needs. In terms of event-driven empowerment, it organised industry matchmaking and strategy exchange meetings, establishing platforms for information sharing and experience exchange among industrial enterprises, and encouraging upstream and downstream players to participate in futures markets for risk management. The service chain of "site visits to identify needs, training to enhance awareness, and events to facilitate implementation" was gradually put in place, and the tangible results of futures services to the real economy continued to emerge, contributing to a steadily-expanding customer base. Synergies in the IB channel accelerated, with the value of two-way collaboration continuously unlocked through joint hosting of stock index futures and options exchange meetings. The average daily equity of IB clients reached RMB146.1063 million, up 10.78% year on year. Remarkable results were achieved in digital client acquisition, with the equity of Internet-based clients reaching RMB37.4018 million as of the end of the Reporting Period, up 47.86% year on year. The risk management subsidiary relocated its registered address back to Henan Province, focusing on commodity risk management services to support the regional economic development of Henan.

During the Reporting Period, Central China Futures acquired 1,690 new customers, and the total number of served customers reached 43,300. The average daily equity of customers increased by 27.17% year on year, among which the average daily equity of corporate customers accounted for 38.44%; the trading volume was 16.6794 million lots, down 2.78% year on year, and the turnover was RMB1,449.311 billion, up 3.97% year on year.

Outlook for the second half of 2026

In the second half of 2026, Central China Futures will adhere to the keynote of "seeking progress while maintaining stability", and focus on the principal responsibility and operation by deepening industry services and strengthening business synergies to promote steady business development. The futures brokerage business will anchor itself to the regional industry and implement tiered operations for retail, industrial, and institutional clients, while continuously enhancing the quality and efficiency of services for key products such as peanuts, ferroalloys, urea, and live pigs. It will fully leverage the Company's channel advantages, refine the IB collaborative assessment mechanism, and sustain investor education activities on stock index options to drive scale growth in the IB business. It will strengthen technological collaboration and coordination with the Company and accelerate the research and development of digital service tools to make the business operations digital and intelligent. Leveraging the risk management subsidiary, it will reinforce support for innovative spot-futures businesses, seize the commodity industry opportunities in Zhengzhou Airport Economy Zone, and steadily carry out base trading and warehouse receipt services to optimise the Company's revenue structure.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

7. Overseas business

The Company carried out its overseas business through Central China International (the Company's subsidiary) and its subsidiaries.

Market environment

In the first half of 2026, the Hong Kong stock market experienced a significant correction amid multiple pressures, with the Hang Seng Index declining by 10.7% year-to-date and the Hang Seng TECH Index dropping by 18.9% over the same period. The IPO market, however, sustained its strong momentum, with a total of 85 new listings in the first half of 2026, raising aggregate proceeds of approximately HK\$209.9 billion, up approximately 90% year on year. The "A+H" dual listing model continued to gain traction, with 24 A+H listings completed in the first half of 2026, already surpassing the full-year total of 19 in 2025. A-share companies listing in Hong Kong contributed HKD121.7 billion in IPO proceeds, up approximately 92% year on year. (Source: HKEx, KPMG)

Operational measures and performance

Central China International actively developed its investment banking business. In terms of underwriting and sponsorship, the Visual China H-share project secured the role of joint overall coordinator, while the Befar Group project obtained the roles of joint global coordinator and joint bookrunner. In terms of financial advisory, in April 2026, it successfully assisted in the transfer from GEM to the Main Board of Youzan Technology Limited, marking the first project under the simplified transfer mechanism to complete the transfer by surpassing the threshold of HKD4 billion in volume-weighted average market capitalisation. It also won a financial advisory mandate for an overseas investment project of a listed company in Henan Province, and worked on other market-oriented projects such as M&A to provide high-quality professional services to enterprises. As of the end of the Reporting Period, the cumulative securities trading volume of Central China International amounted to approximately HKD1.512 billion, up 4.19% year on year. Total assets under custody amounted to HKD2.259 billion, down 20.48% from the same period last year. The outstanding balance of the securities margin financing business was approximately HKD42 million.

Outlook for the second half of 2026

In the second half of 2026, Central China International will continue to strengthen business synergies, actively expand high-quality client resources in key regions in China with Henan as the anchor market, and continuously grow its client base and project pipeline. With an emphasis on enhancing its capabilities in undertaking and underwriting large-scale projects, it will concentrate on creating benchmark equity projects and developing replicable and standardised service models to strengthen its brand demonstration effect. Meanwhile, it will give full play to Hong Kong's strengths as an international financial center, further serve the real economy, and deliver high-quality, all-round professional financial services to support enterprises in their overseas expansion and cross-border capital operations.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

8. Regional equity market business

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

Market environment

Regional equity markets serve as the “foundation” of China’s multi-tiered capital market and the “nursery” for nurturing enterprises. In the first half of 2026, several provinces explicitly proposed supporting regional equity markets in fulfilling their functional roles within the outlines of their “15th Five-Year Plans”. On 20 April 2026, the General Office of the People’s Government of Henan Province issued the Work Plan for the Comprehensive Reform of Market-Oriented Allocation of Factors in Zhengzhou (《鄭州市要素市場化配置綜合改革攻堅工作方案》), which proposed to “strengthen the role of Central China Equity Exchange and support regional equity markets in gradually establishing a basic service system, an integrated financial service system, and a listing standardisation and cultivation system that aligns with the needs of specialised and sophisticated SMEs.” On 25 May 2026, the People’s Government of Henan Province issued the 15th Five-Year Plan for National Economic and Social Development of Henan Province (《河南省國民經濟和社會發展第十五個五年規劃綱要》), which proposed to “actively develop direct financing channels such as equity and bonds, strengthen tiered cultivation of enterprises for listing, and enhance the functional role of Central China Equity Exchange” The aforementioned policies are conducive to enabling the Equity Exchange Co. to continuously fulfil its functional roles in areas such as cultivating SRDI enterprises, upgrading integrated financial services, and advancing institutional connectivity between the NEEQ and the SSE, SZSE and BSE.

Operational measures and performance

In the first half of 2026, the Equity Exchange Co. thoroughly implemented the strategic deployments of the CPC Henan Provincial Committee and the Henan Provincial People’s Government, taking the development of the “SRDI” board as the overarching focus to steadily advance the implementation of various initiatives. First, it further clarified its development direction. The Equity Exchange Co. formulated a special action plan for the high-quality development of the “SRDI” board, clearly emphasizing the development direction of functions, tiered enterprise cultivation, precise empowerment and ecological nurturing. Second, it carried out multi-dimensional services to expand the influence of the “SRDI” board. It successively visited Luoyang, Nanyang and other cities to conduct the “SRDI Board Empowerment, Central China Peer Exchange” brand series of events, promoting deeper and more substantive regional linkages and encouraging quality enterprises to be included in the cultivation database. It also carried out an in-depth “100-Day, 100-Enterprise SRDI Action” to identify core needs through enterprise visits. It helped enterprises increase financing channels and facilitated financing matchmaking and resource allocation. It organised tiered and differentiated multi-level training activities, building an “express lane” for enterprises to access the capital market. During the Reporting Period, 31 new enterprises joined the “SRDI” board, bringing the cumulative total to 146, with a preliminary tiered enterprise cultivation framework taking shape. Third, connectivity with the multi-level capital market continued to improve. Leveraging the institutional connectivity mechanism between the NEEQ and the SSE, SZSE and BSE, the Equity Exchange Co. built a stepwise growth pathway for enterprises from the regional equity market to the NEEQ, the SSE, SZSE and BSE. During the Reporting Period, 1 new enterprise submitted its application to the NEEQ through the “green channel” mechanism between the Equity Exchange Co. and the NEEQ. Fourth, it pursued innovative media integration to strengthen communication and empowerment. Through a combination of online and offline communication channels, such as the exclusive “Central China Equity Exchange (中原股交)” news channel launched with Dahe Fortune Cube, and the Central China Equity Exchange Newsletter (《中原股權交易中心通訊》) internal publication, the Equity Exchange Co. promoted and showcased Henan Province’s SRDI enterprises and the functions of the “SRDI” board, attracting quality enterprises and capital to contribute to the development of the “SRDI” board.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As of the end of the Reporting Period, the Equity Exchange Co. had 610 enterprises under custody and 10,424 listed and displayed enterprises.

Outlook for the second half of 2026

In the second half of 2026, the Equity Exchange Co. will closely follow the strategic direction of Henan Province's "15th Five-Year Plan" and deepen its focus on the actual corporate needs to support the high-quality development of small, medium and micro-enterprises. First, it will enhance service precision and progressively refine the core service model of "Excellence Cultivation" and "Obligations". By launching the "Excellence Cultivation Programme (培優工程)", it will promote quality enterprises to achieve upward breakthroughs; through the implementation of the "Inclusive Service Programme (義務普惠工程)", it will extend its service chain and focus on building an industrial ecosystem service system. Second, it will explore the launch of the "Science and Technology Innovation Star" selection initiative to identify high-quality enterprises with innovation capabilities and growth potential, strengthen the role of benchmark enterprises and create demonstration effects to attract social capital to follow suit. Third, it will continue to deepen the application of the "green channel" service mechanism with the NEEQ, intensify efforts to identify, cultivate and sign agreements with enterprises planning to apply for listing on the NEEQ. It will proactively engage with the NEEQ review department and streamline pre-communication and pre-application channels to help Henan-based enterprises improve their efficiency of application and listing.

III. ANALYSIS ON CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

The Company continues to strengthen its role as a strategic carrier in Henan's capital market, actively integrating into the broader development agenda of the province. Leveraging its most extensive business network coverage across Henan, it proactively engages with the province's development resources as a major economic and demographic hub with distinct regional advantages. By serving the development of the regional capital market, the Company advances its own high-quality development.

(II) Forging distinctive and differentiated competitive advantages

Taking the retail service brand of "Wealth Central China" and the institutional service brand of "Qihang Central China" as the traction, the company gave full play to the integrated advantages of regional capital market services in the whole chain, implemented "five major actions" such as characteristic development, regional deep cultivation, integrated operations, digital transformation, and tackling shortcomings, actively created an intensive business model with characteristic precise services and differentiated development, and promoted high-quality development.

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

Leveraging its unique advantage as an A+H dual-listed firm, the Company proactively built the "window" and "intermediary" platform in Hong Kong, connecting the regional economy with international capital markets. It integrated the functions of both the A-share and Hong Kong capital markets and intensified its efforts to expand its Hong Kong subsidiary's focus on the Henan market while enhancing service capabilities. By providing clients with "Chinese Mainland + Hong Kong" capital market services, it, in turn, promoted its own high-quality development.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

IV. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

(I) Analysis on principal business

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

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period last year	Change rate (%)
Operating income	1,261,859,230.74	921,354,746.21	36.96
Operating cost	715,337,956.70	628,139,701.92	13.88
Net cash flows from operating activities	1,051,922,313.75	627,914,417.23	67.53
Net cash flows from investing activities	1,175,555,201.78	143,468,509.10	719.38
Net cash flows from financing activities	503,016,113.70	-952,614,220.02	N/A

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

Item	Amount for the current period	Amount for the same period last year	Change ratio (%)	Explanation
Net interest income	294,195,085.92	174,898,824.75	68.21	Primarily due to increased interest income from margin financing and securities lending business and client funds and decreased interest expenses on financial assets sold under repurchase agreements during the current period
Investment banking net income	17,007,569.25	5,653,889.37	200.81	Primarily due to increased income from securities underwriting business during the current period
Assets management net income	558,259.30	15,101,558.70	-96.30	Primarily due to the decrease in net fee income from collective asset management business during the current period
Gains on changes in fair value (loss stated with "-")	104,777,169.98	32,381,186.01	223.57	Primarily due to increased gains from changes in fair value of financial assets during the current period
Gains on foreign exchange (loss stated with "-")	1,504,158.05	2,205,970.10	-31.81	Primarily due to exchange rate fluctuations during the current period
Gains from assets disposal (loss stated with "-")	501,350.39	1,287,579.06	-61.06	Primarily due to decreased gains from disposal of right-of-use assets during the current period
Loss on impairment of credit	-14,608,259.65	2,021,098.12	-822.79	Primarily due to impact of reversal of impairment provision on receivables during the current period
Other assets impairment losses	12,361,500.00	4,752,513.00	160.10	Primarily due to an increase in provision for impairment of assets held for debt settlement during the current period
Non-operating income	983,792.43	600,879.39	63.73	Primarily due to increased income unrelated to the Company's ordinary activities during the current period
Non-operating expenses	464,990.30	1,050,469.54	-55.74	Primarily due to decreased expenses unrelated to the Company's ordinary activities during the current period
Income tax expenses	118,965,975.54	33,624,641.11	253.81	Primarily due to the increase in profit during the current period
Gains or losses of minority shareholders	8,784,722.37	-1,167,552.64	N/A	Primarily due to increased net profit of certain subsidiaries, resulting the increase in gains or losses attributable to minority shareholders during the current period
Other comprehensive income after tax	4,352,228.67	-11,890,170.82	N/A	Primarily due to the increase in changes in fair value of other debt investments during the current period

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Reasons for changes in operating income: primarily due to increased income from wealth management, investment businesses and other businesses during the current period.

Reasons for changes in operating costs: primarily due to the increase in business and management expenses during the current period.

During the Reporting Period, the Group achieved operating income of RMB1.262 billion, representing a year-on-year increase of 36.96%. Among which, wealth management business amounted to RMB0.599 billion, representing a year-on-year increase of RMB0.140 billion, primarily due to the increase in income from agency trading of securities business during the current period; proprietary business amounted to RMB0.212 billion, representing a year-on-year increase of RMB0.139 billion, primarily due to the increase in income from changes in fair value of the investment business during the current period; investment management business amounted to RMB0.168 billion, representing a year-on-year increase of RMB0.058 billion, primarily due to the increase in income from investment funds of subsidiaries during the current period; credit business amounted to RMB0.250 billion, representing a year-on-year increase of RMB0.028 billion, primarily due to the increase in interest income from margin financing and securities lending business during the current period; investment banking business amounted to RMB0.014 billion, representing a year-on-year increase of RMB0.010 billion, primarily due to the increase in income from securities underwriting business during the current period; futures business amounted to RMB0.044 billion, representing a year-on-year increase of RMB0.006 billion; headquarters and others amounted to RMB0.003 billion, representing a year-on-year decrease of RMB0.007 billion; overseas business amounted to RMB0.027 billion, representing a year-on-year decrease of RMB0.037 billion, primarily due to the decrease in gains from changes in fair value of financial products held by Central China International during the current period.

During the Reporting Period, the Group's operating costs amounted to RMB0.715 billion, representing a year-on-year increase of 13.88%. Among which, business and management expenses amounted to RMB0.710 billion, representing a year-on-year increase of RMB0.096 billion, primarily due to the increase in wage expenses caused by the increase in income under the work-efficiency linkage mechanism; credit impairment losses amounted to RMB0.015 billion, representing a year-on-year decrease of RMB0.017 billion, primarily due to impact of reversal of impairment provision on receivables during the current period; impairment losses on other assets amounted to RMB0.012 billion, representing a year-on-year increase of RMB0.008 billion, primarily due to the increase in provision for impairment of assets held for debt settlement during the current period.

During the Reporting Period, the Group recorded a net profit attributable to shareholders of the parent of RMB0.419 billion, representing a year-on-year increase of RMB0.159 billion, primarily due to the increase in income from wealth management and investment business during the current period.

Reasons for changes in net cash flows from operating activities: primarily due to the decrease in cash outflow resulting from the year-on-year decrease in investment in financial instruments held for trading during the current period, and the decreased cash inflow resulting from the year-on-year decrease in fund for repurchase business.

Reasons for changes in net cash flows from investing activities: primarily due to the year-on-year increase in cash received from investment recovery during the current period, resulting in an increase in cash inflow.

Reasons for changes in net cash flows from financing activities: primarily due to the year-on-year decrease in cash paid to repay debts during the current period, resulting in a decrease in cash outflow.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Analysis on assets and liabilities

1. Assets and liabilities

Unit: Yuan

Item	Amount at the end of the period	Proportion of the amount at the end of the Current Period in total asset (%)	Amount at the end of the previous year	Proportion of the amount at the end of the previous year in total asset (%)	Change ratio of amount at the end of the Period VS amount at the end of the previous year (%)	Explanation
Cash and bank balances	19,798,385,224.10	31.88	19,288,837,976.68	33.01	2.64	Primarily due to an increase in client funds deposits at the end of the Current Period
Clearing settlement funds	5,627,754,404.76	9.06	3,401,684,665.84	5.82	65.44	Primarily due to an increase in client Settlement reserve funds at the end of the Current Period
Margin accounts receivable	12,203,429,078.91	19.65	10,937,435,576.51	18.72	11.57	Primarily due to an increase in the scale of margin accounts receivable at the end of the Current Period
Financial assets held for trading	17,706,523,099.48	28.51	17,117,977,734.01	29.30	3.44	Primarily due to an increase in the scale of notes at the end of the Period
Other debt investments	1,971,867,286.05	3.18	3,145,918,204.30	5.38	-37.32	Primarily due to a decrease in the scale of local government bonds at the end of the Current Period
Short-term financing payables	3,756,951,838.05	6.05	2,798,087,200.02	4.79	34.27	Mainly because the residual maturity of some bonds at the end of the Current Period is less than 1 year, which is classified as short-term financing payables
Due to banks and other financial institutions	3,151,334,455.60	5.07	3,030,308,361.12	5.19	3.99	Primarily due to an increase in capital from refinancing at the end of the Current Period
Financial liabilities held for trading	567,075,855.73	0.91	950,463,348.74	1.63	-40.34	Primarily due to a decrease in the scale of borrowed bonds sold at the end of the Current Period
Financial assets sold under repurchase agreements	7,109,730,130.43	11.45	7,017,190,370.59	12.01	1.32	Primarily due to an increase in pledge-style repurchase business at the end of the Current Period
Accounts payable to brokerage clients	24,332,397,521.51	39.19	21,702,396,171.66	37.14	12.12	Primarily due to an increase in client's capital deposit at the end of the Current Period
Contract liabilities	2,379,935.39	0.00	904,428.60	0.00	163.14	Primarily due to an increase in fee and commission advances at the end of the Current Period
Bonds payable	6,812,372,376.35	10.97	7,121,278,049.37	12.19	-4.34	Mainly because the residual maturity of some bonds at the end of the Current Period is less than 1 year, which is classified as short-term financing payables
Deferred income tax liabilities	25,036,018.28	0.04	6,830,718.03	0.01	266.52	Primarily due to the impact of changes in the value of financial assets at the end of the Current Period

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Other explanations

(1) Assets

As at the end of June 2026, the total assets of the Group reached RMB62.096 billion, increasing by RMB3.669 billion or 6.28% from RMB58.427 billion at the beginning of the year. Among them, cash and bank balances, clearing settlement funds and refundable deposits accounted for 42.91% of the total assets; Financial assets accounted for 31.80% of the total assets; Margin accounts receivable accounted for 19.65% of the total assets; Financial assets held under resale agreements accounted for 1.32% of the total assets; Long-term equity investment accounted for 1.47% of the total assets; Investment properties, fixed assets, construction in progress and right-of-use assets accounted for 1.01% of the total assets; Deferred income tax assets, intangible assets and other assets accounted for 1.83% of the total assets.

(2) Liabilities

As at the end of June 2026, the total liabilities of the Group reached RMB47.178 billion, increasing by RMB3.338 billion or 7.62% from RMB43.839 billion at the beginning of the year. Among them, the accounts payable to brokerage clients (including the accounts payable to brokerage clients in credit transactions) accounted for 51.58% of the total liabilities; Bonds payable and short-term financing instruments payable accounted for 22.40% of the total liabilities; Financial assets sold under repurchase agreements accounted for 15.07% of the total liabilities; Due to banks and other financial institutions accounted for 6.68% of the total liabilities; Financial liabilities held for trading accounted for 1.20% of the total liabilities; Employee benefits payable, tax payable and other liabilities accounted for 3.07% of the total liabilities.

As of 30 June 2026, the Group's asset-liability ratio, after excluding accounts payable to brokerage clients (including the accounts payable to brokerage clients in credit transactions) and accounts payable for securities underwriting, was 60.50%, representing an increase of 0.22 percentage points compared with the beginning of the year. (Note: Gearing ratio = (total liabilities – accounts payable to brokerage clients – accounts payable to underwriting clients)/(total assets – accounts payable to brokerage clients – accounts payable to underwriting clients))

2. Overseas assets

(1) Asset size

Among which: The overseas assets amounted to 5.58 (Unit: 100 million Currency: RMB), accounting for 0.90% of the total assets.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

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

(III) Investment analysis

1. Overall analysis on external equity investments

At the end of the Reporting Period, the Group’s long-term equity investment was RMB0.913 billion, representing an increase of RMB0.011 billion or 1.22% compared with the end of the previous year, mainly due to increased investment income recognized under the equity method during the period.

(1) *Financial assets measured at fair value*

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Unit: 100 million Currency: RMB

Name of company	Type of company	Principal business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Central China Blue Ocean Investment Management Co., Ltd. (中州藍海投資管理有限公司)	Subsidiary	Using self-owned funds to invest in financial products, securities and equity	22.26	24.11	23.84	1.46	1.47	1.21
Central China International Financial Holdings Company Limited (中州國際金融控股股份有限公司)	Subsidiary	Securities brokerage, provide advice on securities, margin financing, Investment banking, self-run investment and other capital market services	HK\$1.8 billion	5.58	3.15	-0.27	-0.39	-0.39
Central China Futures Co., Ltd. (中原期貨股份有限公司)	Subsidiary	Commodity futures brokerage, financial futures brokerage	3.30	32.26	4.73	0.44	0.10	0.08
Zhongding Kaiyuan Venture Capital Management Co., Ltd. (中鼎開源創業投資管理有限公司)	Subsidiary	Private equity investment fund management service; venture capital investment fund management service.	2.8	5.27	3.90	0.22	0.18	0.11
Central China Equity Exchange Co., Ltd. (中原股權交易中心股份有限公司)	Subsidiary	Provide enterprises with services such as registration, custody, listing, transfer and financing of equity, creditor's rights and other equity assets; investment and asset management; financial advisory, corporate promotion, corporate presentation, training and advisory services (operational activities may commence only after obtaining approval from relevant authorities for items subject to approval according to law)	3.5	3.62	3.53	0.18	0.11	0.08

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(V) Structured entities controlled by the Company

As of 30 June 2026, the Group has consolidated 6 structured entities. For the structured entities that served as the manager or investment advisor of structured entities and hold product shares, the Company included the structured entities under the control of the Company into the scope of consolidated statements after comprehensively considering the investment decision rights of the Company, the variable return exposure and the use of investment decision power to influence variable return. Please refer to VIII. "EQUITY IN OTHER ENTITIES" under Section 8 "REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION" in this report for the structured entities included in the consolidation scope.

V. OTHER DISCLOSURES

(I) Potential risks

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

1. Risk management organizational framework

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

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

2. Risk management system

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

3. Risk management information system

The Company has established and improved a risk management information technology system covering various risk types, business lines, departments, branches and subsidiaries, mainly including a risk monitoring platform covering various types of business, and a comprehensive risk management system covering net capital, stress testing, various risks and subsidiaries as well as a system of internal bond rating, public opinion monitoring and the same business and the same customer for risk measurement, aggregation, early warning, and monitoring, so as to meet the Company's overall risk management needs.

4. Risk response mechanism

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

(1) Market risk and policies

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

The Company's management of market risk primarily includes the following measures: First, formulating the Company's Market Risk Management Measures (《市場風險管理辦法》), which define the objectives, principles, organisational structure, and responsibilities of market risk management to standardise the methodologies and processes for market risk identification, assessment, monitoring, response, and reporting. Second, establishing a multi-tiered market risk limit framework, with multi-dimensional limit indicators covering business scale, Value at Risk (VaR), concentration, sensitivity, and stop-loss. Under the tiered authorisation model comprising the Board of Directors, the management, and the business level, risk limit indicators are cascaded down to each business department. Third, establishing a market risk identification and assessment mechanism, which fully identifies the market risk factors inherent in various business activities, and measures risk using methodologies such as Value at Risk (VaR), exposure risk, sensitivity analysis, and stress testing, in order to comprehensively assess potential risk points and the capacity to withstand risk. Fourth, establishing a dynamic daily mark-to-market monitoring mechanism, under which risk response measures such as risk acceptance, risk hedging, position reduction, and stop-loss are taken in the event of risk limit exceedances or significant market volatility, based on market conditions and the results of risk monitoring and assessment. Fifth, establishing the market risk management system, which supports market risk measurement, aggregation, monitoring, early warning, and reporting, to enhance the digitalisation of market risk management and provide systematic support for market risk management efforts.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company continued to enhance its market risk management measures: First, it dynamically optimised the risk limit framework for its proprietary business, improving the adaptability of tiered authorisation management. Second, it refined the methodologies, calculation rules, and applicable scenarios of core measurement tools such as the VaR model, exposure analysis, and sensitivity analysis to standardise the risk measurement process. Third, it conducted market risk stress tests on a regular basis to identify and assess the Company's risk tolerance under extreme adverse conditions. Fourth, it made an ongoing effort to improve the development of the market risk management system, enhancing its capacity for market risk measurement and management to support multi-dimensional risk and profit-and-loss (P&L) analysis. During the Reporting Period, the Company's market risk was controllable as a whole.

(2) Credit risk and policies

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

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

During the Reporting Period, the Company continued to enhance its credit risk management measures. First, in terms of collateral management, it refined the screening criteria for the risk securities pool of eligible collateral for its margin financing business. It reduced the conversion rates for certain stocks that had experienced significant price increases, were overvalued, or had been suspended from trading for review due to repeated abnormal fluctuations, thereby tightening control over the quality of eligible collateral. Second, in terms of credit management, it strengthened the pre-approval review of large credit facilities for financing-related businesses and implemented the requirements for concentration risk management for single-client credit facilities, so as to strictly guard against the risk of excessive credit concentration. Third, in terms of tiered decision-making, it improved the tiered review standards for high-risk asset categories such as low-rated credit bonds and illiquid assets, and optimised the tiered authorisation framework for its asset management business. Fourth, in terms of duration management, it enhanced risk screening for clients with large credit facilities and key eligible collateral in its margin financing business, included securities with high portfolio concentration among large-exposure clients into the scope of enhanced monitoring, and made timely risk alerts and contingency preparations. During the Reporting Period, the Company's credit risk was controllable as a whole.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(3) *Liquidity risk and policies*

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

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

During the Reporting Period, the Company continued to enhance its controls and countermeasures for liquidity risk: First, in conjunction with the market environment and its overall business development plan, the Company scientifically coordinated annual capital allocation and financing plans to achieve balanced matching of assets and liabilities. Second, it deepened the refined management of capital positions, placed strong emphasis on monitoring large-value capital receipts and payments, dynamically tracked the progress of business rollouts and debt maturity schedules, and enhanced the forward-looking nature, accuracy and efficiency of position management. Third, it flexibly deployed a diverse array of financing instruments including corporate bonds, sci-tech innovation bonds, re-financing facilities and income certificates to broaden funding sources and replenish liquidity reserves. The Company also strengthened control over the scale of long-term and short-term liabilities and continuously optimised the liability structure. Fourth, it solidly pushed forward consolidated liquidity risk management, conducted in-depth research on the institutional requirements and statistical standards for consolidated liquidity regulatory indicators, formulated standardised and unified rules for indicator submission, and carried out regular measurement and verification of such indicators on an ongoing basis. As of the end of the Reporting Period, the liquidity coverage ratio and net stable funding ratio of the Company were 199.91% and 207.32%, respectively, which were in compliance with the regulatory requirements. No material liquidity risk events occurred during the Reporting Period.

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(4) Operational risk and policies

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

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

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

(5) Reputation risk and policies

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Reporting Period, the Company managed the reputation risk by sticking to the principles of full staff in the whole process, prevention first, prudent management and rapid response. The Company safeguarded the image of the securities industry and market stability. First, the Company enhanced its reputation risk management system to improve the efficiency of public sentiment information capture. Second, the Company strengthened the prevention and control of public sentiment risks at both the Company and its overseas subsidiaries, focusing on preventing reputation risks arising from client complaints and employee conduct. The Company proactively mitigated these risks through measures such as tracking and managing risk incidents and strengthening communications. Third, it systematically identified potential risk points, expanded its list of keywords for public sentiment monitoring, and enhanced its capabilities for identifying and monitoring reputation risks. During the Reporting Period, the Company had no significant reputation events.

(6) Compliance risk and policies

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

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company further strengthened the compliance management of various projects. First, the Company will continue to optimise the compliance management system, complete the revision of policies on compliance review and compliance accountability and enhance the categorised, tiered and graded compliance management mechanism to clarify the interface between compliance accountability and various other forms of liability enforcement. Second, the Company will advance the upgrade of its anti-money laundering management system to refine its monitoring indicators. It will continue to implement the connection and launch of the Information Query Management System for beneficial owner identification of non-natural-person clients and consistently meet regulatory requirements for client due diligence.

(7) Information technology risk and policies

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

Through the greater investment in information system backup capability, innovative technology application, security protection system, infrastructure update and other aspects, the Company laid a solid foundation for the operation and maintenance of information system and further improved the stability of information system. The policies mainly encompass the five aspects as below: First, it continued to increase investment in foundational resources and solidify its basic resource platform. Through measures such as cloud platform construction and upgrading the core trading equipment, we provided a secure and efficient technology support platform. Second, it continued to improve risk control for system changes. It enhanced its processes for pre-implementation reviews, standardized operations, in-process inspections, and post-implementation evaluations for all system changes, achieving its goal of zero-fault system modifications. Third, it steadily advanced the development of an integrated digital and intelligent operations platform, achieving full coverage of all business systems under centralised management. It built an intelligent monitoring and early-warning system featuring visualised monitoring, intelligent operations and maintenance, and standardised data governance to strengthen the security of its information systems. Fourth, it diligently managed the performance and capacity of its information systems, conducting regular stress tests on the core trading settlement system to scientifically assess their capacity and performance. Fifth, it deepened security monitoring and full-lifecycle vulnerability management. By combining routine vulnerability scanning with security penetration testing, it swiftly and effectively completed security reinforcements, enhancing the overall defensive capabilities of its systems.

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

SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

(II) Employees, remuneration policies and training

As of the end of the Reporting Period, the Group had a total of 2,341 employees, including 2,068 employees from the Company and 273 employees from its subsidiaries. The Company amended and improved the annual incentive and restraint mechanism for each business line by signing the letter of responsibility for annual business objectives, strictly implemented performance appraisal, and improved performance distribution to fully mobilise the enthusiasm of cadres and staff. The Company's remuneration consists of basic salary, allowance, performance bonus and welfare. The welfare provided to employees includes basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, etc. In addition, the Company also formulated the corporate annuity programme, to further enhance the capability in providing corporate welfare.

The Company has formulated targeted training programmes to provide regular and continual training for the cadres and staff. The Company has prepared the annual training programme and organised a number of professional business training sessions in the first half of 2026.

(III) Material investments

As of 30 June 2026, the Group had no future plans regarding material investments or capital assets, and the Group did not hold any material investments constituting 5% or more of the Group's total assets.

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

I. CHANGES IN DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Change	Reason	Reason for the change
Tang Jin	Director	Ceased to act	Retired	Nil
Jiang Dejie	Director	Elected	Others	Nominated by shareholders

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

1. On 9 June 2026, the Board received the written resignation of Director Mr. Tang Jin. Mr. Tang Jin resigned as reaching his retirement age. He tendered his resignation from all his positions, including as a Director of the seventh session of the Board of the Company and as a member of its specialized committees. Following the election of a new Director at the Company's 2025 Annual General Meeting on 30 June 2026, Mr. Tang Jin ceased to serve as a Director of the Company. For details, please refer to the relevant announcements of the Company dated 10 June 2026 and 1 July 2026 disclosed on the website of the SSE (Announcement No.: 2026-014, 2026-019) and the announcement dated 9 June 2026 on the website of Hong Kong Stock Exchange.
2. On 30 June 2026, the Company's 2025 Annual General Meeting considered and approved the "Proposal on Nominating the Candidates for Directors of the Seventh Session of the Board", and elected Mr. Jiang Dejie as a Director of the seventh session of the Board of the Company for a term ending upon expiry of the term of the seventh session of the Board. For details, please refer to the relevant announcement of the Company dated 1 July 2026 disclosed on the website of the SSE (Announcement No.: 2026-019) and the poll results announcement of the Company's 2025 Annual General Meeting dated 30 June 2026 on the website of Hong Kong Stock Exchange. Details of Mr. Jiang Dejie's biography and information required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules are set out in the Company's announcement dated 9 June 2026. As of the date of this interim report, there have been no changes to Mr. Jiang Dejie's biography or any other information relating to his appointment.

II. PLAN FOR PROFIT DISTRIBUTION OR CAPITALISATION ISSUE

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

Whether to make profit distribution or capitalize capital reserve into share capital	Yes
Number of bonus shares for every 10 shares (share)	0.00
Amount of dividend for every 10 shares (yuan) (tax inclusive)	0.12
Capitalisation shares for every 10 shares (share)	0.00

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

The Company's profit distribution plan as considered and approved by the Board is to distribute: a cash dividend of RMB0.12 (tax inclusive) for every 10 shares. Calculated based on the total share capital of the Company of 4,642,884,700 shares as of 30 June 2026, the total cash dividend amounted to RMB55,714,616.40 (tax inclusive). No capital reserves will be converted into share capital and no bonus shares will be distributed by the Company.

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

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

SECTION 4 CORPORATE GOVERNANCE, ENVIRONMENT AND SOCIETY

IV. DETAILS ON CONSOLIDATION AND EXPANSION OF ACHIEVEMENTS OF POVERTY ALLEVIATION AND INFORMATION ABOUT RURAL REVITALISATION

In the first half of 2026, the Party Committee of the Company fully implemented the spirit of the 2026 Central Document No. 1, Opinions on Anchoring Agricultural and Rural Modernization and Solidly Advancing Comprehensive Rural Revitalization, as well as the 2026 Henan Provincial Committee Document No. 1. The Company resolutely assumed its political responsibilities, formulated coordinated assistance plans, refined task lists, and ensured the effective fulfillment of assistance obligations. Solid efforts were made to implement various assistance initiatives and achieve tangible results, thereby effectively consolidating the achievements of poverty alleviation.

(I) Rural Industrial Development

The Company adheres to the principle of driving rural revitalization through industrial development. For Luochen Village, Luochen Township, Guangshan County, the Company dispatched a First Secretary to anchor sericulture as the core industry. Concerted efforts were made to implement the 100-mu mulberry plantation project, fostering a new growth driver for the village's collective economy. Concurrently, the Company launched the "Fruit Trees into Villages" project to create new highlights in the courtyard economy, leveraging ecological greening to enhance rural governance. For Erdaohe Village, Lixindian Town, Queshan County, the Company dispatched a work team to strategize the development of featured industries, focusing on three major sectors: rice cultivation and processing, sweet potato cultivation and processing, and rural tourism. To improve industrial efficiency, the Company capitalized on the existing irrigation canal network and paddy fields to expand rice cultivation and extend the industrial chain. Furthermore, the Company actively collaborated with university agricultural research institutes and renowned rice brands to provide training for villagers and upgrade their industrial development skills.

(II) Sustained Consumption-based Assistance

The Company has sustained its consumption-based assistance to effectively link the consolidation and expansion of poverty alleviation achievements with rural revitalization. During the period, the Company purchased agricultural and sideline products from poverty-alleviated counties, totaling RMB386,300. These initiatives have effectively consolidated and expanded poverty alleviation achievements, enhanced the quality and effectiveness of consumption-based assistance, and delivered tangible income growth for rural households in these areas.

(III) Spiritual and Cultural Life

The First Secretary dispatched to Luochen Village by the Company raised assistance funds and conducted visit and care activities during the Spring Festival and International Children's Day (1 June). These initiatives covered vulnerable groups, left-behind children and other groups, conveying the Company's care. During the Spring Festival, the work team stationed in Erdaohe Village mobilized funds from various sources to organize the "New Year Visit to the Grassroots" campaign. The team visited and offered care to households lifted out of poverty, monitored households, and vulnerable groups, delivering daily necessities and festive greetings. Furthermore, the Company organized Party member volunteers to carry out volunteer services, including environmental sanitation improvement and caring for left-behind children, fostering a positive rural ethos.

SECTION 5 SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

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

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

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

During the reporting period, neither the Company nor its controlling shareholder and de facto controller had unperformed enforceable court judgments, unpaid debts with larger sums at maturity or bad credibility record.

SECTION 5 SIGNIFICANT EVENTS

III. MATERIAL RELATED TRANSACTIONS

(I) Related transactions in relation to the ordinary operations

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

During the Reporting Period, the Company conducted related party transactions in the ordinary course of business in strict compliance with the Proposal on the Signing of Framework Agreement on Related Party/ Continuing Connected Transactions Contemplated in the Ordinary Course of Business and the Setting of Annual Transaction Caps (《關於簽署日常關聯／持續關連交易框架協議及設定年度交易上限的議案》) approved at the thirty-second meeting of the seventh session of the Board and the Proposal on Adjusting the Quota for Routine Related/Continuing Connected Transactions with Henan Investment Group and Adding Related Party Transactions with Zhongyuan Bank (《關於調整與河南投資集團日常關聯／持續關連交易額度並新增與中原銀行開展日常關聯交易的議案》) approved at the 2025 Annual General Meeting. The relevant implementation is as follows:

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

Currency: RMB Unit: Ten thousand

Nature of transaction	Type of transaction	Estimated caps	Actual amount during the Reporting Period
Securities and financial products transactions	Total net cash inflow to the Group	30,500.00	0
	Total net cash outflow from the Group	33,000.00	0
Securities and financial services	Revenue from the provision of securities and financial services to Henan Investment Group	3,992.62	89.98
	Expenses incurred by the provision of securities and financial services to the Group from Henan Investment Group/provision of margin loans to Henan Investment Group	5,700.00	0
	Other services	1,289.39	215.91

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

Currency: RMB Unit: Ten thousand

Nature of transaction	Type of transaction	Estimated caps	Actual amount during the Reporting Period
Securities and financial products transactions	Total net cash inflow to the Group	9,000.00	0
	Total net cash outflow from the Group	9,000.00	7,633.26
Securities and financial services	Revenue from the provision of securities and financial services to Equity Exchange Co.	5,214.00	685.27
	Expenses incurred by the provision of securities and financial services to the Group	605.00	0

SECTION 5 SIGNIFICANT EVENTS

(3) Routine related transactions with Zhongyuan Bank

Currency: RMB Unit: Ten thousand

Nature of transaction	Type of transaction	Estimated caps	Actual amount during the Reporting Period
Securities and financial products transactions	Total net cash inflow to the Group	Since the exact transaction time and amount cannot be accurately predicted, the amount will be calculated based on the actual amount incurred	0
	Total net cash outflow from the Group	Since the exact transaction time and amount cannot be accurately predicted, the amount will be calculated based on the actual amount incurred	0
Securities and financial services	Revenue from the provision of securities and financial services to Zhongyuan Bank	Since the exact transaction time and amount cannot be accurately predicted, the amount will be calculated based on the actual amount incurred	0.72
	Expenses incurred by the provision of securities and financial services to the Group from Zhongyuan Bank	Since the exact transaction time and amount cannot be accurately predicted, the amount will be calculated based on the actual amount incurred	2,269.58

SECTION 5 SIGNIFICANT EVENTS

(II) Related party transactions in connection with purchase or sale of assets or equity interest

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

Description	Inquiry Index
On 8 September 2025, the thirty-seventh meeting of the seventh session of the Board of Directors of the Company considered and approved the Proposal on the Initiation and Establishment of a Private Equity Fund by a Wholly-owned Subsidiary and Related Party Transaction, agreeing the subsidiary of the Company Zhongding Kaiyuan to subscribe for a capital contribution not exceeding RMB50 million to jointly establish Henan Hongding Equity Investment Partnership (Limited Partnership) with related/connected parties, Henan Asset Fund Management Co., Ltd. and Henan Asset Management Co., Ltd.	SSE Announcements No.: 2025-029, 2026-020 and 2026-022
On 7 July 2026, Zhongding Kaiyuan and other partners of Hongding Fund, namely Henan Asset Fund Management Co., Ltd. and Henan Asset Management Co., Ltd., jointly signed the Supplemental Agreement (No. 1) to the Partnership Agreement of Henan Hongding Equity Investment Partnership (Limited Partnership) (《河南泓鼎股權投資合夥企業(有限合夥)合夥協議之補充協議(一)》), amending certain terms of the original agreement.	Announcements on the website of the Hong Kong Stock Exchange dated 8 September 2025, 7 July 2026 and 14 July 2026
On 13 July 2026, Henan Hongding Equity Investment Partnership (Limited Partnership) completed the private investment fund registration procedures with the Asset Management Association of China and obtained the Private Investment Fund Registration Certificate for Securities Companies (《證券公司私募投資基金備案證明》).	
On 12 August 2026, the forty-seventh meeting of the seventh session of the Board of Directors of the Company considered and approved the Proposal on the Initiation and Establishment of a Private Equity Fund by a Wholly-owned Subsidiary and Related Party Transaction (《關於全資子公司發起設立私募基金暨關聯交易的議案》), agreeing the subsidiary of the Company Zhongding Kaiyuan to subscribe for a capital contribution of RMB20 million to jointly establish Henan Xiangding Digital Equity Investment Fund Partnership (Limited Partnership) (tentative name) with related/connected parties, Zhongyuan Jinxiang Investment Management Limited and Henan Zhongyuan Jinxiang Jieli Equity Investment Fund Partnership (Limited Partnership), and the third party Luoyang Culture and Tourism Digital Innovation Venture Capital Fund Partnership (Limited Partnership).	SSE Announcements No.: 2026-025 and 2026-026 Announcements on the website of the Hong Kong Stock Exchange dated 12 August 2026 and 17 August 2026
On 17 August 2026, Zhongding Kaiyuan and other partners of the fund jointly signed the Partnership Agreement of Henan Xiangding Digital Equity Investment Fund Partnership (Limited Partnership) (《河南象鼎數字股權投資基金合夥企業(有限合夥)合夥協議》).	

SECTION 5 SIGNIFICANT EVENTS

IV. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

(I) Compliance with the Corporate Governance Code

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

(II) Compliance with Model Code

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

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

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

(IV) Review of the report

The Audit Committee and the management of the Company have reviewed the accounting policies adopted by the Company, discussed issues including internal control and financial reporting, and fully reviewed the financial statements, notes to the financial statements for the Reporting Period and this report. The Audit Committee considered that the preparation of such consolidated financial report was in conformity with applicable accounting standards and provisions and appropriate disclosures have been made. ShineWing Certified Public Accountants (LLP) has reviewed interim financial information in accordance with the Review Standards for Chinese Certified Public Accountants No. 2101 — Review of Financial Statements.

(V) Events after the balance sheet date

For significant subsequent events, please refer to XIV "EVENTS AFTER THE BALANCE SHEET DATE" under Section 8 "REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION".

(VI) List of Directors

At the date of this report, the Board of the Company comprises Ms. Zhang Qiuyun, Mr. Li Wenqiang, Mr. Feng Ruofan, Mr. Jiang Dejie, Mr. Tian Shengchun, Ms. Zhu Junhong, Mr. Chen Zhiyong*, Mr. Wang Hui*, Mr. Wang Huixuan* and Mr. Du Xiaotang*.

* Independent non-executive Director of the Company

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. Changes in shares

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

II. SHAREHOLDERS

(I) Total number of shareholders:

Total number of ordinary shareholders
as at the end of the Reporting Period

103,856
Among which: 103,820 holders of A shares,
36 registered holders of H shares

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

Unit: Share

Name of shareholders (Full name)	Shareholdings of the top ten shareholders (excluding share lending through refinancing)						Nature of shareholders
	Changes during the Reporting Period	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen		
					Status of shares	Number	
HKSCC Nominees Limited	0	1,195,111,550	25.74	0	Nil	0	Overseas legal person
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	0	822,983,847	17.73	0	Nil	0	State-owned legal person
Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司)	0	149,070,907	3.21	0	Nil	0	State-owned legal person
Anyang Iron & Steel Group Co., Ltd. (安陽鋼鐵集團有限責任公司)	0	131,085,215	2.82	0	Pledged	65,000,000	State-owned legal person
China 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)	8,751,655	84,593,932	1.82	0	Nil	0	Others
China Pingmei Shenma Holding Group Co., Ltd. (中國平煤神馬控股集團有限公司)	0	63,694,267	1.37	0	Nil	0	State-owned legal person
China Construction Bank Corporation — Hwabao WP CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 華寶中證全指證券公司交易型開放式指數證券投資基金)	1,448,686	54,242,819	1.17	0	Nil	0	Others
Anyang Industry Investment Group Co., Ltd. (安陽產業投資集團有限公司)	0	48,824,693	1.05	0	Pledged	24,412,346	State-owned legal person
Henan Railway Construction & Investment Group Co., Ltd. (河南省鐵路建設投資集團有限公司)	0	46,219,915	1.00	0	Nil	0	State-owned legal person
Li Guo	35,000,000	35,000,000	0.75	0	Nil	0	Domestic natural person

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

Name of shareholders	Number of tradable shares not subject to trading moratorium	Type and number of shares	
		Type	Number
HKSCC Nominees Limited	1,195,111,550	Overseas listed foreign shares	1,195,111,550
Henan Investment Group Co., Ltd. (河南投資集團有限公司)	822,983,847	RMB-denominated ordinary shares	822,983,847
Jiangsu SOHO Holdings Group Co., Ltd. (江蘇省蘇豪控股集團有限公司)	149,070,907	RMB-denominated ordinary shares	149,070,907
Anyang Iron & Steel Group Co., Ltd. (安陽鋼鐵集團有限責任公司)	131,085,215	RMB-denominated ordinary shares	131,085,215
China 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)	84,593,932	RMB-denominated ordinary shares	84,593,932
China Pingmei Shenma Holding Group Co., Ltd. (中國平煤神馬控股集團有限公司)	63,694,267	RMB-denominated ordinary shares	63,694,267
China Construction Bank Corporation — Hwabao WP CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund (中國建設銀行股份有限公司 — 華寶中證全指證券公司交易型開放式指數證券投資基金)	54,242,819	RMB-denominated ordinary shares	54,242,819
Anyang Industry Investment Group Co., Ltd. (安陽產業投資集團有限公司)	48,824,693	RMB-denominated ordinary shares	48,824,693
Henan Railway Construction & Investment Group Co., Ltd. (河南省鐵路建設投資集團有限公司)	46,219,915	RMB-denominated ordinary shares	46,219,915
Li Guo	35,000,000	RMB-denominated ordinary shares	35,000,000

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

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

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

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

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

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

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

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

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

Name	Class of shares	Nature of interests	Number of shares held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued A Shares/H Shares of the Company (%)	Long position/ Short position/ Lending pool
Henan Investment Group	A Share(s)	Beneficial owner	822,983,847	17.726	23.872	Long position
Henan Investment Group	H Share(s)	Beneficial owner/ Interests in corporations controlled by substantial shareholders	200,573,000 ^{Note}	4.320	16.779	Long position
E Fund Management Co., Ltd.	H Share(s)	Investment Manager	117,129,000	2.523	9.799	Long position

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

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

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

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

(I) Corporate bonds (enterprise bonds inclusive)

1. Basic information of corporate bonds

Unit: 100 million Currency: RMB

Name of bonds	Abbreviation	Code	Date of issuance	Value date	Latest resale date after 31 August 2026	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Lead underwriter	Trustee	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there are risks of termination of listing and trading
2023 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	23 Central China C1	115809.SH	17 August 2023	18 August 2023	—	18 August 2026	5	3.70	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Guotai Haitong Securities Company Limited	Guotai Haitong Securities Company Limited	Issuance to professional institutional investors	Matching transaction, one-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 Central China 01	240528.SH	24 January 2024	25 January 2024	—	25 January 2027	7	2.90	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2024 Public Issuance of Subordinated Bonds to Professional Institutional Investors (Tranche 1) of Central China Securities Co., Ltd.	24 Central China C1	240999.SH	3 June 2024	4 June 2024	—	4 June 2027	10	2.44	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Guotai Haitong Securities Company Limited	Guotai Haitong Securities Company Limited	Issuance to professional institutional investors	Matching transaction, one-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2024 Corporate Bonds Publicly Issued to Professional Investors (Tranche 2) of Central China Securities Co., Ltd.	24 Central China 02	241202.SH	3 July 2024	4 July 2024	—	4 July 2027	20	2.22	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Issuance to professional investors	Matching transaction, one-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2025 Corporate Bonds Privately Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	25 Central China 01	258335.SH	24 April 2025	25 April 2025	—	25 April 2028	20	2.35	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Guotai Haitong Securities Company Limited, CSC Financial Co., Ltd.	Guotai Haitong Securities Company Limited	Private issuance to professional investors	One-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2025 Public Issuance of Subordinated Bonds to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	25 Central China C1	244175.SH	7 November 2025	10 November 2025	—	10 November 2028	5	2.20	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd., China Galaxy Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Public issuance to professional investors	Matching transaction, one-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2025 Technological Innovation Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	25 Central China K1	244238.SH	18 November 2025	19 November 2025	—	19 November 2028	5	1.98	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd., Guotai Haitong Securities Company Limited, Soochow Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Public issuance to professional investors	Matching transaction, one-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

Name of bonds	Abbreviation	Code	Date of issuance	Value date	Latest resale date after 31 August 2026	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Lead underwriter	Trustee	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there are risks of termination of listing and trading
2026 Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	26 Central China 01	244620.SH	3 February 2026	4 February 2026	—	4 February 2029	10	1.97	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd., Guotai Haitong Securities Company Limited, Soochow Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Public issuance to professional investors	Matching transaction, one-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No
2026 Technological Innovation Corporate Bonds Publicly Issued to Professional Investors (Tranche 1) of Central China Securities Co., Ltd.	26 Central China K1	245433.SH	12 June 2026	15 June 2026	—	15 June 2029	5	1.75	Interest on an annual basis and the principal repayable upon maturity in full	SSE	Shenwan Hongyuan Securities Co., Ltd., Guotai Haitong Securities Company Limited, Soochow Securities Co., Ltd.	Shenwan Hongyuan Securities Co., Ltd.	Public issuance to professional investors	Matching transaction, one-click-order transaction, price inquiry transaction, auction transaction and negotiated transaction	No

Other explanations

Shanghai Brilliance Credit Rating & Investors Service Co, Ltd. issued the tracking rating report on “25 Central China C1”, “24 Central China C1” and “23 Central China C1” on 26 May 2026, maintaining the AAA rating for the Company’s entity credit and AA+ rating for its bonds credit, with a stable rating outlook.

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

Bond code	Bond abbreviation	Current status	Implementation	Change	Is there any change	Situation Before and After Changes	Reason for the change	Whether the change has been approved by competent authorities	Impact of the change on rights and interests of bonds investors
115809.SH 240528.SH 240999.SH 241202.SH 258335.SH 244175.SH 244238.SH 244620.SH 245433.SH	23 Central China C1 24 Central China 01 24 Central China C1 24 Central China 02 25 Central China 01 25 Central China C1 25 Central China K1 26 Central China 01 26 Central China K1	As of the end of the Reporting Period, all outstanding corporate bonds were unsecured bonds. The Company’s debt service guarantees include the formulation of the Rules of the Bondholders’ Meeting, the formulation and strict execution of capital management plans, the full utilization of the bond trustee’s role, and the rigorous fulfillment of information disclosure obligations.	During the Reporting Period, the Company strictly adhered to the debt service plans and guarantees, paid bond interest and principal in full and on time, disclosed bond-related information in a timely manner, and maintained the standardized operation of special accounts.	Nil	No				

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

(II) Proceeds from the corporate bonds

1. Basic information

Unit: 100 million Currency: RMB

Bond code	Bond abbreviation	Whether it is a specialised type of bond	Specific type of specialised bond	Total funds raised	Balance of funds raised at the end of the Reporting Period	Balance of the special account for funds raised at the end of the Reporting Period
244620.SH	26 Central China 01	No	—	10	0	0
245433.SH	26 Central China K1	Yes	Technological Innovation Corporate Bonds	5	0	0

2. Use of proceeds

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

Unit: 100 million Currency: RMB

Bond code	Bond abbreviation	Actual amount of proceeds utilized during the Reporting Period	Amount of interest-bearing debt repayment (excluding corporate bonds)	Amount of repayment of corporate bonds	Amount of liquidity replenishment	Amount involved in fixed asset investment projects	Amount involved in equity investments, debt investments or asset acquisitions	Amount of other uses
244620.SH	26 Central China 01	10	—	10	—	—	—	—
245433.SH	26 Central China K1	5	—	—	—	—	5	—

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

Bond code	Bond abbreviation	Details of the repayment of corporate bonds	Details of the repayment of other interest-bearing debts (excluding corporate bonds)
244620.SH	26 Central China 01	Repayment of RMB1 billion corporate bonds (23 Central China 01)	—

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

(3) Proceeds used for liquidity replenishment (excluding temporary replenishment)

(4) Proceeds used in special projects

Bond code	Bond abbreviation	Project Progress	Operating Performance of the Project	Completion of Mortgage or Pledge Matters for the Project (if applicable)	Other Disclosable Matters Relating to Project Construction
245433.SH	26 Central China K1	As at the end of the Reporting Period, RMB500 million has been specially allocated to support businesses in the technological innovation sector through investing in sci-tech innovation corporate bonds, exchanging investments in sci-tech innovation corporate bonds made within the 12-month period prior to issuance and other forms.			

Material changes to the project occurred during the Reporting Period which may affect the planned use of proceeds: ☐ Yes ☒ No

The net income of the project as at the end of the Reporting Period decreased by more than 50% compared to what was disclosed in the prospectus and other documents, or there were other material adverse events that may impact the actual operation of the project occurred during the Reporting Period: ☐ Yes ☒ No

3. Compliance of use of proceeds

Bond code	Bond abbreviation	Intended use of proceeds in the prospectus	Actual use of proceeds as at the end of the Reporting Period (including actual use and temporary replenishment)	Whether the actual use is consistent with the intended use (including the intended use in the prospectus and the use after compliance change)	Whether the use of proceeds and the management of special account for proceeds are compliant during the Reporting Period	Whether the use of proceeds complied with regulations on local government debt management
244620.SH	26 Central China 01	Used to repay matured corporate bonds	Repayment of corporate bonds (23 Central China 01)	Yes	Yes	N/A
245433.SH	26 Central China K1	Used to support businesses in the technological innovation sector; no less than 70% are intended for investments complying with relevant capital market requirements, including but not limited to investing in technological innovation corporate bonds and refinancing investments made in technological innovation corporate bonds within the 12 months prior to issuance, while no more than 30% shall be used for liquidity replenishment	Specially allocated to support businesses in the technological innovation sector through investing in sci-tech innovation corporate bonds, exchanging investments in sci-tech innovation corporate bonds made within the 12-month period prior to issuance and other forms.	Yes	Yes	N/A

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

(III) Other matters required to be disclosed for specialised bonds

1. The Company as an issuer of technological innovation corporate bonds or innovation and entrepreneurship corporate bonds

Unit: 100 million Currency: RMB

The issuer category applicable to the current bond issuance	☐ Technological innovation ☐ Technological innovation update ☐ Technological innovation investment ☐ Technological innovation incubation ☒ Financial institution
Bond code	245433.SH
Bond abbreviation	26 Central China K1
Balance of bonds	5
Progress on technological innovation projects or funds raised by financial institutions invested in the field of science and technology innovation	As at the end of the Reporting Period, RMB500 million had been specially allocated to support businesses in the technological innovation sector through investing in sci-tech innovation corporate bonds, exchanging investments in sci-tech innovation corporate bonds made within the 12-month period prior to issuance and other forms.
Impact on promoting technological innovation	The proceeds from this bond issue are specially used to support technological innovation businesses.
Operation of the Fund Products (if any)	N/A
Other matters	

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

1. Non-operating current account and capital borrowings

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

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

New increase in non-operating current account and capital borrowings during the Reporting Period: RMB0.00 billion, Collected: RMB0.00 billion;

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

☐ Yes ☒ No

At the end of the Reporting Period, the total amount of uncollected non-operating current account and capital borrowings: RMB0.00 billion, including the total amount of current account and capital borrowings by controlling shareholder, de facto controller, and other related parties: RMB0.00 billion.

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

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

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

Whether it exceeds 10% of the net assets on a consolidated basis: ☐ Yes ☒ No

2. Liabilities

(1) Interest-bearing debt and changes

1.1 Debt structure of the Company

At the beginning of the Reporting Period and at the end of the Reporting Period, the Company's (non-consolidated) interest-bearing debt balance amounted to RMB19.991 billion and RMB20.840 billion, respectively, with a change of 4.25% in the balance of interest-bearing debt during the Reporting Period.

Unit: 100 million Currency: RMB

Type of interest-bearing debts	Expiry time			Total amount	Percentage of interest-bearing debt (%)
	Overdue	Within 1 year (inclusive)	Over 1 year (exclusive)		
Corporate credit bonds		23.01	64.98	87.98	42.22
Bank loans					
Loans from non-bank financial institutions					
Other interest-bearing debt		118.01	2.41	120.42	57.78
Total		141.02	67.38	208.40	—

At the end of the Reporting Period, among the Company's corporate credit bonds in existence, the balance of corporate bonds amounted to RMB8.798 billion, the balance of enterprise bonds amounted to RMB0.00 billion, and the balance of non-financial corporate debt financing instruments amounted to RMB0.00 billion.

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

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

At the beginning of the Reporting Period and at the end of the Reporting Period, the balance of the Company's interest-bearing debt within the scope of the Company's consolidated financial statements amounted to RMB19.967 billion and RMB20.830 billion, respectively, with a change of 4.32% in the balance of interest-bearing debt during the Reporting Period.

Unit: 100 million Currency: RMB

Type of interest-bearing debts	Expiry time			Total amount	Percentage of interest-bearing debt (%)
	Overdue	Within 1 year (inclusive)	Over 1 year (exclusive)		
Corporate credit bonds		23.01	64.98	87.98	42.24
Bank loans					
Loans from non-bank financial institutions					
Other interest-bearing debt		117.91	2.41	120.32	57.76
Total		140.92	67.38	208.30	—

At the end of the Reporting Period, among the Company's corporate credit bonds of consolidated accounts in existence, the balance of corporate bonds amounted to RMB8.798 billion, the balance of enterprise bonds amounted to RMB0.00 billion, and the balance of non-financial corporate debt financing instruments amounted to RMB0.00 billion.

1.3 Overseas bonds

As of the end of the Reporting Period, the balance of overseas bonds issued within the scope of the Company's consolidated financial statements amounted to RMB0.00 billion.

SECTION 7 INFORMATION ON BONDS ISSUED BY THE COMPANY

(V) Key accounting data and financial indicators

✓Applicable ☐Not Applicable

Unit: Yuan Currency: RMB

Principal indicators	At the end of the Reporting Period	As at the end of last year	Increase/ Decrease as at the end of the Reporting Period as compared with the end of last year (%)	Reason for the change
Current ratio	2.05	2.05		
Quick ratio	2.05	2.05		
Gearing ratio (%)			Increased by 0.22 percentage points	
	60.50	60.28		

	The Reporting Period (January- June)	The corresponding period of last year	Increase/ Decrease for the Reporting Period as compared with the corresponding period of last year (%)	Reason for the change
Net profit excluding non-recurring profit or loss	397,386,374.23	253,221,986.63	56.93	Increase in net profit attributable to shareholders of the parent company
Debt-to-EBITDA ratio (%)	3.73	2.87	Increased by 0.86 percentage points	
Interest coverage ratio	3.89	2.30	69.13	Increase in the total profit
Cash interest coverage ratio	19.05	7.88	141.75	Increase in net cash flow from operating activities
EBITDA interest coverage ratio	4.22	2.59	62.93	Increase in EBITDA
Loan repayment ratio (%)	100.00	100.00		
Interest payment ratio (%)	100.00	100.00		

SECTION 8 REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Review Report

XYZH/2026BJAB2B0775
Central China Securities Co., Ltd.

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

We have reviewed the attached financial statements of Central China Securities Co., Ltd. (hereinafter referred to as the "Company"), including the consolidated and the Parent Company's balance sheet as at June 30th, 2026, the consolidated and the Parent Company's income statement, the consolidated and the Parent Company's cash flow statement, the consolidated and the Parent Company's change of equity statement for the period from January to June 2026, and notes to the financial statements. The preparation and fair presentation of these financial statements are the responsibility of the management of the Company. Our responsibility is to issue a review report on these financial statements based on the implementation of the review work.

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

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared, in all material respects, in accordance with the provisions of the Accounting Standards for Business Enterprises and do not present fairly the Company's financial position as at June 30th, 2026 and the results of operations and cash flows for the period from January to June 2026.

ShineWing Certified Public Accountants (LLP)

Chinese Certified Public Accountant: Cui Weiwei

Chinese Certified Public Accountant: Qi Xiaorui

Beijing, China
25 August 2026

CONSOLIDATED BALANCE SHEET

June 30th, 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	June 30th, 2026	December 31st, 2025
Assets:			
Cash and bank balances	VI. 1	19,798,385,224.10	19,288,837,976.68
Including: Client's capital deposit		18,313,457,232.64	17,730,124,369.85
Clearing settlement funds	VI. 2	5,627,754,404.76	3,401,684,665.84
Including: Client's reserve funds		5,177,276,192.83	3,275,047,374.99
Margin accounts receivable	VI. 3	12,203,429,078.91	10,937,435,576.51
Derivative financial assets	VI. 4		
Refundable deposits	VI. 5	1,219,217,308.22	1,132,108,669.16
Accounts receivable	VI. 6	94,393,598.87	126,783,514.23
Financial assets held under resale agreements	VI. 7	820,860,357.95	709,036,883.79
Financial investment:			
Financial assets held for trading	VI. 8	17,706,523,099.48	17,117,977,734.01
Debt investments	VI. 9	69,710,454.38	73,734,853.74
Other debt investments	VI. 10	1,971,867,286.05	3,145,918,204.30
Investments in other equity instruments	VI. 11	1,400,000.00	1,400,000.00
Long-term equity investments	VI. 12	913,053,078.52	902,008,479.83
Investment properties	VI. 13	17,716,869.64	17,271,373.08
Fixed assets	VI. 14	173,978,647.82	179,746,590.48
Construction in progress	VI. 15	349,377,729.92	288,399,541.44
Right-of-use assets	VI. 16	88,193,614.20	101,380,676.21
Intangible assets	VI. 17	237,824,316.74	261,150,571.38
Deferred tax assets	VI. 18	575,314,608.52	547,214,455.05
Goodwill	VI. 19	7,268,756.37	7,268,756.37
Other assets	VI. 20	219,741,611.99	187,957,551.52
Total assets		62,096,010,046.44	58,427,316,073.62

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

CONSOLIDATED BALANCE SHEET (CONTINUED)

June 30th, 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	June 30th, 2026	December 31st, 2025
Liabilities:			
Short-term financing instruments payable	VI. 23	3,756,951,838.05	2,798,087,200.02
Due to banks and other financial institutions	VI. 24	3,151,334,455.60	3,030,308,361.12
Financial liabilities held for trading	VI. 25	567,075,855.73	950,463,348.74
Derivative financial liabilities	VI. 4		
Financial assets sold under repurchase agreements	VI. 26	7,109,730,130.43	7,017,190,370.59
Accounts payable to brokerage clients	VI. 27	24,332,397,521.51	21,702,396,171.66
Employee benefits payable	VI. 28	704,894,894.07	564,881,872.79
Taxes payable	VI. 29	120,429,448.71	97,272,732.09
Accounts payable	VI. 30	153,725,539.68	133,056,959.21
Contract liabilities	VI. 31	2,379,935.39	904,428.60
Provisions	VI. 32	53,190,874.76	46,454,062.70
Bonds payable	VI. 33	6,812,372,376.35	7,121,278,049.37
Lease liabilities	VI. 34	81,511,475.46	89,602,782.05
Deferred tax liabilities	VI. 18	25,036,018.28	6,830,718.03
Other liabilities	VI. 35	306,734,193.39	280,626,971.32
Total liabilities		47,177,764,557.41	43,839,354,028.29
Shareholders' equity:			
Share capital	VI. 36	4,642,884,700.00	4,642,884,700.00
Capital reserve	VI. 37	6,260,352,691.65	6,260,352,113.85
Other comprehensive income	VI. 38	66,514,367.97	62,162,139.30
Surplus reserve	VI. 39	1,019,512,413.04	1,019,512,413.04
General risk reserve	VI. 40	1,694,827,485.44	1,694,824,060.82
Undistributed profits	VI. 41	1,021,731,288.41	704,588,798.17
Total equity attributable to shareholders of the parent company		14,705,822,946.51	14,384,324,225.18
Minority shareholders' equity		212,422,542.52	203,637,820.15
Total shareholders' equity:		14,918,245,489.03	14,587,962,045.33
Total liabilities and shareholders' equity		62,096,010,046.44	58,427,316,073.62

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

CONSOLIDATED INCOME STATEMENT

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	Jan-June 2026	Jan-June 2025
I. Total operating income		1,261,859,230.74	921,354,746.21
Net interest income	VI. 42	294,195,085.92	174,898,824.75
Including: Interest income		491,769,403.08	409,459,221.72
Interest expenses		197,574,317.16	234,560,396.97
Net fee and commission income	VI. 43	526,381,831.60	424,854,336.38
Including: Brokerages business		455,276,667.50	358,387,152.25
Investment banking		17,007,569.25	5,653,889.37
Assets management		558,259.30	15,101,558.70
Investment income (loss stated with "-")	VI. 44	326,002,736.66	275,310,673.55
Including: Investment income from associates and joint ventures		55,250,945.89	58,235,148.03
Gains on changes in fair value (loss stated with "-")	VI. 45	104,777,169.98	32,381,186.01
Gains on foreign exchange (loss stated with "-")		1,504,158.05	2,205,970.10
Other operating income	VI. 46	1,369,899.53	1,784,577.34
Gains from assets disposal (loss stated with "-")	VI. 47	501,350.39	1,287,579.06
Other income	VI. 48	7,126,998.61	8,631,599.02
II. Total operating cost		715,337,956.70	628,139,701.92
Taxes and surcharges	VI. 49	7,262,092.91	6,726,953.88
Business and administrative expenses	VI. 50	709,777,866.75	614,135,834.19
Loss on impairment of credit	VI. 51	-14,608,259.65	2,021,098.12
Other assets impairment losses	VI. 52	12,361,500.00	4,752,513.00
Other operating costs	VI. 53	544,756.69	503,302.73
III. Operating profit (loss stated with "-")		546,521,274.04	293,215,044.29
Add: Non-operating income	VI. 54	983,792.43	600,879.39
Less: Non-operating expenses	VI. 55	464,990.30	1,050,469.54
IV. Profit before tax (loss stated with "-")		547,040,076.17	292,765,454.14
Less: Income tax expenses	VI. 56	118,965,975.54	33,624,641.11
V. Net profit (net loss stated with "-")		428,074,100.63	259,140,813.03
(I) Classified by continuity of operations			
Net profit from continuing operations (net loss stated with "-")		428,074,100.63	259,140,813.03
Net profit from discontinued operations (net loss stated with "-")			
(II) Classified by ownership			
Net profit attributable to owners of the parent company		419,289,378.26	260,308,365.67
Gains or losses of minority shareholders		8,784,722.37	-1,167,552.64

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	Jan-June 2026	Jan-June 2025
VI. Other comprehensive income after tax		4,352,228.67	-11,890,170.82
Items attributable to owners of the parent company		4,352,228.67	-11,890,170.82
(I) Not to be reclassified subsequently to profit or loss			
(II) To be reclassified subsequently to profit or loss		4,352,228.67	-11,890,170.82
1. Items that will be reclassified to profit or loss under equity method		-3,112,086.94	139,527.52
2. Changes in fair value of other debt investments		21,975,359.32	-5,182,644.85
3. Provision for credit losses on other debt investments		-962,958.27	-46,792.65
4. Translation differences of foreign currency financial statements		-13,548,085.44	-6,800,260.84
Items attributable to minority shareholders			
VII. Total comprehensive income		432,426,329.30	247,250,642.21
Items attributable to owners of the parent company		423,641,606.93	248,418,194.85
Items attributable to minority shareholders		8,784,722.37	-1,167,552.64
VIII. Earnings per share (EPS):			
(I) Basic EPS (RMB/share)	VI. 57	0.0903	0.0561
(II) Diluted EPS (RMB/share)	VI. 57	0.0903	0.0561

Legal representative:

Zhang Qiuyun

Officer in charge of accounting:

Guo Liangyong

Head of accounting department:

Han Xihua

CONSOLIDATED CASH FLOW STATEMENT

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	Jan-June 2026	Jan-June 2025
I. Cash flows from operating activities:			
Cash receipt from interest, fees and commissions		1,351,380,803.85	1,027,607,697.99
Net increase in due to banks and other financial institutions		120,000,000.00	
Net increase of repurchase business		92,777,114.74	1,712,458,808.21
Net decrease of resale business			569,699,103.23
Net decrease in margin accounts receivable			754,548,317.88
Net cash received from brokerage clients		2,630,001,349.85	1,119,892,091.86
Other cash received related to operating activities	VI. 58	43,401,341.28	247,150,128.84
Subtotal of cash inflows from operating activities		4,237,560,609.72	5,431,356,148.01
Net increase of financial instruments held for trading		648,365,241.80	2,925,586,840.35
Cash payments of interest, fees and commissions		334,636,485.36	277,168,720.79
Net decrease in due to banks and other financial institutions			1,000,000,000.00
Net increase of resale business		111,032,907.14	
Net increase in margin accounts receivable		1,272,201,181.31	
Cash payments to and on behalf of employees		385,231,359.18	353,288,690.98
Cash payments of taxes		161,796,174.33	47,167,705.05
Other cash payments related to operating activities	VI. 58	272,374,946.85	200,229,773.61
Subtotal of cash outflows from operating activities		3,185,638,295.97	4,803,441,730.78
Net cash flows from operating activities	VI. 58	1,051,922,313.75	627,914,417.23
II. Cash flows from investing activities:			
Cash received from investment recovery		1,197,520,946.84	196,523,815.02
Cash received from investment income		76,956,521.00	3,254,359.51
Cash received from disposal of fixed assets, intangible assets and other long-term assets		1,692,444.83	1,615,176.55
Subtotal of cash inflows from investing activities		1,276,169,912.67	201,393,351.08
Cash payments to acquire fixed assets, intangible assets and other long-term assets		100,614,710.89	57,924,841.98
Subtotal of cash outflows from investing activities		100,614,710.89	57,924,841.98
Net cash flows from investing activities		1,175,555,201.78	143,468,509.10

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	Jan-June 2026	Jan-June 2025
III. Cash flows from financing activities:			
Cash received from issuance of bonds		2,676,816,000.00	2,407,287,000.00
Subtotal of cash inflows from financing activities		2,676,816,000.00	2,407,287,000.00
Cash repayments of borrowings		1,988,602,000.00	3,154,940,909.35
Cash payments for distribution of dividends or profit or interest expenses		167,946,557.63	172,010,974.09
Including: Cash payments of subsidiaries to minority shareholders as distribution of dividends or profit		12,000,000.00	
Other cash payments related to financing activities	VI. 58	17,251,328.67	32,949,336.58
Subtotal of cash outflows from financing activities		2,173,799,886.30	3,359,901,220.02
Net cash flows from financing activities		503,016,113.70	-952,614,220.02
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		1,504,158.05	2,205,970.10
V. Net increase in cash and cash equivalents		2,731,997,787.28	-179,025,323.59
Add: Opening balance of cash and cash equivalents		22,676,464,051.14	18,885,077,274.92
VI. Closing balance of cash and cash equivalents	VI. 58	25,408,461,838.42	18,706,051,951.33

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

CONSOLIDATED CHANGE OF EQUITY STATEMENT

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Jan-June 2026								
	Equity attributable to shareholders of the parent company							Minority shareholders' equity	Total shareholders' equity:
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
I. Balance at the end of prior year	4,642,884,700.00	6,260,352,113.85	62,162,139.30	1,019,512,413.04	1,694,824,060.82	704,588,798.17	14,384,324,225.18	203,637,820.15	14,587,962,045.33
Add: Changes in accounting policies									
Correction of prior period errors									
Others									
II. Balance at the beginning of current period	4,642,884,700.00	6,260,352,113.85	62,162,139.30	1,019,512,413.04	1,694,824,060.82	704,588,798.17	14,384,324,225.18	203,637,820.15	14,587,962,045.33
III. Increase or decrease in the current period		577.80	4,352,228.67		3,424.62	317,142,490.24	321,498,721.33	8,784,722.37	330,283,443.70
1. Total comprehensive income			4,352,228.67			419,289,378.26	423,641,606.93	8,784,722.37	432,426,329.30
2. Shareholder's inputs and decreases in capital									
(1) Ordinary shares invested by shareholders									
(2) Capital contributed by holders of other equity instruments									
(3) Amount of share-based payment included in shareholders' equity									
(4) Others									
3. Profit distribution					3,424.62	-102,146,888.02	-102,143,463.40		-102,143,463.40
(1) Appropriation to surplus reserve									
(2) General risk reserve					3,424.62	-3,424.62			
(3) Distribution to shareholders						-102,143,463.40	-102,143,463.40		-102,143,463.40
(4) Others									
4. Internal carry-forward of shareholders' equity									
(1) Transfer of capital reserve to share capital									
(2) Transfer of surplus reserve to share capital									
(3) Surplus reserve to cover loss									
(4) Others									
5. Others		577.80					577.80		577.80
IV. Balance at the end of current period	4,642,884,700.00	6,260,352,691.65	66,514,367.97	1,019,512,413.04	1,694,827,485.44	1,021,731,288.41	14,705,822,946.51	212,422,542.52	14,918,245,489.03

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

CONSOLIDATED CHANGE OF EQUITY STATEMENT (CONTINUED)

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

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

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY BALANCE SHEET

June 30th, 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	June 30th, 2026	December 31st, 2025
Assets:			
Cash and bank balances		18,050,501,864.76	17,680,161,459.80
Including: Client's capital deposit		17,149,651,939.15	17,010,935,785.00
Clearing settlement funds		5,227,064,498.20	2,893,948,670.28
Including: Client's reserve funds		4,639,804,056.34	2,604,624,888.28
Margin accounts receivable		12,166,956,577.18	10,913,055,534.17
Derivative financial assets			
Refundable deposits		214,552,068.01	179,719,231.21
Accounts receivable	XVII. 1	2,655,152.25	4,024,832.95
Financial assets held under resale agreements		776,712,230.19	646,306,663.17
Financial investment:			
Financial assets held for trading		15,386,470,284.21	14,949,656,598.27
Other debt investments		1,971,867,286.05	3,145,918,204.30
Long-term equity investments	XVII. 3	3,637,233,054.38	3,637,233,054.38
Investment properties		14,561,467.52	14,081,618.64
Fixed assets		160,900,727.76	165,637,568.81
Construction in progress		349,377,729.92	288,399,541.44
Right-of-use assets		83,474,339.10	95,739,871.01
Intangible assets		234,395,199.01	257,810,426.05
Deferred tax assets		432,109,405.89	395,294,401.79
Other assets	XVII. 2	89,141,398.31	86,950,244.78
Total assets		58,797,973,282.74	55,353,937,921.05

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY BALANCE SHEET (CONTINUED)

June 30th, 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	June 30th, 2026	December 31st, 2025
Liabilities:			
Short-term financing instruments payable		3,777,359,673.67	2,848,812,864.41
Due to banks and other financial institutions		3,151,334,455.60	3,030,308,361.12
Financial liabilities held for trading		293,930,392.33	492,320,856.43
Derivative financial liabilities			
Financial assets sold under repurchase agreements		7,099,321,655.64	6,990,962,069.91
Accounts payable to brokerage clients		21,691,448,089.72	19,402,893,123.44
Employee benefits payable		680,523,302.16	532,655,841.49
Taxes payable		116,779,643.34	86,985,139.88
Accounts payable		112,490,048.70	132,748,831.00
Contract liabilities		2,198,953.16	547,169.78
Provisions		29,382,500.00	29,382,500.00
Bonds payable		6,812,372,376.35	7,121,278,049.37
Lease liabilities		77,417,665.39	85,692,242.80
Deferred tax liabilities		4,915,743.35	428,557.62
Other liabilities		260,647,484.84	148,433,007.36
Total liabilities		44,110,121,984.25	40,903,448,614.61
Shareholders' equity:			
Share capital		4,642,884,700.00	4,642,884,700.00
Capital reserve		6,606,160,370.84	6,606,160,370.84
Other comprehensive income		15,290,002.56	-5,722,398.49
Surplus reserve		1,019,512,413.04	1,019,512,413.04
General risk reserve		1,611,498,686.50	1,611,495,261.88
Undistributed profits		792,505,125.55	576,158,959.17
Total shareholders' equity:		14,687,851,298.49	14,450,489,306.44
Total liabilities and shareholders' equity		58,797,973,282.74	55,353,937,921.05

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY INCOME STATEMENT

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	Jan-June 2026	Jan-June 2025
I. Total operating income		1,061,907,344.44	781,864,537.92
Net interest income	XVII. 4	276,986,677.26	164,987,242.56
Including: Interest income		471,754,197.00	391,725,101.46
Interest expenses		194,767,519.74	226,737,858.90
Net fee and commission income	XVII. 5	484,411,286.90	391,598,748.45
Including: Brokerages business		420,930,635.90	329,241,590.34
Investment banking		13,526,175.31	3,433,703.78
Assets management		928,387.62	15,101,558.70
Investment income (loss stated with "-")	XVII. 6	228,489,179.31	281,351,554.92
Including: Investment income from associates and joint ventures			
Gains on changes in fair value (loss stated with "-")		63,038,271.64	-67,456,313.53
Gains on foreign exchange (loss stated with "-")		-293,081.53	-49,580.39
Other operating income		1,686,982.91	1,600,174.54
Gains from assets disposal (loss stated with "-")		501,436.87	1,252,418.22
Other income		7,086,591.08	8,580,293.15
II. Total operating cost		661,328,128.08	556,059,634.31
Taxes and surcharges		6,428,491.34	6,048,636.87
Business and administrative expenses	XVII. 7	652,463,444.51	553,156,193.81
Loss on impairment of credit		2,005,033.15	-3,571,693.95
Other operating costs		431,159.08	426,497.58
III. Operating profit (loss stated with "-")		400,579,216.36	225,804,903.61
Add: Non-operating income		757,471.74	426,172.03
Less: Non-operating expenses		464,494.59	903,358.84
IV. Profit before tax (loss stated with "-")		400,872,193.51	225,327,716.80
Less: Income tax expenses		82,379,139.11	22,322,168.61
V. Net profit (net loss stated with "-")		318,493,054.40	203,005,548.19
Net profit from continuing operations (net loss stated with "-")		318,493,054.40	203,005,548.19
Net profit from discontinued operations (net loss stated with "-")			
VI. Other comprehensive income after tax		21,012,401.05	-5,229,437.50
(I) Not to be reclassified subsequently to profit or loss			
(II) To be reclassified subsequently to profit or loss		21,012,401.05	-5,229,437.50
1. Items that will be reclassified to profit or loss under equity method			
2. Changes in fair value of other debt investments		21,975,359.32	-5,182,644.85
3. Provision for credit losses on other debt investments		-962,958.27	-46,792.65
4. Translation differences of foreign currency financial statements			
VII. Total comprehensive income		339,505,455.45	197,776,110.69

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY CASH FLOW STATEMENT

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Note	Jan-June 2026	Jan-June 2025
I. Cash flows from operating activities:			
Cash receipt from interest, fees and commissions		1,201,311,174.95	911,103,183.47
Net increase in due to banks and other financial institutions		120,000,000.00	
Net increase of repurchase business		108,596,940.63	1,712,458,808.21
Net decrease of resale business			573,197,000.00
Net decrease in margin accounts receivable			730,019,051.75
Net cash received from brokerage clients		2,288,554,966.28	990,461,438.08
Other cash received related to operating activities		21,024,748.13	310,187,434.14
Subtotal of cash inflows from operating activities		3,739,487,829.99	5,227,426,915.65
Net increase of financial instruments held for trading		388,721,431.77	2,928,473,658.62
Cash payments of interest, fees and commissions		246,416,002.38	222,279,728.97
Net decrease in due to banks and other financial institutions			1,000,000,000.00
Net increase of resale business		129,615,000.00	
Net increase in margin accounts receivable		1,260,103,355.92	
Cash payments to and on behalf of employees		337,032,980.74	307,814,570.32
Cash payments of taxes		137,136,921.92	41,714,848.16
Other cash payments related to operating activities		146,210,762.36	199,803,854.34
Subtotal of cash outflows from operating activities		2,645,236,455.09	4,700,086,660.41
Net cash flows from operating activities	XVII. 8	1,094,251,374.90	527,340,255.24
II. Cash flows from investing activities:			
Cash received from investment recovery		1,175,556,138.26	262,534,833.88
Cash received from investment income		47,904,564.37	1,500,509.96
Cash received from disposal of fixed assets, intangible assets and other long-term assets		1,689,549.18	1,465,515.43
Subtotal of cash inflows from investing activities		1,225,150,251.81	265,500,859.27
Cash payments to acquire fixed assets, intangible assets and other long-term assets		99,912,212.14	57,467,325.03
Subtotal of cash outflows from investing activities		99,912,212.14	57,467,325.03
Net cash flows from investing activities		1,125,238,039.67	208,033,534.24
III. Cash flows from financing activities:			
Cash received from issuance of bonds		2,676,816,000.00	2,432,287,000.00
Subtotal of cash inflows from financing activities		2,676,816,000.00	2,432,287,000.00
Cash repayments of borrowings		2,018,602,000.00	2,522,948,000.00
Cash payments for distribution of dividends or profit or interest expenses		156,758,749.41	151,980,457.36
Other cash payments related to financing activities		15,661,254.78	27,556,278.45
Subtotal of cash outflows from financing activities		2,191,022,004.19	2,702,484,735.81
Net cash flows from financing activities		485,793,995.81	-270,197,735.81
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-293,081.53	-49,580.39
V. Net increase in cash and cash equivalents	XVII. 8	2,704,990,328.85	465,126,473.28
Add: Opening balance of cash and cash equivalents		20,561,127,405.16	16,097,515,104.49
VI. Closing balance of cash and cash equivalents		23,266,117,734.01	16,562,641,577.77

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY CHANGE OF EQUITY STATEMENT

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

Item	Jan-June 2026						
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	General risk reserve	Undistributed profits	Total shareholders' equity:
I. Balance at the end of prior year	4,642,884,700.00	6,606,160,370.84	-5,722,398.49	1,019,512,413.04	1,611,495,261.88	576,158,959.17	14,450,489,306.44
Add: Changes in accounting policies							
Correction of prior period errors							
Others							
II. Balance at the beginning of current period	4,642,884,700.00	6,606,160,370.84	-5,722,398.49	1,019,512,413.04	1,611,495,261.88	576,158,959.17	14,450,489,306.44
III. Increase or decrease in the current period			21,012,401.05		3,424.62	216,346,166.38	237,361,992.05
1. Total comprehensive income			21,012,401.05			318,493,054.40	339,505,455.45
2. Shareholder's inputs and decreases in capital							
(1) Ordinary shares invested by shareholders							
(2) Capital contributed by holders of other equity instruments							
(3) Amount of share-based payment included in shareholders' equity							
(4) Others							
3. Profit distribution					3,424.62	-102,146,888.02	-102,143,463.40
(1) Appropriation to surplus reserve							
(2) General risk reserve					3,424.62	-3,424.62	
(3) Distribution to shareholders						-102,143,463.40	-102,143,463.40
(4) Others							
4. Internal carry-forward of shareholders' equity							
(1) Transfer of capital reserve to share capital							
(2) Transfer of surplus reserve to share capital							
(3) Surplus reserve to cover loss							
(4) Others							
5. Others							
IV. Balance at the end of current period	4,642,884,700.00	6,606,160,370.84	15,290,002.56	1,019,512,413.04	1,611,498,686.50	792,505,125.55	14,687,851,298.49

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

PARENT COMPANY CHANGE OF EQUITY STATEMENT (CONTINUED)

Jan-June 2026 Prepared by: Central China Securities Co., Ltd. Expressed in RMB

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

Legal representative:
Zhang Qiuyun

Officer in charge of accounting:
Guo Liangyong

Head of accounting department:
Han Xihua

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION (continued)

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

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

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

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

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

As of June 30th, 2026, the Company had issued a total of 4,642.8847 million shares with a registered capital of RMB4,642.8847 million. The registered address is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China, and its headquarters address is No. 10 Business Outer Ring Road, Zhengdong New District, Zhengzhou City, Henan Province, China. The controlling shareholder is Henan Investment Group Co., Ltd., and the actual controller of the Company is Henan Provincial Department of Finance.

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION (continued)

As of June 30th, 2026, the Company had 71 approved and opened securities business departments, 31 approved branches, 5 first-tier holding subsidiaries, namely Central China Futures Co., Ltd. (referred to as "Central China Futures"), Zhongding Kaiyuan Venture Capital Management Co., Ltd. (referred to as "Zhongding Kaiyuan"), Central China Equity Exchange Co., Ltd. (referred to as "Equity Exchange"), Central China International Financial Holdings Co., Ltd. (referred to as "Central China International"), and Central China Blue Ocean Investment Management Co., Ltd. (referred to as "Central China Blue Ocean"), and 6 second-tier holding subsidiaries, namely Henan Yuyan Investment Co., Ltd. (formerly known as Yuxin Investment Management (Shanghai) Co., Ltd., referred to as "Yuyan Investment"), Henan Kaiyuan Private Equity Fund Management Co., Ltd. (referred to as "Kaiyuan Private Equity"), Central China International Securities Co., Ltd. (referred to as "Central China International Securities"), Central China International Investment Co., Ltd. (referred to as "Central China International Investment"), Central China International Financing Co., Ltd. (referred to as "Central China International Financing"), and Wending Zhongyuan Company Limited.

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

III. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

1. Basis for the preparation

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

2. Going concern

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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

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

The financial statements prepared by the Company comply with the requirements of the *Accounting Standards for Business Enterprises* and give a true and complete view of the financial position of the Group and the Company as of June 30th, 2026, the results of their operations and their cash flows for the six months ended June 30th, 2026, and other related information.

2. Accounting period

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

3. Business cycle

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

4. Functional currency

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

5. Methodology for determining materiality criteria and basis for selection

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

Disclosure matters involving materiality assessments	Methodology for determining materiality criteria and basis for selection
Significant idle fixed assets	The original value of a single idle fixed asset accounts for more than 3% of the total original value of fixed assets.
Important joint ventures and associates	The book value of a single long-term equity investment accounts for more than 1% of consolidated net assets and exceeds RMB500 million, and the investment gains or losses under the equity method account for more than 10% of consolidated net profit.
Significant contingencies	Litigation and arbitration matters involving the Company as a defendant, where the amount involved exceeds 1% of the consolidated net assets and exceeds RMB10 million, or matters that are deemed significant contingencies based on their nature.
Other significant transactions and matters affecting investor decisions	The Company identifies other significant transactions and matters that have a significant impact on investor decisions based on their nature.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

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

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

8. Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

(1) Foreign currency transactions

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

(2) Translation of foreign currency financial statements

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

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

10. Financial assets and financial liabilities

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

(1) Initial recognition and measurement of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(2) Classification of financial assets

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

- (i) Financial assets measured at amortized cost;
- (ii) Financial assets at fair value through other comprehensive income (FVOCI);
- (iii) Financial assets at fair value through profit or loss (FVPL).

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(2) Classification of financial assets (continued)

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

① *Debt instruments*

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

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

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

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

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

② *Equity instruments*

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

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

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(3) Classification of financial liabilities

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

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

(4) Subsequent measurement of financial instruments

① *Financial assets or liabilities measured at amortized cost*

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

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(4) Subsequent measurement of financial instruments (continued)

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

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

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

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

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(5) Impairment of financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(5) Impairment of financial assets (continued)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(5) Impairment of financial assets (continued)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

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

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

The Group has neither transferred nor retained almost all the risks and rewards of ownership of the financial asset and has not given up the control over the financial asset; the relevant financial assets shall be recognized according to the extent of their continuing involvement in the transferred financial asset, and the relevant liabilities should be recognized accordingly.

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

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

If the financial assets transferred by the Group are non-trading equity instrument investments designated as measured at fair value with changes recognised in other comprehensive income, the cumulative gains or losses previously recognised in other comprehensive income are reclassified out of other comprehensive income and recognised in retained earnings.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial assets and financial liabilities (continued)

(8) Offsetting of financial assets and financial liabilities

Where the Group has a legal right to offset recognised financial assets and financial liabilities, and that right is currently enforceable, and the Group intends to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously, the financial assets and financial liabilities are presented in the balance sheet at their amount after offsetting. In addition, financial assets and financial liabilities are presented separately on the balance sheet and are not offset against one another.

11. Margin trading and short selling business

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

As for the funds lent, the receivable claim and the corresponding interest income should be recognized. The funds lent out are classified as financial assets measured at amortised cost, and details of the recognition of impairment provisions are referred to in "Note IV. 10. Financial assets and financial liabilities".

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

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

12. Client transaction settlement funds

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

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

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

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

- (1) For positions where neither principal nor interest is overdue and the performance guarantee ratio remains above the liquidation line, these are classified as “Stage 1”;
- (2) Where the principal/interest overdue period is less than 90 days, or the performance guarantee ratio is below the liquidation threshold (inclusive) and greater than or equal to 100%; where the pledged underlying shares are subject to risk warnings or significant risk events; where defects such as judicial freezing arise in the pledged underlying shares; or where other circumstances demonstrating a significant increase in risk occur, the situation shall be classified as “Stage 2”;
- (3) Principal/interest overdue for 90 days or more (inclusive) or performance guarantee ratio below 100%; the borrower faces significant financial difficulties and has lost repayment capacity; major risk events occur involving the pledged shares, such as regulatory-mandated delisting; inability to recover the debt through liquidation of the pledged shares necessitates default resolution via judicial proceedings; other circumstances demonstrating credit impairment shall be classified as “Stage 3”.

Financial assets held under resale agreements are classified as financial assets measured at amortised cost, and details of the recognition of impairment provisions are referred to in “Note IV. 10. Financial assets and financial liabilities”.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments

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

(1) Judgment of significant influence and joint control

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

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

(2) Accounting treatment

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

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

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

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Long-term equity investments (continued)

(2) Accounting treatment (continued)

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

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

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Investment properties

Investment properties refer to properties held to earn rental income or capital appreciation, or both, and include leased buildings.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Fixed assets

Fixed assets of the Group refer to tangible assets held for the purpose of supplying services, leasing or operational management, with a useful life of more than one year and a unit value of more than RMB2,000.00.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Fixed assets (continued)

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

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

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

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

17. Construction in progress

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Borrowing costs

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

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

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

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

19. Intangible assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Impairment of long-term non-financial assets

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

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

The signs of impairment are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Goodwill

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

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

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

22. Long-term deferred expenses

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

23. Employee benefits

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

Employee benefits consist of short-term benefits, post-employment benefits, termination benefits, and other long-term employee benefits.

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Employee benefits (continued)

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

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

The employees of the Company and its domestic subsidiaries participate in an enterprise pension plan established in accordance with the relevant policies of the national enterprise pension plan system, in addition to their participation in the social basic pension insurance. The costs of the pension plan are shared between the Company and the employees, the Company's employer contribution rate is linked to its "net profit" for the previous financial year; in the period from January to June 2026, the employer contribution rate will be 8%, with employees contributing 25% of the amount paid by the employer; domestic subsidiaries will establish separate pension plans.

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Provisions

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

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

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

25. General risk reserve and transaction risk reserve

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

26. Revenue recognition principles

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Revenue recognition principles (continued)

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

(1) Fee and commission income

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

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

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

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

(2) Interest income

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Revenue recognition principles (continued)

(3) Investment income

The Group recognizes the difference between the fair value of the financial assets held for trading and the initial recognition amount as investment income. Upon disposal of investments in debt instruments measured at fair value through other comprehensive income, the difference between the consideration received and the sum of the cumulative fair value changes previously recognised directly in other comprehensive income and the book value of the financial asset is recognised as investment income.

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

(4) Spot market trading revenue and service revenue

Henan Yuyan Investment Co., Ltd., a subsidiary of the Company, is involved with spot market trading revenue and service revenue. For spot market trading revenue, Henan Yuyan Investment Co., Ltd. engages in the practice of entering into frequent contracts for the purchase and sale of standard warehouse receipts on futures trading platforms to earn price differentials, without taking physical delivery of the commodities corresponding to the standard warehouse receipts. It has established a practice of reselling the contract subject matter shortly after receipt to profit from short-term price fluctuations. Consequently, the contracts for buying and selling standard warehouse receipts entered into by the company are treated as financial instruments. Accounting treatment is conducted in accordance with the provisions of Accounting Standard No. 22, with the difference between the consideration received and the carrying amount of the standard warehouse receipts sold recognised as investment income. Any standard warehouse receipts held at the end of the period that remain unsold shall be reported as other assets. Service revenue is recognised when the service has been rendered and the amount receivable can be reasonably estimated.

27. Recognition and measurement of the client asset management business

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Government grants

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

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

Government grants relating to assets shall be used to reduce the book value of the relevant assets or recognised as deferred income; government grants relating to assets that are recognised as deferred income shall be recognised in profit or loss on a straight-line basis over the useful life of the relevant assets.

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

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

29. Deferred tax assets and deferred tax liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Leases

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

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

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

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

(1) The Group as the lessee

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

1) Initial measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Leases (continued)

(1) The Group as the lessee (continued)

2) *Subsequent measurement*

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

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Leases (continued)

(1) The Group as the lessee (continued)

3) Lease changes

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

30. Leases (continued)

(1) The Group as the lessee (continued)

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

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

(2) The Group as the lessor

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

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

31. Income tax accounting

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Hedging accounting

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

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

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

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

(2) Accounting for fair value hedges

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Hedging accounting (continued)

(2) Accounting for fair value hedges (continued)

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

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

(3) Accounting for cash flow hedges

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Hedging accounting (continued)

(3) Accounting for cash flow hedges (continued)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Hedging accounting (continued)

(5) Termination of hedge accounting

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

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

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

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

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

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

33. Segment information

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

34. Held for sale and discontinued operations

(1) Held-for-sale

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

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

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

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

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

(2) Discontinued operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

35. Fair value measurement

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

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

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

36. Significant accounting judgments and estimates

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

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

(1) Provision for impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Significant accounting judgments and estimates (continued)

(1) Provision for impairment of financial assets (continued)

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

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

(2) Impairment provision of goodwill

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

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

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

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

(3) Recognition of deferred tax assets

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

(4) Useful lives of fixed assets and intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

36. Significant accounting judgments and estimates (continued)

(5) Determining the scope of consolidation

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

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

37. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

During the reporting period, the Group implemented the relevant provisions and guidelines of the Accounting Standards for Business Enterprises issued by the Ministry of Finance in recent years, primarily including *Interpretation No. 19 of the Accounting Standards for Business Enterprises* (Cai Kuai [2025] No. 32) and *Interpretation No. 20 of the Accounting Standards for Business Enterprises* (Cai Kuai [2026] No. 7).

The implementation of the aforementioned provisions had no material impact on the financial position and operating results of the Group.

(2) Changes in significant accounting estimates

There were no changes in significant accounting estimates for the Group during the reporting period.

V. TAXATION

Taxes	Tax basis	Tax rate
Enterprise income tax	Taxable income	16.5%, 25%
Value-added tax	The taxable amount is calculated by multiplying the taxable sales revenue by the applicable tax rate/collection rate and deducting the balance of input tax allowed to be deducted in the current period	3%, 6%, 9%, 13%
Urban maintenance and construction tax	Turnover tax payable	5%, 7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

Description of income tax rates of different taxpayers:

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

VI. NOTES TO ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

(1) Details

Item	Functional currency	June 30th, 2026		Functional currency	December 31st, 2025	
		Exchange rate ^(Note)	RMB amount		Exchange rate ^(Note)	RMB amount
Cash on hand			48,229.87			84,393.29
RMB	44,593.49	1.0000	44,593.49	50,593.49	1.0000	50,593.49
HKD				33,118.20	0.9032	29,913.01
CAD	760.00	4.7847	3,636.38	760.00	5.1142	3,886.79
Deposits in bank			19,798,269,813.09			19,229,528,022.86
Deposit account			1,484,812,580.45			1,499,403,653.01
RMB	1,342,341,851.96	1.0000	1,342,341,851.96	1,368,344,485.92	1.0000	1,368,344,485.92
USD	2,561,648.29	6.8109	17,447,151.01	2,503,279.35	7.0288	17,595,055.58
HKD	143,882,921.06	0.8686	124,969,511.08	125,558,323.76	0.9032	113,406,789.19
AUD	14.65	4.6804	68.57	14.64	4.6892	68.65
EUR	6,952.09	7.7671	53,997.61	6,952.03	8.2355	57,253.42
CAD	0.04	4.7847	0.19	0.04	5.1142	0.21
THB	0.15	0.2042	0.03	0.15	0.2225	0.04
Client fund deposit			18,313,457,232.64			17,730,124,369.85
RMB	18,107,209,375.00	1.0000	18,107,209,375.00	17,458,391,235.27	1.0000	17,458,391,235.27
USD	768,880.71	6.8109	5,236,769.53	2,322,009.72	7.0288	16,320,950.23
HKD	231,432,949.27	0.8686	201,011,088.11	282,779,593.40	0.9032	255,412,184.35
Other cash and bank balances			67,181.14			59,225,560.53
RMB	67,181.14	1.0000	67,181.14	59,225,560.53	1.0000	59,225,560.53
Total			19,798,385,224.10			19,288,837,976.68

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

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

Item	Functional currency	June 30th, 2026		Functional currency	December 31st, 2025	
		Exchange rate	RMB amount		Exchange rate	RMB amount
Corporate credit capital			147,934,062.22			13,495.97
RMB	147,934,062.22	1.0000	147,934,062.22	13,495.97	1.0000	13,495.97
Client credit capital			1,625,340,901.10			1,341,817,418.86
RMB	1,595,320,682.82	1.0000	1,595,320,682.82	1,292,752,080.82	1.0000	1,292,752,080.82
USD	418,736.86	6.8109	2,851,974.82	146,639.66	7.0288	1,030,701.40
HKD	31,279,999.38	0.8686	27,168,243.46	53,181,546.73	0.9032	48,034,636.64
Total			1,773,274,963.32			1,341,830,914.83

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

1. Cash and bank balances (continued)

(2) As of June 30th, 2026, the Group's cash and bank balances which were deposited overseas were RMB343,275,861.34, and were due to deposits made by Hong Kong subsidiaries.

(3) The Group's restricted bank deposits are as follows:

Item	June 30th, 2026	December 31st, 2025
Account frozen due to address relocation and expiration of the business license	4,959,752.02	
Total	4,959,752.02	

2. Clearing settlement funds

Item	June 30th, 2026			December 31st, 2025		
	Functional currency	Exchange rate	RMB amount	Functional currency	Exchange rate	RMB amount
Corporate reserve funds			450,478,211.93			126,637,290.85
RMB	444,822,936.96	1.0000	444,822,936.96	125,129,946.73	1.0000	125,129,946.73
HKD	6,511,168.00	0.8686	5,655,274.97	1,668,856.00	0.9032	1,507,344.12
Client's ordinary reserve funds			4,899,832,901.70			3,002,536,648.23
RMB	4,888,855,413.91	1.0000	4,888,855,413.91	2,992,380,831.02	1.0000	2,992,380,831.02
USD	1,364,860.99	6.8109	9,295,931.72	1,221,552.61	7.0288	8,586,048.99
HKD	1,936,049.82	0.8686	1,681,556.07	1,737,968.85	0.9032	1,569,768.22
Client's credit reserve funds			277,443,291.13			272,510,726.76
RMB	277,443,291.13	1.0000	277,443,291.13	272,510,726.76	1.0000	272,510,726.76
Total			5,627,754,404.76			3,401,684,665.84

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

3. Margin accounts receivable

(1) By categories

Item	June 30th, 2026	December 31st, 2025
Domestic		
Including: Individual	12,156,748,437.89	10,878,324,564.61
Institution	45,868,503.68	67,716,108.49
Less: Provision for impairment	35,660,364.39	32,985,138.93
Subtotal	12,166,956,577.18	10,913,055,534.17
Overseas		
Including: Individual	59,088,634.81	64,373,468.57
Institution	26,560,110.17	9,184,449.54
Less: Provision for impairment	49,176,243.25	49,177,875.77
Subtotal	36,472,501.73	24,380,042.34
Total book value	12,203,429,078.91	10,937,435,576.51

(2) Category of margin accounts receivable collateral

Category of collateral	June 30th, 2026	December 31st, 2025
Cash	983,489,701.36	704,308,275.38
Bonds	64,131,175.78	141,930,863.49
Stocks	31,959,221,974.25	28,956,801,381.92
Funds	816,740,732.96	722,500,997.79
Total	33,823,583,584.35	30,525,541,518.58

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

4. Derivative financial instruments

(1) June 30th, 2026

Category	Hedging instruments			Non-hedging instruments		
	Nominal value	Fair value Asset	Liability	Nominal value	Fair value Asset	Liability
Interest rate swaps				46,990,000,000.00	57,553,922.10	
Less: Deductible temporary receipts and payments					57,553,922.10	
National debt futures				1,017,990,304.05	690,661.29	2,090.06
Less: Deductible temporary receipts and payments					690,661.29	2,090.06
Stock index futures				33,436,920.00		224,520.00
Less: Deductible temporary receipts and payments						224,520.00
Total				48,041,427,224.05		

(2) December 31st, 2025

Category	Hedging instruments			Non-hedging instruments		
	Nominal value	Fair value Asset	Liability	Nominal value	Fair value Asset	Liability
Commodity futures				95,280,500.00		17,930.00
Less: Deductible temporary receipts and payments						17,930.00
Interest rate swaps				49,830,000,000.00	77,271,676.44	
Less: Deductible temporary receipts and payments					77,271,676.44	
National debt futures				2,125,957,718.38	360,376.31	47,847.99
Less: Deductible temporary receipts and payments					360,376.31	47,847.99
Stock index futures				36,126,360.00		178,720.00
Less: Deductible temporary receipts and payments						178,720.00
Total				52,087,364,578.38		

Under the net settlement system, net amounts of investments in stock index futures, interest rate swaps, commodity futures, and national debt futures classified as derivative financial assets and derivative financial liabilities are presented after offsetting related provisional receipts and payments.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

5. Refundable deposits

Item	Functional currency	June 30th, 2026		Functional currency	December 31st, 2025	
		Exchange rate	RMB amount		Exchange rate	RMB amount
Trading margin			1,184,961,455.54			1,119,427,130.30
RMB	1,184,050,417.54	1.0000	1,184,050,417.54	1,118,483,504.30	1.0000	1,118,483,504.30
HKD	500,000.00	0.8686	434,275.00	500,000.00	0.9032	451,610.00
USD	70,000.00	6.8109	476,763.00	70,000.00	7.0288	492,016.00
Credit margin			16,820,645.37			12,675,659.70
RMB	16,820,645.37	1.0000	16,820,645.37	12,675,659.70	1.0000	12,675,659.70
Performance bonds			17,435,207.31			5,879.16
RMB	17,435,207.31	1.0000	17,435,207.31	5,879.16	1.0000	5,879.16
Total			1,219,217,308.22			1,132,108,669.16

6. Accounts receivable

(1) By details

Item	June 30th, 2026	December 31st, 2025
Liquidation receivables	13,055.82	15,688,770.02
Fees and commission receivable	43,398,683.42	47,600,855.00
Receivables from clients' financing	3,401,011.18	3,734,356.00
Receivables from disposal of stocks (Note)	54,551,848.66	50,755,748.66
Debt asset package receivable (Note)	77,235,336.03	92,710,337.53
Others	8,395,988.27	8,185,373.36
Less: Provision for bad debts (According to the simplified model)	92,602,324.51	91,891,926.34
Book value of accounts receivable	94,393,598.87	126,783,514.23

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

6. Accounts receivable (continued)

(2) By portfolio methods

Item	June 30th, 2026			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Accrual proportion (%)
Separate provision for bad debts	157,840,752.76	84.41	87,965,610.03	55.73
Subtotal	157,840,752.76	84.41	87,965,610.03	55.73
Combination provision for bad debts				
Including: Within 1 year	5,059,935.27	2.71	25,299.68	0.50
1-2 years	4,089,563.60	2.19	204,478.18	5.00
2-3 years	8,254,635.15	4.41	825,463.52	10.00
3-4 years	6,371,876.90	3.41	1,274,375.38	20.00
4-5 years	1,912,410.66	1.02	573,723.20	30.00
More than 5 years	3,466,749.04	1.85	1,733,374.52	50.00
Subtotal	29,155,170.62	15.59	4,636,714.48	
Total	186,995,923.38	100.00	92,602,324.51	

Item	December 31st, 2025			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Accrual proportion (%)
Separate provision for bad debts	188,179,894.32	86.05	86,350,002.99	45.89
Subtotal	188,179,894.32	86.05	86,350,002.99	45.89
Combination provision for bad debts				
Including: Within 1 year	3,256,572.77	1.50	16,282.87	0.50
1-2 years	4,238,904.29	1.94	211,945.21	5.00
2-3 years	8,313,366.89	3.80	831,336.69	10.00
3-4 years	7,988,555.29	3.65	1,597,711.06	20.00
4-5 years	2,322,129.93	1.06	696,638.98	30.00
More than 5 years	4,376,017.08	2.00	2,188,008.54	50.00
Subtotal	30,495,546.25	13.95	5,541,923.35	
Total	218,675,440.57	100.00	91,891,926.34	

- (3) Among the balance of accounts receivable at the end of the period, the amount receivable from shareholder units holding more than 5% (including 5%) of the voting shares of the Company was RMB1,833,448.82, which was the accrued receivable of asset management fee.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

6. Accounts receivable (continued)

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

Entity name	Balance as of June 30th, 2026	As a percentage of the balance of receivables (%)	Balance of bad debt provision	Nature or content of payment	Aging
Entity 1	50,755,748.66	27.14	5,075,574.87	Receivables from disposal of stocks	2-3 years
Entity 2	30,096,427.15	16.09	25,589,682.65	Debt asset package receivable	2-3 years
Entity 3	14,524,800.00	7.77		Debt asset package receivable	2-3 years
Entity 4	12,733,333.32	6.81	1,496,666.66	Fund management fee receivable	1-2 years, 2-3 years, 3-4 years
Entity 5	12,147,139.03	6.50	10,729,200.00	Debt asset package receivable	2-3 years
Total	120,257,448.16	64.31	42,891,124.18		

(5) Provision for bad debts on receivables accrued, recovered and reversed during the period

Category	Opening balance	Accrual	Reversal	Write-off	Others	Decrease	Closing balance
						Translation differences of foreign currency financial statements	
Provision for bad debts of accounts receivable	91,891,926.34	2,537,787.44	1,788,544.51			-38,844.76	92,602,324.51
Total	91,891,926.34	2,537,787.44	1,788,544.51			-38,844.76	92,602,324.51

7. Financial assets held under resale agreements

(1) By business categories

Item	June 30th, 2026	December 31st, 2025
Bond-pledged repurchase	695,481,304.94	595,497,038.43
Stock-pledged repurchase	125,557,458.52	113,728,361.09
Less: Provision for impairment	178,405.51	188,515.73
Total	820,860,357.95	709,036,883.79

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

7. Financial assets held under resale agreements (continued)

(2) By subject categories

Item	June 30th, 2026	December 31st, 2025
Bonds	695,481,304.94	595,497,038.43
Stocks	125,557,458.52	113,728,361.09
Less: Provision for impairment	178,405.51	188,515.73
Book value	820,860,357.95	709,036,883.79

(3) Information of collaterals

Category of collateral	Fair value as at June 30th, 2026	Fair value as at December 31st, 2025
Stocks	574,853,000.00	510,406,550.00
Bonds (Note)	94,377,016.00	78,696,940.70
Total	669,230,016.00	589,103,490.70
Including: Collateral that can be sold or re-collateralized		
Including: Collateral that has been sold or has been pledged again		

Note: For the Treasury bond reverse repo transaction operated through the exchange, because it is automatically matched by the exchange and guarantees the full value of the collateral, it is impossible to know the information of the counterparty pledge pool. Therefore, the fair value of the collateral mentioned above does not include the fair value of the collateral asset obtained by the exchange's Treasury bond reverse repo. As of June 30th, 2026 and December 31st, 2025, the amount of the above-mentioned exchange's treasury bond reverse repo by the Company was RMB610.2311 million and RMB523.6190 million, respectively.

(4) Stock-pledged repurchase by residual maturity

Remaining period	June 30th, 2026	December 31st, 2025
Within 1 month		
1-3 months		19,602,577.53
3 months-1 year	125,557,458.52	94,125,783.56
More than 1 year		
Over due		
Total	125,557,458.52	113,728,361.09

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

7. Financial assets held under resale agreements (continued)

(5) By impairment stages of stock-pledged repurchases

Item	Expected credit losses in the next 12 months	June 30th, 2026		Total
		Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Book balance	125,557,458.52			125,557,458.52
Provision for impairment	178,405.51			178,405.51
Book value	125,379,053.01			125,379,053.01
The value of Collateral	574,853,000.00			574,853,000.00

Item	Expected credit losses in the next 12 months	December 31st, 2025		Total
		Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Book balance	113,728,361.09			113,728,361.09
Provision for impairment	188,515.73			188,515.73
Book value	113,539,845.36			113,539,845.36
The value of Collateral	510,406,550.00			510,406,550.00

8. Financial assets held for trading

(1) By categories

Category	Financial assets classified as at fair value through profit or loss	Fair value Financial assets designated as at fair value through profit or loss	June 30th, 2026		Initial cost Financial assets designated as at fair value through profit or loss	Total initial cost
			Total fair value	Financial assets classified as at fair value through profit or loss		
Bonds	12,047,324,252.97		12,047,324,252.97	12,179,417,076.58		12,179,417,076.58
Bills	897,327,327.78		897,327,327.78	897,168,289.07		897,168,289.07
Public offering of funds	2,171,441,762.82		2,171,441,762.82	2,140,664,080.66		2,140,664,080.66
Stocks/equity	428,722,701.35		428,722,701.35	933,771,213.62		933,771,213.62
Bank financial products	728,475,320.26		728,475,320.26	728,252,811.53		728,252,811.53
Asset management products of securities companies	85,206,455.12		85,206,455.12	90,320,540.74		90,320,540.74
Private funds and partnerships	1,233,837,522.53		1,233,837,522.53	1,018,933,207.97		1,018,933,207.97
Others	114,187,756.65		114,187,756.65	117,914,687.71		117,914,687.71
Total	17,706,523,099.48		17,706,523,099.48	18,106,441,907.88		18,106,441,907.88

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

8. Financial assets held for trading (continued)

(1) By categories (continued)

Category	December 31st, 2025			
	Financial assets classified as at fair value through profit or loss	Fair value Financial assets designated as at fair value through profit or loss	Financial assets classified as at fair value through profit or loss	Initial cost Financial assets designated as at fair value through profit or loss
		Total fair value		Total initial cost
Bonds	12,948,208,836.13	12,948,208,836.13	13,068,693,065.39	13,068,693,065.39
Public offering of funds	2,221,662,727.38	2,221,662,727.38	2,212,832,043.90	2,212,832,043.90
Stocks/equity	599,000,968.52	599,000,968.52	1,059,240,231.10	1,059,240,231.10
Bank financial products	315,799,904.71	315,799,904.71	315,441,648.54	315,441,648.54
Asset management products of securities companies	10,468,159.71	10,468,159.71	16,862,337.36	16,862,337.36
Private funds and partnerships	985,326,561.52	985,326,561.52	848,894,220.42	848,894,220.42
Others	37,510,576.04	37,510,576.04	42,539,054.23	42,539,054.23
Total	17,117,977,734.01	17,117,977,734.01	17,564,502,600.94	17,564,502,600.94

Note: The item "Others" refers to trust plans.

(2) Securities financed in financial assets held for trading

As of June 30th, 2026 and December 31st, 2025, the balance of the Group's financial assets held for trading included securities financed of RMB27,157,262.99 and RMB18,597,732.01, respectively.

(3) Financial assets held for trading with restricted realization

Item	Reasons	Book value as of June 30th, 2026	Book value as of December 31st, 2025
Bonds	Pledged for repurchase financing, pledged for bond lending	5,811,593,670.86	6,383,909,116.22
Bonds	Exit not allowed during the lock-in or closed period	20,021,095.89	
Bills	Pledged for repurchase financing	886,316,150.69	
Asset management products of securities companies	Exit not allowed during the lock-in or closed period	85,206,455.12	10,468,159.71
Public offering of funds	Securities financed	27,157,262.99	18,597,732.01
Stocks	Post-IPO restrictions, pre-listing institutional class restrictions	27,794,548.98	27,103,348.38
Bank financial products	Exit not allowed during the lock-in or closed period		15,358,256.17
Trust	Trust plans not yet matured	75,991,421.70	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

9. Debt investments

(1) Details of debt investments

Category	Initial cost	June 30th, 2026		Book value
		Interest	Provision for impairment	
Trust plans	115,983,969.95		101,621,569.95	14,362,400.00
Bonds	84,487,198.80	909,066.12	30,048,210.54	55,348,054.38
Asset management plans	176,076,953.80		176,076,953.80	
Total	376,548,122.55	909,066.12	307,746,734.29	69,710,454.38

Category	Initial cost	December 31st, 2025		Book value
		Interest	Provision for impairment	
Trust plans	115,983,969.95		99,363,069.95	16,620,900.00
Bonds	86,230,430.77	938,150.13	30,054,627.16	57,113,953.74
Asset management plans	176,077,449.05		176,077,449.05	
Total	378,291,849.77	938,150.13	305,495,146.16	73,734,853.74

(2) Details of impairment provisions

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Balance as of January 1st, 2026	54,627.16		305,440,519.00	305,495,146.16
Current book balance of debt investments as of January 1st, 2026	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Accrual			2,258,004.75	2,258,004.75
Transfer back	4,791.02			4,791.02
Write off				
Other transfer-out				
Translation differences of foreign currency financial statements	-1,625.60			-1,625.60
Balance as of June 30th, 2026	48,210.54		307,698,523.75	307,746,734.29

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

10. Other debt investments

(1) By categories

Category	Initial cost	Interest	June 30th, 2026		Cumulative provision for impairment
			Changes in fair value	Book value	
National bonds	444,779,581.66	2,600,612.78	1,741,758.34	449,121,952.78	
Local government bonds	361,632,167.62	4,641,605.47	5,159,022.38	371,432,795.47	356,948.64
Corporate bonds	310,876,705.38	3,368,202.73	2,557,724.62	316,802,632.73	315,802.47
Others	819,748,521.93	4,556,915.07	10,204,468.07	834,509,905.07	50,945.56
Total	1,937,036,976.59	15,167,336.05	19,662,973.41	1,971,867,286.05	723,696.67

Category	Initial cost	Interest	December 31st, 2025		Cumulative provision for impairment
			Changes in fair value	Book value	
National bonds	828,949,152.46	7,349,754.98	-9,874,852.46	826,424,054.98	
Local government bonds	992,457,189.56	6,701,849.31	-429,369.56	998,729,669.31	1,074,813.92
Corporate bonds	579,229,501.37	2,793,539.74	-41,711.37	581,981,329.74	653,321.06
Others	731,752,462.29	6,322,260.27	708,427.71	738,783,150.27	279,506.05
Total	3,132,388,305.68	23,167,404.30	-9,637,505.68	3,145,918,204.30	2,007,641.03

(2) Details of impairment provisions

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Balance as of January 1st, 2026	2,007,641.03			2,007,641.03
Current book balance of other debt investments as of January 1st, 2026	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Accrual	248,474.10			248,474.10
Transfer back				
Write off				
Other transfer-out	1,532,418.46			1,532,418.46
Balance as of June 30th, 2026	723,696.67			723,696.67

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

10. Other debt investments (continued)

(3) Other debt investments with restricted realization

Item	Reasons	Book value as of June 30th, 2026	Book value as of December 31st, 2025
Local government bonds	Pledged for repurchase financing	54,989,929.45	846,488,648.56
National bonds	Pledged for repurchase financing	402,954,513.56	665,193,334.57
Others	Pledged for repurchase financing	783,633,376.30	364,923,124.00

11. Investments in other equity instruments

(1) Details of investments in other equity instruments

Item	June 30th, 2026	December 31st, 2025
Investment in futures membership	1,400,000.00	1,400,000.00
Total	1,400,000.00	1,400,000.00

(2) Additional information about investments in other equity instruments

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

12. Long-term equity investments

(1) Classification of long-term equity investments

Item	June 30th, 2026	December 31st, 2025
By long-term equity investments calculated by the equity method	964,861,890.69	954,051,305.51
Total long-term equity investments	964,861,890.69	954,051,305.51
Less: Provision for impairment of long-term equity investments	51,808,812.17	52,042,825.68
Net value of long-term equity investments	913,053,078.52	902,008,479.83

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

12. Long-term equity investments (continued)

(2) Investments in associates

Investee	Opening book value	Additional investment	Reducing investment	Increase/decrease in current period				Others	Closing book value	Closing balance of impairment provision ^(Note)
				Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits			
Henan Asset Management Co., Ltd.	808,970,273.34			36,671,893.18	-3,315,255.96	577.80	-15,000,000.00		827,327,488.36	
Luoyang Kaiyuan Technology Innovation Venture Capital Fund (Limited Partnership)	5,212,529.79		3,564,000.00	92,489.27			-1,119,464.83		621,554.23	
Henan Dahu Caifang Media Holding Co., Ltd.	34,054,860.14			1,452,726.76					35,507,586.90	
Minquan County Innovation Industry Investment Fund (Limited Partnership)	11,594,740.83			15,506,121.03			-12,932,491.80		14,168,370.06	
Xinxiang Zhongding Technology Achievement Transformation Fund (Limited Partnership)	11,646,231.37			959,270.60					12,605,501.97	
CSI Jiaotong Fund Management Co., Ltd.	8,624,566.80			745,455.28	203,169.02				9,573,191.10	
Henan Zhonglian Equipment Manufacturing Technology Research Center Co., Ltd.										4,885,953.71
Luoyang Desheng Biotechnology Co., Ltd.										9,364,001.46
Luoyang Guohong Industry Development Investment Fund (Limited Partnership)	1,513,211.38			7,874.40					1,521,085.78	
Hebi Magnesim Trading Center Co., Ltd.	8,478,881.43		8,478,881.43							
Weiwei Zhongding Innovation Equity Investment Fund Partnership (Limited Partnership)	3,948,577.71			-11,441.48					3,937,136.23	
Henan Jiaoguang Rongmei Information Technology Co., Ltd.										3,904,458.98
Hebi Jingkai Electronic Industry Development Fund Partnership (Limited Partnership)	6,983,293.86			5,729.00					6,989,022.86	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

12. Long-term equity investments (continued)

(2) Investments in associates (continued)

Investee	Opening book value	Additional investment	Reducing investment	Increase/decrease in current period				Provision for impairment	Others	Closing book value	Closing balance of impairment provision ^(Note)
				Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declare cash dividends or profits				
Luohe Huanui Permanent Magnetic Material Co., Ltd.											1,656,335.43
Zhengzhou Nonghao E-commerce Co., Ltd.											11,844,478.47
Tangyin County Innovation Industry Investment Fund (Limited Partnership)	981,313.18			-179,172.15						802,141.03	
Henan Investment Realistic Communication Co., Ltd.										632,198.45	
Henan Dudu Computer Technology Co., Ltd.										298,473.38	
Henan Ruida Pharmaceutical Technology Co., Ltd.										5,059,488.46	
Shangcai Fengtuo Agriculture and Forestry Technology Co., Ltd.										4,946,823.89	
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.										3,354,112.56	
2242257 ONTARIO INC.										5,862,487.38	
Total	902,008,479.83		12,042,881.43	55,250,945.89	-3,112,086.94	577.80	-29,051,956.63			913,053,078.52	51,808,812.17

Note: On June 30th, 2026, the Group believes that there are no new provisions for impairment. As of June 30th, 2026, the Group had accumulated impairment provisions for long-term equity investments of RMB51,808,812.17.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

13. Investment properties

Investment properties using the cost-measurement model

Item	Buildings and structures	Total
I. Original book value		
1. Opening balance	31,265,652.80	31,265,652.80
2. Increase	2,464,279.21	2,464,279.21
(1) Transferred from fixed assets	2,464,279.21	2,464,279.21
3. Decrease		
(1) Transferred to fixed assets		
4. Closing balance	33,729,932.01	33,729,932.01
II. Accumulated depreciation and amortization		
1. Opening balance	13,994,279.72	13,994,279.72
2. Increase	2,018,782.65	2,018,782.65
(1) Accrual or amortization	465,511.40	465,511.40
(2) Transferred from fixed assets	1,553,271.25	1,553,271.25
3. Decrease		
(1) Transferred to fixed assets		
4. Closing balance	16,013,062.37	16,013,062.37
III. Provision for impairment		
1. Opening balance		
2. Increase		
3. Decrease		
4. Closing balance		
IV. Book value		
1. Closing book value	17,716,869.64	17,716,869.64
2. Opening book value	17,271,373.08	17,271,373.08

- (1) As of June 30th, 2026 and December 31st, 2025, no provision for impairment was required for the Group's investment properties.
- (2) As of June 30th, 2026 and December 31st, 2025, the Group had no investment properties that had not completed the property right certificate yet.

14. Fixed assets

(1) Book value of fixed assets

Item	June 30th, 2026	December 31st, 2025
Original value of fixed assets	531,609,267.41	528,079,644.35
Less: Accumulated depreciation	357,630,619.59	348,333,053.87
Less: Provision for impairment		
Total book value of fixed assets	173,978,647.82	179,746,590.48

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

14. Fixed assets (continued)

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

Item	Buildings and structures	Electrical equipment	Transport facilities	Others	Total
I. Original book value					
1. Opening balance	173,615,103.36	331,286,469.05	4,826,876.47	18,351,195.47	528,079,644.35
2. Increase		12,863,834.48	512,477.25	104,588.26	13,480,899.99
(1) Acquisition		12,863,834.48	512,477.25	104,588.26	13,480,899.99
(2) Transferred in from investment properties					
3. Decrease	3,221,537.96	5,164,486.28	1,239,277.00	253,867.75	9,879,168.99
(1) Disposal or scrap	757,258.75	5,164,486.28	1,239,277.00	253,867.75	7,414,889.78
(2) Transferred to investment properties	2,464,279.21				2,464,279.21
4. Translation differences of foreign currency financial statements		-66,948.58		-5,159.36	-72,107.94
5. Closing balance	170,393,565.40	338,918,868.67	4,100,076.72	18,196,756.62	531,609,267.41
II. Accumulated depreciation					
1. Opening balance	87,491,629.05	242,134,653.42	3,732,657.85	14,974,113.55	348,333,053.87
2. Increase	2,126,788.98	14,458,745.96	540,115.75	657,511.96	17,783,162.65
(1) Accrual	2,126,788.98	14,458,745.96	540,115.75	657,511.96	17,783,162.65
(2) Transferred in from investment properties					
3. Decrease	2,113,434.74	4,872,260.22	1,201,193.45	241,326.84	8,428,215.25
(1) Disposal or scrap	560,163.49	4,872,260.22	1,201,193.45	241,326.84	6,874,944.00
(2) Transferred to investment properties	1,553,271.25				1,553,271.25
4. Translation differences of foreign currency financial statements		-55,070.10		-2,311.58	-57,381.68
5. Closing balance	87,504,983.29	251,666,069.06	3,071,580.15	15,387,987.09	357,630,619.59
III. Provision for impairment					
1. Opening balance					
2. Increase					
3. Decrease					
4. Closing balance					
IV. Book value					
1. Closing book value	82,888,582.11	87,252,799.61	1,028,496.57	2,808,769.53	173,978,647.82
2. Opening book value	86,123,474.31	89,151,815.63	1,094,218.62	3,377,081.92	179,746,590.48

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

14. Fixed assets (continued)

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

- 1) The depreciation of the fixed asset recognized in the period is RMB17,783,162.65.
- 2) As of June 30th, 2026, the Group had no significant idle fixed assets.
- 3) As of June 30th, 2026, the Group had no fixed assets that had not completed the title certificate.
- 4) As of June 30th, 2026 and December 31st, 2025, no provision for impairment was required for the Group's fixed assets.

15. Construction in progress

(1) Details of construction in progress

Item	Book balance	June 30th, 2026	Book value	Book balance	December 31st, 2025	Book value
		Provision for impairment			Provision for impairment	
Self-built office building	349,377,729.92		349,377,729.92	288,399,541.44		288,399,541.44
Total	349,377,729.92		349,377,729.92	288,399,541.44		288,399,541.44

(2) Changes in construction in progress during the period

Item	Opening balance	Increase	Decrease		Closing balance
			Transferred to fixed assets	Other decrease	
Self-built office building	288,399,541.44	60,978,188.48			349,377,729.92
Total	288,399,541.44	60,978,188.48			349,377,729.92

- (3) As of June 30th, 2026 and December 31st, 2025, no provision for impairment was required for the Group's construction in progress.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

16. Right-of-use assets

(1) Details of right-of-use assets

Item	Buildings and structures	Other assets	Total
I. Original book value			
1. Opening balance	263,451,306.70	2,441,254.42	265,892,561.12
2. Increase	8,478,789.99		8,478,789.99
(1) Rent in	8,478,789.99		8,478,789.99
3. Decrease	10,640,092.43		10,640,092.43
(1) Lease expired	9,991,842.05		9,991,842.05
(2) Others	648,250.38		648,250.38
4. Translation differences of foreign currency financial statements	-354,381.19		-354,381.19
5. Closing balance	260,935,623.07	2,441,254.42	263,376,877.49
II. Accumulated depreciation			
1. Opening balance	164,304,998.96	206,885.95	164,511,884.91
2. Increase	20,718,269.31	248,263.14	20,966,532.45
(1) Accrual	20,718,269.31	248,263.14	20,966,532.45
3. Decrease	10,021,543.25		10,021,543.25
(1) Lease expired	9,991,842.05		9,991,842.05
(2) Others	29,701.20		29,701.20
4. Translation differences of foreign currency financial statements	-273,610.82		-273,610.82
5. Closing balance	174,728,114.20	455,149.09	175,183,263.29
III. Book value			
1. Closing book value	86,207,508.87	1,986,105.33	88,193,614.20
2. Opening book value	99,146,307.74	2,234,368.47	101,380,676.21

- (2) As of June 30th, 2026 and December 31st, 2025, no provision for impairment was required for the Group's right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

17. Intangible assets

(1) Details of intangible assets

Item	Computer software	Seat fee	Land-use right	Others	Total
I. Original book value					
1. Opening balance	628,825,242.19	28,935,610.00	105,655,751.67	2,344,188.67	765,760,792.53
2. Increase	14,665,283.68			141,509.43	14,806,793.11
3. Decrease	3,815,732.12				3,815,732.12
4. Translation differences of foreign currency financial statements	-10,401.00	-17,335.00			-27,736.00
5. Closing balance	639,664,392.75	28,918,275.00	105,655,751.67	2,485,698.10	776,724,117.52
II. Accumulated amortization					
1. Opening balance	442,962,889.83	28,484,000.00	30,993,670.92	2,169,660.40	504,610,221.15
2. Increase	36,496,702.04		1,321,452.72	20,754.72	37,838,909.48
3. Decrease	3,538,928.85				3,538,928.85
4. Translation differences of foreign currency financial statements	-10,401.00				-10,401.00
5. Closing balance	475,910,262.02	28,484,000.00	32,315,123.64	2,190,415.12	538,899,800.78
III. Provision for impairment					
1. Opening balance					
2. Increase					
3. Decrease					
4. Closing balance					
IV. Book value					
1. Closing book value	163,754,130.73	434,275.00	73,340,628.03	295,282.98	237,824,316.74
2. Opening book value	185,862,352.36	451,610.00	74,662,080.75	174,528.27	261,150,571.38

(2) The accrued amortization of intangible assets for the current period is RMB37,838,909.48.

(3) As of June 30th, 2026 and December 31st, 2025, the Group has no intangible assets used as collateral or guarantee.

(4) As of June 30th, 2026 and December 31st, 2025, no provision for impairment was required for the Group's intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

18. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offset

Item	June 30th, 2026		December 31st, 2025	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	526,276,590.33	129,278,635.33	529,865,329.02	130,084,389.40
Employee benefits payable	620,691,514.36	155,172,878.59	412,695,711.28	103,173,927.82
Changes in fair value of financial assets held for trading and derivative financial instruments	272,232,223.04	68,058,055.76	361,247,237.09	90,311,809.27
Underwriting income and expenditure to be carried forward	3,458,953.20	864,738.30	1,807,169.80	451,792.45
Accrued expenses	94,573,290.68	23,643,322.67	90,663,820.92	22,665,955.23
Changes in fair value of financial liabilities held for trading	89,579.80	22,394.95		
Futures risk reserve	422,299.44	105,574.86	422,299.44	105,574.86
Changes in fair value of other debt investments			9,637,505.68	2,409,376.42
Lease liabilities	98,247,081.77	24,561,770.44	109,624,726.92	27,406,181.73
Others	781,089,297.72	195,272,324.43	781,410,761.76	195,352,690.44
Total	2,397,080,830.34	596,979,695.33	2,297,374,561.91	571,961,697.62

(2) Deferred tax liabilities before offset

Item	June 30th, 2026		December 31st, 2025	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in fair value of financial assets held for trading and derivative financial instruments	75,070,567.96	18,767,641.99	386,876.12	96,719.03
Changes in fair value of other debt investments	19,662,973.41	4,915,743.35		
Changes in fair value of financial liabilities held for trading			1,714,230.48	428,557.62
Right-of-use assets	86,660,347.25	21,665,086.81	98,988,970.28	24,747,242.57
Others	5,410,531.75	1,352,632.94	25,221,765.51	6,305,441.38
Total	186,804,420.37	46,701,105.09	126,311,842.39	31,577,960.60

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

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

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

Item	June 30th, 2026		December 31st, 2025	
	Offset amount between deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset	Offset amount between deferred tax assets and liabilities	Balance of deferred tax assets or liabilities after offset
Deferred tax assets	21,665,086.81	575,314,608.52	24,747,242.57	547,214,455.05
Deferred tax liabilities	21,665,086.81	25,036,018.28	24,747,242.57	6,830,718.03

(4) Deferred tax assets from unrecognized deductible losses

Item	June 30th, 2026	December 31st, 2025
Deductible losses	1,166,594,081.71	1,204,438,476.97
Total	1,166,594,081.71	1,204,438,476.97

(5) The deductible losses for which no deferred tax assets have been recognized will expire in the following years

Year	June 30th, 2026	December 31st, 2025	Note
2026			
2027			
2028	2,239,586.70	20,019,194.30	
2029	23,252,403.78	23,252,403.78	
2030	1,464,179.78	17,056,298.45	
Indefinite term	1,139,637,911.45	1,144,110,580.44	
Total	1,166,594,081.71	1,204,438,476.97	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

19. Goodwill

(1) Original value of goodwill

Investee	December 31st, 2025	Business combination in current period	Increase Translation differences of foreign currency financial statements	Disposal	Decrease Translation differences of foreign currency financial statements	June 30th, 2026
Central China Futures Co., Ltd. (Note 1)	7,268,756.37					7,268,756.37
Central China International Financing Co., Ltd. (Note 2)	15,228,498.21				584,544.22	14,643,953.99
Total	22,497,254.58				584,544.22	21,912,710.36

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

Note 2: Central China International, a subsidiary of the Company, acquired 100% equity interests in Central China International Financing (formerly known as "Pan Asia Corporate Finance Limited") through a business combination not under common control in 2016 with a merger consideration of HKD24,416,272.00. The fair value of the identifiable net assets of Central China International Financing as at the date of the combination was HKD7,556,040.59, and the difference of HKD16,860,231.41 was recorded as goodwill after being translated into RMB at the exchange rate as of June 30th, 2026.

(2) Impairment provision of goodwill

Investee	December 31st, 2025	Accrual	Increase Translation differences of foreign currency financial statements	Disposal	Decrease Translation differences of foreign currency financial statements	June 30th, 2026
Central China Futures Co., Ltd.						
Central China International Financing Co., Ltd.	15,228,498.21				584,544.22	14,643,953.99
Total	15,228,498.21				584,544.22	14,643,953.99

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

19. Goodwill (continued)

(2) Impairment provision of goodwill (continued)

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

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

- (3) The Company estimates the present value of the future cash flows of the asset group based on the financial budgets and applicable discount rates for the next few years in accordance with the development plan of Central China Futures and the industry development trend. Cash flows for the years in which the financial budget is exceeded are judged by the rate of growth over the stabilization period, which does not exceed the long-term average growth rate of the business to which the asset group relates. The projection period used by the Company is five years. The pre-tax discount rate applied to the cash flows of Central China Futures is 11.00% and the growth rate of operating income over the stabilization period is 0%. The discount rate and weighted average growth rate reflect the specific risks and long-term growth expectations of the underlying asset group. The key assumptions underlying the recoverable amount estimates related to other projected cash inflows or outflows include projected revenues and revenue margins. These estimates are determined based on the historical performance of the asset group and management's expectations of market changes. During the projection period, the revenue growth rate for the Central China Futures asset group is 12.00%, with an average profit margin of 20.32%. During the stabilization period, the profit margin for the Central China Futures asset group is 24.50%. The recoverable amount of the asset group of Central China Futures is greater than its book value and is not impaired.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

20. Other assets

(1) Details

Item	June 30th, 2026	December 31st, 2025
Other receivables	79,367,817.04	44,672,035.60
Assets held for debt settlement	68,557,600.00	60,086,004.75
Deferred expenses	12,075,456.36	17,165,518.98
Long-term deferred expenses	22,234,253.20	27,366,371.14
Clearing margin receivable	10,090,723.51	10,000,000.00
Prepayment of enterprise income tax	3,383,281.09	175,733.90
Others	24,032,480.79	28,491,887.15
Total	219,741,611.99	187,957,551.52

(2) Other receivables

1) By details

Item	June 30th, 2026	December 31st, 2025
Prepayments	75,866,982.93	61,009,025.26
Cash pledge	8,527,033.92	10,036,730.24
Deposits	1,500,000.00	1,528,000.00
Others	18,796,216.31	17,689,701.04
Less: Provision for bad debts	25,322,416.12	45,591,420.94
Book value of other receivables	79,367,817.04	44,672,035.60

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

20. Other assets (continued)

(2) Other receivables (continued)

2) By portfolio methods

Item	Book balance	June 30th, 2026	Accrual proportion (%)	Book balance	December 31st, 2025	Accrual proportion (%)
		Provision for bad debts			Provision for bad debts	
Separate provision for bad debts	39,648,773.26	18,424,172.17	46.47	38,867,254.00	38,462,403.08	98.96
Subtotal	39,648,773.26	18,424,172.17	46.47	38,867,254.00	38,462,403.08	98.96
Combination provision for bad debts						
Including: Within 1 year	36,250,967.62	181,254.85	0.50	26,715,049.01	133,575.23	0.50
1-2 years	10,235,525.75	511,776.29	5.00	4,495,189.25	224,759.47	5.00
2-3 years	4,591,061.43	459,106.15	10.00	5,012,171.20	501,217.12	10.00
3-4 years	3,576,805.78	715,361.15	20.00	3,411,573.38	682,314.67	20.00
4-5 years	814,020.70	244,206.21	30.00	1,469,792.45	440,937.74	30.00
More than 5 years	9,573,078.62	4,786,539.30	50.00	10,292,427.25	5,146,213.63	50.00
Subtotal	65,041,459.90	6,898,243.95		51,396,202.54	7,129,017.86	
Total	104,690,233.16	25,322,416.12		90,263,456.54	45,591,420.94	

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

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Balance as of January 1st, 2026	7,129,017.86		38,462,403.08	45,591,420.94
Current period balance as of January 1st, 2026	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Accrual			296,650.27	296,650.27
Transfer back	226,927.03		20,334,881.18	20,561,808.21
Write off				
Translation differences of foreign currency financial statements	-3,846.88			-3,846.88
Balance as of June 30th, 2026	6,898,243.95		18,424,172.17	25,322,416.12

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

20. Other assets (continued)

(2) Other receivables (continued)

4) Other receivables of the top five closing balances, grouped by party in arrears

Entity name	Closing balance	As a percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision	Nature of payment	Aging
Shenzhen Huilian Internet Finance Service Co., Ltd.	25,324,975.10	24.19	4,990,093.92	Equity transfer fund	More than 5 years
Hundsun Technologies Inc.	24,481,199.13	23.38	1,196,160.35	Prepayments for asset acquisition	Within 1 year, 1–2 years, 2–3 years, 3–4 years, 4–5 years
Hainan Jinhai City Credit Cooperative	5,748,880.00	5.49	5,748,880.00	Take over the creditor's rights of the former Henan Finance Securities Company	More than 5 years
Fujian Apex Software Co., Ltd.	2,615,000.00	2.50	13,075.00	Prepayments for asset acquisition	Within 1 year
Shanghai Lujiazui Finance & Trade Zone United Development Co., Ltd.	2,413,400.07	2.31	1,137,780.59	Rental deposit	4–5 years, more than 5 years
Total	60,583,454.30	57.87	13,085,989.86		

(3) Long-term deferred expenses

Item	December 31st, 2025	Increase	Amortized	Other increase/ decrease	June 30th, 2026
Decoration expenses, etc.	27,366,371.14	1,169,258.58	6,274,498.20	-26,878.32	22,234,253.20
Total	27,366,371.14	1,169,258.58	6,274,498.20	-26,878.32	22,234,253.20

(4) Entrusted loans

Item	June 30th, 2026	December 31st, 2025
Entrusted loans	14,397,407.69	14,397,407.69
Less: Provision for impairment	14,397,407.69	14,397,407.69

Book value

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

21. Securities lending

Item	June 30th, 2026	December 31st, 2025
Securities lending	27,157,262.99	18,597,732.01
— Financial assets held for trading	27,157,262.99	18,597,732.01
— Securities received through refinancing		

As of June 30th, 2026 and December 31st, 2025, the Group had no significant securities lending business contracts overdue.

22. Statement of provision for impairment of assets

(1) By changing details

Item	December 31st, 2025	Increase	Reversal	Decrease Write-off	Other transfer-out	Others	Translation differences of foreign currency financial statements	June 30th, 2026
Provision for impairment of margin accounts receivable	82,163,014.70	2,680,591.46					-6,998.52	84,836,607.64
Provision for bad debts of accounts receivable	91,891,926.34	2,537,787.44	1,788,544.51				-38,844.76	92,602,324.51
Provision for impairment of financial assets held under resale agreements	188,515.73		10,110.22					178,405.51
Provision for impairment of debt investments	305,495,146.16	2,258,004.75	4,791.02				-1,625.60	307,746,734.29
Provision for impairment of other debt investments	2,007,641.03	248,474.10			1,532,418.46			723,696.67
Provision for impairment of other assets	69,003,342.30	32,136.56	20,561,808.21				-3,846.88	48,469,823.77
Subtotal of provision for credit impairment of financial instruments and other items	550,749,586.26	7,756,994.31	22,365,253.96		1,532,418.46		-51,315.76	534,557,592.39
Provision for impairment of long-term equity investments	52,042,825.68						-234,013.51	51,808,812.17
Provision for impairment of goodwill	15,228,498.21						-584,544.22	14,643,953.99
Provision for impairment of assets held for debt settlement	15,597,800.58	12,361,500.00						27,959,300.58
Subtotal of provision for impairment of other assets	82,869,124.47	12,361,500.00					-818,557.73	94,412,066.74
Total	633,618,710.73	20,118,494.31	22,365,253.96		1,532,418.46		-869,873.49	628,969,659.13

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

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

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

Item	Expected credit losses in the next 12 months	June 30th, 2026		Total
		Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Provision for impairment of margin accounts receivable	35,660,372.94		49,176,234.70	84,836,607.64
Provision for bad debts of accounts receivable		4,636,714.48	87,965,610.03	92,602,324.51
Provision for impairment of financial assets held under resale agreements	178,405.51			178,405.51
Provision for impairment of debt investments	48,210.54		307,698,523.75	307,746,734.29
Provision for impairment of other debt investments	723,696.67			723,696.67
Provision for impairment of other assets	6,898,243.95		41,571,579.82	48,469,823.77
Total	43,508,929.61	4,636,714.48	486,411,948.30	534,557,592.39

Item	Expected credit losses in the next 12 months	December 31st, 2025		Total
		Expected credit losses in lifetime (No credit impairment)	Expected credit losses in lifetime (Credit impairment)	
Provision for impairment of margin accounts receivable	32,987,381.20		49,175,633.50	82,163,014.70
Provision for bad debts of accounts receivable		5,541,923.35	86,350,002.99	91,891,926.34
Provision for impairment of financial assets held under resale agreements	188,515.73			188,515.73
Provision for impairment of debt investments	54,627.16		305,440,519.00	305,495,146.16
Provision for impairment of other debt investments	2,007,641.03			2,007,641.03
Provision for impairment of other assets	7,393,531.57		61,609,810.73	69,003,342.30
Total	42,631,696.69	5,541,923.35	502,575,966.22	550,749,586.26

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

23. Short-term financing instruments payable

Category	Par value (RMB Yuan per bond)	Interest start date	Bond maturity	Issuing amount (RMB10,000)	Coupon rate	Book balance as of December 31st, 2025	Increase	Decrease	Book balance as of June 30th, 2026
23 Central China 01 (Note 1)	100	March 13th, 2023	3 years	100,000	3.68%	1,029,698,805.11	7,101,194.89	1,036,800,000.00	
24 Central China 01 (Note 2)	100	January 25th, 2024	3 years	70,000	2.90%		708,675,335.93		708,675,335.93
23 Central China C (Note 3)	100	August 18th, 2023	3 years	50,000	3.70%	506,943,835.71	9,173,972.62		516,117,808.33
24 Central China C1 (Note 4)	100	June 4th, 2024	3 years	100,000	2.44%		1,001,804,931.53		1,001,804,931.53
Income securities issued certificate (Note 5)	1	June 4th, 2024– June 30th, 2026	28–1,092 days	150,898.70	1.70%–3.00%	1,261,444,559.20	1,284,046,038.99	1,015,136,835.93	1,530,353,762.26
Total						2,798,087,200.02	3,010,801,473.96	2,051,936,835.93	3,756,951,838.05

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

Note 2: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On January 24th, 2024, the Company issued bonds of RMB700 million, with a maturity of 3 years and a coupon rate of 2.90%.

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

Note 4: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213). On June 3rd, 2024, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 2.44%.

Note 5: As of June 30th, 2026, the Company's deposited income securities issued certificates consisted of Jinyi Series income securities issued certificates of RMB906,806,666.37 and Rongyi Series income securities issued certificates of RMB623,547,095.89, with a maturity of 28 to 1092 days and interest rates ranging from 1.70% to 3.00%.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

24. Due to banks and other financial institutions

(1) Categories

Item	June 30th, 2026	December 31st, 2025
Due to banks	3,050,430,011.14	3,030,308,361.12
Capital from refinancing	100,904,444.46	
Total	3,151,334,455.60	3,030,308,361.12

As of June 30th, 2026, the Group's borrowings from banks were unsecured (as of December 31st, 2025: The Group's borrowings from banks were unsecured, and the Group had no borrowings from China Securities Finance Corporation Limited).

(2) Residual maturity of capital from refinancing

Item	June 30th, 2026		December 31st, 2025	
	Balance	Interest rate range	Balance	Interest rate range
Within 1 month	100,904,444.46	1.85%		
Total	100,904,444.46			

25. Financial liabilities held for trading

Category	June 30th, 2026		Total
	Financial liabilities classified as at fair value through profit or loss	Fair value Financial liabilities designated as at fair value through profit or loss	
Bonds (Note 1)	293,930,392.33		293,930,392.33
Interests held by minority shareholders of structured entities included in the scope of consolidation (Note 2)	273,145,463.40		273,145,463.40
Total	567,075,855.73		567,075,855.73

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

25. Financial liabilities held for trading (continued)

Category	December 31st, 2025		Total
	Financial liabilities classified as at fair value through profit or loss	Fair value Financial liabilities designated as at fair value through profit or loss	
Bonds (Note 1)	492,320,856.43		492,320,856.43
Interests held by minority shareholders of structured entities included in the scope of consolidation (Note 2)	458,142,492.31		458,142,492.31
Total	950,463,348.74		950,463,348.74

Note 1: As of June 30th, 2026 and December 31st, 2025, the Group sold bonds to other financial institutions for financing operations.

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

26. Financial assets sold under repurchase agreements

(1) By business categories

Item	June 30th, 2026	December 31st, 2025
Pledge-style repurchase	7,109,730,130.43	7,017,190,370.59
Total	7,109,730,130.43	7,017,190,370.59

(2) By subject categories

Item	June 30th, 2026	December 31st, 2025
Bonds	6,220,108,243.84	7,017,190,370.59
Bills	889,621,886.59	
Total	7,109,730,130.43	7,017,190,370.59

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

26. Financial assets sold under repurchase agreements (continued)

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

Category of collateral	Fair value as at June 30th, 2026	Fair value as at December 31st, 2025
Bonds	6,731,154,399.96	7,906,312,771.20
Bills	886,316,150.69	
Total	7,617,470,550.65	7,906,312,771.20

27. Accounts payable to brokerage clients

Item	June 30th, 2026	December 31st, 2025
General brokerage business		
Including: Individual	20,891,922,752.78	18,707,576,055.12
Institution	1,564,281,110.29	1,484,735,267.80
Subtotal	22,456,203,863.07	20,192,311,322.92
Credit business		
Including: Individual	1,844,706,982.15	1,485,663,139.32
Institution	31,486,676.29	24,421,709.42
Subtotal	1,876,193,658.44	1,510,084,848.74
Total	24,332,397,521.51	21,702,396,171.66

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

28. Employee benefits payable

(1) Categories

Item	December 31st, 2025	Increase	Decrease	June 30th, 2026
Short-term benefits	519,821,889.50	470,798,789.55	336,182,611.37	654,438,067.68
Post-employment benefit — defined contribution plans	44,990,666.57	53,656,032.10	48,256,528.29	50,390,170.38
Termination benefits	69,316.72	789,558.81	792,219.52	66,656.01
Total	564,881,872.79	525,244,380.46	385,231,359.18	704,894,894.07

(2) Short-term benefits

Item	December 31st, 2025	Increase	Decrease	June 30th, 2026
Salaries, bonuses, allowances and subsidies	365,204,609.78	400,668,840.72	284,493,924.90	481,379,525.60
Employee welfare		14,321,430.57	4,991,367.67	9,330,062.90
Social insurance premiums	14,598.69	16,706,005.99	16,698,232.61	22,372.07
Including: Medical insurance	13,417.19	15,409,769.32	15,402,262.86	20,923.65
Work-related injury insurance	304.00	354,377.12	354,214.17	466.95
Maternity insurance	877.50	941,859.55	941,755.58	981.47
Housing Provident Fund	8,932.00	23,528,471.76	23,524,962.76	12,441.00
Labor union and employee education costs	153,481,180.36	13,745,756.54	5,037,410.79	162,189,526.11
Others	1,112,568.67	1,828,283.97	1,436,712.64	1,504,140.00
Total	519,821,889.50	470,798,789.55	336,182,611.37	654,438,067.68

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

28. Employee benefits payable (continued)

(3) Defined contribution plans

Item	December 31st, 2025	Increase	Decrease	June 30th, 2026
Basic pension insurance	56,037.13	30,284,450.52	30,274,265.10	66,222.55
Unemployment insurance	760.00	1,248,792.55	1,248,385.18	1,167.37
Enterprise annuity	44,933,869.44	22,122,789.03	16,733,878.01	50,322,780.46
Total	44,990,666.57	53,656,032.10	48,256,528.29	50,390,170.38

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

As of June 30th, 2026, under the pension insurance plan and MPF plan, the Group has not had any relevant forfeiture of contributions. Under the enterprise annuity plan, the Company and its domestic subsidiaries retain the confiscated contributions in the enterprise annuity public account in accordance with the domestic enterprise annuity policy and the Company's enterprise annuity management system, which will be enjoyed by employees who are still in the enterprise annuity plan. Forfeited contributions will not be used to offset future contributions and will not reduce current and future contribution levels.

29. Taxes payable

Item	June 30th, 2026	December 31st, 2025
Enterprise income tax	95,473,801.41	73,725,124.49
Individual income tax	13,062,942.64	20,764,610.48
Value-added tax	9,407,407.22	1,196,682.10
Urban maintenance and construction tax	1,010,953.11	479,091.76
Education surcharge	820,481.98	440,187.58
Property tax	548,096.24	548,223.09
Land use tax	105,271.94	105,325.68
Others	494.17	13,486.91
Total	120,429,448.71	97,272,732.09

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

30. Accounts payable

Item	June 30th, 2026	December 31st, 2025
Open-end fund liquidation	99,124,282.87	119,792,049.03
Securities liquidation	39,173,988.78	1,027,767.93
Bank custody fee	10,689,049.44	10,541,407.27
Others	4,738,218.59	1,695,734.98
Total	153,725,539.68	133,056,959.21

Accounts payable mainly comprise payable open-end fund liquidation and payable securities liquidation, which are settled as required under normal business conditions. In view of the nature of the relevant businesses, the Group is of the view that an aging based analysis would yield no further meaningful insights, and accordingly no aging analysis has been disclosed.

31. Contract liabilities

Item	June 30th, 2026	December 31st, 2025
Fee and commission advances	2,379,935.39	904,428.60
Total	2,379,935.39	904,428.60

32. Provisions

Item	June 30th, 2026	December 31st, 2025	Reasons
Outstanding issues in contract disputes	46,454,062.70	46,454,062.70	Contract disputes between the Group and the parties involved
Others	6,736,812.06		Potential advance payment of taxes and fees
Total	53,190,874.76	46,454,062.70	

Note: For details on the specific reasons for the accrual of provisions, please refer to Note XII.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

33. Bonds payable

Category	Par value (RMB Yuan per bond)	Interest start date	Bond maturity	Issuing amount (RMB10,000)	Coupon rate	Book balance as of December 31st, 2025	Increase	Decrease	Book balance as of June 30th, 2026
24 Central China 01 (Note 1)	100	January 25th, 2024	3 years	70,000	2.90%	718,809,259.23	1,490,740.77	720,300,000.00	
24 Central China 02 (Note 2)	100	July 4th, 2024	3 years	200,000	2.22%	2,021,184,600.94	22,290,496.27		2,043,475,097.21
25 Central China 01 (Note 3)	100	April 25th, 2025	3 years	200,000	2.35%	2,031,391,782.05	23,482,741.04	47,000,000.00	2,007,874,523.09
26 Central China 01 (Note 4)	100	February 4th, 2026	3 years	100,000	1.97%		1,007,419,871.13		1,007,419,871.13
25 Central China K1 (Note 5)	100	November 19th, 2025	3 years	50,000	1.98%	500,884,171.64	4,960,477.69		505,844,649.33
26 Central China K1 (Note 6)	100	June 15th, 2026	3 years	50,000	1.75%		500,104,597.20		500,104,597.20
25 Central China C1 (Note 7)	100	November 10th, 2025	3 years	50,000	2.20%	501,567,123.29	5,545,205.50		507,112,328.79
24 Central China C1 (Note 8)	100	June 4th, 2024	3 years	100,000	2.44%	1,014,105,205.50	10,294,794.50	1,024,400,000.00	
Income securities issued certificate (Note 9)	1	May 13th, 2026~ May 21st, 2026	547~ 549 days	24,000.00	1.90%~ 1.93%	333,335,906.72	242,392,788.66	335,187,385.78	240,541,309.60
Total						7,121,278,049.37	1,817,981,712.76	2,126,887,385.78	6,812,372,376.35

Note 1: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On January 24th, 2024, the Company issued bonds of RMB700 million, with a maturity of 3 years and a coupon rate of 2.90%.

Note 2: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue corporate bonds with a total face value of no more than RMB5 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2533). On July 3rd, 2024, the Company issued bonds of RMB2 billion, with a maturity of 3 years and a coupon rate of 2.22%.

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

Note 4: According to the resolution of the Company's annual general meeting of shareholders in 2024, the Company was approved by the China Securities Regulatory Commission on the *Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2025] No. 1556), and the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB2.5 billion to professional investors. On February 3rd, 2026, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 1.97%.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

33. Bonds payable (continued)

Note 5: According to the resolution of the Company's annual general meeting of shareholders in 2024, the Company was approved by the China Securities Regulatory Commission on the *Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2025] No. 1556), and the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB2.5 billion to professional investors. On November 18th, 2025, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 1.98%.

Note 6: According to the resolution of the Company's annual general meeting of shareholders in 2024, the Company was approved by the China Securities Regulatory Commission on the *Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2025] No. 1556), and the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB2.5 billion to professional investors. On June 12th, 2026, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 1.75%.

Note 7: According to the resolution of the Company's annual general meeting of shareholders in 2024, the Company was approved by the China Securities Regulatory Commission on the *Approval of Central China Securities Co., Ltd.'s Registration of Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2025] No. 2148), and the Company was allowed to publicly issue corporate bonds with a total face value of no more than RMB1.2 billion to professional investors. On November 7th, 2025, the Company issued bonds of RMB500 million, with a maturity of 3 years and a coupon rate of 2.20%.

Note 8: According to the resolution of the Company's first extraordinary general meeting of shareholders in 2019, the Company was approved to publicly issue subordinated bonds with a total face value of no more than RMB4 billion to professional investors after the China Securities Regulatory Commission's approval of *Reply on Agreeing to the Registration of Central China Securities Co., Ltd.'s Public Issuance of Subordinated Corporate Bonds to Professional Investors* (Zheng Jian Xu Ke [2022] No. 2213). On June 3rd, 2024, the Company issued bonds of RMB1 billion, with a maturity of 3 years and a coupon rate of 2.44%.

Note 9: As of June 30th, 2026, the Company's deposited income securities issued certificates consisted of Rongyi Series income securities issued certificates of RMB240,541,309.60, with a maturity of 547–549 days and interest rates ranging from 1.90% to 1.93%.

34. Lease liabilities

Item	June 30th, 2026	December 31st, 2025
Lease liabilities	81,511,475.46	89,602,782.05
Including: Lease liabilities due within one year	33,966,971.13	32,880,096.24
Total	81,511,475.46	89,602,782.05

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

35. Other liabilities

(1) Details

Item	June 30th, 2026	December 31st, 2025
Other payables	148,735,925.29	143,882,483.88
Dividends payable	104,734,656.53	83,850,863.49
Futures risk reserve	42,571,510.50	40,916,960.93
Investor Protection Fund	10,601,264.66	10,645,518.69
Others	90,836.41	1,331,144.33
Total	306,734,193.39	280,626,971.32

(2) Other payables

Item	June 30th, 2026	December 31st, 2025
Non-monetary offset against treasury futures margin	49,287,696.00	49,375,135.31
Accrued expenses	44,930,753.33	30,704,932.07
Equity transfer fund	14,198,105.25	14,764,852.48
Others	40,319,370.71	49,037,564.02
Total	148,735,925.29	143,882,483.88

(3) Futures risk reserve

The Company's subsidiary, Central China Futures, according to the *Provisional Regulations on the Financial Management of Commodity Futures Trading*, accrues the futures risk reserve based on 5% of the net income of the futures brokerage service fee income minus the futures exchange service fee payable, and includes it in the current profit or loss. When the risk reserve is used to make up for losses due to its own reasons or to write off uncollectible advances for risk losses in accordance with the regulations, the balance of the futures risk reserve is offset.

36. Share capital

Item	December 31st, 2025	Issued new shares	Bonus shares	Increase/decrease (+, -) Shares transferred from reserves	Others	Subtotal	June 30th, 2026
Total share capital	4,642,884,700.00						4,642,884,700.00

37. Capital reserve

Item	December 31st, 2025	Increase	Decrease	June 30th, 2026
Premium on share capital	6,540,294,251.22			6,540,294,251.22
Other capital reserves	-279,942,137.37	577.80		-279,941,559.57
Total	6,260,352,113.85	577.80		6,260,352,691.65

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

38. Other comprehensive income

Item	Opening balance of OCI attributable to shareholders of the parent company	Amount incurred in current period				Attributable to the parent company after tax	Attributable to minority shareholders after tax	Closing balance of OCI attributable to shareholders of the parent company
		Amount incurred before income tax	Less: Transfer to profit or loss for current period from those included in OCI in prior period	Less: Income tax expenses	Total			
OCI to be reclassified subsequently to profit or loss	62,162,139.30	13,606,875.97	2,250,513.62	7,004,133.68	4,352,228.67	4,352,228.67		66,514,367.97
Including: Changes in fair value of other debt investments	-7,228,129.26	30,018,574.25	718,095.16	7,325,119.77	21,975,359.32	21,975,359.32		14,747,230.06
Provision for credit impairment of other debt investments	1,505,730.77	248,474.10	1,532,418.46	-320,986.09	-962,958.27	-962,958.27		542,772.50
OCI that will be reclassified to profit or loss under equity method	7,685,874.64	-3,112,086.94			-3,112,086.94	-3,112,086.94		4,573,787.70
Translation differences of foreign currency financial statements	60,198,663.15	-13,548,085.44			-13,548,085.44	-13,548,085.44		46,650,577.71
Total	62,162,139.30	13,606,875.97	2,250,513.62	7,004,133.68	4,352,228.67	4,352,228.67		66,514,367.97

39. Surplus reserve

Item	December 31st, 2025	Increase	Decrease	June 30th, 2026
Statutory reserve	784,623,025.96			784,623,025.96
Discretionary reserve	234,889,387.08			234,889,387.08
Total	1,019,512,413.04			1,019,512,413.04

40. General risk reserve

Item	December 31st, 2025	Increase	Decrease	June 30th, 2026
General risk reserve	914,954,836.96	3,424.62		914,958,261.58
Transaction risk reserve	779,869,223.86			779,869,223.86
Total	1,694,824,060.82	3,424.62		1,694,827,485.44

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

41. Undistributed profits

Item	Jan-June 2026	Jan-June 2025
Undistributed profits as at the end of prior period	704,588,798.17	358,503,723.78
Adjustments		
Undistributed profits as at the beginning of the period	704,588,798.17	358,503,723.78
Add: Net profit attributable to owners of the parent company	419,289,378.26	260,308,365.67
Less: Statutory reserve		
Discretionary reserve		
General risk reserve	3,424.62	1,429,410.29
Transaction risk reserve		
Distribution of ordinary share dividends	102,143,463.40	78,929,039.90
Other reversals		
Undistributed profits as at the end of the period	1,021,731,288.41	538,453,639.26

42. Net interest income

Item	Jan-June 2026	Jan-June 2025
Interest income	491,769,403.08	409,459,221.72
Including: Interest income from cash and bank balances and clearing settlement funds	162,211,249.29	126,576,951.25
Interest income from margin trading business	302,401,530.01	266,649,897.28
Interest income from financial assets held under resale agreements	5,977,234.17	14,713,709.33
Including: Interest income from stock pledge repurchase	2,514,014.58	5,896,736.66
Interest income from debt investments	1,241,337.54	
Interest income from other debt investments	19,788,272.15	670,866.12
Others	149,779.92	847,797.74
Interest expenses	197,574,317.16	234,560,396.97
Including: Interest expenses of loans		14,408.34
Interest expenses of income securities issued certificate	14,435,441.87	17,487,302.85
Interest expenses of due to banks and other financial institutions	13,573,081.98	22,829,744.01
Including: Interest expenses of refinancing	904,444.46	12,359,083.34
Interest expenses of financial assets sold under repurchase agreements	51,279,063.04	74,949,742.07
Interest expenses of accounts payable to brokerage clients	8,345,975.15	8,897,127.62
Interest expenses of bonds payable	103,256,080.77	104,234,854.21
Including: Interest expenses of subordinated bonds	26,820,055.09	29,455,890.41
Interest expenses of bond lending	3,177,816.67	4,124,036.86
Others	3,506,857.68	2,023,181.01
Net interest income	294,195,085.92	174,898,824.75

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

43. Net fee and commission income

(1) Details

Item	Jan-June 2026	Jan-June 2025
Net income of securities brokerage business	422,036,620.68	330,495,589.57
Including: Securities brokerage business income	571,240,086.82	429,410,861.34
Including: Funds received as an agent of the stock exchange	559,183,852.75	424,056,735.68
Leasing of trading units and seats	2,747.77	61,869.59
Financial product distribution business	11,948,044.29	5,200,150.03
Securities brokerage business expenses	149,203,466.14	98,915,271.77
Including: Funds received as an agent of the stock exchange	149,182,541.81	98,877,349.30
Net income of futures brokerage business	33,240,046.82	27,891,562.68
Including: Futures brokerage business income	99,731,341.06	72,648,591.23
Futures brokerage business expenses	66,491,294.24	44,757,028.55
Net income of investment banking business	17,007,569.25	5,653,889.37
Including: Investment banking business income	17,085,823.72	5,653,889.37
Including: Securities underwriting business	10,823,034.29	812,675.38
Securities sponsorship business	1,698,113.20	
Financial advisory business	4,564,676.23	4,841,213.99
Investment banking business expenses	78,254.47	
Including: Securities sponsorship business	78,254.47	
Net income of asset management business	558,259.30	15,101,558.70
Including: Asset management business income	558,259.30	15,101,558.70
Asset management business expenses		
Net income of fund management business	3,985,974.13	1,472,878.80
Including: Fund management business income	3,993,833.51	1,478,492.66
Fund management business expenses	7,859.38	5,613.86
Net income of investment consulting business	42,303,066.73	33,836,950.64
Including: Investment consulting business income	42,303,066.73	33,836,950.64
Investment consulting business expenses		
Net income of other fees and commissions	7,250,294.69	10,401,906.62
Including: Other fee and commission income	7,280,971.47	10,470,038.29
Other fee and commission expenses	30,676.78	68,131.67
Total	526,381,831.60	424,854,336.38
Including: Total fee and commission income	742,193,382.61	568,600,382.23
Total fee and commission expenses	215,811,551.01	143,746,045.85

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

43. Net fee and commission income (continued)

(2) Net income from financial advisory business

Net income from financial advisory business	Jan-June 2026	Jan-June 2025
Net income from mergers and acquisitions financial advisory business		
— domestic listed company	47,169.81	547,169.81
Net income from mergers and acquisitions financial advisory business		
— others	281,936.64	188,679.25
Others	4,235,569.78	4,105,364.93
Total	4,564,676.23	4,841,213.99

44. Investment income

(1) By categories

Item	Jan-June 2026	Jan-June 2025
Income from long-term equity investments calculated by equity method	55,250,945.89	58,235,148.03
Income from disposal of long-term equity investments	5,376,985.52	1,892,158.03
Investment income from financial instruments	265,374,805.25	215,183,367.49
Including: Income generated during the holding period	157,636,128.92	124,636,174.65
Including: Financial assets held for trading	143,840,371.56	191,424,706.27
Financial liabilities held for trading	13,795,757.36	-66,788,531.62
Including: Income from disposal of financial instruments	107,738,676.33	90,547,192.84
Including: Financial assets held for trading	133,532,556.52	40,395,491.27
Other debt investments	1,853,451.60	7,103,967.22
Derivative financial instruments	-20,002,894.05	34,269,894.24
Financial liabilities held for trading	-7,565,224.18	8,274,343.20
Others	-79,213.56	503,496.91
Total	326,002,736.66	275,310,673.55

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

44. Investment income (continued)

(2) Statement of investment income from financial instruments held for trading

Financial instruments held for trading		Jan-June 2026
Financial assets classified as at fair value through profit or loss	Income during the holding period	143,840,371.56
	Income from disposal	133,532,556.52
Financial liabilities classified as at fair value through profit or loss	Income during the holding period	13,795,757.36
	Income from disposal	-7,565,224.18

45. Gains and losses on changes in fair value

Item	Jan-June 2026	Jan-June 2025
Financial assets held for trading	87,831,834.05	59,472,990.56
Financial liabilities held for trading	-2,543,762.31	3,684,001.16
Derivative financial instruments	19,489,098.24	-30,775,805.71
Total	104,777,169.98	32,381,186.01

46. Other operating income

Item	Jan-June 2026	Jan-June 2025
Penalty interest income from stock pledge business		2,705.66
Rental income	1,075,230.22	943,792.25
Other income	294,669.31	838,079.43
Total	1,369,899.53	1,784,577.34

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

47. Gains from assets disposal

Item	Jan-June 2026	Jan-June 2025
Non-current asset disposal income	501,350.39	1,287,579.06
Including: Fixed asset disposal income	485,889.90	35,160.84
Income from disposal of right-of-use assets	15,460.49	1,252,418.22
Total	501,350.39	1,287,579.06

48. Other income

Item	Jan-June 2026	Jan-June 2025
Job stability allowance	38,133.02	67,814.51
Withholding fee refunds and tax reductions and exemptions	5,487,365.59	4,563,784.51
Government grants	1,601,500.00	4,000,000.00
Total	7,126,998.61	8,631,599.02

Note: All government grants are revenue-related grants.

49. Taxes and surcharges

Item	Jan-June 2026	Jan-June 2025
Urban maintenance and construction tax	3,319,878.53	2,940,176.48
Education surcharge	2,394,016.37	2,113,887.39
Others	1,548,198.01	1,672,890.01
Total	7,262,092.91	6,726,953.88

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

50. Business and administrative expenses

Item	Jan-June 2026	Jan-June 2025
Employee benefits	525,244,380.46	435,077,909.20
Amortization of intangible assets	37,838,909.48	36,708,804.26
Electronic equipment operating fees	25,638,980.39	26,209,776.16
Depreciation of right-of-use assets	20,966,532.45	20,913,535.60
Depreciation of fixed assets	17,783,162.65	18,020,998.77
Member fees	10,305,424.30	8,787,853.80
Securities Investor Protection Fund	10,001,032.07	7,705,889.76
Advertising fees	8,179,942.78	6,128,510.56
Information fees	8,011,765.74	4,384,938.95
Communication fees	7,016,100.57	5,815,324.37
Amortization of long-term deferred expenses	6,274,498.20	9,739,478.73
Water and electricity charges	3,434,486.29	3,391,783.21
Property fees	3,167,058.87	3,228,874.39
Consulting fees	2,797,725.34	3,598,407.39
Exchange facility usage fees	2,516,109.91	3,604,057.02
Others	20,601,757.25	20,819,692.02
Total	709,777,866.75	614,135,834.19

51. Loss on impairment of credit

Item	Jan-June 2026	Jan-June 2025
Provision for bad debts of accounts receivable	749,242.93	2,932,763.09
Provision for impairment of debt investments	2,253,213.73	2,315,007.00
Provision for impairment of other debt investments	248,474.10	
Provision for impairment of margin accounts receivable	2,680,591.46	-2,821,170.47
Provision for impairment of financial assets held under resale agreements	-10,110.22	-327,453.12
Provision for impairment of other assets	-20,529,671.65	-78,048.38
Total	-14,608,259.65	2,021,098.12

52. Other assets impairment losses

Item	Jan-June 2026	Jan-June 2025
Provision for impairment of assets held for debt settlement	12,361,500.00	4,752,513.00
Total	12,361,500.00	4,752,513.00

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

53. Other operating costs

Item	Jan-June 2026	Jan-June 2025
Investment property depreciation	465,511.40	460,849.90
Others	79,245.29	42,452.83
Total	544,756.69	503,302.73

54. Non-operating income

Item	Jan-June 2026	Jan-June 2025	Amount included in non-recurring profit or loss
Gains on non-current assets disposal	758,406.09	6,057.29	758,406.09
Government grants		500,000.00	
Others	225,386.34	94,822.10	225,386.34
Total	983,792.43	600,879.39	983,792.43

55. Non-operating expenses

Item	Jan-June 2026	Jan-June 2025	Amount included in non-recurring profit or loss
Losses on non-current assets disposal	384,060.70	324,086.84	384,060.70
Others	80,929.60	726,382.70	80,929.60
Total	464,990.30	1,050,469.54	464,990.30

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

56. Income tax expenses

(1) Income tax expenses

Item	Jan-June 2026	Jan-June 2025
Current income tax expenses	136,042,445.40	-1,888,305.38
Deferred income tax expenses	-17,076,469.86	35,512,946.49
Total	118,965,975.54	33,624,641.11

(2) Reconciliation of accounting profit to income tax expenses

Item	Jan-June 2026
Profit before tax	547,040,076.17
Income tax expenses at applicable rates	136,760,019.04
Effect of different tax rates applicable to subsidiaries	3,329,318.05
Effect of prior income tax reconciliation	1,455,961.79
Effect of non-taxable incomes	-30,574,180.51
Effect of non-deductible costs, expenses and losses	2,335,314.70
Impact of utilizing deductible losses for which deferred tax assets were unrecognized in the prior period	-983,014.33
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	6,642,556.80
Others	
Income tax expenses	118,965,975.54

57. Earnings per share

Item	Jan-June 2026	Jan-June 2025
Net profit attributable to owners of the parent company	419,289,378.26	260,308,365.67
Non-recurring profit or loss attributable to the parent company	21,903,004.03	7,086,379.04
Net profit attributable to shareholders of the parent company after deducting non-recurring profits or losses	397,386,374.23	253,221,986.63
Weighted average number of ordinary shares outstanding	4,642,884,700.00	4,642,884,700.00
Basic earnings per share	0.0903	0.0561
Basic earnings per share after deducting non-recurring profits or losses	0.0856	0.0545

As of January 1st, 2026 and June 30th, 2026, the Company had no potential dilutive ordinary shares, thus diluted earnings per share are the same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

58. Items of the cash flow statement

(1) Cash related to operating activities

1) Other cash received related to operating activities

Item	Jan-June 2026	Jan-June 2025
Liquidation proceeds received	33,154,168.89	
Government grants	7,126,998.61	9,131,599.02
Other operating income	1,369,899.53	1,784,577.34
Receipts on over-the-counter transactions		31,441,313.58
Receipts on contract deposits		184,585,409.32
Receipts collected from debt asset package	1,300,000.00	
Others	450,274.25	20,207,229.58
Total	43,401,341.28	247,150,128.84

2) Other cash payments related to operating activities

Item	Jan-June 2026	Jan-June 2025
Liquidation payment		103,500,076.08
Payment of contract deposits	87,106,681.43	
Payment of business and administrative expenses	101,670,383.51	93,675,107.63
Payment of other operating costs	79,245.29	42,452.83
Others	83,518,636.62	3,012,137.07
Total	272,374,946.85	200,229,773.61

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

58. Items of the cash flow statement (continued)

(2) Cash flows related to financing activities

1) Other cash flows paid related to financing activities

Item	Jan-June 2026	Jan-June 2025
Cash payments to repay lease liabilities	17,251,328.67	32,949,336.58
Total	17,251,328.67	32,949,336.58

2) Changes in liabilities arising from financing activities

Item	Opening balance	Increase		Cash changes	Decrease		Other changes	Closing balance
		Cash changes	Non-cash changes		Cash changes	Non-cash changes		
Short-term financing instruments payable	2,798,087,200.02	936,816,000.00	2,073,985,473.96	2,051,936,835.93				3,756,951,838.05
Bonds payable	7,121,278,049.37	1,740,000,000.00	77,981,712.76	92,611,721.70	2,034,275,664.08			6,812,372,376.35
Lease liabilities	89,602,782.05		9,160,022.08	17,251,328.67				81,511,475.46
Dividends payable	83,850,863.49		102,111,649.39	12,000,000.00			69,227,856.35	104,734,656.53
Total	10,092,818,894.93	2,676,816,000.00	2,263,238,858.19	2,173,799,886.30	2,034,275,664.08		69,227,856.35	10,755,570,346.39

(3) Description of cash flows presented on a net basis

Cash flows related to the Company's main operations, such as margin accounts receivable, due to banks and other financial institutions, repurchase operations, and investment and trading operations, represent cash inflows and outflows that are frequently transacted and in significant amounts. Presentation of the above cash flows on a net basis better illustrates their impact on the Company's ability to pay and solvency and is more useful for evaluating the Company's ability to pay and solvency and analyzing the Company's future cash flows. Therefore, the Company presents the relevant cash flows generated from the above businesses on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

58. Items of the cash flow statement (continued)

(4) Supplementary information on consolidated cash flow statement

Item	Jan-June 2026	Jan-June 2025
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	428,074,100.63	259,140,813.03
Add: Credit impairment losses	-14,608,259.65	2,021,098.12
Other assets impairment losses	12,361,500.00	4,752,513.00
Depreciation of investment properties and fixed assets	18,248,674.05	18,481,848.67
Right-of-use assets depreciation	20,966,532.45	20,913,535.60
Amortization of intangible assets	37,838,909.48	36,708,804.26
Amortization of long-term deferred expenses	6,274,498.20	9,739,478.73
Losses on disposal of fixed assets, intangible assets and other long-term assets (or revenue: "-")	-875,695.78	-969,549.51
Gains and losses on changes in fair value (or revenue: "-")	-104,777,169.98	-32,381,186.01
Interest expenses	117,691,522.64	121,736,565.40
Exchange losses (or revenue: "-")	-1,504,158.05	-2,205,970.10
Investment losses (or revenue: "-")	-83,510,992.70	-67,902,139.40
Decrease in deferred tax assets (or increase: "-")	-27,956,650.34	32,057,591.79
Increase in deferred tax liabilities (or decrease: "-")	10,880,180.48	3,455,354.70
Decrease of operating receivables (or increase: "-")	635,107,614.64	309,550,315.56
Increase of operating payable (or decrease "-")	-2,288,292.32	-87,184,656.61
Net cash flows from operating activities	1,051,922,313.75	627,914,417.23
2. Significant investing and financing business not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	25,408,461,838.42	18,706,051,951.33
Less: Opening balance of cash	22,676,464,051.14	18,885,077,274.92
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash and cash equivalents	2,731,997,787.28	-179,025,323.59

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

58. Items of the cash flow statement (continued)

(5) Cash and cash equivalents

Item	June 30th, 2026	June 30th, 2025
Cash	25,408,461,838.42	18,706,051,951.33
Including: Cash on hand	48,229.87	39,500.34
Bank deposits available for payment	19,781,866,135.90	15,884,629,045.92
Other cash and bank balances	67,181.14	59,561,635.98
Clearing settlement funds	5,626,480,291.51	2,761,821,769.09
Cash equivalents		
Including: Bond investment maturing within three months		
Cash and cash equivalents at the end of the period	25,408,461,838.42	18,706,051,951.33

(6) Cash and bank balances and clearing settlement funds not classified as cash and cash equivalents

Item	June 30th, 2026	June 30th, 2025	Reasons for not classified as cash and cash equivalents
Accrued interest	12,718,038.42	10,414,492.94	Not yet due for collection
Risk reserve for asset management business		27,572,405.51	Restricted use rights
Amounts frozen	4,959,752.02		Account frozen due to address relocation and expiration of the business license
Total	17,677,790.44	37,986,898.45	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

59. Assets with restricted ownership or use rights

Item	Book value as of June 30th, 2026	Reasons
Cash and bank balances	4,959,752.02	Account frozen due to address relocation and expiration of the business license
	6,697,909,821.55	Pledged for repurchase financing, pledged for bond lending
	27,794,548.98	Post-IPO restrictions, pre-listing institutional class restrictions
Financial assets held for trading	27,157,262.99	Securities financed
	75,991,421.70	Trust plans not yet matured
	105,227,551.01	Exit not allowed during the lock-in or closed period
Other debt investments	1,241,577,819.31	Pledged for repurchase financing

60. Entrusted asset management business

Item	Collective asset management business	Single asset management business	Special asset management business
Product quantity at the end of the period	10	1	2
Number of clients at the end of the period	245	1	2
Including: Individual clients	203		
Institutional clients	42	1	2
Entrusted funds at the beginning of the period	334,286,632.57	16,000,000.00	418,266,766.05
Including: Own capital investment	62,743,942.39		119,352,300.57
Individual clients	225,152,260.94		
Institutional clients	46,390,429.24	16,000,000.00	298,914,465.48
Entrusted funds at the end of the period	830,808,549.76	16,000,000.00	225,328,782.21
Including: Own capital investment	50,684,996.48		117,912,300.57
Individual clients	231,264,603.44		
Institutional clients	548,858,949.84	16,000,000.00	107,416,481.64
Initial cost of main entrusted assets at the end of the period	725,032,739.16	15,855,916.94	177,210,000.00
Including: Stocks	10,031,500.59	15,855,916.94	
Other bonds	480,475,412.95		
Funds	234,525,825.62		
Others			177,210,000.00
Net income of asset management business for the year	840,389.64	87,997.98	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

61. Foreign currency

Item	Closing foreign currency balance	Exchange rate	Closing balance in RMB
Cash and bank balances			348,722,222.51
Including: USD	3,330,529.00	6.8109	22,683,920.54
EUR	6,952.09	7.7671	53,997.61
HKD	375,315,870.33	0.8686	325,980,599.19
CAD	760.04	4.7847	3,636.57
AUD	14.65	4.6804	68.57
THB	0.15	0.2042	0.03
Clearing settlement funds			16,632,762.76
Including: USD	1,364,860.99	6.8109	9,295,931.72
HKD	8,447,217.82	0.8686	7,336,831.04
Margin accounts receivable			36,472,501.73
Including: USD	1,195,258.11	6.8109	8,140,783.48
HKD	32,619,559.32	0.8686	28,331,718.25
Refundable deposits			911,038.00
Including: USD	70,000.00	6.8109	476,763.00
HKD	500,000.00	0.8686	434,275.00
Accounts receivable			15,088.48
Including: USD	2,215.34	6.8109	15,088.48
Other receivables			1,998,626.46
Including: HKD	732,768.94	0.8686	636,446.46
USD	200,000.00	6.8109	1,362,180.00
Accounts payable to brokerage clients			198,189,806.26
Including: USD	2,101,488.25	6.8109	14,313,026.32
HKD	211,705,463.06	0.8686	183,876,779.94
Accounts payable			38,078,474.58
Including: HKD	43,780,213.85	0.8686	38,025,304.74
USD	7,806.58	6.8109	53,169.84
Other payables			15,317,910.05
Including: HKD	17,636,036.41	0.8686	15,317,779.42
USD	19.18	6.8109	130.63
Dividends payable			26,266,215.99
Including: HKD	30,241,455.29	0.8686	26,266,215.99

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

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

62. Leases

(1) The Group as the lessee

Item	Amount incurred in current period	Amount incurred in previous period
Interest expenses on lease liabilities	1,410,967.27	2,021,953.71
Short-term lease expenses recognized in profit or loss using the simplified approach	2,012,195.27	3,244,669.33
Total cash outflows related to leases	19,472,839.47	36,194,005.91

(2) The Group as the lessor

The Group's operating leases as lessor

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Leasing of buildings and structures	1,075,230.22	
Total	1,075,230.22	

63. Overseas business entities

The statements of the Company from January to June 2026 includes overseas subsidiaries such as Central China International Financial Holdings Co., Ltd., Central China International Securities Co., Ltd., Central China International Investment Co., Ltd., Central China International Financing Co., Ltd., and Wending Zhongyuan Company Limited. The assets and liabilities in the foreign currency balance sheet are exchanged at the spot exchange rate on the balance sheet date (HKD1: RMB0.86855); the owner's equity items, except for the "undistributed profits", are exchanged at the spot exchange rate when the business occurs; the income and expense items in the income statement are exchanged at the approximate exchange rate of the spot exchange rate on the transaction date (the average exchange rate of the current period is HKD1: RMB0.881052). The differences arising from the above exchange of foreign currency statements shall be separately presented under the item of owners' equity. Foreign currency cash flows are exchanged using the approximate exchange rate of the spot exchange rate on the date of the cash flow. The impact of exchange rate changes on cash shall be separately presented in the cash flow statement.

VII. CHANGES IN THE SCOPE OF CONSOLIDATION

In accordance with the *Accounting Standards for Business Enterprises No. 33 — Consolidated Financial Statements*, the Group includes in its consolidated financial statements those structured entities in which it participates with its own funds and over which it exercises control as defined by the standard. Due to the recovery of investments and changes in the proportion of variable returns, the Group no longer exercises control over the Central China Securities Wanze Fengli 3M01 Collective Asset Management Plan and the Central China Securities Jingxing Wenli 6M01 Collective Asset Management Plan. The Group ceased to consolidate these structured entities upon the loss of control.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Composition of enterprise groups

Name of subsidiary	Company type	Main places of business	Places of registration	Business nature	Registered capital	Shareholding ratio (%)		Method of acquisition
						Direct	Indirect	
Central China Futures Co., Ltd.	Corporation	Zhengzhou	Zhengzhou	Futures brokerage	RMB330 million	92.29		Acquisition
Henan Yuyan Investment Co., Ltd.	Limited company	Zhengzhou	Zhengzhou	Investment management	RMB160 million		92.29	Investment establishment
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	Limited company	Zhengzhou	Luohe	Private equity investment fund management	RMB280 million	100.00		Investment establishment
Henan Kaiyuan Private Equity Fund Management Co., Ltd.	Limited company	Zhengzhou	Luoyang	Private equity investment fund management	RMB100 million		60.00	Investment establishment
Central China Blue Ocean Investment Management Co., Ltd.	Limited company	Zhengzhou	Xuchang	Alternative investment	RMB2,226 million	100.00		Investment establishment
Central China Equity Exchange Co., Ltd.	Corporation	Zhengzhou	Zhengzhou	Regional equity market	RMB350 million	36.00		Investment establishment
Central China International Financial Holdings Co., Ltd.	Limited company	Hong Kong	Hong Kong	Holding company	HKD1,800 million	100.00		Investment establishment
Central China International Financing Co., Ltd.	Limited company	Hong Kong	Hong Kong	Investment bank	HKD40 million		100.00	Acquisition
Central China International Securities Co., Ltd.	Limited company	Hong Kong	Hong Kong	Securities business	HKD600 million		100.00	Investment establishment
Central China International Investment Co., Ltd.	Limited company	Hong Kong	Hong Kong	Proprietary investment	HKD10 million		100.00	Investment establishment
Wending Zhongyuan Company Limited	Limited company	Hong Kong	British Virgin Islands	Bond issuing entity	USD1		100.00	Investment establishment

1) Reasons why the shareholding ratio of subsidiaries is different from the voting ratio

Central China Equity Exchange Co., Ltd. was established in 2015. The Company has signed a concerted action agreement with other investors. Pursuant to this agreement, the Company holds 51% of the voting rights in Central China Equity Exchange Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES (continued)

1. Equity in subsidiaries (continued)

(1) Composition of enterprise groups (continued)

2) Basis for controlling structured entities included in the consolidation scope

In accordance with the provisions of the *Accounting Standards for Business Enterprises No. 33 — Consolidated Financial Statements*, the Group has consolidated certain structured entities, which primarily consist of asset management plans and limited partnerships. Where the Group acts both as the manager and investor of a structured entity, the Group shall comprehensively assess whether the returns it receives from its investment interest, combined with the management fees it receives as the manager of the structured entity, would expose the Group to a material impact from variable returns, thereby requiring the Group to act as the primary beneficiary.

As of June 30th, 2026, the Group consolidated six structured entities (December 31st, 2025: eight structured entities). The total assets of the structured entities included in the scope of consolidation amounted to RMB274,623,371.34 (December 31st, 2025: RMB752,027,952.39).

As of June 30th, 2026, the details of structured entities included in the consolidation scope are as follows:

Structured Entities Name	Total Share/ Registered Capital	Proportion of Shares	
		Held by The Company on June 30th, 2026 (%)	Direct/Indirect Investment
Henan Zhongyuan Science and Innovation Venture Capital Fund (Limited Partnership)	500,000,000.00	50.00	Indirect
Henan Zhongzheng Kaiyuan Venture Capital Fund (Limited Partnership)	110,000,000.00	20.74	Indirect
Henan Kaiyuan Yucai Agricultural Venture Capital Fund (Limited Partnership)	100,000,000.00	20.40	Indirect
Anyang Purun High-Tech Industry Investment Fund (Limited Partnership)	100,000,000.00	14.67	Indirect
Henan Dingyu Xiangbei Equity Investment Fund Partnership (Limited Partnership)	200,000,000.00	30.80	Indirect
Central China Securities Jingxing Zengli 6M01 Collective Asset Management Plan	30,756,204.64	14.76	Indirect

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES (continued)

1. Equity in subsidiaries (continued)

(2) First-level non-wholly owned subsidiaries

Name of subsidiary	Shareholding ratio of minority shareholders	Profit and loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Balance of minority shareholders' equity as of June 30th, 2026
Central China Futures Co., Ltd.	7.71%	612,424.80		38,258,036.00
Central China Equity Exchange Co., Ltd.	64.00%	5,340,375.94		224,599,848.99

(3) Main financial information of first-level non-wholly owned subsidiaries

The main financial information of the first-level non-wholly owned subsidiaries is the amount before mutual offset between enterprises in the Company, but after adjustment of fair value and unified accounting policies on the merger date:

Item	June 30th, 2026/Jan-June 2026	
	Central China Futures Co., Ltd.	Central China Equity Exchange Co., Ltd.
Total assets	3,226,311,695.45	362,381,160.09
Total liabilities	2,753,632,809.09	9,164,768.50
Operating income	44,226,772.43	17,975,769.37
Net profit	7,945,313.93	8,344,337.40
Total comprehensive income	7,945,313.93	8,344,337.40
Cash flow from operating activities	319,561,874.89	-9,206,745.58

Item	December 31st, 2025/Jan-June 2025	
	Central China Futures Co., Ltd.	Central China Equity Exchange Co., Ltd.
Total assets	2,992,567,369.27	358,764,241.98
Total liabilities	2,527,833,796.84	13,892,187.79
Operating income	37,990,931.44	22,916,789.60
Net profit	4,603,772.96	9,258,831.63
Total comprehensive income	4,603,772.96	9,258,831.63
Cash flow from operating activities	199,754,843.47	-6,396,553.95

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES (continued)

2. Rights and interests in joint ventures or associates

(1) Important joint ventures or associates

The name of the joint venture or associates	Main places of business	Places of registration	Business nature	Shareholding ratio (%)		Accounting policy
				Direct	Indirect	
Henan Asset Management Co., Ltd.	Zhengzhou	Zhengzhou	Other financial industries		10.00	Equity method

Basis for holding less than 20% of the voting rights but having significant impact

Central China Blue Ocean Investment Management Co., Ltd., a subsidiary of the Company, holds a 10% equity interest in Henan Asset Management Co., Ltd. and has appointed one director to the board of Henan Asset Management Co., Ltd. Based on an assessment, it is determined that the Company exercises significant influence over Henan Asset Management Co., Ltd. through its subsidiary.

(2) Key financial information of significant associates

Item	June 30th, 2026/ Jan-June 2026 Henan Asset Management Co., Ltd.
Total assets	39,802,152,726.76
Total liabilities	24,169,343,867.58
Minority shareholders' equity	1,659,533,975.55
Equity attributable to owners of the parent company	13,973,274,883.63
Share of net assets based on shareholding percentage	1,397,327,488.36
Adjustment	
— Others	-570,000,000.00
The book value of the equity investment in the associate	827,327,488.36
Operating income	982,835,131.82
Net profit attributable to owners of the parent company	367,081,417.55
Net after-tax amount of other comprehensive income attributable to owners of the parent company	-11,307,430.65
Total comprehensive income attributable to owners of the parent company	355,773,986.90
Dividends received from associates in the current period	15,000,000.00

(3) Aggregated financial information for immaterial joint ventures or associates

Item	June 30th, 2026/ Jan-June 2026	December 31st, 2025/ Jan-June 2025
The total book value of the investments of the associates	85,725,590.16	93,038,206.49
The following items are sums that are calculated according to the proportion of shareholding		
Net profit	18,579,052.71	11,164,942.04
Other comprehensive income	203,169.02	
Total comprehensive income	18,782,221.73	11,164,942.04

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

VIII. EQUITY IN OTHER ENTITIES (continued)

2. Rights and interests in joint ventures or associates (continued)

(4) Unconfirmed commitments related to joint venture investment

The Group has no commitments that need to be disclosed.

(5) Contingent liabilities related to investment in joint ventures or associates

The Group has no contingencies that need to be disclosed.

3. Equity in structured entities not included in the scope of consolidated financial statements

The structured entities initiated and established by the Group that are not included in the scope of consolidated financial statements mainly include collective asset management plans, single asset management plans, special asset management plans, and partnerships. The nature and purpose of these structured entities are mainly to manage investors' assets and charge management fees. Their financing method is to issue investment products to investors. The rights and interests enjoyed by the Company in these structured entities are not included in the scope of consolidated financial statements, mainly including the income from directly holding investments or collecting management fees through managing these structured entities. The variable returns related to product income enjoyed by the Company are not significant, so such structured entities are not consolidated.

As of June 30th, 2026, the total assets of the collective asset management plans managed by the Company that are not included in the scope of the consolidated financial statements were RMB852,950,716.21, the total assets of the single asset management plans were RMB50,803,324.92, the total assets of the special asset management plans are RMB188,471,999.29, and the total assets of the partnerships were RMB196,725,762.59. From January to June 2026, the Group received income of RMB4,552,092.81 from the management services in the above structured entities. Please refer to "VI. 43. Net fee and commission income" in this note for details.

As of June 30th, 2026, the Company's equity in structured entities not included in the scope of consolidated financial statements was classified as financial assets held for trading, debt investments, and management fees and commissions receivable included in accounts receivable. The relevant book value and maximum risk exposure are as follows:

Item	June 30th, 2026	December 31st, 2025
Financial assets held for trading	2,161,707,054.56	1,349,105,201.98
Debt investments and receivables	34,781,562.73	39,475,675.32
Total	2,196,488,617.29	1,388,580,877.30

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS

1. Related party relationships

(1) Controlling shareholder and ultimate controller

As of June 30th, 2026, Henan Investment Group Co., Ltd. (hereinafter referred to as Henan Investment Group) directly and indirectly holds the voting shares of the Company, accounting for 22.05% of the total shares of the Company (Note 1), and is the controlling shareholder of the Company. The basic information of Henan Investment Group is as follows:

Name of controlling shareholder	Enterprise type	Places of registration	Business nature	Legal representative	Uniform social credit code
Henan Investment Group	State-owned enterprise	Zhengzhou	Investment management	Chen Zhiwei	914100001699542485

Note 1: According to the Company's information, as of the end of the reporting period, Henan Investment Group held 822,983,847 A shares of the Company, 46,733,000 H shares of the Company through its wholly owned subsidiary Dahe Paper (Hong Kong) Co., Ltd. and 153,840,000 H shares of the Company through Hong Kong Stock Connect, with a total of 1,023,556,847 shares of the Company, accounting for 22.05% of the total share capital of the Company.

Note 2: The actual controller of the Company is the Department of Finance of Henan Province.

(2) Subsidiaries

For details of the subsidiaries, please refer to "Note VIII.1. Equity in subsidiaries".

(3) Associates

The associates with whom the Group had related transactions during the period are listed below:

Name of associate	Relationship with the Group
Henan Dahe Cailifang Media Holding Co., Ltd.	Associate of the subsidiary
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Associate of the subsidiary
Luoyang Desheng Biotechnology Co., Ltd.	Associate of the subsidiary
Minquan County Innovation Industry Investment Fund (Limited Partnership)	Associate of the subsidiary
Luoyang Kaiyuan Technology Innovation Venture Capital Fund (Limited Partnership)	Associate of the subsidiary
Luohe Huarui Permanent Magnetic Material Co., Ltd.	Associate of the subsidiary
Henan Liying Environmental Protection Technology Co., Ltd.	Associate of the former subsidiary

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

1. Related party relationships (continued)

(4) Major related parties without a control relationship

Name of related party	Relationship with the Group	Uniform social credit code/ organization code
Henan Asset Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000MA448PJU6H
Henan Asset Fund Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100MA456R9R3R
Henan Ancai HI-TECH Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	9141000070678656XY
Guoyu Capital Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	914403003267120593
Zhongfu Digital Technology Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000054727766A
Central China Trust Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410000169953018F
Henan Venture Capital Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	914100007425233538
Henan Talent Group Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410105MA3X6PQ842
Henan Tiandi Hotel Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100594892586U
Yingcai Branch of Henan Tiandi Hotel Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100050856595X
Lian Zhuoyue Insurance Brokerage Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100678075487T
Shanghai Huizhi Zhuoyue Business Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91310107MADM2Q3H0F
Henan Hui Rong Digital Technology Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100MA468M0G4M
Henan Yicheng Commercial Management Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91410100681773585L
Henan Xinning Modern Logistics Co., Ltd.	Other enterprises controlled by the common controlling shareholder and ultimate controller	91320500628384839J

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

1. Related party relationships (continued)

(4) Major related parties without a control relationship (continued)

Name of related party	Relationship with the Group	Uniform social credit code/ organization code
Anyang Iron and Steel Co., Ltd.	Subsidiary of a minority shareholder	914100007191734203
Jiangsu Suhao Private Equity Fund Management Co., Ltd.	Subsidiary of a minority shareholder	91320000672504885X
Zhongyuan BANK Co., Ltd.	Associates and joint ventures of Henan Investment Group	9141000031741675X6
BANK of Zhengzhou Co., Ltd.	Associates and joint ventures of Henan Investment Group	914100001699995779
Henan Huaqi Energy Conservation and Environment Protection Venture Capital Co., Ltd.	Associates and joint ventures of Henan Investment Group	91410000071384697T
Henan South-to-North Water Diversion Counterpart Cooperation Industry Investment Fund (L.P.)	Associates and joint ventures of Henan Investment Group	91410000MA40EF1J3Q
Zhengzhou Zhongyuan International Aviation Holdings Development Co., Ltd.	Associates and joint ventures of Henan Investment Group	91410100MA40XF1874
Puyang Emerging Industry Investment Fund Partnership (Limited Partnership)	Associates and joint ventures of Henan Investment Group	91410900MA9MD7935Y
Shenma Industry Co., Ltd.	Associates and joint ventures of Henan Investment Group	91410000169972489Q
AVIC Jonhon Optronic Technology Co., Ltd.	Associates and joint ventures of Henan Investment Group	914100007457748527
Henan Aerospace Industry Fund Partnership Enterprise (Limited Partnership)	Associates and joint ventures of Henan Investment Group	91410181MA9FN2CA6D
Great Wall Fund Management Co., Ltd.	Associates and joint ventures of Henan Investment Group	914403007341583418
Henan Dahe Caillifang Commercial Factoring Co., Ltd.	Subsidiary of a subsidiary's associate	91410296MA459F2F41
Zhongyuan Asset Management Co., Ltd.	A company in which Henan Investment Group holds a stake of 30% or more	91410000356141357Q

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

2. Related transactions

(1) Commission income generated from providing agency securities trading services

Name of related party	Jan-June 2026	Jan-June 2025
Henan Investment Group and its subsidiaries, associates and joint ventures	2,424.94	60,144.20
Jiangsu Suhao Private Equity Fund Management Co., Ltd.		6.58
Directors and senior managers of the Company and Henan Investment Group and their close family members	28,214.97	26,502.03

(2) Related balance

Name of related party	Account name	Transaction content	June 30th, 2026	December 31st, 2025
Henan Investment Group	Accounts receivable	Asset management business income	1,833,448.82	2,477,170.97
Henan Dahe Cailifang Commercial Factoring Co., Ltd.	Accounts receivable	Underwriting income		482,500.00
Henan Longfengshan Agriculture and Animal Husbandry Co., Ltd.	Accounts receivable	Debt asset package	3,624,646.40	3,624,646.40
Zhongfu Digital Technology Co., Ltd.	Other liabilities	Software expenses	183,000.00	
Zhongfu Digital Technology Co., Ltd.	Other assets	Asset acquisition payment		549,000.00
Henan Hui Rong Digital Technology Co., Ltd.	Other assets	Expenditures	11,871.07	11,871.07
Luoyang Desheng Biotechnology Co., Ltd.	Contract liabilities	Ongoing supervision fees	56,603.77	56,603.77
Anyang Iron and Steel Co., Ltd.	Accounts payable to brokerage clients	Futures brokerage business	0.96	0.96
Henan Investment Group and its subsidiaries, associates and joint ventures	Accounts payable to brokerage clients	Securities brokerage business	19,580,062.73	34,716,848.06
Directors and senior managers of the Company and Henan Investment Group and their close family members	Accounts payable to brokerage clients	Securities brokerage business	1,293,135.08	3,169,133.60
Anyang Iron and Steel Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	81.91	81.89
Zhongyuan Asset Management Co., Ltd.	Accounts payable to brokerage clients	Securities brokerage business	7,754,964.81	4,656,697.22
Associates and joint ventures of Henan Investment Group	Deposits in bank	Balance of deposits in bank	1,318,325.58	1,317,992.40
Associates and joint ventures of Henan Investment Group	Other assets	Expenditures		157,232.71
Associates and joint ventures of Henan Investment Group	Accounts receivable	Asset management business income	6,722.50	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

2. Related transactions (continued)

(3) The Group's purchases of products from related parties

1) Balance of the Group's purchases of products issued by related parties

Name of related party	Content of related transactions	June 30th, 2026	December 31st, 2025
Henan Asset Fund Management Co., Ltd.	Partnership funds	7,663,758.66	12,312,845.40
Great Wall Fund Management Co., Ltd.	Money market fund	665,742,857.35	760,457,097.40

2) Gain or loss recognized from the Group's purchases of products from related parties

Name of related party	Content of related transactions	Jan-June 2026	Jan-June 2025
Henan Asset Fund Management Co., Ltd.	Changes in fair value of the funds	-4,649,086.74	10,753,267.12
Great Wall Fund Management Co., Ltd.	Fund investment income	5,285,759.95	5,041,403.56
Anyang Iron and Steel Co., Ltd.	Income from investments in bills	27,707.42	

(4) Balance of the Group's issued products held by the directors and senior management of the Company

Name of related party	Content of related transactions	June 30th, 2026	December 31st, 2025
Directors and senior management of the Company	Asset management products of securities companies	324,930.01	1,675,840.58

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

2. Related transactions (continued)

(5) Other related party transactions

Name of related party	Content of related transactions	Jan-June 2026	Jan-June 2025
Henan Investment Group	Asset management business income	87,997.98	86,846.17
Shenma Industry Co., Ltd.	Financial advisory fee income	745,100.53	264,150.94
Henan Dahe Caifang Media Holding Co., Ltd.	Expenditures	393,081.77	609,779.88
Henan Talent Group Co., Ltd.	Expenditures	165,908.89	4,583.20
Henan Tiandi Hotel Co., Ltd.	Expenditures	92,169.80	8,181.13
Yingcai Branch of Henan Tiandi Hotel Co., Ltd.	Expenditures		16,920.06
Shanghai Huizhi Zhuoyue Business Management Co., Ltd.	Expenditures		22,104.15
Henan Hui Rong Digital Technology Co., Ltd.	Expenditures	142,452.83	130,581.76
Lian Zhuoyue Insurance Brokerage Co., Ltd.	Expenditures	38,897.11	281,856.56
Henan Xinning Modern Logistics Co., Ltd.	Financial advisory fee income	150,000.00	
Central China Trust Co., Ltd.	Sales fee income	610,863.95	213,584.44
Luoyang Kaiyuan Technology Innovation Venture Capital Fund (Limited Partnership)	Fee income from equity-change transfer registration	1,037.74	
Henan Yicheng Commercial Management Co., Ltd.	Building project management fees	563,773.58	
Zhongfu Digital Technology Co., Ltd.	Software expenses	1,726,415.09	
Associates and joint ventures of Henan Investment Group	Interest income from bank deposits	333.18	625.67
Associates and joint ventures of Henan Investment Group	Asset management business income	6,481.56	
Associates and joint ventures of Henan Investment Group	Interest expenses on bond borrowing	33,328.76	
Associates and joint ventures of Henan Investment Group	Bond distribution commission income	2,830.19	

(6) Guarantees for subsidiaries

None.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

IX. RELATED PARTIES AND RELATED TRANSACTIONS (continued)

2. Related transactions (continued)

(7) Employee benefits for directors and other senior management

1) Benefits of key management personnel

Key management personnel include members of the board of directors and other senior managers. For the period from January to June 2026, the benefits (before tax) paid and payable by the Company to key management personnel are as follows:

Expressed in RMB'0000

Item	Jan-June 2026	Jan-June 2025
Benefits of key management personnel	292.84	420.55

Note: The benefits of directors and senior management is based on the accrual basis and is attributable to the reporting period. The benefits data in the table does not include insurance benefits, housing provident fund, annuities, etc.

From January to June 2026, the Company paid a total of RMB0.8205 million for social insurance, enterprise annuities, supplementary medical insurance, and housing provident fund contributions for its key management personnel; from January to June 2025, the Company paid a total of RMB1.1207 million for social insurance, enterprise annuities, supplementary medical insurance, and housing provident fund contributions for its key management personnel.

In Jan-June 2026, the Company paid key management personnel RMB0.00 million for pre-tax benefits in prior year; in Jan-June 2025, the Company paid key management personnel RMB0.5366 million for pre-tax benefits in prior year.

2) Loans and advances to key management personnel

At the end of the reporting period, the Company did not issue loans or advances to members of the Board of Directors and other senior managers.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

1. Overview

The Group's risk management objective is to uphold the risk management concept of matching capital, risk, and income, so as to bear appropriate risks, achieve the optimal balance of business scale, profitability, and risk tolerance, and bring sustained and stable profit returns to shareholders. The Group's risk management strategy aims to identify and evaluate various risks faced by the Group, set an appropriate risk tolerance level, timely and reliably measure and monitor risks, and ensure that risks are controlled within an acceptable range.

The main risks faced by the Group include: market risk, credit risk, liquidity risk, operational risk, compliance risk, and information technology risk. The Group has adopted risk-management policies and procedures to identify and assess these risks, established an appropriate system of risk-control indicators, and continuously monitored and managed risks through the information system.

The Company's risk management organizational structure consists of four levels: the first level is the Board of Directors and its Risk Control Committee and Audit Committee; the second level is the Managers; the third level is the Risk Management Department; and the fourth level is various departments, branches, and subsidiaries.

The Board of Directors bears ultimate responsibility for comprehensive risk management. Its main responsibilities include: promoting the development of a risk culture within the Company; reviewing and approving the Company's risk management strategy and promoting its effective implementation in the Company's operations and management; reviewing and approving the Company's fundamental risk management systems, risk appetite, risk tolerance, and major risk limits; and reviewing the Company's periodic risk assessment reports.

The Managers bear the primary responsibility for comprehensive risk management. Their main responsibilities include: establishing and implementing systems related to the Company's risk culture and risk management philosophy, and guiding all employees to adhere to sound codes of conduct and professional ethics; formulating risk management strategies, establishing the Company's risk management systems, and making adjustments as appropriate; establishing and improving the Company's comprehensive risk management structure, clarifying the division of responsibilities among risk management functional departments, business departments, and other departments in risk management, and establishing an effective check and balance and mutual coordination operation mechanism between departments; formulating specific implementation plans for risk appetite, risk tolerance, and major risk limits, ensuring their effective implementation, monitoring execution, analyzing causes in a timely manner, and dealing with them in accordance with the authorization of the Board of Directors; conducting periodic evaluation of management status of the Company's overall risks and various important risk, resolving problems in risk management, and reporting to the Board of Directors; establishing a performance appraisal system for all employees that reflects the effectiveness of risk management; establishing a complete information technology system and data quality control mechanism, etc.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

1. Overview (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Credit risk

Credit risk refers to the risk of losses due to defaults by financing parties, counterparties, or issuers. The Group's credit risks mainly come from financial assets which include bank deposits, clearing settlement funds, other debt investments, financial assets held under resale agreements, debt investments, margin accounts receivable, entrusted loans, other current assets, and refundable deposits.

The Group's bank deposits are mainly deposited with state-owned commercial banks or joint-stock commercial banks, while clearing settlement funds are deposited in the China Securities Depository and Clearing Corporation Limited, with a relatively low level of credit risk.

In terms of proprietary trading, if the transaction is through a stock exchange or China Securities Depository and Clearing Corporation Limited, the default risk of counterparty is low, but for inter-bank market transactions, the Group will assess the counterparties and selects those whose credit ratings meet internally-approved standards for entering into transactions. The Group invests in debt securities with acceptable credit ratings and monitors adverse changes in issuers' operations and credit ratings.

Margin financing assets include advances to margin accounts receivable and securities lent to customers. Credit risks associated with these financial assets mainly relate to customers' inability to repay the principal, interest, or securities borrowed. The Group supervises the accounts of clients engaged in financing transactions on a client-by-client basis and, if necessary, may require additional margin, cash collateral, or securities. Margin accounts receivable are monitored based on collateral rates to ensure that the value of collateral assets is sufficient to cover the advance. As of June 30th, 2026 and December 31st, 2025, the collateral value of the Group's customers is sufficient to resist the credit risk of financing business.

The Group's credit risk also arises from the securities and futures brokerage business. If a customer fails to deposit sufficient trading funds, the Group may use its own funds to complete the settlement. The Group requires customers to deposit all cash required for trading before it settles on behalf of customers, so as to mitigate and manage the credit risk properly.

The Group invests in financial products, trust plans, and asset management plans with a proper approval process.

The credit risk control of the Group's stock pledge repurchase business is mainly realized through customer risk education, customer credit and creditworthiness assessment, credit management, risk assessment of collateral securities, reasonable setting of limit indicators, day-to-day market surveillance, customer risk alerts, mandatory liquidation of positions, and judicial recourse. In addition, the Company makes provision for impairment on a prudent basis for defaulting customers, customers with insufficient collateralized securities, and normal customer financing in accordance with the provisions of ASBE No. 22.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Credit risk (continued)

Expected credit loss measurement

Since the first implementation of the new financial instrument standards on January 1st, 2018, for financial assets measured at amortized cost (including margin accounts receivable, financial assets held under resale agreements, debt investments) and other debt investments, the Group uses general methods to measure its expected credit losses, models and assumptions are used in the measurement of expected credit losses. These models and assumptions relate to future macroeconomic conditions and customer credit behavior (for example, the likelihood of customer default and associated losses). The Group uses a simple method to measure the expected credit losses of accounts receivable and other receivables. According to the simple method, the Group measures the loss provision based on the expected credit losses of the entire duration.

For financial assets that use general methods to measure expected credit losses, the Group uses an impairment model in which the credit quality of the financial assets has changed in three stages since the initial recognition of the financial assets to measure the expected credit losses, respectively, including:

- A financial instrument whose credit risk has not increased significantly since initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (“SICR”) since initial recognition is identified, but it will not be regarded as an instrument with credit impairment, the Group will transfer it to “Stage 2”.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3”.

Stage 1: The Company measures the loss allowance for a financial instrument at an amount equal to the next 12 months’ ECL; Stages 2 and 3: The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition and the Company has measured the loss allowance for such a financial instrument at an amount equal to the lifetime ECL.

For such financial assets classified under Stages 1 and 2, management considered forward-looking factors and assessed credit loss allowances using the risk parameter modeling approach that incorporates key parameters, including probability of default (“PD”), loss given default (“LGD”), and exposure at default (“EAD”). For credit-impaired financial assets classified under Stage 3, management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets.

The measurement of ECL adopted by management according to China Accounting Standards for Business Enterprises involves judgement, assumptions, and estimations, including: determination of the criteria for SICR; selection of the appropriate models and assumptions; establishment of the number and relative weightings of forward-looking scenarios for each type of product.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Credit risk (continued)

Measuring ECL — parameters, assumptions, and estimation techniques

Depending on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Group measures the provision for impairment on different financial assets by the expected credit losses over 12 months or the entire duration of the assets, respectively.

The Group takes full account of forward-looking information when measuring ECL. ECL is the result after discounting the product of PD, LGD, and EAD that takes into account the forward-looking impact:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation. For margin loan financing, the Group determines the PD by borrower, based on factors including the coverage ratio of margin loans to underlying collateral value and, the volatility of such collateral's valuation. For debt securities investments, the external credit rating and related PD are taken into consideration.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. For margin loan financing, the Group determines LGD, based on factors including the realizable value of collateral upon forced liquidation taking into consideration the estimated volatility over the realization period. For debt securities investments, LGD is determined based on assessed publicly available information from credit rating agencies, and the type of securities.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

Judgment criteria of significant increase in credit risk

The Group evaluates the financial instruments at each balance sheet date after considering whether SICR has occurred since initial recognition. An ECL allowance for financial assets is recognized according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking. The Group considers a financial instrument to have experienced SICR when one or more of the following quantitative or qualitative criteria have been met.

For financing-type business, if the recovery measures are taken to maintain the guarantee ratio below the liquidation line, it indicates that the value of the collateral pledged as security or the quality of the third-party guarantee has significantly decreased, and the Group considers that the credit risk of this type of financing-type business has significantly increased.

A financial instrument is considered to have experienced SICR if the borrower or the debtor is overdue for more than 30 days after the contract payment date.

On June 30th, 2026, 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, and no longer compared whether the credit risk on the balance sheet date increased significantly compared with that at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Credit risk (continued)

Definition of credit-impaired assets

The Group considers whether a financial instrument is credit-impaired according to the new financial instrument standards, and its criteria are consistent with the internal credit risk management practice. The consideration includes quantitative criteria and qualitative criteria. The Group defines a financial instrument as credit-impaired, which is fully aligned with the definition of in default, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For margin financing or stock-pledged repurchase agreements, a forced liquidation of a client's position is triggered when the collateral valuation falls short of the related loan amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor is in significant financial difficulty;
- An active market for that financial asset has disappeared because of the debtor's financial difficulty;
- Concessions have been made by the lender relating to the debtor's financial difficulty;
- It is probable that the debtor will enter bankruptcy or other financial restructuring.

When a financial asset is considered to be credit-impaired, it may be from multiple events, not due to a separately identifiable event.

Forward-looking information

The assessment of SICR and the calculation of ECL incorporate forward-looking information. The Group analyzes historical data to identify key economic indicators that affect the credit risk and expected credit losses of each asset portfolio, primarily including the Business Climate Index. Using regression analysis, the Group has determined the historical relationship between these economic indicators and probability of default, exposure at default, and loss given default, and determined the expected probability of default, exposure at default, and loss given default by predicting future economic indicators.

In addition to the base economic scenario, the Group also identifies other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure that non-linearity is captured. The number of scenarios and their attributes are reassessed at each balance sheet date.

As at June 30th, 2026 and December 31st, 2025, for all portfolios, the Group concluded that 3 scenarios appropriately captured the non-linearity of economic variables. The scenario weightings are determined by a combination of statistical analysis and experts' judgement, taking account of the range of possible outcomes represented by each scenario.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Credit risk (continued)

Forward-looking information (continued)

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and quantitative indicators. The Group measures ECL as either a probability weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stage 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore, the actual outcomes may be significantly different from those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes.

Sensitivity Analysis

The allowance for credit losses is sensitive to the parameters used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting and other factors considered when applying expert judgment. Changes in these parameters, assumptions and judgments impact the assessment of SICR and the measurement of ECL.

Collateral and other credit enhancements

The Group employed a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral for funds advanced or guarantees. The Group determined the type and amount of collaterals according to the credit risk evaluation of counterparties. The collaterals under margin accounts receivable and purchase and resale agreements are primarily stocks, debt securities, funds etc. Management will exercise margin calls according to related agreements based on the market value fluctuation of collaterals, and monitor the changes in the market value of the collateral during the adequacy review of loss provisions.

Credit risk exposure analysis

The Group's financing business customers have considerable asset quality. Most of the financing activities maintain guarantee ratios above the liquidation line, and there is sufficient collaterals for bond reverse repurchase transactions so the assets are not expected to default.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

2. Credit risk (continued)

Credit risk exposure analysis (continued)

The maximum credit risk exposure of the Group is as follows:

Expressed in RMB'0000

Item	June 30th, 2026	December 31st, 2025
Cash and bank balances	1,979,838.52	1,928,883.80
Clearing settlement funds	562,775.44	340,168.47
Margin accounts receivable	1,220,342.91	1,093,743.56
Refundable deposits	121,921.73	113,210.87
Accounts receivable	9,439.36	12,678.35
Financial assets held under resale agreements	82,086.04	70,903.69
Financial assets held for trading	1,510,635.86	1,429,731.40
Debt investments	6,971.05	7,373.49
Other debt investments	197,186.73	314,591.82
Investments in other equity instruments	140.00	140.00
Other assets	8,968.44	5,490.94
Total	5,700,306.08	5,316,916.39

Credit quality analysis

As of June 30th, 2026, the credit quality of each financial asset item is as follows:

Expressed in RMB'0000

Item	Stage 1	Stage 2	Stage 3	Total
Entrusted loans			1,439.74	1,439.74
Margin accounts receivable	1,223,908.95		4,917.62	1,228,826.57
Other debt investments	197,186.73			197,186.73
Debt investments	5,539.63		32,206.09	37,745.72
Financial assets held under resale agreements	82,103.88			82,103.88
Subtotal	1,508,739.19		38,563.45	1,547,302.64
Less: Provision for impairment	3,661.07		37,127.22	40,788.29
Total	1,505,078.12		1,436.23	1,506,514.35

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Liquidity risk

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds in time at a reasonable cost to pay its due debts, fulfill other payment obligations, and meet the capital needs of normal business.

In order to prevent liquidity risk, the following measures are taken: first, strengthen the management of capital position and cash flow, adopt the advance reservation mode of large amount of funds, strengthen the monitoring and management of large amount of funds, scientifically predict the cash flow gap in different time periods in the future, and ensure the consistency of financing arrangement and business capital utilization rhythm; Second, actively expand financing channels, comprehensively use a variety of financing methods, balance the distribution of debt maturity, improve the diversification and stability of financing, and avoid the repayment risk due to too single financing channels or concentrated debt maturity; Third, establish the operation and management mechanism of liquidity reserve funds, reasonably set the minimum holding scale of liquidity reserve funds and the allocation proportion of high-quality liquidity assets, hold sufficient high-quality liquidity assets, and ensure that the Company can realize sufficient funds in time to deal with the capital gap under normal and pressure situations; Fourth, adopt the risk monitoring system with net capital and liquidity as the core to monitor the risk control indicators, and use stress test to evaluate the impact of business activities on the Company's liquidity; Fifth, establish and continuously improve the liquidity risk emergency mechanism, and regularly conduct emergency drills on liquidity risks to ensure the timeliness and effectiveness of the Company's liquidity crisis response.

The financial liabilities held by the Group are analyzed as follows, according to the maturity of undiscounted remaining contractual obligations:

Expressed in RMB'0000

	June 30th, 2026						Total
	Repayable on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Non-derivative financial liabilities							
Short-term financing instruments payable		38,269.68	70,888.20	271,559.63			380,717.51
Due to banks and other financial institutions		315,146.28					315,146.28
Financial liabilities held for trading		32,196.84	4,941.28		17,204.39	2,365.08	56,707.59
Financial assets sold under repurchase agreements		710,973.06					710,973.06
Accounts payable to brokerage clients	2,433,239.75						2,433,239.75
Bonds payable		4,440.00		9,635.00	693,463.63		707,538.63
Accounts payable	15,372.55						15,372.55
Other liabilities	30,673.22						30,673.22
Total	2,479,285.52	1,101,025.86	75,829.48	281,194.63	710,668.02	2,365.08	4,650,368.59

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

3. Liquidity risk (continued)

Non-derivative financial liabilities	December 31st, 2025						Total
	Repayable on demand	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	
Short-term financing instruments payable		70,309.01	110,716.16	101,416.65			282,441.82
Due to banks and other financial institutions		303,086.16					303,086.16
Financial liabilities held for trading		50,803.20		9,155.38	21,697.81	13,389.94	95,046.33
Financial assets sold under repurchase agreements		701,885.50					701,885.50
Accounts payable to brokerage clients	2,170,239.62						2,170,239.62
Bonds payable		2,041.12		13,707.45	726,561.26		742,309.83
Accounts payable	13,305.70						13,305.70
Other liabilities	27,948.85						27,948.85
Total	2,211,494.17	1,128,124.99	110,716.16	124,279.48	748,259.07	13,389.94	4,336,263.81

4. Market risk

Market risk is the risk that the fair value of financial instruments held will change due to unfavourable changes in market prices, including interest rate risk, price risk, and exchange rate risk. The Group's exposure to market risk primarily arises from its proprietary investment activities, with price risk and interest rate risk having a significant impact on its investment operations. With regard to market risk, the Group identifies, assesses, monitors, addresses, and reports on market risks in accordance with the principles of full coverage, effectiveness, and appropriateness. For directional investment operations, the Group has established a multi-tiered market risk limit system, set risk positions aligned with its own risk tolerance capacity, and achieved alignment among business scale, return targets and risk-bearing capacity.

(1) Interest rate risk

Interest rate risk refers to the risk of fluctuations in the financial status and cash flow of the Group due to changes in market interest rates. The interest-earning assets of the Group affected by changes in market interest rates are mainly bank deposits, clearing settlement funds, refundable deposits, and bond investments.

The Group utilizes sensitivity analysis as the main tool for monitoring interest rate risk. Under the assumption that other variables remain unchanged, sensitivity analysis is adopted to measure the possible impact on total profits and shareholders' equity when changes in interest rates occur. The currency and maturity structure of the Group's major interest rate-sensitive assets and liabilities are basically matched. The Group's bond investments are mainly based on the buy-and-hold prudent strategy and spread arbitrage strategy, with controls on the leverage multiples, bond ratings, and basis point value, in order to prevent and reduce the interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

4. Market risk (continued)

(1) Interest rate risk (continued)

The table below presents the residual maturities of the Group's financial assets and liabilities before their contractual re-pricing dates or their maturity dates (whichever are earlier):

Expressed in RMB'0000

Item	June 30th, 2026						Total
	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Cash and bank balances	1,979,833.70					4.82	1,979,838.52
Clearing settlement funds	562,775.44						562,775.44
Margin accounts receivable	99,871.54	291,155.37	829,316.00				1,220,342.91
Refundable deposits	14,601.81					107,319.92	121,921.73
Accounts receivable						9,439.36	9,439.36
Financial assets held under resale agreements	69,548.13		12,537.91				82,086.04
Financial assets held for trading	5,492.44	18,026.29	94,344.00	575,102.91	522,966.10	554,720.57	1,770,652.31
Debt investments	1,436.24	81.50	158.23	5,295.08			6,971.05
Other debt investments				7,205.13	189,981.60		197,186.73
Other assets						8,968.44	8,968.44
Subtotal of financial assets	2,733,559.30	309,263.16	936,356.14	587,603.12	712,947.70	680,453.11	5,960,182.53
Short-term financing instruments payable	38,233.81	70,572.84	266,888.53				375,695.18
Due to banks and other financial institutions	315,133.45						315,133.45
Financial liabilities held for trading	32,196.84	4,941.28		17,204.39	2,365.08		56,707.59
Financial assets sold under repurchase agreements	710,973.01						710,973.01
Accounts payable to brokerage clients	2,433,239.75						2,433,239.75
Bonds payable	4,403.51		3,013.29	673,820.44			681,237.24
Accounts payable						15,372.55	15,372.55
Other liabilities						30,673.22	30,673.22
Subtotal of financial liabilities	3,534,180.37	75,514.12	269,901.82	691,024.83	2,365.08	46,045.77	4,619,031.99
Interest rate sensitivity gap	-800,621.07	233,749.04	666,454.32	-103,421.71	710,582.62	634,407.34	1,341,150.54

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

4. Market risk (continued)

(1) Interest rate risk (continued)

Item	December 31st, 2025						Total
	Within 1 month	1-3 months	3 months to 1 year	1 to 5 years	More than 5 years	Non-interest bearing	
Cash and bank balances	1,928,875.36					8.44	1,928,883.80
Clearing settlement funds	340,168.47						340,168.47
Margin accounts receivable	39,709.00	308,253.03	745,781.53				1,093,743.56
Refundable deposits	3,662.29					109,548.58	113,210.87
Accounts receivable						12,678.35	12,678.35
Financial assets held under resale agreements	59,549.70	1,957.01	9,396.98				70,903.69
Financial assets held for trading	12,553.06	10,650.12	117,802.29	861,819.26	307,692.54	401,280.50	1,711,797.77
Debt investments	1,662.09	63.08	183.79	5,464.53			7,373.49
Other debt investments		5,141.86		146,654.09	162,795.87		314,591.82
Other assets						5,490.94	5,490.94
Subtotal of financial assets	2,386,179.97	326,065.10	873,164.59	1,013,937.88	470,488.41	529,006.81	5,598,842.76
Short-term financing instruments payable	70,278.13	109,959.33	99,571.26				279,808.72
Due to banks and other financial institutions	303,030.84						303,030.84
Financial liabilities held for trading	50,803.20		9,155.38	21,697.81	13,389.94		95,046.33
Financial assets sold under repurchase agreements	701,719.04						701,719.04
Accounts payable to brokerage clients	2,170,239.62						2,170,239.62
Bonds payable	1,902.08		7,117.67	703,108.05			712,127.80
Accounts payable						13,305.70	13,305.70
Other liabilities						27,948.85	27,948.85
Subtotal of financial liabilities	3,297,972.91	109,959.33	115,844.31	724,805.86	13,389.94	41,254.55	4,303,226.90
Interest rate sensitivity gap	-911,792.94	216,105.77	757,320.28	289,132.02	457,098.47	487,752.26	1,295,615.86

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

4. Market risk (continued)

(2) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's price risk exposure mainly relates to equity securities, investment funds, convertible bonds, derivatives, and collective asset management plans whose values will fluctuate as a result of changes in market prices.

The Group's price risk management policy requires setting and managing investment objectives. The Group manages price risk by holding an appropriately diversified investment portfolio, setting various investment limits, and closely monitoring the portfolio of investments to reduce the risk of concentration in any one specific industry or issuer. The Group uses derivatives contracts to hedge against certain exposures arising from its investment portfolio.

The sensitivity analysis below shows the impact on profit before income tax and other comprehensive income before income tax due to changes in the prices of stocks, funds, convertible bonds, derivatives, and collective asset management plans by 10%, assuming all other variables remain unchanged. A positive result indicates an increase in profit before income tax and other comprehensive income before income tax, while a negative result indicates otherwise.

Expressed in RMB'0000

Item	June 30th, 2026		December 31st, 2025	
	Total profit	Other comprehensive income	Total profit	Other comprehensive income
Increase by 10%	9,784.55		9,236.58	
Decrease by 10%	-9,784.55		-9,236.58	

(3) Exchange rate risk

The fluctuation of the exchange rate will bring certain exchange risks to the Group. As of June 30th, 2026, the Group's foreign currency assets and foreign currency liabilities accounted for less than 5% of total assets and total liabilities, respectively. Due to the low proportion of foreign currency in the Group's asset liability and income structure, the Group believes that exchange rate risk has little impact on operation.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

5. Operational risk

Operational risk is the risk of loss resulting from inadequate or faulty internal processes, personnel, information technology systems, and external events.

The Group emphasizes the matching of business scale, profit, and risk management ability, and does not sacrifice the control of operational risk for the pursuit of profit. The Group emphasizes carrying out the business of various securities companies under the premise of sound control of operational risks. In the case of cost permitting, the Group will continue to strengthen the operational risk management system and implement the internal control system to achieve the controllability of operational risk under the established business income.

6. Compliance risk

Compliance risk refers to the risk that the Company will be investigated for legal responsibility, face regulatory measures, be given disciplinary actions, and suffer property loss or business reputation loss due to the violation of laws, regulations, and norms by the Company or its staff's business management or practice behavior.

The Company's management of compliance risk mainly includes: first, timely tracking of laws, regulations and standards, and continuous improvement of the compliance management system in conjunction with the actual situation of the Company; at the same time, supervising each division to formulate and revise its internal management system in a timely manner and improve its business processes; actively carrying out the development of a compliance culture, and improving the self-restraint mechanism; second, reviewing the compliance of the Company's systems, major decisions, new products, new business plans, and so on; third, providing suggestions and consultation on compliance for the management and each division, and supervising and checking the compliance of operational and management activities; fourth, strictly implementing the compliance assessment and accountability mechanism, and effectively playing the roles of assessment-oriented, accountability and warning; fifth, fulfilling the obligations of internal and external compliance reporting according to the regulations; sixth, according to the Company's anti-money laundering system, organizing and promoting the divisions to carry out the work of preventing and controlling the risk of money laundering; and seventh, enhancing the training and management of compliance administrators, and continuously building a compliance administrator team with strong compliance awareness and excellent professional abilities. Through various methods such as compliance consulting, compliance review, compliance inspection and compliance monitoring, the Company identifies, assesses and manages compliance risks related to its operation and management in a timely manner, and integrates compliance management throughout all aspects of decision-making, implementation, supervision and feedback, and into the entire process of the Company's operation and management.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

X. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

7. Capital management

The Group's objectives of capital management are:

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth;
- To maintain a solid capital base to support the business development;
- To comply with the capital requirements under the PRC regulations.

The "Administrative Measures for Risk Control Indicators of Securities Companies" (Revision 2020) were issued by the China Securities Regulatory Commission in 2020 and became effective on March 20th, 2020. According to the above administrative measures, the Group is required to meet the following standards for risk control indicators on a continual basis:

The risk coverage ratio shall be no less than 100%;

The capital leverage ratio shall be no less than 8%;

The liquidity coverage ratio shall be no less than 100%;

The net stable funding ratio shall be no less than 100%.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES

1. Amounts of assets and liabilities measured at fair value and the fair value measurement hierarchy

The following table presents information about the fair value of the Group's assets and liabilities measured at fair value at each balance sheet date at the end of the current reporting period and the hierarchy of their fair value measurement. The level at which fair value measurement is categorized is determined by the lowest level to which the inputs that are significant to the fair value measurement as a whole belong. The three levels of inputs are defined below:

Level 1 inputs:	unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date;
Level 2 inputs:	inputs other than Level 1 inputs that are either directly or indirectly observable for related assets or liabilities;
Level 2 inputs include:	1) quotation of similar assets or liabilities in the active market; 2) Quotation of the same or similar assets or liabilities in the inactive market; 3) Other observable input values other than quotation, including observable interest rate and yield curve, implied volatility and credit spread during normal quotation interval; 4) Inputs for market validation, etc.
Level 3 inputs:	inputs that are unobservable for related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

1. Amounts of assets and liabilities measured at fair value and the fair value measurement hierarchy (continued)

The following table presents the book value of the Group's financial instruments measured at fair value at the balance sheet date by the three levels of the fair value hierarchy.

Item	Fair value as at June 30th, 2026			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading	441,529,226.84	16,009,971,161.29	1,255,022,711.35	17,706,523,099.48
(1) Bond investment	21,157,230.09	12,026,167,022.88		12,047,324,252.97
(2) Equity investment	212,774,149.58		215,948,551.77	428,722,701.35
(3) Public offering of funds	207,597,847.17	1,963,843,915.65		2,171,441,762.82
(4) Bills		897,327,327.78		897,327,327.78
(5) Others		1,122,632,894.98	1,039,074,159.58	2,161,707,054.56
Other debt investments		1,971,867,286.05		1,971,867,286.05
Investments in other equity instruments			1,400,000.00	1,400,000.00
Total	441,529,226.84	17,981,838,447.34	1,256,422,711.35	19,679,790,385.53

Financial liabilities held for trading		293,930,392.33	273,145,463.40	567,075,855.73
Total		293,930,392.33	273,145,463.40	567,075,855.73

Item	Fair value as at December 31st, 2025			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading	612,707,322.51	15,278,233,918.16	1,227,036,493.34	17,117,977,734.01
(1) Bond investment		12,948,208,836.13		12,948,208,836.13
(2) Equity investment	358,090,471.70		240,910,496.82	599,000,968.52
(3) Public offering of funds	254,616,850.81	1,967,045,876.57		2,221,662,727.38
(4) Others		362,979,205.46	986,125,996.52	1,349,105,201.98
Other debt investments		3,145,918,204.30		3,145,918,204.30
Investments in other equity instruments			1,400,000.00	1,400,000.00
Total	612,707,322.51	18,424,152,122.46	1,228,436,493.34	20,265,295,938.31
Financial liabilities held for trading		492,320,856.43	458,142,492.31	950,463,348.74
Total		492,320,856.43	458,142,492.31	950,463,348.74

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

2. Basis for determining the market value of items measured at fair value on a continuous and non-continuous Level 1 basis

The fair value of financial instruments traded in an active market shall be determined according to the market quotation on the balance sheet date. If quotations are obtained from exchanges and dealers on a timely and regular basis, and such quotations reflect actual and regular market transactions based on fair negotiation, a market is deemed to be active. Fair value is determined by the closing price on the balance sheet date. Such instruments are included in Level 1. Instruments included in Level 1 mainly consist of stocks and public offering of funds listed on stock exchanges.

3. For items measured at fair value in the continuing and discontinued Level 2 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters

The fair value of financial instruments purchased in an inactive market is determined using valuation techniques. These valuation techniques make full use of available observable market data and do not rely on entity-specific estimates as much as possible. An instrument is included in Level 2 if all of the key inputs required to measure it at fair value are observable.

Bond investment:

Bond investment shall be quoted by the valuation system of bond registration and settlement institutions. Relevant quotation institutions adopt observable inputs that reflect market conditions in the formation process.

Public offering of funds:

The fair value of the public offering of funds shall be determined according to the net asset value of the fund on the balance sheet date. The net asset value of the fund is usually determined based on the fair value and related expenses of the underlying investment (debt instruments in the portfolio or publicly traded equity instruments) or valued by a third party (such as a registrar and clearing institution) according to the discounted cash flow model.

Bills:

The fair value of bill investments is determined according to the discounted cash flow model. Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects the credit risk of the product.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

3. For items measured at fair value in the continuing and discontinued Level 2 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters (continued)

Others:

Other financial assets invested by the Group are mainly collective asset management products, fund financial products, trust plans and bank financial products. The fair value is determined by the net value of the product corresponding to its share or by using valuation techniques. The observable inputs required by the valuation technique include the market price and interest rate of the investment target. These are observable inputs.

The following table presents the relevant valuation techniques and input parameters for the main Level 2 financial instruments:

Financial instruments	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Impact of unobservable inputs on fair value
Financial assets held for trading				
— Bonds	Level 2	Quotations from the valuation system of the bond registration and settlement institutions	Not applicable	Not applicable
— Public offering of funds	Level 2	Net asset value of the fund on the balance sheet date	Not applicable	Not applicable
— Bills	Level 2	Discounted cash flow method, discount rate	Not applicable	Not applicable
— Collective asset management products, fund financial products, trust plans and bank financial products	Level 2	Net product value corresponding to its share, or using valuation techniques	Not applicable	Not applicable
Other debt investments				
— Bonds	Level 2	Quotations from the valuation system of the bond registration and settlement institutions	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

4. For items measured at fair value in the continuing and discontinued Level 3 fair value hierarchy, qualitative and quantitative information on valuation techniques used and significant parameters

If one or more of the main input parameters are not based on observable market data, the instrument is included in Level 3. For unlisted equity investment, bond investment, trust products and financial liabilities, the Group uses valuation techniques to determine their fair values, including the discounted cash flow method and market comparison method. Their fair value measurements use important unobservable parameters such as liquidity discounts, volatility and market multipliers. The fair values of unlisted equity investments, bond investments, other investments, and financial liabilities are not significantly sensitive to the reasonable changes of these unobservable inputs. Investments in other equity instruments are futures memberships that do not have an active market and are determined at cost.

From January to June 2026, there were no changes to the valuation techniques used in the Group's continuing Level 3 fair value measurements as described above.

5. Changes in Level 3 financial instruments

Item	December 31st, 2025	Increase	Decrease	June 30th, 2026
Financial assets held for trading	1,227,036,493.34	27,986,218.01		1,255,022,711.35
Financial liabilities held for trading	458,142,492.31		184,997,028.91	273,145,463.40
Investments in other equity instruments	1,400,000.00			1,400,000.00
Derivative financial assets				

Item	December 31st, 2024	Increase	Decrease	December 31st, 2025
Financial assets held for trading	1,365,916,242.87		138,879,749.53	1,227,036,493.34
Financial liabilities held for trading	355,075,799.85	103,066,692.46		458,142,492.31
Investments in other equity instruments	1,400,000.00			1,400,000.00
Derivative financial assets	15,243,160.68		15,243,160.68	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

5. Changes in Level 3 financial instruments (continued)

For Level 3 financial instruments, fair value is determined using valuation techniques (such as the discounted cash flow model and other similar techniques). The classification of fair value measurements in Level 3 is generally determined by the significance of unobservable input parameters to the measurement of the overall fair value. The following table presents the relevant valuation techniques and input parameters for the main Level 3 financial instruments:

Financial assets/ financial liabilities	Fair value hierarchy	Valuation techniques and main input parameters	Important unobservable input parameters	Relationship between unobservable input parameters and fair value
Financial assets held for trading				
— Private equity fund	Level 3	— Based on the period-end net asset value per share provided by the fund manager, when the fund manager's net asset value per share cannot represent the fair value, the fair value is determined by penetrating to the underlying investee companies and using valuation techniques such as market approach, income approach, etc.	Not applicable	Not applicable
— Trust plan	Level 3	— Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level	— Expected future cash flow — Expected recovery date — The discount rate corresponding to the expected risk level	— The higher the future cash flow, the higher the fair value — The earlier the maturity date, the higher the fair value — The lower the discount rate, the higher the fair value
— Unlisted equity	Level 3	— Adopt the asset-based method or the comparable company method. Adopt the comparable company method to select comparable companies in the same industry similar to the important financial indicators of the target company, and calculate the PE, PB and PS of comparable companies; Considering the liquidity discount, estimate the expected exit date of equity, calculate the volatility of comparable companies, and use the option model to calculate the liquidity discount; — Future cash flows estimated based on expected recoverable amounts are used to discount the cash flows at a rate that reflects management's best estimate of the expected risk level	— Market multipliers — Liquidity discount — Expected future cash flow — Expected recovery date — The discount rate corresponding to the expected risk level	— The higher the market multiplier, the higher the fair value — The greater the liquidity discount, the lower the fair value — The higher the future cash flow, the higher the fair value — The earlier the maturity date, the higher the fair value — The lower the discount rate, the higher the fair value
Financial liabilities held for trading				
— Consolidate the shares of other holders of the structured entity	Level 3	— Adjust in accordance with the fair value of the structured entity and other inputs that management considers appropriate.	Not applicable	Not applicable
Derivative financial instruments				
	Level 3	— The option pricing model is used for valuation, and the main input parameter is the volatility of the underlying instrument	— Volatility of underlying instruments	— The higher the volatility of the underlying instrument, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XI. FAIR VALUE DISCLOSURES (continued)

6. For continuing fair value measurements, if a transition between levels occurred during the period, the reason for the transition and the policy for determining the point of transition

The Group's continuing fair value measurements described above were not materially transitioned between levels during the period.

7. Changes in valuation techniques that occurred during the period and the reasons for the changes

There were no changes in the fair value valuation techniques for the Group's financial instruments during the period.

8. Fair value of financial assets and financial liabilities not measured at fair value

Financial assets and liabilities not measured at fair value mainly include: margin accounts receivable, financial assets held under resale agreements, accounts receivable, debt investments, short-term loans, accounts payable, short-term financing instruments payable, due to banks and other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, bonds payable and long-term loans.

There is little difference between the book value and fair value of the above financial assets and liabilities not measured at fair value.

XII. CONTINGENCIES

1. In accordance with the contract dispute between the Company and the relevant parties, taking into account the information currently available and legal counsel's opinion and in accordance with the *CAS 13 — Contingencies*, the Group has recognised a provision of RMB29.3825 million based on the prudence principle. See Note VI.32 Provisions.
2. In accordance with the contract dispute between the Company's subsidiaries and the relevant parties, taking into account the information currently available and legal counsel's opinion and in accordance with the *CAS 13 — Contingencies*, the Group has recognised a provision of RMB17.0716 million based on the prudence principle. See Note VI.32 Provisions.
3. The Shanghai International Economic and Trade Arbitration Commission served the Company with arbitration documents concerning a dispute over settlement status of financial derivative contracts. As of the present date, the hearing of this case was held on July 30th, 2026. As both parties still need to follow up on relevant matters after the hearing, the case is currently still in the process of being heard. Based on the information currently available, the outcome of this matter is uncertain and will not have a material impact on the Group's financial position or operating results at the current stage.

In addition to the above matters, the Group has no other significant contingencies.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XIII. COMMITMENTS

Capital commitments

The Group's capital commitments that have been contracted for but not confirmed in the financial statements are set out below:

Item	June 30th, 2026	December 31st, 2025
Contracted but not paid	338,579,789.73	403,776,352.21
Total	338,579,789.73	403,776,352.21

In addition to the above undertakings, as of June 30th, 2026, the Group has no other major commitments that should be disclosed.

XIV. EVENTS AFTER THE BALANCE SHEET DATE

1. Profit distribution

The Company's profit distribution plan for January to June 2026, as considered at the the Forty-Eighth Meeting of the Seventh Session of the Board of Directors, is to distribute a cash dividend of RMB0.12 (inclusive of tax) for every 10 shares. As of June 30th, 2026, the Company had a total share capital of 4,642,884,700 shares. Based on this calculation, the total proposed cash dividend is 55,714,616.40 (tax included). The Company does not convert capital reserve to increase share capital and does not issue bonus shares.

2. Public issuance of corporate bonds to professional investors

On July 20th, 2026, the Company completed the issuance of its 2026 public offering of corporate bonds to professional investors (second tranche). The bonds have a term of 3 years, an issuance size of RMB500 million, and a coupon rate of 1.72%.

3. Other events after the balance sheet date

Except for the above events after the balance sheet date, as of the date of approval of the financial statement, the Group has no other significant events after the balance sheet date that need to be disclosed but have not been disclosed.

XV. SEGMENT INFORMATION

The Group's operating segments are determined on the basis of internal organizational structure, management requirements, and internal reporting system, and the Group's operating segments are those components that meet the following conditions at the same time:

1. The component is capable of generating revenue and incurring expenses in its ordinary activities;
2. The Company's management is able to periodically evaluate the component's results of operations in order to decide on the allocation of resources to it and to evaluate its performance;
3. The Group has access to relevant accounting information on the financial position, results of operations, and cash flows of the component.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XV. SEGMENT INFORMATION (continued)

According to the different business types, the Group's reporting segments are mainly divided into: wealth management business segment, proprietary business segment, investment banking business segment, credit business segment, investment management business segment, futures business segment, overseas business segment, headquarters, and other business segment.

Reporting segments (by business)

Expressed in RMB'0000

Item	Jan-June 2026									Total
	Wealth management business	Proprietary business	Investment banking business	Credit business	Investment management business	Futures business	Overseas business	Headquarters and others	Offset	
1. Operating income	59,948.07	21,184.19	1,350.91	24,955.06	16,827.77	4,422.68	-2,739.57	349.75	-112.93	126,185.92
Net fee and commission income	46,325.07		1,350.54		451.36	3,339.70	509.47	730.74	-68.70	52,638.18
Investment income		22,688.42			8,129.99	97.20	15.58	1,732.21	-63.13	32,600.27
Gains on changes in fair value		6,623.13			7,946.92	236.20	-4,089.20	-271.12	31.78	10,477.72
Gains on foreign exchange	-7.56						179.72	-21.75		150.42
Other income	628.36	172.41	0.99		11.57	13.92	1.56	135.31	-64.29	899.82
Net interest income	13,002.20	-8,299.77	-0.62	24,955.06	287.94	735.65	643.30	-1,955.64	51.40	29,419.51
2. Operating cost	33,505.45	4,868.80	2,792.98	1,925.09	922.21	3,375.92	1,177.28	23,078.41	-112.35	71,533.80
3. Operating profit	26,442.61	16,315.38	-1,442.07	23,029.96	15,905.57	1,046.76	-3,916.84	-22,728.66	-0.58	54,652.13
4. Total assets	4,263,074.46	1,827,251.79	508.04	1,438,737.00	305,456.72	322,631.17	55,764.01	2,173,058.08	-4,176,880.26	6,209,601.00
5. Total liabilities	4,227,480.50	1,812,672.49	1,950.17	1,415,889.75	34,368.32	275,363.28	24,292.35	1,103,793.31	-4,178,033.71	4,717,776.46
6. Supplementary information										
(1) Depreciation and amortization	3,915.78	560.78	133.26	79.95	228.22	273.68	99.67	3,102.54	-61.02	8,332.86
(2) Capital expenditure	1,080.04	36.16	2.98		3.75	60.98	5.60	8,871.96		10,061.47

Note: The data in the table needs to be rounded when calculating, and there may be rounding differences. Other similar disclosures in this report are the same.

XVI. OTHER IMPORTANT MATTERS

1. Margin trading and short selling business

As of June 30th, 2026 and December 31st, 2025, the scale of the Group's margin trading and short selling business is as follows:

Item	June 30th, 2026	December 31st, 2025
Margin accounts receivable	12,288,265,686.55	11,019,598,591.21
Securities lending	27,157,262.99	18,597,732.01
Total	12,315,422,949.54	11,038,196,323.22

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

2. Securities lending

The specific types and fair values of bonds borrowed by the Company on the trading platforms of the interbank and exchange bond markets are as follows:

Item	Fair value as at June 30th, 2026	Fair value as at December 31st, 2025
National bonds	378,163,890.00	371,754,760.00
Policy-based financial bonds	1,402,493,490.00	657,057,110.00
Total	1,780,657,380.00	1,028,811,870.00

As at June 30th, 2026, the bond fair value of the financial liabilities held for trading arising from the pledge or sale on the pledged repurchase business or lent out as collateral in bond lending of bonds acquired by the Group by way of borrowing through the inter-bank and exchange markets was RMB1,709.3552 million.

3. Security of customer funds

As of June 30th, 2026, the Company has deposited customer transaction settlement funds in commercial banks with depository qualifications, which is in compliance with the requirements for the security of customer transaction settlement funds as set out in the Customer Transaction Settlement Fund Management Measures (China Securities Regulatory Commission Order No. 3), the third-party depository of customer transaction settlement funds, and other relevant regulations, to safeguard the safety of customer funds, and the misappropriation of customer funds does not exist.

4. Assets and liabilities measured at fair value

Item	December 31st, 2025	Gains and losses from changes in fair value for the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	June 30th, 2026
1. Financial assets held for trading (excluding derivative financial assets)	17,117,977,734.01	87,831,834.05			17,706,523,099.48
2. Derivative financial instruments		19,489,098.24			
3. Other debt investments	3,145,918,204.30		29,300,479.09	248,474.10	1,971,867,286.05
4. Investments in other equity instruments	1,400,000.00				1,400,000.00
5. Financial liabilities held for trading	950,463,348.74	-2,543,762.31			567,075,855.73

Note: There are no necessary articulation relationships in this table.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

5. Basic classification table for the measurement of financial assets

Financial assets items	Book value as of June 30th, 2026					
	Measured at fair value through profit or loss					
	Financial assets measured at amortized cost	Financial assets classified as at fair value through other comprehensive income	Investments in non-trading equity instruments designated at fair value through other comprehensive income	Financial assets classified as at fair value through profit or loss	Financial assets designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial assets designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Cash and bank balances	19,798,385,224.10					
Clearing settlement funds	5,627,754,404.76					
Margin accounts receivable	12,203,429,078.91					
Refundable deposits	1,219,217,308.22					
Accounts receivable	94,393,598.87					
Financial assets held under resale agreements	820,860,357.95					
Financial assets held for trading				17,706,523,099.48		
Debt investments	69,710,454.38					
Other debt investments		1,971,867,286.05				
Investments in other equity instruments			1,400,000.00			
Other assets	89,684,397.40					
Total	39,923,434,824.59	1,971,867,286.05	1,400,000.00	17,706,523,099.48		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

5. Basic classification table for the measurement of financial assets (continued)

Financial assets items	Book value as of December 31st, 2025					
	Financial assets measured at amortized cost	Financial assets classified as at fair value through other comprehensive income	Investments in non- trading equity instruments designated at fair value through other comprehensive income	Financial assets classified as at fair value through profit or loss	Measured at fair value through profit or loss	
					Financial assets designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial assets designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Cash and bank balances	19,288,837,976.68					
Clearing settlement funds	3,401,684,665.84					
Margin accounts receivable	10,937,435,576.51					
Refundable deposits	1,132,108,669.16					
Accounts receivable	126,783,514.23					
Financial assets held under resale agreements	709,036,883.79					
Financial assets held for trading				17,117,977,734.01		
Debt investments	73,734,853.74					
Other debt investments		3,145,918,204.30				
Investments in other equity instruments			1,400,000.00			
Other assets	54,909,379.80					
Total	35,724,531,519.75	3,145,918,204.30	1,400,000.00	17,117,977,734.01		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

6. Basic classification table for the measurement of financial liabilities

Financial liabilities items	Book value as of June 30th, 2026			
	Measured at fair value through profit or loss			
	Financial liabilities measured at amortized cost	Financial liabilities classified as at fair value through profit or loss	Financial liabilities designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	
			Financial liabilities designated as at fair value through profit or loss in accordance with the Hedge Accounting standards	
Short-term financing instruments payable	3,756,951,838.05			
Due to banks and other financial institutions	3,151,334,455.60			
Financial liabilities held for trading		567,075,855.73		
Financial assets sold under repurchase agreements	7,109,730,130.43			
Accounts payable to brokerage clients	24,332,397,521.51			
Accounts payable	153,725,539.68			
Bonds payable	6,812,372,376.35			
Other liabilities	306,732,229.85			
Total	45,623,244,091.47	567,075,855.73		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVI. OTHER IMPORTANT MATTERS (continued)

6. Basic classification table for the measurement of financial liabilities (continued)

Financial liabilities items	Book value as of December 31st, 2025			
	Financial liabilities measured at amortized cost	Financial liabilities classified as at fair value through profit or loss	Measured at fair value through profit or loss	
			Financial liabilities designated as at fair value through profit or loss in accordance with the Financial Instruments Recognition and Measurement standards	Financial liabilities designated as at fair value through profit or loss in accordance with the Hedge Accounting standards
Short-term financing instruments payable	2,798,087,200.02			
Due to banks and other financial institutions	3,030,308,361.12			
Financial liabilities held for trading		950,463,348.74		
Financial assets sold under repurchase agreements	7,017,190,370.59			
Accounts payable to brokerage clients	21,702,396,171.66			
Accounts payable	133,056,959.21			
Bonds payable	7,121,278,049.37			
Other liabilities	279,488,541.78			
Total	42,081,805,653.75	950,463,348.74		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) By details

Item	June 30th, 2026	December 31st, 2025
Fees and commission receivable	17,696,666.12	19,345,574.43
Receivables from clients' financing	3,401,011.18	3,734,356.00
Others	310,641.13	177,131.10
Less: Provision for bad debts (According to the simplified model)	18,753,166.18	19,232,228.58
Book value of accounts receivable	2,655,152.25	4,024,832.95

(2) By portfolio methods

Item	June 30th, 2026			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Accrual proportion (%)
Separate provision for bad debts	18,274,677.98	85.36	18,274,677.98	100.00
Subtotal	18,274,677.98	85.36	18,274,677.98	100.00
Combination provision for bad debts				
Including: Within 1 year	864,237.88	4.04	4,321.19	0.50
1-2 years	242,744.50	1.13	12,137.23	5.00
2-3 years	560,635.15	2.62	56,063.52	10.00
3-4 years	944,543.58	4.41	188,908.72	20.00
4-5 years	218,410.66	1.02	65,523.20	30.00
More than 5 years	303,068.68	1.42	151,534.34	50.00
Subtotal	3,133,640.45	14.64	478,488.20	
Total	21,408,318.43	100.00	18,753,166.18	

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Accounts receivable (continued)

(2) By portfolio methods (continued)

Item	December 31st, 2025		Provision for bad debts	
	Book balance			Accrual
	Amount	Proportion (%)	Amount	proportion (%)
Separate provision for bad debts	18,608,022.80	80.01	18,608,022.80	100.00
Subtotal	18,608,022.80	80.01	18,608,022.80	100.00
Combination provision for bad debts				
Including: Within 1 year	1,734,693.09	7.46	8,673.47	0.50
1-2 years	394,224.84	1.70	19,711.24	5.00
2-3 years	619,366.89	2.66	61,936.69	10.00
3-4 years	969,555.30	4.17	193,911.06	20.00
4-5 years	628,129.93	2.70	188,438.98	30.00
More than 5 years	303,068.68	1.30	151,534.34	50.00
Subtotal	4,649,038.73	19.99	624,205.78	
Total	23,257,061.53	100.00	19,232,228.58	

- (3) Among the balance of accounts receivable at the end of the period, the amount receivable from shareholder units holding more than 5% (including 5%) of the voting shares of the Company was RMB1,833,448.82, which was the accrued receivable of asset management fee.

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

Entity name	Balance as of June 30th, 2026	As a percentage of the balance of receivables (%)	Balance of bad debt provision	Nature or content of payment	Aging
Entity 1	10,052,807.86	46.96	10,052,807.86	Asset management fee receivable	4-5 years, more than 5 years
Entity 2	2,203,020.43	10.29	2,203,020.43	Receivables from margin lending	More than 5 years
Entity 3	2,000,000.00	9.34	2,000,000.00	Financial advisory fees receivable	More than 5 years
Entity 4	1,833,448.82	8.56	261,960.73	Asset management fee receivable	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years
Entity 5	1,200,000.00	5.61	1,200,000.00	Underwriting and sponsorship fees receivable	3-4 years
Total	17,289,277.11	80.76	15,717,789.02		

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other assets

(1) Details

Item	June 30th, 2026	December 31st, 2025
Other receivables	53,657,601.90	40,443,936.67
Deferred expenses	8,167,486.24	13,143,496.41
Long-term deferred expenses	21,704,769.96	26,509,247.48
Assets held for debt settlement	4,897,200.00	4,896,704.75
Others	714,340.21	1,956,859.47
Total	89,141,398.31	86,950,244.78

(2) Other receivables

1) By details

Item	June 30th, 2026	December 31st, 2025
Prepayments	48,286,353.69	34,378,743.14
Cash pledge	7,458,010.50	8,940,490.00
Others	14,581,160.38	14,222,119.99
Less: Provision for bad debts	16,667,922.67	17,097,416.46
Book value of other receivables	53,657,601.90	40,443,936.67

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other assets (continued)

(2) Other receivables (continued)

2) By portfolio methods

Item	Book balance	June 30th, 2026 Provision for bad debts	Accrual proportion (%)	Book balance	December 31st, 2025 Provision for bad debts	Accrual proportion (%)
Separate provision for bad debts	11,736,611.37	11,736,611.37	100.00	11,736,611.37	11,736,611.37	100.00
Subtotal	11,736,611.37	11,736,611.37	100.00	11,736,611.37	11,736,611.37	100.00
Combination provision for bad debts						
Including: Within 1 year	34,944,177.09	174,720.89	0.50	26,032,490.94	130,162.45	0.50
1-2 years	9,198,830.09	459,941.50	5.00	3,617,235.75	180,861.79	5.00
2-3 years	4,288,280.03	428,828.00	10.00	4,798,741.70	479,874.17	10.00
3-4 years	3,522,911.47	704,582.29	20.00	3,357,679.07	671,535.81	20.00
4-5 years	770,593.20	231,177.96	30.00	504,631.45	151,389.44	30.00
More than 5 years	5,864,121.32	2,932,060.66	50.00	7,493,962.85	3,746,981.43	50.00
Subtotal	58,588,913.20	4,931,311.30		45,804,741.76	5,360,805.09	
Total	70,325,524.57	16,667,922.67		57,541,353.13	17,097,416.46	

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

Provision for bad debts	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit losses in lifetime (No credit impairment)	Stage 3 Expected credit losses in lifetime (Credit impairment)	Total
Balance as of January 1st, 2026	5,360,805.09		11,736,611.37	17,097,416.46
Current period balance as of January 1st, 2026	—	—	—	—
— transfer to stage 2				
— transfer to stage 3				
— transfer back to stage 2				
— transfer back to stage 1				
Accrual				
Transfer back	429,493.79			429,493.79
Write off				
Translation differences of foreign currency financial statements				
Balance as of June 30th, 2026	4,931,311.30		11,736,611.37	16,667,922.67

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other assets (continued)

(2) Other receivables (continued)

4) Other receivables of the top five closing balances, grouped by party in arrears

Entity name	Closing balance	As a percentage of the total closing balance of other receivables (%)	Closing balance of bad debt provision	Nature of payment	Aging
Hundsun Technologies Inc.	24,481,199.13	34.81	1,196,160.35	Prepayments for asset acquisition	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years
Hainan Jinhai City Credit Cooperative	5,748,880.00	8.17	5,748,880.00	Take over the creditor's rights of the former Henan Finance Securities Company	More than 5 years
Fujian Apex Software Co., Ltd.	2,615,000.00	3.72	13,075.00	Prepayments for asset acquisition	Within 1 year
Shanghai Lujiazui Finance & Trade Zone United Development Co., Ltd.	2,413,400.07	3.43	1,137,780.59	Rental deposit	4-5 years, more than 5 years
Henan Hezheng Industrial Co., Ltd.	2,183,774.78	3.11	2,183,774.78	Acquire the creditor's rights of the former Henan Finance Securities Company	More than 5 years
Total	37,442,253.98	53.24	10,279,670.72		

(3) Long-term deferred expenses

Item	December 31st, 2025	Increase	Amortized	Other increase/decrease	June 30th, 2026
Decoration expenses, etc.	26,509,247.48	1,169,258.58	5,973,736.10		21,704,769.96
Total	26,509,247.48	1,169,258.58	5,973,736.10		21,704,769.96

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Long-term equity investments

Item	June 30th, 2026			December 31st, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,589,655,803.95	952,422,749.57	3,637,233,054.38	4,589,655,803.95	952,422,749.57	3,637,233,054.38
Total	4,589,655,803.95	952,422,749.57	3,637,233,054.38	4,589,655,803.95	952,422,749.57	3,637,233,054.38

Investment in subsidiaries

Investee	December 31st, 2025		Increase	Decrease	June 30th, 2026	Provision for impairment in the current period	Balance of provision for impairment as of June 30th, 2026
Central China Futures Co., Ltd.	413,613,442.08				413,613,442.08		
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	300,530,961.87				300,530,961.87		
Central China International Financial Holdings Co., Ltd.	1,522,636,400.00				1,522,636,400.00		952,422,749.57
Central China Blue Ocean Investment Management Co., Ltd.	2,226,000,000.00				2,226,000,000.00		
Central China Equity Exchange Co., Ltd.	126,875,000.00				126,875,000.00		
Total	4,589,655,803.95				4,589,655,803.95		952,422,749.57

Note: The Company made no investments in associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Net interest income

Item	Jan-June 2026	Jan-June 2025
Interest income	471,754,197.00	391,725,101.46
Including: Interest income from cash and bank balances and clearing settlement funds	144,889,114.57	112,629,080.47
Interest income from margin trading business	301,358,093.93	264,214,148.44
Interest income from financial assets held under resale agreements	5,568,962.56	14,211,006.43
Including: Interest income from stock pledge repurchase	2,514,014.58	5,896,736.66
Interest income from other debt investments	19,788,272.15	670,866.12
Others	149,753.79	
Interest expenses	194,767,519.74	226,737,858.90
Including: Interest expenses of income securities issued certificates	14,929,804.88	17,648,022.03
Interest expenses of due to banks and other financial institutions	13,573,081.98	22,829,744.01
Including: Interest expenses of refinancing	904,444.46	12,359,083.34
Interest expenses of financial assets sold under repurchase agreements	51,171,762.19	74,949,742.07
Interest expenses of accounts payable to brokerage clients	5,236,838.87	7,013,736.19
Interest expenses of bonds payable	103,256,080.77	98,324,008.97
Including: Interest expenses of subordinated bonds	26,820,055.09	29,455,890.41
Interest expenses of bond lending	3,177,816.67	4,124,036.86
Others	3,422,134.38	1,848,568.77
Net interest income	276,986,677.26	164,987,242.56

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

5. Net fee and commission income

Item	Jan-June 2026	Jan-June 2025
Net income of securities brokerage business	420,930,635.90	329,241,590.34
Including: Securities brokerage business income	569,573,123.87	427,569,509.56
Including: Funds received as an agent of the stock exchange	557,113,510.06	421,963,498.73
Leasing of trading units and seats	3,727.67	61,869.59
Financial product distribution business	11,844,338.60	5,147,772.82
Securities brokerage business expenses	148,642,487.97	98,327,919.22
Including: Funds received as an agent of the stock exchange	148,621,563.64	98,289,996.75
Net income of investment banking business	13,526,175.31	3,433,703.78
Including: Investment banking business income	13,604,429.78	3,433,703.78
Including: Securities underwriting business	10,456,213.20	810,401.91
Securities sponsorship business	1,698,113.20	
Financial advisory business	1,450,103.38	2,623,301.87
Investment banking business expenses	78,254.47	
Including: Securities sponsorship business	78,254.47	
Net income of asset management business	928,387.62	15,101,558.70
Including: Asset management business income	928,387.62	15,101,558.70
Asset management business expenses		
Net income of investment consulting business	42,303,066.73	33,836,950.64
Including: Investment consulting business income	42,303,066.73	33,836,950.64
Investment consulting business expenses		
Net income of other fees	6,723,021.34	9,984,944.99
Including: Income of other fees	6,724,109.08	9,988,241.04
Other fee expenses	1,087.74	3,296.05
Total	484,411,286.90	391,598,748.45
Including: Total fee and commission income	633,133,117.08	489,929,963.72
Total fee and commission expenses	148,721,830.18	98,331,215.27

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

6. Investment income

(1) By categories

Item	Jan-June 2026	Jan-June 2025
Income from long-term equity investments calculated by cost method		18,578,379.60
Investment income from financial instruments	228,489,179.31	262,773,175.32
Including: Income generated during the holding period	129,544,128.83	169,374,363.21
Including: Financial assets held for trading	135,219,627.15	178,902,523.80
Financial liabilities held for trading	-5,675,498.32	-9,528,160.59
Income from disposal of financial instruments	98,945,050.48	93,398,812.11
Including: Financial assets held for trading	120,769,967.45	43,579,884.61
Other debt investments	1,853,451.60	7,103,967.22
Derivative financial instruments	-19,830,687.31	34,440,617.08
Financial liabilities held for trading	-3,847,681.26	8,274,343.20
Total	228,489,179.31	281,351,554.92

(2) Statement of investment income from financial instruments held for trading

Financial instruments held for trading		Jan-June 2026
Financial assets classified as at fair value through profit or loss	Income during the holding period	135,219,627.15
	Income from disposal	120,769,967.45
Financial liabilities classified as at fair value through profit or loss	Income during the holding period	-5,675,498.32
	Income from disposal	-3,847,681.26

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

7. Business and administrative expenses

Item	Jan-June 2026	Jan-June 2025
Employee expenses	484,900,441.41	394,847,140.83
Amortization of intangible assets	37,354,261.13	35,881,551.12
Electronic equipment operating fees	21,897,441.28	22,549,009.53
Depreciation of right-of-use assets	18,230,587.70	18,055,898.36
Depreciation of fixed assets	16,657,782.06	16,769,957.19
Member fees	10,211,310.19	8,703,981.04
Securities Investor Protection Fund	10,001,032.07	7,705,889.76
Advertising fees	7,543,059.34	5,461,113.94
Information fees	7,407,057.66	4,064,697.89
Amortization of long-term deferred expenses	5,973,736.10	9,179,432.61
Communication fees	5,940,183.26	4,617,077.55
Water and electricity charges	3,126,937.94	3,090,717.10
Property fees	2,785,246.14	2,819,863.72
Exchange facility usage fees	2,447,376.15	3,476,235.93
Consulting fees	2,441,608.63	2,748,940.27
Others	15,545,383.45	13,184,686.97
Total	652,463,444.51	553,156,193.81

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

8. Supplementary information of cash flow statement of parent company

Item	Jan-June 2026	Jan-June 2025
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	318,493,054.40	203,005,548.19
Add: Credit impairment loss	2,005,033.15	-3,571,693.95
Accumulated depreciation of investment properties and fixed assets	17,088,941.14	17,196,454.77
Right-of-use assets depreciation	18,230,587.70	18,055,898.36
Amortization of intangible assets	37,354,261.13	35,881,551.12
Amortization of long-term deferred expenses	5,973,736.10	9,179,432.61
Losses on disposal of fixed assets, intangible assets and other long-term assets (or revenue: "-")	-875,337.89	-1,077,406.39
Gains and losses on changes in fair value (or revenue: "-")	-63,038,271.64	67,456,313.53
Interest expenses	118,185,885.65	115,972,031.00
Exchange losses (or revenue: "-")	293,081.53	49,580.39
Investment losses (or revenue: "-")	-20,109,305.29	-26,353,212.94
Decrease in deferred tax assets (or increase: "-")	-36,494,018.01	23,927,124.59
Increase in deferred tax liabilities (or decrease: "-")	-2,837,934.04	-1,604,955.98
Decrease of operating receivables (or increase: "-")	605,502,645.01	151,699,267.44
Increase of operating payable (or decrease "-")	94,479,015.96	-82,475,677.50
Net cash flows from operating activities	1,094,251,374.90	527,340,255.24
2. Significant investing and financing business not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	23,266,117,734.01	16,562,641,577.77
Less: Opening balance of cash	20,561,127,405.16	16,097,515,104.49
Add: Closing balance of cash equivalent		
Less: Opening balance of cash equivalent		
Net increase of cash and cash equivalents	2,704,990,328.85	465,126,473.28

NOTES TO THE FINANCIAL STATEMENTS

January 1st, 2026-June 30th, 2026 (Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. FINANCIAL REPORT APPROVAL

This financial report was approved for reporting on August 25th, 2026, by the Company's Board of Directors.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

1. Statement of non-recurring profit or loss for the period

In accordance with the China Securities Regulatory Commission's *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Non-recurring Gains and Losses (Revised in 2023)*, the Company's non-recurring gains and losses for the reporting period are as follows:

Item	Jan-June 2026	Jan-June 2025
Gains and losses on disposal of non-current assets	875,695.78	969,549.51
Government grants included in current profit or loss	7,126,998.61	9,131,599.02
Reversal of provision for impairment on accounts receivable individually tested for impairment	21,218,226.00	
Other non-operating income and expenses other than the above items	144,456.74	-631,560.60
Subtotal	29,365,377.13	9,469,587.93
Less: Income tax impact	7,341,344.27	2,366,845.92
Influence amount of minority shareholders' equity (after tax)	121,028.83	16,362.97
Non-recurring net profit or loss attributable to shareholders of the parent company	21,903,004.03	7,086,379.04

2. Return on net assets and earnings per share

In accordance with the China Securities Regulatory Commission's *Compiling Rule No. 9 on Information Disclosure for Companies Offering Their Securities to the Public — Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 Revision)*, the Company's weighted-average return on net assets and earnings per share for January-June 2026 are set out below:

Profit for the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to owners of the parent company	2.87%	0.0903	0.0903
Net profit attributable to shareholders of the parent company after deducting non-recurring profits or losses	2.72%	0.0856	0.0856

Central China Securities Co., Ltd.

August 25th, 2026